A FRAMEWORK FOR CORPORATE GOVERNANCE AND ORGANISATIONAL PERFORMANCE IN THE FOURTH INDUSTRIAL REVOLUTION

by

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DEDICATION

I would like to honour my maternal grandmother **uMaPhewa Magwaza** for being a pillar of strength in my life. She taught me great lessons about life, she taught me that wisdom is about learning, observing and taking time to talk. She taught me that family is the greatest asset a man or a woman can have in this life.

I also want to dedicate this work to my paternal grandmother **uMaNgcobo Gwala** who taught me that education is very important (both formal and informal) it will open the door for you and speak for you long before you even start speaking. I love these great ladies in my life.

I also want to extend the same to my immediate family for love and understanding during this journey. It has been a rollercoaster but it was worth it. All those stolen moments away from home and long nights spent researching and writing. Your love means a lot to me.

I also want to dedicate this thesis to the Young Communist League of South Africa (YCLSA), we said the “Let make education fashionable.”, this is my small contribution to my generation. We, even as late as long after we exited the YCLSA, we still carry that baton. I wish to say that the young people’s mission can never be hijacked or kept at ransom by another generation.

This thesis is yours.

DECLARATION

I hereby declare that this hereunder is:

- The research reported in this dissertation/thesis after registration for the degree of Doctor of Business Administration at the University of KwaZulu-Natal Graduate School of Business and Leadership (UKZN GSB&L), except where otherwise indicated, is my original research.
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Date : ***20 July* 2022**

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I would like to thank my family for the support they gave me through this journey. I must confess that it has not been easy. I dedicate my thesis to my father who passed away whilst I was on this journey. The importance and love of family is one lesson he taught me that I will take forward to the next generation. Mphephethe, let the shine of greatness always shine upon you and the next generation.

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I would also like to dedicate this thesis to many struggling African children who are languishing in poverty and I want to assure them that it is possible to rise from the ashes when everyone else thinks you have no chance. I believe that Africa will be built by those who know how it feels to sleep on an empty stomach, in a shack, and all you see and know is a cycle of poverty and hopelessness. We need leaders like you to rise from the ashes and take your rightful place in the world. This thesis is for you.

Black child it is possible. You can be anything you set your mind to achieve. Let's stand up and build a better Africa and a better world. I would also like to extend my heartfelt gratitude to **Moses Kotane Institute (MKI)** for assisting me financially with my studies. Without their support, some aspects of completing the research would have proved harder. I also extend special gratitude for a special role that **SADTU-KZN** played.

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Ngibonga umndeni wami wase Maphephetheni ngokunginika ithuba nangokungixhasa ukwenza loluhamba lube impumelelo. Ngibonga kakhulu ubaba u **Maxwell Musawenkosi Gwala** osishiye ngisekuyo lendlela, Nzimande, Mphephethe ngiyabonga, yiba ukukhanya kumndeni wakho nasezizukulwaneni ezizayo. Ungifundise ukubaluleka komndeni. Ngithi impumelelo yami, impumelelo yakho.

Ngithi Ngiyabonga: **Mphephethe; Nzimande; Khilani; Majiya; Khondlo; Khamanga.** Ngibonga umama **uThandiwe MaPhewa Gwala** wena owavela eNyandeni ngithi ngabe angilutho ngaphandle kwakho ungenze umuntu kububha nobuphofu esisuka kubo kodwa awulilahlanga ithawula. Ngibonge izingane zikababa, **Samkelisiwe (departed), Nokulunga, Scelo, Nokuthela (departed), Ayanda; Pretty (departed)** eyami impilo ngiyiphile ukwakha umuzi waseMaphephetheni kanye nani. Ngibonga ugogo wami **uBetty MaNgcobo Gwala**, uwena owawuthanda imfundo kakhulu.

Ngifisela ingane yomuntu omnyama ukuthi ikholwe ukuthi ingasuka ebuphofini ize ibe ngumuntu onegalelo elibalulekile emphakathini. Ngifisela izwelakazi lase Afrika ukuba livuleke umqondo lakhele isizukulwane sezizukulwane umnotho wolwazi, amasiko, ukuzigqhaja kanye nobuhlakani obungenamkhawulo. Lokhu kuyokwenzeka mhla savuma ukuphathwa abanamava nokubona kude. Sakhe isizukulwane sabantu ababuthandayo ubumnyama nobuAfrica babo. Ngoba impumelelo isekuzazini ukuthi wena ungubani, izimpande zakho zijule kuphi. Ekuhlonipheni umsuka nenjula yobu Afrika kukhona impumelelo nokwambulelwa ukukhanya nenqubekela phambili.

Ngibonga nabo bonke engingeke ngababala ngamagama. Laba amaqhawe adlale indima enkulu. Izandla zidlula ikhanda. My comrades and friends. "***Let's make education fashionable***." so says the YCLSA. Africa my motherland, your sons and daughters must rise and take their rightful place in the world and stop the outflow of all your resources.

The journey to true freedom is still long. The Struggle Continues.

Allutta Continua. Hasta La Victoria Siempre.

ABSTRACT

Corporate governance is becoming more widely recognized as a critical factor in determining an organization's overall performance. The King Code I-IV was created to provide a corporate governance framework for South African corporations that is easy to understand and follow. The fourth industrial revolution forces change and flexibility, necessitating innovation in order to compete in a fast-changing environment. The purpose of the research was to look at the basic endemic corporate governance practices that make Ithala Development Finance Corporation (IDFC) efficient and come up with a conceptual and legislative framework for them. Microsoft Forms were used to collect the information. The study used a pragmatic mixed methods approach. The descriptive statistics were calculated using the Statistical Package for the Social Sciences (SPSS) version 27. All study components were subjected to exploratory factor analysis (EFA), and research hypotheses were tested using Structural Equation Modelling (SEM) in SmartPLS version 3. The findings of the study confirmed a relationship between board independence and organisational performance. The findings on board diversity were inconclusive. The relationship between board committees and organisational performance was not supported. The relationship between board oversight responsibility and organisational performance was positively confirmed. Finally, the relationship between a CEO's people-centred leadership skills and organisational performance was positively confirmed and supported. The study is limited to IDFC and cannot be generalised. The findings of this study will add to growing existing knowledge that will aid in the understanding of corporate governance's impact on organisational performance. This research will also assist business leaders in implementing King IV and corporate governance as a driver of organisational performance and the fourth industrial revolution. This thesis's theoretical framework, conceptual framework, and results are likely to entice researchers to do further study into identifying the parts of corporate governance that are critical for strong organisational performance. It should also encourage practitioners, executives of state-owned enterprises, and researchers of strategy, business leadership, and corporate governance to participate more deeply in discussions about the fourth industrial revolution and organisational performance. The findings should find significance to public officials and government leaders, given their considerable interest in long-term company success.

KEYWORDS

Agency theory; corporate governance; firm performance; fourth industrial revolution, participative leadership theory; *ubuntu*

ABSTRACT – ZULU VERSION

Ukuphathwa kwebhizinisi sekuqashelwa kabanzi njengento ebalulekile ekunqumeni ukusebenza kwenhlangano kukonke. I-King Code I-IV yadalelwa ukuhlinzeka ngohlaka lokuphatha ngebhizinisi lwezinkampani zaseNingizimu Afrika okulula ukuluqonda nokululandela. Uguquko lwesine lwezimboni luphoqa uguquko kanye nokuvumelana nezimo, okudinga ukusungulwa okusha ukuze kuqhudelane endaweni eshintsha ngokushesha. Inhloso yocwaningo bekuwukubheka izinqubo eziyisisekelo zokuphatha izinkampani ezenza Ithala Development Finance Corporation (IDFC) isebenze kahle futhi iqhamuke nohlaka lomqondo kanye nemithetho yazo. Amafomu e-Microsoft asetshenziselwa ukuqoqa ulwazi. Ucwaningo lusebenzise izindlela ezixubile ze-pragmatic. Izibalo ezichazayo zibalwe kusetshenziswa iPhakheji Yezibalo Yesayensi Yezenhlalakahle (SPSS) inguqulo 27. Zonke izingxenye zocwaningo zacutshungulwa i-exploratory factor analysis (EFA), futhi imibono yocwaningo yahlolwa kusetshenziswa i-Structural Equation Modeling (SEM) kunguqulo yesi-3 ye-SmartPLS. Okutholwe ocwaningweni kuqinisekise ubudlelwano phakathi kokuzimela kwebhodi nokusebenza kwenhlangano. Okutholwe ekuhlukeni kwebhodi bekungaphelele. Ubudlelwano phakathi kwamakomiti ebhodi nokusebenza kwenhlangano abusekelwanga. Ubudlelwano phakathi kwesibopho sokwengamela ibhodi nokusebenza kwenhlangano buqinisekiswe kahle. Ekugcineni, ubudlelwano phakathi kwamakhono obuholi obugxile kubantu abango-CEO kanye nokusebenza kwenhlangano baqinisekiswa futhi basekelwa. Ucwaningo lukhawulelwe ku-IDFC futhi alukwazi ukwenziwa jikelele. Okutholwe kulolu cwaningo kuzokwengeza olwazini olukhona olukhulayo oluzosiza ekuqondeni umthelela wokuphatha ngokubambisana ekusebenzeni kwenhlangano. Lolu cwaningo luzosiza futhi abaholi bamabhizinisi ekusebenziseni i-King IV kanye nokuphathwa kwebhizinisi njengomshayeli wokusebenza kwenhlangano kanye nenguquko yesine yezimboni. Uhlaka lwale thesis, uhlaka lomqondo, kanye nemiphumela cishe izoheha abacwaningi ukuthi benze ucwaningo olwengeziwe ukuze bahlonze izingxenye zokubusa kwebhizinisi ezibalulekile ekusebenzeni okuqinile kwenhlangano. Kufanele futhi ikhuthaze abasebenzi, abaphathi bezinkampani zikahulumeni, nabacwaningi bamasu, ubuholi bamabhizinisi, kanye nokuphathwa kwebhizinisi ukuthi babambe iqhaza bajule ezingxoxweni mayelana nenguquko yesine yezimboni nokusebenza kwenhlangano. Okutholakele kufanele kube okubaluleke kakhulu ezikhulwini zikahulumeni kanye nabaholi bakahulumeni, uma kubhekwa intshisekelo yabo enkulu empumelelweni yesikhathi eside yenkampani.

KEYWORDS- ZULU VERSION

Agency theory; ukubusa ngokubambisana; ukusebenza okuqinile; inguquko yesine yezimboni, ithiyori yobuholi obubambe iqhaza; ubuntu

ACRONYMS

ACRONYM	FULL NAME
ACT	Legislation or the act of Parliament
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CPSE	Central Public Sector Enterprise
DBSA	Development Bank Of South Africa
DPE	Department Of Public Enterprises
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
EU	European Union
FSB	Financial Services Board
FSCA	Financial Sector Conduct Authority
GCC	Gulf Cooperation Council
GCL	Government-Linked Company
GDP	Gross Domestic Product
GOCC	Government-Owned And Controlled Corporation
IA	International Accounting
IFC	International Finance Corporation
IFF	Illicit Financial Flow
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ITHALA SOC	Ithala State Owned Company Bank Limited
IDFC	Ithala Development Finance Corporation
JSE	Johannesburg Stock Exchange
KING I	First King Commission Report
KING II	Second King Commission Report
KING III	Third King Commission Report
KING IV	Fourth King Commission Report
KZN	KwaZulu-Natal
MFMA	Municipal Financial Management Act
MKI	Moses Kotane Institute
NCR	National Credit Regulator
NPA	National Prosecuting Authority
OCCRP	Organised Crime and Corruption Reporting
ODAC	Project Open Democracy Advice Centre
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
PFMA	Provincial Financial Management Act
PPLAAF	Platform to Protect Whistle-blowers in Africa
RSA	Republic Of South Africa
SA	South Africa
SAR	Suspicious Activity Report

SARB	South African Reserve Bank
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SDA	Special Defence Account
SIU	Special Investigation Unit
SME	Small Medium Enterprises
SMME	Small Medium Macro Enterprises
SOC	State Owned Company
SOE	State Owned Enterprises
TRC	Truth and Reconciliation Commission
UBS	Union Bank of Switzerland
US	United States Of America
VBS	Venda Building Society Mutual Bank

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CHAPTER 1
INTRODUCTORY CHAPTER

1.1. Introduction

The chapter details the introduction of the study, then discusses the background of the study by clearly defining the background of corporate governance in many parts of the world. It focuses on the history of corporate governance and why corporate governance has grown in leaps and bounds to help businesses, organizations, and governments ensure that businesses are properly managed. Corporate governance is the art of ensuring that there is a seamless process of managing companies to ensure shareholder value, create jobs, grow the economy, and increase the country's wealth for the benefit of all.

In 1994, corporate governance began to be taken seriously in South Africa, leading to Judge Mervin King being tasked to develop codes. In South Africa, Judge Mervin King began informative body of work in corporate governance. This meant that determining the criteria was important for the government. The King Commission was set up to determine the rules of the game. This process was metamorphosed by King Commission Report I–IV, which proceeded to establish and ensure the application of the King Code of Corporate Governance by both the public and private sectors. Muda et al. (2018) believes that corporate governance may be achieved by assessing how responsible managers are to the board of directors and the regulatory framework in general. Good corporate governance for managers' behaviour and decision-making is therefore critically important (Fernández-Temprano & Tejerina-Gaite, 2020; Manita et al., 2020).

1.2. Background of The Study

Corporate governance theory has been studied for a little more than a quarter-century, though its existence and application predate that. The terminology, however, was identified and clarified in the late 1980s and early 1990s. There is no clear consensus on the definition of corporate governance. However, authors in corporate governance continue to expand the definition, further opening up the debate and the scope of corporate governance. Corporate governance has been used in many fields of study, including law, and much work was done in law long before business management caught up. even though most of the studies have concentrated on the private sector.

The history of corporate failures, which some term "corporate scandals," can be summarized in volumes of books. The recent scandals in VBS Bank and Steinhoff have raised concerns about the ruthless nature of corporate failures, which have a significant impact on pensions, food prices, savings, and many other aspects of ordinary people's lives. The failure of the old and famous American and British companies has also shocked the world, but corporate governance is the core endemic problem that has proven common among all these failures. Nations have been watching and have started to identify corporate governance as instrumental in changing and preserving the future of companies. This study sought to understand how corporate governance can be used to create value and improve organisational performance.

The appointment of SOE board members by members of the Executive, MECs or Ministers has another unintended consequence for those who are appointed. The criterion used is also subject to further scrutiny. The South African state comes from a past of exclusivity where people have been denied a lot of rights. Business has been a preserve of the few, leaving the majority of people at the periphery of the economy. A new nation was born in 1994 after a new democratic breakthrough. Was this nation ready and able to deal with all aspects of corporate governance? If not, how far and with what impact this would deal with public and private companies, which by law have to embrace equality and equal opportunity for all? With so much that is not understood and not agreed upon, further studies are needed to ensure that corporate governance, as a field of study, can stand on its own two feet. Fewer books have been written on the field, but corporate scandals have existed since 1652 to date, with devastating effects on the employees, firms, and the country’s GDP where those firms operated.

South African industries were built as a result of the advancement of the first and second industrial revolution where the extraction of coal, gold, diamond and steel formed the core industries that fuelled the South African economy. As transitions take place from one industrial revolution to the next, the new threatens the old, as new advances in the industrial revolutions take shape and take effect. The fourth industrial revolution centres around technological advancement and the big data that is changing how old industries operate with some of the advanced economies having replaced people with robotics as the core of their labour force. This brings about disruption but it also brings innovation to the fore. South Africa as a developing economy struggles with the fourth industrial revolution adoption and some companies have started to adopt the 4IR and this study aims to understand how corporate governance and organisational performance is enhanced under the growing fourth industrial revolution.

- **First Industrial Revolution:** Through the use of steam power and the mechanization of industry, the First Industrial Revolution got its start in the 18th century. The mechanized version obtained eight times the volume in the same time as the basic spinning wheels that were previously used to create threads. The power of steam was well understood from using coal or wood as source of fire.
- **Second Industrial Revolution**: The invention of electricity and the introduction of the assembly line marked the start of the Second Industrial Revolution in the 19th century. Many businesses switched from manual to computerized assembly lines, which significantly increased production.
- **Third Industrial Revolution**: Using computers and memory-programmable controls, the Third Industrial Revolution of the 20th century started in the 1970s. Since the development of these technologies, humanity have gained the ability to completely automate a production process without the use of humans. Robots that carry out pre-programmed sequences without human assistance are well-known examples of this.
- **Fourth Industrial Revolution:** The Fourth Industrial Revolution is currently being implemented over the world, but the Fifth Industrial Revolution is already beginning. Known as "Industry 4.0," this is characterized by the incorporation of information and communication technology into the industrial sector. It advances the ideas from the Third Industrial Revolution. A network link allows computerized production systems to be expanded and, in a sense, have a digital

twin online. Getting the correct information to the right person at the right time is now possible thanks to the digitalization of the manufacturing environment. Maintenance staff may now quickly access equipment paperwork and service histories thanks to the growing usage of digital devices in factories and on the job site.

Corporate governance has been on the rise for just more than three decades now. It was born during the third industrial revolution but grew in leaps and bounds in the fourth industrial revolution. Technological advancement as brought by the third and fourth industrial revolution has also become one pillar that corporate governance must adopt, control and interact with for the advancement of society and improving shareholder value. It is therefore an enabler if it is monitored and adopted within a monitored plan for the organisation, however the opposite is true, it can overwhelm organisations that are not ready for it. The threats and opportunities of the fourth industrial revolution must be well understood and managed by boards and senior management in order to advance company aims and objectives as well as advance organisational performance.

1.3. Corporate Governance

Hess (1996), reiterates that corporate governance is about resource management. Sternberg extends this definition and says that this is done to achieve shareholder objectives. Charreaux (1997), introduces an element of managers' powers in the execution of their tasks. Khan (2011), introduces that managers need policies, procedures, processes, government legislations, laws, and all to properly manage firms. It has been argued that in The Wealth of Nations, (Smith, 1776) raised the term, "corporate governance", but did not give further explanation. According to (Monks & Minow, 2011), corporate governance refers to the idea that the three main factors influencing a company's direction and course of action are its shareholders, directors, and executives. While boards are crucial to the operation and survival of entrepreneurial enterprises According to (Charas & Perelli, 2013), a board's operations do not happen in a vacuum, and the functions of other governance mechanisms including the CEO, owners, top management teams (TMTs), and capital markets either interact with or depend on the board.

1.4. Financial Performance

Return on Assets (ROA) has traditionally been used as a short-term financial performance benchmark (Delmas et al., 2015) and Tobin's Quotient (TQ) as a long-term financial performance measurement is widely used to measure organisational performance in corporate governance studies. This is used mainly when comparing results of a sector where secondary desktop data is mainly used. In this study the researcher questions supervisors and managers of one organisation to ascertain their understanding of corporate governance measures and to what extent these impact organisational performance. This is used as a mathematical measure of the performance of the organisation. The researcher shall however ask questions to participants related to the company's performance over time. This organisational performance of the organisation shall be viewed from the perspective of the participants. The organisational performance shall not only be a measure of financial performance but an overall measure of the organisational performance as a whole.

1.5. The context of The Study

Ithala Development Finance Corporation has its founding roots in 1958 as a finance agency and has evolved to become a very critical player in the KwaZulu-Natal financial landscape. The IDFC and ISCOL have arisen as the South African funding institutions most intensely concerned with extending financial products and services to the "unbanked" and the poor. IDFC and ISCOL owe their existence to the apartheid-era KwaZulu Finance and Investment Corporation (KFC) in the mid-1980s, which has gone through a metamorphosis to "Ithala" with a number of subsidiaries including Ithala Bank, KwaZulu Natal Property Development Holdings, Ubuciko and Port Shepstone Quarries

With over 35 years of existence, Ithala as a government funding and financial institution has stood the test of time. Despite corporate governance principles being adopted in the recent past, over the past 30 to 40 years, many banks have failed and gone defunct. Saambou became bankrupt in 2002 and was liquidated in 2006. VBS Bank made the list as the latest bank to be liquidated in 2018 after the country adopted progressive corporate governance rules and guides. Ithala bank, on the other hand, has gone through many storms but it has overcome them, ensuring investor confidence and banking for the majority of the rural poor, who have remained unbanked for a long time since apartheid.

The study will take place at Ithala Development Finance Corporation IDFC). Good corporate governance can aid in developing a country through the growth in organisational performance, improved employment, and ultimately growth in the Gross Domestic Product (GDP). Corporate governance is less studied compared to leadership. Bass and Stogdill (1990), and Northhouse (2013) agree that leadership is an acquired or leant skill. Corporate governance however intersects with leadership skills but corporate governance is a more of a collective term that looks at individual efforts to impact the organisation.

There are fewer studies dealing with and analysing the influence of corporate governance in the public sector. To better understand corporate governance adoption, further research in the management sector is needed. This is especially important in the public sector, as government departments and committees play an important role in oversight. The study will focus on the public sectors where it aims to make a significant meaningful impact. There has also been extensive research performed in highly developed countries compared to less developed and developing countries.

1.6. Conceptual Framework

Figure 1-1 shows the initial conceptual framework, that was developed after a thorough initial literature review revealed that there are many variables related to the internal corporate governance framework system. These included board size, board diversity, board committees, board meetings, strategy formulation, board members' skills, shareholder value, CEO leadership, and CEO leadership skills (CEO people-centred participative skills). The original conceptual framework is integrated, and it shows a variety of possibilities that could be part of the study. The study, however, has to have a focus and a manageable frame of reference in order to be carried out within a specified time period. It also needs resources to execute such tasks. The researcher then reduced the number of variables in order to make the project sizeable and manageable in terms of reference and project execution.

Figure1-1 below shows the simplified proposed conceptual framework which is proposed after identifying that more corporate governance variables could have been studied. For the study to be manageable and focused, the simplified version of the original proposed conceptual framework.

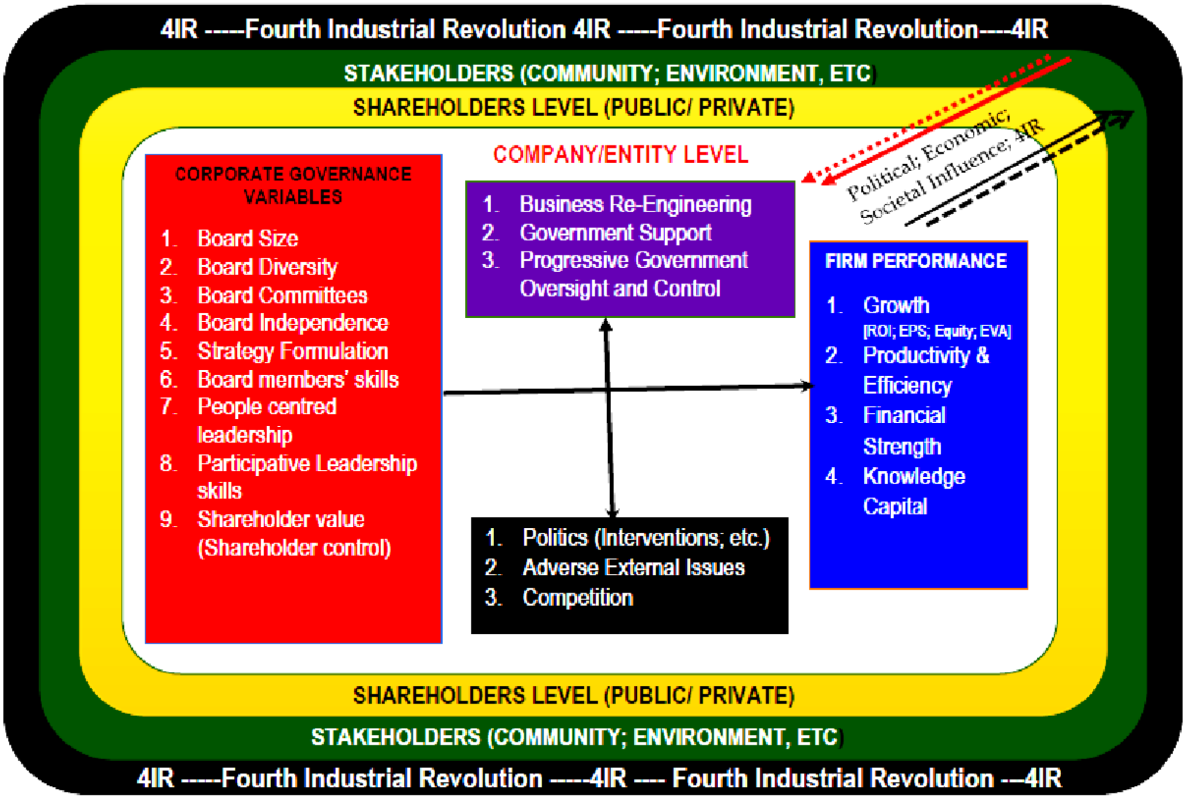


Figure 1- 1– Proposed Conceptual Framework (Original from Literature Review) . (Source: Author's)

The conceptual framework will deal with the five corporate governance variables and these are:

- Board committees
- Board size
- Board diversity
- Board oversight responsibility
- CEO participative and people-centred skills

The study uniquely looks at board oversight responsibility which looks at the responsibility of the board not only to devise a strategy but to also monitor how such a strategy is being implemented to advance the company goals. Figure 1.2 is a simplified version which only takes into consideration only those independent variables that will be investigated in the study. These are mentioned in the above five bullets.

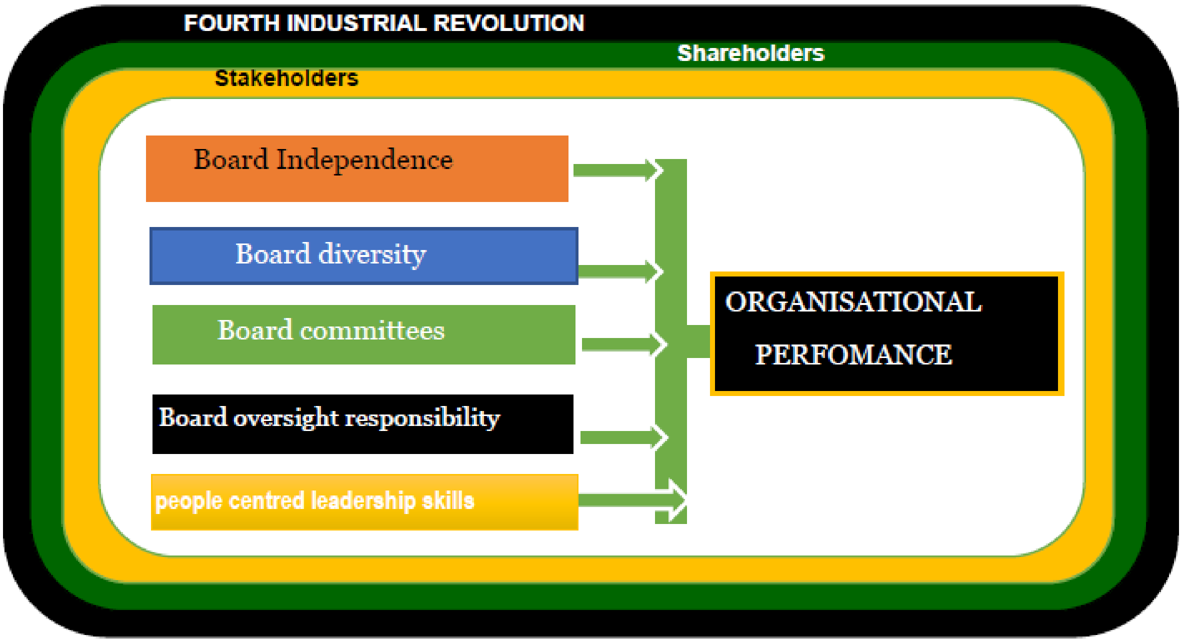


Figure 1- 2– Revised Proposed Conceptual Framework. (Source: Author's)

The dependent variable that will be investigated is organisational performance. The simplified conceptual framework will be the main conceptual framework to be proven through this study.

1.7. Problem statement

The South African corporate governance landscape started just before 1994, when Judge Melvin King was tasked to draft corporate governance principles (STOOP-KOORNHOF, 2020). These were as a result that the world was moving towards adopting corporate governance principles. At the time the world was also experiencing corporate failures and corporate scandals due to weak corporate governance principles within corporations. The late 1990s and early 2000s saw a proliferation of codes of corporate governance. Often explained in terms of finance theories, the objective was to develop monitoring systems to protect investors by lowering agency costs, decreasing information asymmetry and increasing firm value. The drive for better corporate governance has gained momentum as companies come under increasing scrutiny for their social and environmental performance (Jamali et al., 2008). This has been a norm in the private sector, yet its adoption and implementation has not been uniform, the public sectors have lagged behind.

Corporate scandals have happened in different forms across the globe in State-Owned Enterprises in Africa. As such governments have developed corporate governance reforms to redirect the path of State-Owned Enterprises (Nyamudzodza et al., 2022). South African companies both private and public have experienced corporate scandals and corporate failures spanning from Eskom, VBS Bank, Sasol, Steinhoff, Tongaat Hullett, Bosasa (Soko, 2021). These corporate scandals and corporate failures have continued despite the introduction of corporate governance codes known as King Codes since 1992, where the first code, King I, was unveiled. The government continued to promulgate the Public Finance Management Act (PFMA) for all public companies, state owned enterprises and all state departments. This contributed to the development of a conducive regulatory environment in South Africa.

The adoption of the codes has continued to remain mandatory and they were initially based on “comply or explain” approach in King I and King II, which was later improved to “apply and explain” in King IV. This was due to clear breaches by companies who opted to just explain why they could not adhere to the King Codes. Even under the “apply and explain” in King IV these codes remain mandatory. The Auditor General continues to identify weaknesses in state owned enterprises due to lack of comprehensive corporate governance and failure to account sufficiently how public finances have been used. In the private companies, a sizeable number of private companies fail to explain sufficiently how they have use investors’ funds during auditing phase. Another factor that affects both private and public companies is the growing level or corruption and collusion to defraud the state or investors. The corporate scandals, corporate failures and corruption steals from the public finance and brings about a catastrophe of increased unemployment, reversal of the country’s Gross

Domestic Product (GDP) and the ability to pay off the country's debt (Bushe, 2019; Mills, 2003).

The core problem is the unprecedented corporate scandals and corporate failures, giving rise to massive losses of public funds, hampered service delivery, and increased government debt due to frequent rescues/bailouts of these state-owned companies (SOE) despite progressive adoption of corporate governance principles, and SOE transformation in South Africa (Grant & Visconti, 2006; Low et al., 2008). These corporate scandals and corporate failures result because of inadequate adoption and implementation of corporate governance principles and codes. SOEs continue to fail despite the adoption of corporate governance principles and transformation. Therefore, the study is intended to explore core endemic strategies of corporate governance that make SOE efficient? The study will seek to investigate and understand corporate governance strategies that have allowed Ithala to survive and what can others learn from its experience.

1.8. Research Aim (Aim of the Study)

This study aims to study core endemic strategies of corporate governance that make Ithala Development Finance Corporation (IDFC) efficient and brings about organisational performance.

1.9. Research Objectives

The research objectives of the study are as follows:

- To review related literature on corporate governance and organisational performance to gain more insight into and knowledge on the topic.
- To investigate internal corporate governance framework factors as proposed in the conceptual framework and how they influence organisational performance during the change and disruption imposed by the fourth industrial revolution.

- To assess shareholder ownership, shareholder value, shareholder influence, and CEO people-centred leadership skills in enabling the SOE to perform optimally.
- To assess and validate the strength of the relationships between the variables identified in each corporate governance framework factors of the conceptual framework.
- To propose an institutional framework or model that will enable synergy between the shareholder ownership structure, board of governance structure value-adding and sustainable organisational performance.

The research questions and research hypothesis are addressed and developed in Chapter 5 where hypothesis development Chapter is detailed fully.

The related literature includes studies on external corporate governance framework systems, strategic management as it relates to corporate governance, people-centred leadership theory, participative leadership theory in the context of South African socio-cultural systems and the African philosophy called *Ubuntu* as it influences business leadership within a disruptive and changing environment which has been brought about the fourth industrial revolution.

The fourth industrial revolution has been seen as a disruptor in many sections of society. Some have viewed it as an expensive exercise which would take many resources away from organisations. While workers have viewed it as a competitor aimed at creating cheaper labour alternatives to replace employees. Irrespective of the view, the fourth industrial revolution was and to a lesser extent now, has been misunderstood and misconstrued. In this study, we shall also study how the fourth industrial revolution could impact corporate governance and organisational performance.

1.10. Motivation of the Study

This study of publicly listed firms on the Johannesburg Stock Exchange (JSE) in South Africa from 2009 to 2013 examined the impact of corporate governance reforms on performance. The study examines the King III reform in detail, and previous reforms before King III. The variables employed in this study to measure firm performance are return on asset (ROA), return on common equity (ROE) as proxies for accounting based performance measures and Tobin's Q as a proxy for market based measure of performance. The results do indicate that corporate governance does have an effect on a firm's performance. Evidence is presented that suggests that the level of compliance has increased over the period in question from 2009, when King III was assumed. Overall the conclusions are that board size has no impact on firm performance. The hypothesis that board independence impacts on firm performance was rejected among other findings (Mashonganyika, 2015). The contradictory outcomes of the research requires further research as this study revealed that corporate governance in JSE listed companies does not have an impact on organisational performance in contradiction to (Tshipa, 2017).

This study Rwandese manufacturing firms, to determine effects of corporate governance on corporate entrepreneurship of and to evaluate effects of corporate governance on performance of Rwandese manufacturing firms. The study used two complementary methodological approaches: one which links corporate governance to corporate entrepreneurship; another which uses an augmented Cobb–Douglass production function to associate corporate governance with the firm performance. This study resulted in four main outcomes: first, the background—education and experience—and motivation of top managers contribute significantly to both corporate entrepreneurship and corporate performance; second, the sole proprietorship organisational form harms significantly the firms' entrepreneurial activities and impacts negatively their financial performance; third, electricity and raw materials expenses are positively and significantly related to financial performance of manufacturing firms; and fourth, even if informal competition has no effect on entrepreneurial activity of manufacturing firms, it harms their financial performance (Ndemezo & Kayitana, 2018). The education and motivation of top managers and board members in corporate governance has not been widely studied, rather experience has been one of the factors studied and understood.

The study of the 50 largest companies listed on the Johannesburg Securities Exchange (JSE) to examine the factors influencing the quality of corporate governance in South

Africa (SA) and Kenya. Firm-level variables including performance, firm size, leverage, investment opportunities and audit quality were identified from the corporate governance literature. The study used panel data of 247-firm years obtained from the annual reports of SA and 234-firm years obtained from the 49 companies listed on the Nairobi Stock Exchange (NSE). The use of content analysis to extract the study variables from the annual reports and multiple regression analysis to determine their relationship. The study found audit quality and firm performance as the main factors influencing the quality of corporate governance in Kenya and SA. First the study sample consists of the 50 largest firms listed in the JSE of SA and another 49 companies listed in the NSE of Kenya. The results of this study are important to the King Committee and other corporate governance regulators in Sub-Saharan Africa, in their effort to improve corporate governance practices, minimize corporate failure and protect the well-being of the minority shareholders. Furthermore, the study contributes to the understanding of the variables affecting the quality of corporate governance in developing economies of Africa (Waweru, 2014). The study brings forward a significant factor of the quality of corporate governance.

The study of a panel study sample of 137 Johannesburg Stock Exchange (JSE) listed firms between 2002 and 2011corporate governance compliance by South African listed firms. The study seeks to explore if better governed firms exhibit greater financial performance than poorly governed firms. The results show that the compliance levels to corporate governance in South Africa (SA) has been improving since 2002 when King II came into force. However, the compliance level in large firms appears to be higher than in small firms. Further, the findings show that the market value of large firms is higher than that of small firms. These results largely support the notion that better governed firms outperform poorly governed firms in terms of financial performance. Notably, the empirical results indicate that board size, CEO duality and the presence of Independent non-executive directors positively impact the performance of a firm, whereas board gender diversity, director share-ownership and frequency of board meetings have no impact on firm performance. Unexpectedly, the presence of internal key board committees, such as remuneration, Audit and Nomination negatively impact firm performance. Notably, the results also show that only 9 per cent of the positions in the board of SA listed firms are occupied by women. Similar to UK, South Africa has a flexible approach to corporate governance, in which listed firms are required to comply or explain non-conformance to King recommendations. The study also suggests that greater representation of independent nonexecutive director, a larger board size and the separation of CEO and Chairman should be encouraged to enhance firm performance. The significant finding of this study is that compliant firms enjoy a higher firm performance as proxied by ROA and Tobin's Q (Tshipa & Mokoaleli-Mokoteli, 2015).

Firstly, as a starting point South African researchers have also sought to conduct similar studies as their counterparts in the rest of the developed world. A review of previous corporate governance research in South Africa indicates a number of gaps. A significant number of previous studies rely on agency theory for the analysis of corporate governance issues, even though the features of the South African corporate governance business and state owned environment do not support agency theory which assumes that managers are self-interested and make their decisions based on their own interests rather than shareholders' interests. The time period as well as the size of the samples of the studies have been relatively shorter and small respectively.

Secondly, the use of industries specific research and corporations that listed in the stock exchange has also been the norm that has been used as samples. This study uses a case study as the focus and location of the study.

Thirdly, the use of readily available data like annual reports has also been widely used in many corporate governance studies both in Africa and in the world. This study uses primary data collection strategy of a specific case study.

Fourthly, studies in Kenya and Ghana and not Nigeria have sought to investigate corporate governance codes adoption and their impact on organisational performance. This study also investigates the adoption of King Codes and how they can enhance corporate governance in South Africa.

Fifthly, none of these studies have concentrated on the public sector. This study however concentrates on the public sector with unique challenges and lessons to offer. India and China have conducted significant number of studies in the public sector.

Sixthly, a number of the studies in corporate governance used economic value added (EVA), return on asset (ROA), return on common equity (ROE) as proxies for accounting based performance measures and Tobin's Q as a proxy for market based measure of performance especially when analysing annual reports data. This study however uses respondents understanding of the organisation to understand how the organisation has performed over time and EVA; ROA and ROE as confirmation of respondents' information.

Lastly, although the research did not seek to understand directly to what extent King Codes have been adopted in this case study. It was however apparent from the respondents answers that corporate governance is intractably linked to King Codes I-IV. Other South African legislations were not clearly mentioned or identified as being part of corporate governance like the Public Finance Management Act 1 of 1999 which dictates how public company finances should be handled in South Africa. The study identified King I-IV as an important player in corporate governance in the state owned enterprises. Although, (Tshipa & Mokoaleli-Mokoteli, 2015) spoke of King II, and (Mashonganyika, 2015) identified King III adoption as a factor in corporate governance adoption and improved firm performance. This study combines and identifies King I-IV as they are inseparably linked and cannot be separated for clearer understanding and application.

This study is precisely motivated and designed to fill such gaps that have been widely identified in the literature. The study is a case study performed at a state owned financial institution in South Africa KwaZulu-Natal Durban, the study further investigates board fiduciary responsibility and CEO participative and people centred leadership skills. These variables have not been widely researched in corporate governance. The theoretical framework also enhances this study gaps as it incorporated corporate governance theories, strategic management theories and leadership theories.

The study also identifies with its location as it explains people's interaction through Ubuntu as the philosophy of African people that traverses and influence people's culture and business culture.

1.11. Significance of the Study

The study adds to the body of knowledge in literature by seeking to fill the identified gaps in literature by studying corporate governance mechanisms and organisational performance. The study is conducted at a state owned financial institution solely owned by the Department of Economic Development, Tourism and Environmental Affairs, (EDTEA), uniquely the study is also conducted during one of the world's devastating pandemic, covid-19 at KwaZulu-Natal. The study also utilises multiple measure framework and measures of corporate governance which include board diversity, board committees, board independence, board oversight responsibility and CEO people centred and participative leadership skills. All these are measured against the organisational performance metric.

In South Africa, as a developing country board members range from unskilled to skilled directors. These directors are appointed by MECs and Ministers to address historical unfairness that barred black people from participating in broader economy. The size of the board has a ceiling, but Ministers and MECs may choose to fill all vacancies or part thereof. This could have devastating impact on board performance, especially worsened by the fact that some of those board members would be inexperienced. The activities of the board, and board committees would have suffered greatly and render the board inefficient and unable to conduct its business with diligence.

Further contribution of the study is mixing a range of theories apart from the traditional agency theory. In order to reduce the variability of research findings on corporate governance and organisational performance it is critical to reduce the dominance attributable to the agency theory and its limitations. This study uses a combination of theories to support and better explain corporate governance attributes. These theories are the agency theory as the main corporate governance theory, support by other five corporate governance theories, the study further employs strategic management theories, leadership theories with systems thinking theory which is relatively new and is developing systems thinking methodology to compete with traditional quantitative, qualitative and mixed methods. This study also introduces a distinct factor variable, the fourth industrial revolution which has been viewed with positive and negative repercussions.

The nexus of corporate governance, organisational performance and the fourth industrial revolution have not been well studied. The respondents' views and world view would have been influenced by the changes that would have an effect on the study. The pre-2020 covid-19 and post-2020, covid-19 era would also have affected and influenced the respondents' views and responses. The performance of many organisations was negatively affected by covid-19, with many organisations being unable to perform at their best. The recovery would have taken longer.

The findings of the study may have the following implications:

- **Theoretical**: the study is aimed at using a mix of corporate governance theories that will improve the quality of the research finding through eliminating variability of contradictions of the findings. This is further strengthened by the use of supporting theories, the strategic management theories and leadership theories. The study also opens up the study to the nexus of the fourth industrial revolution as a contextual factor that influences the corporate governance and organisational performance. The last contextual factor is African culture, ubuntu philosophy and principles which affect South African and African corporations alike.

- **Legislative**: the PFMA and King Codes may need to speak to each other especially for public companies. In order to enforce compliance and adoption of King Codes, it would be ideal to make it part of the PFMA. This may also take a form of a regulator, like the Auditor General requirements during auditing. If such measures are adopted they would increase adoption and compliance.

- **Policy**: There is already a section on King Codes III and IV that address specifically SOEs and public companies. Instead of taking a full code, the section on SOEs and public companies could be made an addendum to the PFMA addressing a range of issues including local government, provincial government, national government, SOEs and other partially owned public companies. This will bring about ease of reference and unity of purpose and simplification of compliance requirements.

- **Practice**: In order to improve corporate governance and organisational performance, the state could create some sort of monitoring and evaluation body or mechanism, that wold serve to advice, assist, monitor and evaluate corporate governance compliance and report to the MEC or Minister for necessary intervention in the interest of the state owned enterprise concerned.

1.12. Research Methodology of the Study

This study employed a mixed methodology. This study combines quantitative and qualitative methodologies. Both quantitative and qualitative research approaches have advantages and downsides, according to (Bryman & Bell, 2007). To collect both quantitative and qualitative data, the study will use an online Microsoft Forms questionnaire. The recommended research plan for this study is a mixed research method approach that involves the use of QUANTITATIVE (QUANT) and qualitative (qual) research [QUANT +qual] to guarantee complete data collecting and analysis. The study's target population will be 778 Ithala workers, with a sample size of 258 employees. The researcher will also use the Statistical Package for Social Sciences (SPSS) version 27 for extensive statistical analysis. The issues that pertain to construct validity, convergent validity, discriminant validity and reliability shall be proven to utilise SPSS.

MIXED METHODS	
Method	**Pragmatism (QUANTITATIVE And Qualitative Methods) [QUAN +qual]**
Population	778
Sample	**258**.
Sampling Methods	Purposive sampling Targeted at board members, managers; middle managers and supervisors. Maximal variation sampling **(Inclusion and Exclusion criteria)**
Pilot Study	6
Instrument	Questionnaire; Microsoft Forms through internal emails.
	Collect quantitative data at the same time as qualitative data
	Collect qualitative data at the same times as quantitative data
Data Collection and Role of the researcher	Received completed questionnaires and analyses the data
Statistical Analysis/ Software to be used	**Quantitative Data Analysis**
	SPPS version 27 – For quantitative data analysis Descriptive Analysis; Correlational Analysis; Structural Equation Modelling (SEM)
	Qualitative Data Analysis
	Microsoft Excel – For qualitative data analysis Look for themes, evaluating, recognising, coding, mapping, exploring and describing patterns, trends, themes and categories and common
Results	**Quantitative Results**: Statistical Analysis
	Mean; Average; Mode; Descriptive Tables; Correlational Tables, Cronbach alpha; EVA; R squared; F-Squared; Hypothesis Testing, etc
	Qualitative Results: Codes and or Themes
	Themes; patterns; common meaning, etc.

Table 1: 1– Methodology Summary . (Source: Author's)

Table 1:1 summarises the research methodology, which includes the data collection methods, sample size, software analysis to be used, and how the results will be analysed and what they will entail.

1.13. Impact of the study

Firstly, the study contributes to the body of knowledge in corporate governance in South Africa's public sector, given that it is an emerging and leading economy in Africa. Significant corporate governance research has been conducted in developed countries with an exception of China where there is a significant and growing body of knowledge that continues to be developed. This body of knowledge must also be understood in its uniqueness concerning company ownership and state ownership and control. The study will add to the growing body of knowledge in corporate governance in South Africa. The study is hence envisaged to contribute to the body of knowledge within South Africa as follows:

- Understand the perceived value of corporate governance.
- Identify and establish the extent to which the King Codes (I-IV) add value to the South African corporate (private) and SOEC sector (public).
- Understand the narrative and the contextual factors that bring about benefits of corporate governance and King Codes in South Africa.

Secondly, the study provides ways, methods and processes of ensuring that corporate governance practice rather than compliance is used to improve organisational performance in the public sector. The study makes significant proposals on measures that must be adopted on-board selection and appointment, and corporate governance principles adoption.

Thirdly, the thesis proposes a corporate governance body or commission that supports the government as the main shareholder in holding state-owned enterprises accountable. Understand and put in place procedures (**model**) and processes (**mandatory rather than optional compliance**) to ensure that public sector organisations infuse best practices of corporate governance to safeguard shareholder value and improve service delivery.

Fourthly, the study is performed in the public sector setting of the state-owned enterprise which is less studied in Africa and South Africa alike. Many studies have been conducted in China and India relating to corporate governance and organisational performance in state-owned companies. Provide ways of ensuring that corporate governance practice rather than compliance is used to improve organisational performance in the public sector. Understand and put in place procedures; processes and even legislation to ensure that public sector organisations infuse best practices of corporate governance. Both organisations and government will put in place measures and controls to improve compliance but also be able to measure the impact of CG. Understand the value that corporate governance can bring in safeguarding shareholder value, improving service delivery and growing value and assets in the public sector.

Fifthly, the study introduced a construct that is not normally studied in corporate governance. As it relates to the CEO, the studies have studied CEO duality or board leadership which relates to the leadership of the board where the Chairperson of the board and the CEO are held by the same person. This study however looks at the CEO leadership attributes that deal with participative people-centred leadership skills and how those impact organisational performance. The construct and the hypothesis were proven that there is a positive relationship between CEO participative people-centred leadership skills and organisational performance.

Sixthly, this study was conducted during one of the greatest crises in the world, covid-19. This pandemic made the research itself harder to conduct, it also made it harder to access participants and for most of the data collection, it was impossible to meet the participants due to covid-19 protocols and organisational access by outsiders. The metamorphosis and change that took place surely had a significant role to play in reshaping the landscape and the research in particular.

Finally, the study brings in an element of the fourth industrial revolution as an environment under which the study is performed. Technology progress, according to the fourth industrial revolution, is a catalyst for change in all industries and areas of society (Philbeck & Davis, 2018). Although the fourth industrial revolution has not been fully realised, its adoption is slowly taking shape (Humphreys, 2020). The government, as well as the private sector, are keen to ensure that the fourth industrial adoption yields positive results and minimises negative impact. Understand the value that corporate governance can bring in safeguarding shareholder value, improving service delivery and growing asset value in the public sector.

1.14. Policy Implications of this Thesis

The failure of companies has continued unabated all over the world. South Africa in particular has seen the recent failure of Steinhoff which saw the Public Investment Corporation (PIC) shares plummet as a result of Steinhoff shares plummeting due to corporate governance failures. Public investment Corporation, (PIC) as a holder of government pensions funds suffered greatly leading to pension recipients being exposed to such risk. This thesis suggests that corporate governance should not be taken for granted especially for companies which are listed in two different countries hence adopting the country of origin corporate governance. The state-owned companies must therefore ensure implementation of corporate governance within the SOEs and also conduct due diligence on corporate governance within companies they intend to invest public money in.

Policy regulations should enforce minimum standards of corporate governance principles that should be enforced by all state-owned companies and private companies as part of their annual financial statements and disclosures. This will assist in early warning signs of insider potential corruption, fraud and failures as these may also include auditors too. There should be an overseer of all SOEs in South Africa who acts like the Auditor General in terms of corporate governance compliance. This body should also regulate the conduct of directors such that they can be removed from the register of the board of directors should they fail to carry out their fiduciary duties.

1.15. Format of The Thesis

The format of the thesis is arranged into five chapters. Chapter 1, is the Introduction; Chapter 2-4; lays the basis of the theoretical framework; Chapter 5; deals with the hypothesis development; Chapter 6; is the explanation of the research methodology; Chapter 7; tabulates the results; and Chapter 8; deals with discussion and recommendations.

FORMAT OF THE THESIS	
1.	**CHAPTER 1: INTRODUCTION**
	The problem statement, the study's motivation, the goals and objectives, the research questions, the significance of the study restrictions, and the study's delimitations will all be covered in this chapter.
2.	**CHAPTER 2:EVOLUTION OF CORPORATE GOVERNANCE**
	This chapter looks at the evolution of corporate governance practices and how it has been affected by global corporate governance. The evolution of corporate governance in South Africa will be examined in this chapter. The administration and corporate governance of State-Owned Enterprises have evolved throughout time. It also looks at the King Codes, which govern corporate governance reporting in South Africa.
3.	**CHAPTER 3: LITERATURE REVIEW**
	This chapter is will explore the literature review. Address all theories (corporate governance theories, leadership theories and strategic management theories) involved.
4.	**CHAPTER 4: CHANGE AND DISRUPTION CAUSED BY THE FOURTH INDUSTRIAL REVOLUTION**
	This chapter will explore the ability to change and transform organizations. How organizations have transformed themselves and survived through embracing change and advancing change to their advantage. The Fourth Industrial Revolution brings about uncertainty and the need to change to survive.
5.	**CHAPTER 5: EMPIRICAL EVIDENCE OF THE PREVIOUS STUDIES AND HYPOTHESES DEVELOPMENT**
	This chapter will address the empirical studies and the development of the hypothesis.
6.	**CHAPTER 6: RESEARCH METHODOLOGY**
	This chapter will address the methodology of the research and all the protocol related to the research methodology
7.	**CHAPTER 7: TABULATION OF RESULTS**
	This chapter will deal with the results, tabulate the results and compare the proposed conceptual framework. It will take step by step tabulating all the results
8.	**CHAPTER 8: DISCUSSION OF FINDINGS AND RECOMMENDATIONS**
	This chapter will amend the proposed Conceptual Framework to come up with the Final Conceptual framework that is dictated by the results of the findings. It will also make recommendations and conclusions and considerations for Further studies.

Table 1: 2– Format of the Thesis. (Source: Author's)

Table 1:2 summarises and goes into further details as to what each chapter will discuss. The study follows the stated format as detailed in each chapter.

1.16. Summary

The chapter highlighted the importance of corporate governance. It looked at some of the corporate governance failures or the so-called corporate scandals that have taken place due to a lack of proper governance controls. Since the beginning of formal trading and the invention of capitalism dating back to the 1700s, corporate failures have been endemic in the system. However, these corporate failures, though they are condemned they do not receive the proper attention for the world institutions to agree on corporate governance principles and codes to be adopted to ensure that such failures do not take place. The expansion of companies through globalisation has also made the adoption of these codes difficult especially between the parent company headquarters and the new land of expansion. It is bedevilled by contradictions in developing countries where the adoption of such codes and practices is growingly slow.

The study adds value to a growing field of literature on corporate governance and firm performance, with a very interesting focus on the public sector which is understudied. There is an assumption that the public sector should find ways to adhere and conform to private sector governance. This study adds to the little that has been studied in the African continent to try and understand how the public sector is a very significant player in the enforcement, regulation and compliance of rules, codes and principles that are agreed upon by the financial sector as the core funder of business establishment and expansion and the business at large.

The study also has implications on the King I to King IV Codes which have been introduced as the South African landscape that defines corporate governance. However, these codes remain unenforceable and not mandatory. Their adoption and implementation remain scanty and ununiformed. The adoption of the PFMA in South Africa was a very welcomed step, however, King Codes should slowly find a way to the

PFMA so that accountability at the state level should be based on legislation and not a Code.

The chapter also details the research aim and the research objectives. It briefly explains the research methodology and explains why the pragmatic approach is favoured in this mixed methodology study. The chapter also explains that the data collection strategy is the survey with a population of 778 and a sample size of 258. The chapter further explains the research significance and impact of the study. It further details the policy implications on what the government could legislate, as well as what King Codes could be adopted as mandatory instead of being optional.

The chapter ends by detailing the format of the thesis and detailing all the chapters and what they will discuss. The next chapter looks at the evolution of corporate governance in the world. It seeks to understand how corporate governance has evolved in the world and what commonalities and stark differences define corporate governance today. Some of the countries which have adopted mixed economy principles with much state intervention like China, Cuba, Russia, and Venezuela to count but a few. This study opens up to understand of to what extent the state can enforce good governance practices for the prosperity of all.

CHAPTER 2
BACKGROUND; DEVELOPMENT, PRACTICE AND EVOLUTION OF CORPORATE GOVERNANCE IN THE WORLD TODAY

2.1. Introduction

The evolution of corporate governance across the five continents is discussed in this chapter. In Europe, it examines the United Kingdom's corporate governance practices, which use a single-tier structure of corporate governance. The Financial Reporting Council (FRC) is the financial regulator in the United Kingdom. It is also in charge of monitoring and remedial action to improve the quality of company reporting. It also looks at Germany which adopts a system which adopts a two-tier system. Whilst in Asia, China and Japan are the focus of the study. The corporate governance in these countries poses contradictions because of the economic systems adopted by these countries. Australia also adopts a very similar system as the United Kingdom with very few differentials. In Africa Nigeria and Kenya are chosen as the focus of the study. In America, the focus is on the United States. South Africa is explored closely on its own to explore the King Codes and the Company’s Act.

2.2. Defining corporate governance

Cadbury (1992) defines corporate governance as a "system by which organizations are controlled and directed". Further, it posits that "corporate governance is concerned with processes, systems, controls, accountabilities and decision making at the centre and being of greater importance in an organization". Adds that, "corporate governance is a set of customs, processes, (Zuva & Zuva, 2018) laws, policies, affecting the way a company is heading for, controlled and administered". Corporate governance defines the function, "structure, and role of a board of directors (BoD) recognizing how companies are organized” (Campbell, 2007). The BoD, which is the main vehicle for corporate governance, “is responsible for protecting the appropriate interests of stakeholders of a firm through directing its operation and by supporting its decision-making” (Kaplan, 2001). UK Corporate Governance Code states that the goal of corporate governance is to promote effective, entrepreneurial, and cautious management that will ensure the company's long-term success (Simpson & Taylor, 2013). Table 2:1 gives diverse definitions of corporate governance from the OECD and the South African custodian of corporate governance.

Author	***DEFINITION***
OECD	*"[a] set of relationships between a company's management, its Board, its shareholders and other stakeholders. [It] also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined"* Mallin (2006):3
King 1994	"Corporate Governance is simply the system by which companies are directed and controlled. While it is simple to state the concept, it has become more complicated by virtue of the various interest groups…" (IoDSA, 1994)

Table 2: 1- Definition of corporate governance

2.3. Corporate Governance in State-Owned Enterprises (SOE)

Globally, many states use state-owned enterprises (SOEs) to enhance service delivery and provide public goods. In doing so it also makes a profit to increase funds to add to service delivery, development and industrialisation. However, the problem arises when the ownership model is not clearly defined, if defined, it is poorly executed by the major shareholder, which is government. This role is sometimes forced by the lack of alternatives and inherited by others (Sánchez, 2016). The Asian tigers and countries like China and Japan have utilised the state-owned enterprises with distinction, through careful selection of highly qualified and capable executives to run their SOEs. The proper appointment and constitution of boards to dictate the strategic direction on behalf of the state have also worked well. Small-medium and micro-enterprises have proven very critical in a developmental state. They provide meaningful jobs to many people who would otherwise be unemployed. Studies also reveal that state-owned enterprises and SOEs play a developmental and strategic role in providing the much needed public goods. In South Africa, some of these public goods can be characterized as water, provided by Water Boards, electricity, provided by Eskom and local and metropolitan municipalities, which are state institutions. The state may also run these public institutions in pursuit of a purely economic goal to fund the fiscus, like DENEL, the arms manufacturer, Petro SA, in the oil industry, the Post Office, in the telecommunication industry, and Telkom. Some of these state entities have been run well such that they have made enormous profits over the years. Another problem that appears to be afflicting South Africa's SOEs is the appointment of board members and top executives with questionable backgrounds (Tebello & Elizabeth Snyman-Van, 2018).

2.4. Historical Corporate Failures and Corporate Scandals

The repercussions of bad corporate governance have a long-lasting effect on many. It tends to destroy the lives of many ordinary employees who would have continued to make an honest living had a few individuals not cooked up a scam and destroyed the lifeblood of the company. In a sluggish economic environment, it is hard to get new jobs. What is likely to happen is that people get fewer working hours if they are not retrenched. Acquiring new skills is also another baffling challenge. The history of corporate scandals dates back to the invention of the business itself. The corporate scandals date back to 1636 in the Netherlands, (Garber, 1989), where between 1632 and 1636, there was an unprecedented rise in the prices of tulips, (Dash, 2000), hence the term Dutch Tulip Mania was coined.

2.4.1. Barings Bank Scandal, 1995 (England, United Kingdom)

Barings Bank was founded in 1762. It grew to become the largest bank in England. It attracted big names in the book including the Queen of England. The case of the Barings Bank of the United Kingdom is yet another case where corporate staff at a senior level were involved. It was creative accounting done by one of the employees of the bank. Yet in the final analysis, they feature less on who was responsible for such a mammoth collapse. The narrative goes, on 23 February 1995, Mr Andrews Tuckey leant that the GM of Barings Futures in Singapore (BFS) had creatively hidden losses to the tune of US$1.3 billion which was three times the book value of the bank’s capital.

They started efforts to rescue the bank but decided to abandon the efforts England’s oldest bank could not be saved, and it failed. What was puzzling was that not much was done to the man who was at the centre of the scandal. He continued to receive bonuses until the bank was closed. Stein (2000), reiterates that this was one of the most puzzling scandals and corporate failures of recent times. Denton and Hopkins (1998)), claim that Barings Futures had no finance director or a management committee. There was no oversight in place, and Mr Leeson could do as he pleased without any fear of repudiation. “Given that I was in charge of both the front office and the back office, it was astonishing that nobody pushed anyone to change the system. Drummond (2003), argues that Mr Leeson had a lot to gain financially in performance bonuses if he did well in his job, this alone could have led him to do anything to ensure such gains. Drummond (2003), further claims that Nick Leeson made a bonus of £115,000 in 1993, and there was an expectation that it would substantially increase in the following year. It ran against the one great rule of any business",(Leeson, 1996). This shows that there was a break in checks and balances, and there was a lack of supervision and accountability. With so much money at stake, the bank could not afford to give Mr Leeson so much power with such devastating results.

2.4.2. Polly Peck Scandal (United Kingdom)

Clarke et al. (2003), assert that it is not merely enough to put all the trust in mathematical models and the Generally Accepted Accounting Principles (GAAP) because all of these are susceptible to human error and manipulation. Systems must be put in place to ensure that there are checks and balances (Williams, 2004). A sizeable number of financial frauds within corporations are done through the manipulation of financial statements (Coffee, 2003). This gives rise to the concern as managers are rewarded through bonuses by hitting required targets by the board (Levitt, 1998). The lingering question must always be how reliable are the statements that are shown. Polly Peck was a successful textile company which had done well for some time, it announced a good interim result for the half-year, yet a month later it was placed under administration (Smith, 1992). This was a result of falsifying its results.

The question arises as to what extent do internal and external auditors play a role in going along with fraudulent activities by powers that be. Failure of these checks and balances renders corporations vulnerable to abuse and collapse. Many of these firms are no longer in service because of such scandalous behaviour. The then auditor of Polly Peck was fined hundreds of pounds for its role in the Polly Peck scandal, but they continue to operate to this day. At the time, regulations were relaxed whilst the group structures at Polly Peck were complex and financial claims could not be readily verified (Smith, 1992). The Polly case fitted like a glove in the above assertion (Jones, 2011). The CEO and the major shareholder took advantage and manipulated the firm's accounts and siphoned funds to their accounts. They then overvalued the firm's assets in the accounts. This led to the establishment of the new accounting standards and the tightening of the accounting rules.

2.4.3. Cadbury Nigeria, 2006 (Nigeria)

Cadbury after its expansion to the African continent, it also laid its wings in Nigeria. It was established as Cadbury Nigeria, established in 1965 and operated as a minor shareholder from its parent company Cadbury Schweppes which had its headquarters in the United Kingdom. It held a shareholding of 46% whilst the mother company held the rest. In 2006, Cadbury Nigeria started negotiations to increase its shareholding from Britain's Cadbury Schweppes. In doing so they had to assess the company standing only to discover that the company had been overstated by between 13 and 15 billion nairas. This scandal resulted in the resignation of the CEO and other executives and the slump of the share price of Cadbury, Nigeria. (Solanke, 2007), asserts that some executives tend to engage in deliberate accounting breaches to achieve high growth targets. Akintola Williams Delloitte were indicted in part, as the company that had been responsible for auditing Cadbury Nigeria for decades but were unable to detect such a scandal that had taken place.

2.4.4. Enron's Scandal (United States of America)

The term, "too big to fail", was coined after firms like Enron were capitulated into the whirlwind of scandal and ultimately failure. In the 1990s, Enron was the United States' most innovative company with over 30 000 employees. It was the lifeblood of the US in the energy sector but also expanded to commodities and futures. Within a year from 2000 to 2001, the share price of Enron fell from $90 to $1. A typical example of creative accounting that was used at Enron was creating money where there was no money, they sold assets to other firms and the firms would pay cash for those assets. The transactions boosted the balance sheet of Enron and increase its profits. The assets would not be taken by the buying company; it was a loan. The loan had to be paid back. Creatively a loan could be deferred to the following financial year, but the problem was that it could not be deferred forever. On the books it made things look good, the profits increased and the debts were low. The audit committee at Enrol could not detect impending failures and inefficiencies (Swartz & Watkins, 2003). There were issues of the conflict of interest as the independence of two members of the audit committee was questionable (Useem, 2003). One of the employees in the name of Arthur Anderson was accused of shredding and deleting documents illegally and subsequently, before the collapse, the lead auditing firm confessed to obstruction of justice ((Squires et al., 2003).

2.4.5. Maxwell (England)

In the United Kingdom, Mr Robert Maxwell brought about a loss of £2.8billion to several bankers. He also brought about a loss of £530 million of the 16000 pensions belonging to the company employees (Clarke, 1993). This was to Mr Maxwell's abuse of power in utilising the firm's resources. Pension fund rules have been revised over time to ensure that workers in their pension years are not exposed to the risk that could liquidate them when they can no longer work or recover (Spalek, 1999). Pension funds should be treated as a separate independent entity separate from the company that contributes to and saves employees' pensions. Trustees should be separate and independent, with sheer interests of workers as their primary motive (Prokesch, 1992).

If the trustees are not separated from the company, these pension funds could likely be used by the same company as cheap cash for expansion or fast liquidity. Smith (1992) warns that the company could utilise creative ways to use the pension funds as capital or proxy to raise capital risking the hard-earned pensions of the employees. Some of these methods in the short run could look legitimate and less risky but in the long run could hit the employees devastatingly (Haines, 1988). Although these companies are largely private, when employees suffer such denigrating losses they want to know what role the government played in securing their future through monitoring of proper corporate governance. They want someone to be held accountable.

2.4.6. Siemens, 2006 (Germany)

In 2006, business was alleged to have bribed the government to the tune of 13 billion Euros. This led to total damage of 1.6 billion Euros, highlighted as one of the worst scandals in Germany. One of the managers openly told everyone in board meetings that his job was to organise payments, which loosely to be understood as bribing other companies to get jobs. What they were doing was known and it was condoned. It was illegal, yet it was allowed to take place for a long time until the scandal broke. They even came up with the name "commissions" which were funds used to bribe to get orders. (Ciulla, 2005), argues that there is a problem with the loose use of the word leadership especially in a corporation or in other spheres like churches where leadership is not used in the daily operations of the entity. The problem is values that are inherent in any organisation, some of those values are devoid of ethical conduct. When people bribe others to get tenders and continue the firm's operations, it becomes acceptable, a norm to keep the lights on. But is that sustainable, is that ethical and what would competitors do and say had they known about such conduct?

2.4.7. Steinhoff, 2018 (South Africa)

South Africa since integration to the world market has seen a fair share of corporate scandals that have shaped the South African landscape and cautioned the government to take stringent steps towards ensuring that companies (private and public) adhere to good corporate governance. The scandals that have rocked South Africa are:

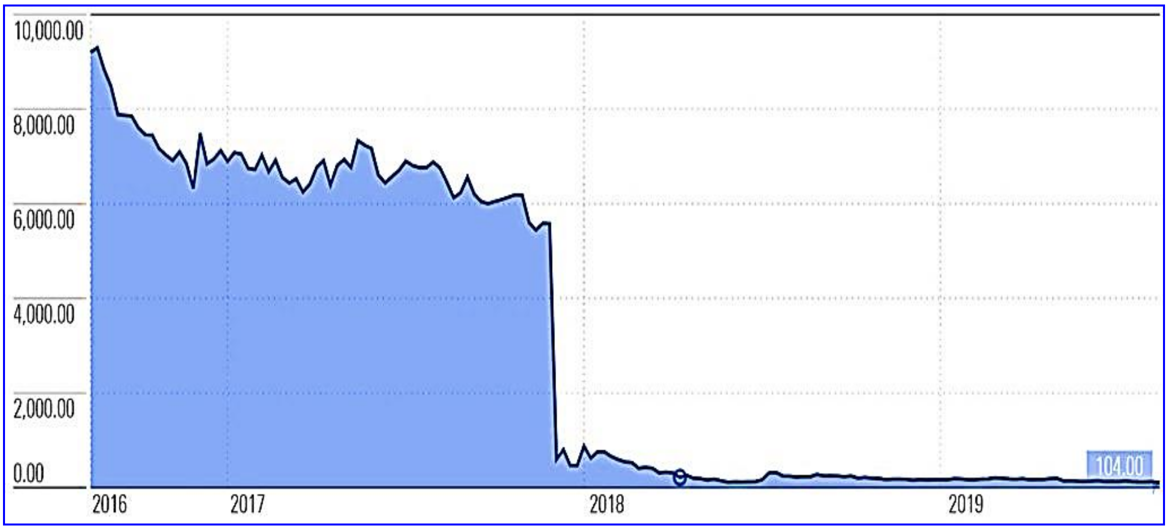
- Macmed Health Group in 1999
- Regal Treasury Bank in 2001
- Saambou Bank in 2002
- Leisure Group in 2002
- Steinhoff Group in 2018

The collapse of firms is nothing new, but what has been a common factor is the role that is played by individuals in such collapses or scandals. Corporate governance is concerned with the allocation of resources within the firm, which is bound by rules of who is in charge of the firm, which guidelines should the firm follow, and which guidelines are the cornerstone of ethical behaviour within the firm's leadership and management (O'Sullivan, 2003). Ethics cannot be ignored in corporate governance, otherwise, the firm's leadership and management do as they please (Chowdhury et al., 2020). Roe (2003) argues that corporate governance is an inherently political topic. Political leadership therefore cannot wish the topic away as they have a responsibility to set the rules and ensure that the playground is clear and fair.

Steinhoff holdings, a company where several companies held shares including the PIC which is a company entrusted with looking after the pensions of many South Africans, at the end of 2017 saw a sudden slump leading to a dive in the Steinhoff shares. The Financial Times claims that Steinhoff lost 99% of its share price leading to many of its shareholders losing millions in a matter of days. At the centre of the scandals were accounting regularities which were hidden in the books and the auditors who did not do due diligence on the company leading to such a collapse (Nyalungu, 2022; Sibanyoni, 2021). Mark Jooste was the CEO when this scandal occurred.

The question that arises is what is the fiduciary duty of the boards which invest in companies like Steinhoff? What should be the role of government and statutory bodies that regulate the operations of private and international companies? Companies that act unethically frequently know that little will be done to stop them or the individuals that brought about such tragedies. According to (Skae, 2018), Steinhoff adhered to the

German corporate governance rules as a German corporation. Both strengths and flaws exist in such a code.



Steinhoff share price. Source: Fin24

Figure 2: 1- Steinhoff share price between 2016 and 2019

The composition of boards and their functioning remain the most important factor in corporate governance. When fewer individuals are given significant roles and when those boards or committees fail to execute their fiduciary duties, the cracks will ultimately show (Alon-Beck, 2020). Unfortunately, sometimes when such cracks show it is too late to self-correct. It was the case with Steinhoff and we hope lessons can be drawn to avoid such catastrophes in the future.

2.4.8. VBS Mutual Bank, 2018 (South Africa)

The Venda Building Society was founded in 1982 and it was transformed into a Mutual Bank in the late 1990s. It was a deliberate move after establishing a track record as a building society. The Deputy Governor of the South African Reserve Bank (SARB), Advocate Terry Motau, was assigned to investigate the affairs of VBS on April 13, 2018.The outcome of the forensic report published in early October revealed that there were many irregularities into the finances of VBS. In addition, President Cyril Ramaphosa established a commission of investigation investigating claims of corruption at the Public Investment Corporation (PIC). Massive intentional looting was discovered by the commission at VBS.

Company	Year	Company	Year	Company	Year
Polly Peck	1990	Global Crossing	2002	HealthSouth	2003
Maxwell	1991	Peredrine Systems	2002	Freddie Mac	2003
BCCI	1991	Adelphia	2002	Royal Dutch Shell	2004
Knowledge Ware	1994	Kirch	2002	Parmalat	2004
Barings Bank	1995	Tyco	2002	Fannie Mae	2004
Waste Management	1998	Xerox	2002	AIG	2005
Cendant	1998	Asea Brown Boveri	2002	Siemens	2006
Daewoo Korea	1999	CA Technologies	2002	Royal Bank of Scotland	2008
HBO & Company	1999	WorldCom	2002	Bernard Madoff	2008
Aurora Food, Inc	2000	Dynegy	2002	Lehman Brothers	2008
Micro Strategy	2000	AOL	2002	Satyam	2009
Sunbeam	2001	Imclone	2002	Stanford Financial Group	2009
SAir Gropu	2001	Merrill Lynch	2002	China Forestry	2010
HIH Insurance	2001	Bristol-Myers Squibb	2002	Securrency	2011
Enron	2001	Lemont and Hauspie	2002	Sino-Forest	2011
Vivendi	2002	Qwest	2003	Olympus	2011
Bank of China	2002	Baninter	2003	Glaxo's China	2014
CMS	2002	Nortel	2003	Steinhoff	2018
Anderson	2002	Ahold	2003	VBS Mutual Bank	2018

Table 2: 2 - Firm Collapses between 1990 and 2018 Source: (Abid & Ahmed, 2014; Markham, 2015)

The destruction of VBS by a complex interplay of private and public corruption captured the South African public's imagination in an unprecedented way. The scandal has shown that if directors, managers, suppliers collude in siphoning funds from any corporation, subsequently the corporation fails.

2.4.9. Major Causes of Corporate Collapses/Scandals

Corporate failures have been linked to a variety of factors. There are six major causes that have been identified to cause collapses of world renowned companies (Abid & Ahmed, 2014), these are as follows:

- Legislative regulation gap
- Lack of analysis of the impact of political institutions.
- Irresponsible levels of risk-taking
- The role of the board collective

- The role of individual board members
- The role of auditors

Legislative regulation gap

Corporate governance adoption in many countries of the world has been slow and different. This has been forced upon many countries as there was a thinking that corporate governance is a monitoring tool for firms, but that myth is being quelled as we speak. The different geographic locations have tended to feel the collapse or the credit crunch at the same time(Van-Bergeijk et al., 2017). These analyses identify a coordination failure in decentralised economies in that ceteris paribus experience a stronger reduction of trade during a collapse.

Lack of analysis of the impact of political institutions.

In South Africa, when Eskom went from stage one to stage four load shedding, no one wanted to take responsibility in the first instance around late 2007 to May 2008. It was the first time Eskom experienced load shedding. The board came up to explain that load shedding was as a result of a shortage of electricity generating plants and that there was less capacity and more people were connected on the grid. The government without much research engaged on the massive power generation and building of power stations costing billions.

Irresponsible levels of risk taking

Jones (2018) argues that the assumption that corporate leaders will and have always acted rationally is not supported by research, theory and evidence of how many have behaved, especially in companies in distress or those that have collapsed. Several studies show that those CEO who inhibit a high level of narcissism have a high propensity to high risk behaviour in decision making, performance volatility and fraud.

The role of the board collective

In his own defence and that of the company the CEO of VW argued that the misconducts were caused by individual employees (Boston et al., 2015)**.** The dominant view however that is it was the dominant culture at VW that led to such a behaviour (Ewing & Bowley, 2015)**.** It is not a good ethic for the company not to take responsibility for its actions. The corporate ethic of VW left a lot to be desired as a company. Fines imposed by the regulators on VW for emissions scandals reached 30billion USD, (Schwartz & Bryan, 2017 ; Schwartz & Cragg, 2017), whilst, those for BP spillage were in excess of 18.7billion USD (Robertson et al., 2015). The boards do not want to take responsibility but would rather have money solve most of their concocted problems.

The role of individual board members

There are a number of member of the board that have been pointed as having a negative influence or role to the collapse of firms.

The role of auditors

There are grey areas in as far as the meaning, roles, nature, practice and expected outcomes of auditing (Sikka et al., 1998). For as long as this part has not been carried and improved in a number of countries, auditing and auditors will always feature predominantly in corporate failures. Auditing has contributed significantly as active participants in corporate scandals, whilst there are cases where they played a pivotal role in exposing and avoiding the collapse of certain firms. Legislation and regulation improvements in haw auditors should conduct themselves since the 1990 collapses have played a major role. Especially when such regulations are practicable and realistic and easy to implement (Best et al., 2001).

2.4.10. The Sources of Corrupt Corporate Governance Scandals

With 53% of the cases involving corporate fraud flowing to the United States, a review and analysis of 55 cases from 16 nations reveals it to be the country with the greatest percentage. Chief Executive Officers (CEOs) have been deemed accountable for 83% of company failures due to their cooperation with 77% of Chief Financial Officers (CFOs) and Board chairmen follow at 62% with other top executives lying fourth at 57%. In 72% of the cases, the key participants were dealt criminal penalties and handed prison sentences, while in 69% of the cases, they were given financial fines (Abid & Ahmed, 2014). The auditors as external stakeholders are found to be causal factors at 19% of the times in corporate scandals or failures (Power, 1994). The internal auditing function, oversee by the risk and audit committee should assist the board in taking proper steps to reduce and eliminate audit inefficiencies. (Al Lawati et al., 2021; Almasria, 2022)

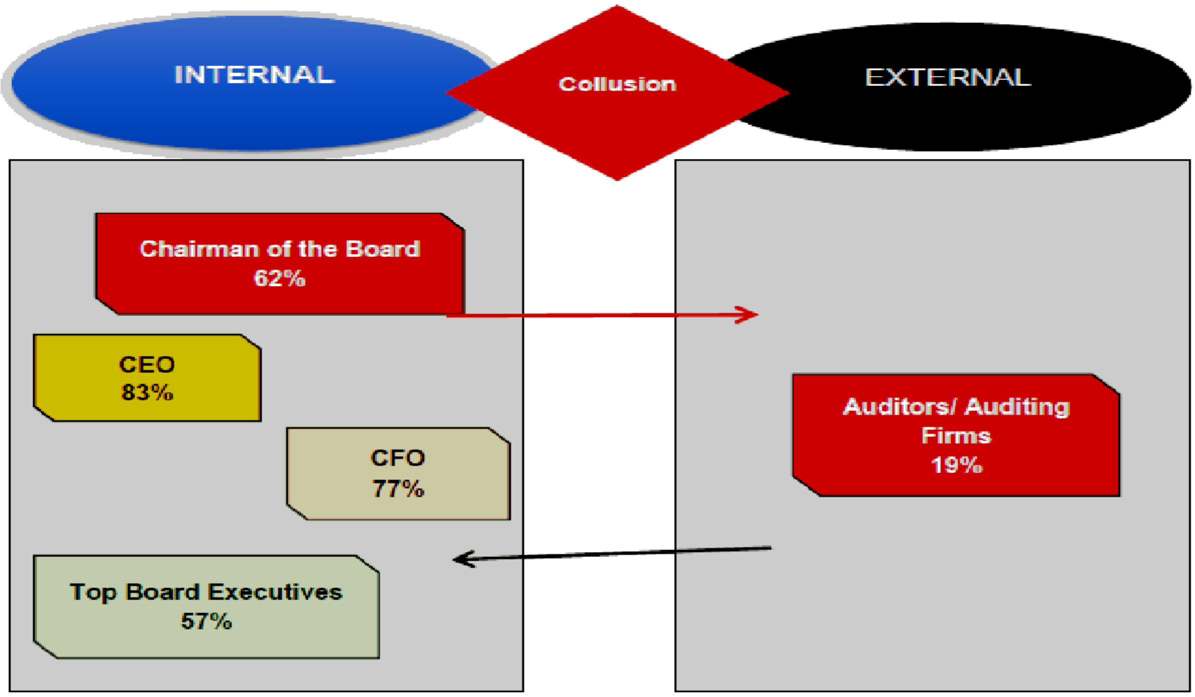


Figure 2: 2- Relationship between Internal and external stakeholders in Firms Collapse (Drawing and Proposed by the Author). Source: (Abid & Ahmed, 2014)

This picture is worrying because many of the internal stakeholders have time, information and opportunity to play the devil in these firms. When no one is suspecting. When the firm is doing well, everyone thinks that nothing can go wrong and most of the time it does. The saying that a firm is too big to fail, clearly is a myth.

2.5. Challenges of the Corporate Governance Codes and Principles

Corporate governance has been established as a principle that is not mandatory to adopt and implement. There are two main principles that are at play and have been adopted, these are apply or explain, apply and explain, comply or explain and the last is comply and explain. The rationale put forward is that gradually organisations will adopt corporate governance and implement to its strictest form. The problem is that time continues with no uniformity in application and this may cause problems if this continues.

2.5.1. The comply or explain Principle

The comply-or-explain principle initially recommended by the Cadbury Committee in the United Kingdom as a means of establishing a flexible code of corporate governance, it has since been incorporated into code regimes around the world (Seidl et al., 2009). Table2:3 shows several countries that have adopted some of these principles and whether they have adopted a single or two tier board system. The UK's comply-or-explain has been widely accepted and accepted because of its “flexibility”. The comply-or-explain system requires that non-compliance should be followed by an explanation. Many have argued that this is not enough. Corporations would choose not to comply because they know that they would explain why they failed to comply. In Germany, their codes require disclosure of non-compliance without motivation. An explanation is more than disclosure of non-compliance.

In fact, “comply or explain” was first explained in 2010 (Du Toit et al., 2017; Shrives & Brennan, 2017). The reason why there are fewer studies is the very fact that there are no regulations and compliance thereof. What is meant by the term “explanation”? Explanations are mere stating why and this leads to further inefficiencies in the application of the codes (Brennan & Shrives, 2020).

Corporate Governance Principles						
Country		Apply or Explain	Comply or Explain	Shareholder/ Stakeholder	One tier	Two-tier
1.	**Australia**		Comply or Explain	***Shareholder***	One tier	
2.	**China**		Comply or Explain	Stakeholder		Two-tier
3.	**Germany**		Comply or Explain	Stakeholder		Two-tier
4.	**Japan**		Comply or Explain	Stakeholder		Two-tier
5.	**Kenya**	Apply or Explain		Stakeholder	One tier	
6.	**Nigeria**	Apply or Explain		Shareholder	One tier	
7.	**South Africa**	Apply and Explain		Stakeholder	One tier	
8.	**United Kingdom**		Comply or Explain	***Shareholder***	One tier	
9.	**United States**	Apply or Explain		***Shareholder***	One tier	

Table 2: 3 - Corporate governance principles in selected countries . Source: (Abu-Tapanjeh, 2009)

There is an argument that mandatory compliance will lead to concentration to simple financial profit making (Dumay et al., 2019). The application of "comply or explain" leads to some information being omitted by organisations (Seidl et al., 2013; Senn, 2018).

2.6. Development of Corporate Governance (Scanning the World)

The section that follows looks at the five continents of the world and how they have adopted and implemented corporate governance. It takes at least one country in each continent and looks at its corporate governance system or mechanism.

2.6.1. Europe

We shall look at two countries being the United Kingdom and Germany. The United Kingdom and Germany have highly rated in its application and adoption of corporate governance; however, their application of codes differ significantly.

2.6.1.1. United Kingdom

In the United Kingdom (UK) and Ireland, the Financial Reporting Council (FRC) is a non-profit regulating body. It is in charge of auditing, accounting, and actuarial work standards, as well as the UK's Corporate Governance and Stewardship Codes. It also maintains independent enforcement procedures for accountants and actuaries, as well as monitoring and improving company reporting quality. The FRC is the UK's Competent Authority for Audit, responsible for establishing auditing and ethical standards, as well as monitoring and enforcing audit quality (FRC, 2011). The Code is not a collection of hard and fast laws; instead, it provides flexibility through the use of Principles, as well as 'comply or explain' Provisions and associated recommendations.

Boards of directors are in charge of technology implementation. This should contain information that allows shareholders to evaluate how the board of directors has fulfilled their section 172 of the Companies Act 2006 obligation to promote the company's performance (the Act). The following points will go through every aspect of the UK Corporate Governance and Stewardship Codes:

- Board Leadership and Company Purpose and Division of Responsibilities
- Composition, Succession and Evaluation
- Audit, Risk and Internal Control
- Remuneration

A. Board Leadership and Company Purpose and Division of Responsibilities

The board is empowered to be the overall leader of the company. It must draft strategic plans for long term sustainability of the company that generates shareholder value. The board members must always with integrity to promote the desired organisational culture. The board must also provide requisite resources need to meet the aims and objectives of the firm and put instruments to measure performance against the input. They should also develop a framework measure risk and mitigate against it using proper risk control measures. The chairperson of the board should take overall leadership responsibility of directing the company and promote a culture of debate and open-door policy. The board should be representative of executive and non-executive independent board members inclusive and ensure that no group within the board amasses such power as to be the deciding force within the board.

B. Composition, Succession and Evaluation

The board appointment should be thorough, formal and transparent in the procedure. It must encapsulate a clear and effective succession plan for senior management and board members based on set criteria and merit. The board should also promote social, ethnic and gender diversity. The board and its committees should project skill, experience and knowledge combinations. Each board member should also be evaluated.

C. Audit, Risk and Internal Control

The board has been tasked with developing procedures for effective external and internal auditing so that it may be confident in the financial statements' integrity and quality, as well as its narrative. It must then be able to present these in an easy and understandable prospectus. The board must also identify principal risks.

D. Remuneration

The board must support strategy and promote long-term sustainable success. The board must look closely at executive remuneration and its package must be closely linked to the strategic objective of the company and company long term sustainability. A clear process and policy on determining the remuneration of executives and board members must be put in place avoiding conflict of interests and bias (FRC, 2011).

2.6.1.2. Germany

A. Board Leadership and Company Purpose and Division of Responsibilities

Germany corporate governance system is charecterised by a supervisory board and management, the board is arranged in a two-tiered structure. The management board oversees the management board, which in turn oversees the operations of the firm through the Chief Executive Officer's staff. The supervisory board, which is made up of shareholder and employee representatives, is elected during a general meeting. Employee and shareholder representatives must act in the best interests of the firm. The board's composition must take into account diversity, gender quotas, board members' knowledge, competencies, and professional competence in order to achieve successful performance. The supervisory board must be independent of the management board. The management board must also exhibit similar traits and skills to perform its duties. The supervisory board must mitigate and put processes and procedures to avoid conflict of interest.

B. Composition, Succession and Evaluation

With a supervisory board and management, the board is arranged in a two-tiered structure. The management board oversees the management board, which in turn oversees the operations of the firm through the Chief Executive Officer's staff. The supervisory board, which is made up of shareholder and employee representatives, is elected during a general meeting. Employee and shareholder representatives must act in the best interests of the firm. The board's composition must take into account diversity, gender quotas, board members' knowledge, competencies, and professional competence in order to achieve successful performance.

C. Audit, Risk and Internal Control

An audit committee must be established by the supervisory board to supervise and review accounting, accounting processes, the efficacy of the internal control system, risk management system, internal audit system, and annual financial statement auditing and compliance. According to the German Commercial Code (Handelsgesetzbuch – HGB), they must comprise consolidated financial statements and a group management report. The Supervisory Board, or Audit Committee, should ensure that the external auditors promptly tell it of all findings and matters relevant to its functions that they become aware of during the audit.

Any facts that imply an inaccuracy in the recommendations made for the Declaration of Compliance with the Code by the Management Board and Supervisory Board are reported to the Management Board and Supervisory Board by the Audit Committee or the Supervisory Board during the audit. The quality of the audit is routinely examined by the Audit Committee. The Chairperson of the Audit Committee shall be independent of the controlling shareholder as required by the Code.

D. Remuneration

The management board's pay system will be established by the supervisory board. The ethos of remuneration must be geared toward promoting the business plan, as well as the company's long-term viability and growth. The amount of pay is determined by a vote of the General Meeting or, if relevant, the Articles of Association. The Supervisory Board's pay will take into account the duties played by the Chairpersons of the Supervisory Board as well as the chairpersons of board committees.

2.6.2. Asia

Looking at two countries being China and Japan. China and Japan have different codes and their application and adoption of corporate governance are critiqued by many other western countries. The following section seek to understand how they adapt and apply the codes of good corporate governance are applied in Asia continent, concentrating on two countries, China and Japan.

2.6.2.1. China

It is correct to say that China's major corporate governance reform trend was toward global norms from the early 1990s to the mid-2000s. Chinese financial regulatory agencies were prominent participants in international corporate governance conferences in the late 1990s and early 2000s, and they adopted many foreign best practice components into their laws, regulations, and recommendations after significant research. The strengthening of the Party committee's representation in publicly traded and even unlisted companies is perhaps the pinnacle of this tendency. Since then, the focus of state policy has been on anti-corruption programs, SOE reform, and the strengthening of Party organizations in state enterprises, publicly listed firms, and other large corporations, including private-sector businesses. These policies are all linked by the belief that China's public and corporate governance systems require a stronger directing hand from above, notably the CPC, to avoid past excesses and guarantee that people in positions of authority act ethically and responsibly.

A. Board Leadership and Company Purpose and Division of Responsibilities

The Company Law (1993; amended in 1999, 2004/5, and 2013) and the Code of Corporate Governance for Listed Companies (2002), published by the China, provide the fundamental legal and regulatory framework for China's board of directors (SETC). The number of directors in a board is between 5 and 19 with a term not exceeding three years. In the case where there are deadlocks, the conundrum cannot be resolved as the chairperson of the board does not have the casting vote. The board is empowered to form board committees. These committees are to ensure the smooth running of the entity. The chairperson is responsible for ensuring the implementation of the decisions of the board. The main committees that are mandatory are for auditing, nomination, remuneration and strategy. The audit committee must have one of the directors being qualified in accounting. September 2005 and was called the “Code of Conduct Guidelines for Boards of Directors of Joint Stock Commercial Banks”. It talked about the fiduciary duties of directors, the need to protect shareholder interests, and that boards should “perform their duties professionally and effectively.

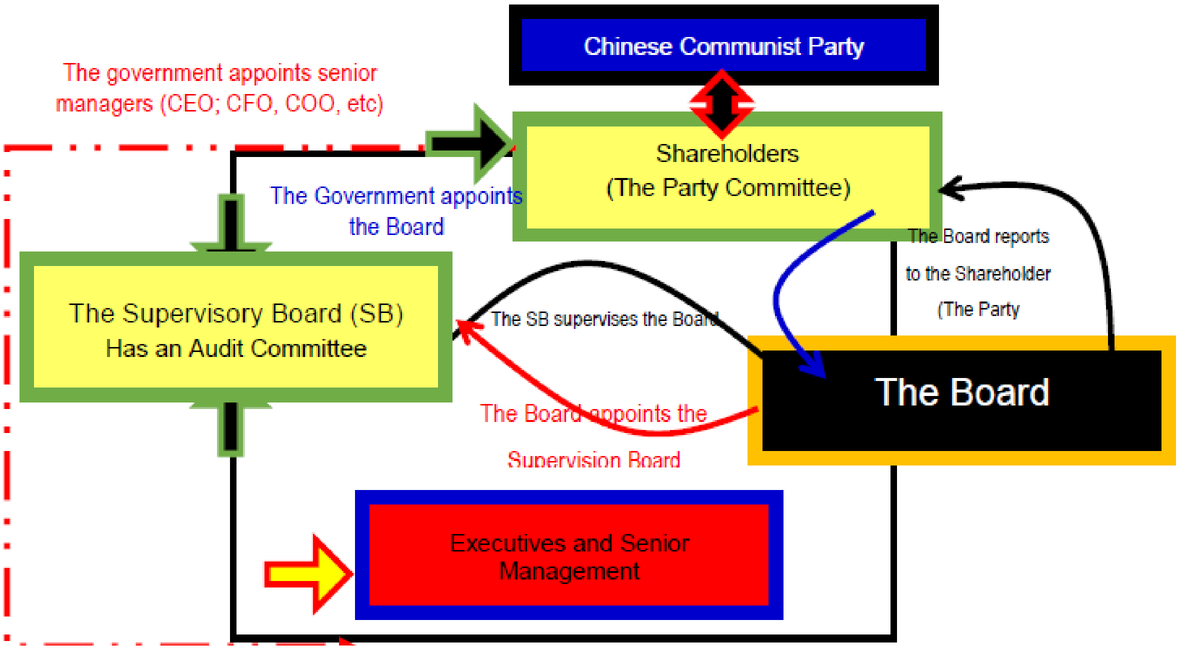


Figure 2: 3- SOE management in China (Proposed by Author) Source: (Mitnick, 1975; Ross, 1973)

The following are the functions of boards in any firm incorporated under company law, whether public or private, according to the Company Law:

- Organizing general meetings and enforcing their resolutions; making significant business choices, such as capital restructuring
- plans for the company, investment or M&A initiatives, and new financing
- approving the budget and financial statements; approving the budget and financial statements; approving the budget and financial statements;
- Profits are distributed;
- Oversight and appointment by senior management (including their evaluation and remuneration).
- Developing risk management, internal control, and compliance policies and procedures;
- Keeping an eye on information disclosure mechanisms.

B. Composition, Succession and Evaluation

The powers of the SOE are taken party organisation that is by the party itself. The board has limited powers, pending the approval of the party organisation, regarding the selection of the board chairperson, hire or fire the Chief Executive Officer or the President, no nominate and appoint directors to the board, and evaluate the remuneration of senior and middle managers. The board of directors of a privately held corporation has ultimate say over the nomination of the board chairperson, CEO, or President. While an SOE board has a responsibility in these areas, it is more equivalent to giving official approval to decisions made at the Party, government, or corporation's higher levels. A privately owned company's board of directors, on the other hand, would have the last say in appointing the chairman and CEO/president.

C. Audit, Risk and Internal Control

The audit committee is appointed by the supervisory committee of state-owned companies. According to Chinese accounting legislation, businesses must establish internal accounting supervision systems in order to obtain audit independence. The Code of Corporate Governance for all publicly listed businesses places a strong emphasis on audit committees. The Audit Committee shall be led by an independent director, according to the Code. SOEs must form audit committees under the guidance of the board of directors, with at least one member having an experience in accounting and the audit chairman being an outsider.

D. Remuneration

The salary of directors in state-owned enterprises differs from that of private companies. Non-executive directors are compensated as directors, whereas executive directors are compensated as managers. Independent directors are compensated according to the market. In China, the market price is undeveloped. Because most enterprises are state-owned or the state owns a portion of private companies, it is difficult to compare their valuations independently. This remuneration is entirely extrinsic, and it has no bearing on the company's success. Many directors join boards for the sake of their reputation.

2.6.2.2. Japan

Japan has undergone a number of changes, the most recent of which are the Japanese Steward Code and Corporate Governance Code, both of which have been in place since 2015. The two codes compel stakeholders to take an active role in comprehending them. The Code of Corporate Governance has the most significant influence in that it advises the appointment of two independent directors as of 2016. These are a subtle evidence of the Anglo-American corporate governance system's convergence. From the standpoint of substitution theory, (Kenneth & Rediker, 1995), board monitoring would matter as a substitute for bank monitoring (Sakawa & Watanabel, 2020).

A. Board Leadership and Company Purpose and Division of Responsibilities

The board is a two-tier model. It has the supervisory board and the management board. The boards' fiduciary duties are to ensure accountability to shareholders, promote sustainable corporate growth and hence an increase of the corporate value of the entity. The board should set up a broad board direction by instituting a corporate strategy. It must also manage the management's activities by subscribing and determining the acceptable level of risk a company can engage in. the board must also play effective oversight over management and the directors (this is referred to as shikkoyaku and shikkoyakuin). The company supervisory board must also form the three boards namely nomination, audit and remuneration board committees.

B. Composition, Succession and Evaluation

The board should elect independent directors to make meaningful, frank, active discussion at board meetings. The board should establish standards of ensuring that the board members can fulfil their roles and responsibilities to increase company value. The board should be constituted by a mix of independent and shareholder appointed directors. The board must have requisite skills, experience to fulfil its roles. In doing so it must pay attention to gender, international experience, diversity and size. The code recommends that the company should seek diverse views and perspectives in the pursuit of sustainable growth. As a result, businesses should encourage employees to be diverse, with women playing an active role.

C. Audit, Risk and Internal Control

The supervisory board must appoint external auditors who are responsible for shareholder and investors. They must conduct audits and prepare medium and annual financial statements and supplementary statements. The board must also have processes to appoint external auditors and ensure that external auditors are independent and can provide adequate high-quality audits. It should examine firm performance appropriately and include the results in its review of senior management. Furthermore, the board should engage in oversight activities to ensure timely and correct information disclosure, as well as develop appropriate internal control and risk management systems.

D. Remuneration

The compensation board committee is appointed by the supervisory board. The pay committee's job is to offer recommendations to the supervisory board on compensation packages for senior management, management, and the supervisory board at all levels. The board should also make certain that the firm can afford such compensation. Another strategy to ensure that performance is protected is to link remuneration to corporate performance. Incentives that reflect mid- to long-term company accomplishments and possible dangers, as well as stimulate healthy entrepreneurship, should be included in managerial compensation.

2.6.3. Australia

A. Board Leadership and Company Purpose and Division of Responsibilities

The board must ensure that it puts in place policies that make the values of the organisation clear and precise. The board must also articulate and infuse a culture of inclusivity, diversity, as part of competing in the labour market. This will also be beneficial to the attraction, retention, and motivation of staff from the biggest pool available. In the workplace, gender, family status, sexual orientation, age, impairment, ethnicity, religious views, cultural background, and socioeconomic status should all be taken into account. The company should oppose discrimination, harassment, and other forms of victimization. Allow employees on long parental leave to stay in touch with the company by allowing them to receive all-staff communications and attend work activities and training sessions (without any obligation).

B. Composition, Succession and Evaluation

The chairperson of the board of a listed company shall be an independent board member. The position shall not be linked to the position of the Chief Executive Officer. The majority board members of the listed entity should also be independent directors. There should a capacity programme for all new and experienced board members to ensure that they are skilled and conversant with the roles that they need to perform within the board. There should be no conflict of interest between board members in the positions they serve and also their previous positions in the company value chain

C. Audit, Risk and Internal Control

The board must consider the materiality of each interest, position, or relationship to see if it interferes, or could reasonably be seen to interfere, with the director's ability to bring an independent judgment to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or any other party. The corporation will also develop an internal and external audit function in order to improve the efficacy of board governance, risk management, and internal control systems. In addition, the corporation must manage its exposure to environmental and social hazards. These must follow ethical leadership principles.

D. Remuneration

The board shall have a remuneration committee with at least three members, majority of whom shall be independent directors and the chair shall also be an independent director. The board shall adopt a performance-based remuneration that is linked to the achievement of targets and the overall performance of the organization. It prescribes that non-executive directors shall not be entitled to a performance-based remuneration or retirement benefits as this may lead to a conflict of interest and compromised objectivity in their fiduciary duties.

2.6.4. Africa

Looking at two countries being Nigeria and Kenya. Kenya, Ghana and South are highly rated in its application and adoption of corporate governance (Abor & Fiador, 2013; Doornbos, 2019). South Africa, as the country where the study is taking place shall be looked at on its own as South Africa filters down to the country of study.

2.6.4.1. Nigeria

The Nigerian Code of Corporate Governance (NCCG) takes a principle-based approach, requiring corporations to use the "Apply and Explain" strategy in their NCCG reporting. This means that businesses must be able to not only comply with the NCCG, but also explain and demonstrate how they did so.

A. Board Leadership and Company Purpose and Division of Responsibilities

The code does not stipulate the minimum or the maximum number of board members hence board size. It emphasises the functionality of the board so that the board should have enough members to carry out the board duties. It also dictates that diversity should encapsulate gender, experience, without compromising the experience, competency and integrity of the board. Companies should consider an appropriate mix of knowledge, skills and experience in making appointments to their boards of directors.

B. Composition, Succession and Evaluation

Each board subcommittee must have at least three members. The majority of independent board members should serve on audit committees in private corporations. The board shall also be assessed by an impartial outside committee, according to the rules. It further states that the board chairman cannot serve on any board committee. The term of office for the board of directors shall not be more than three years.

C. Audit, Risk and Internal Control

The code gives power to the board to put in place an internal audit mechanism which augments the external auditing. The code empowers the company to recover any untoward benefit that was undue to the board of directors and senior employees. This may of cause constitute fraud and other unlawful benefits from the company. The company must also focus on proper risk management and effective internal controls such as ensuring that the Head of Internal Audit should be audited by the Audit Committee. Any external audit company may not be retained for a period exceeding 10 years after that a cooling period of 7 years will apply. The board must put in place disclosure processes for all board members to manage conflict of interests. The company must also look closely not only at financial issues but also at sustainability issues. These issues include the environmental, social, occupational and community health and safety, social. The board must put in places policies to address all these sustainability issues and report annually on their implementation.

D. Remuneration

The company ought to put in place a reward/ remuneration committee which must put in place policies regarding the remuneration of board members, chief executive and executives as well as board chairperson. It also links remuneration with company performance. This looks and links company performance with individual performance. In so doing the stock options and bonuses kick in as part of the bonuses and significant component of long term company performance. The Chie executive officer, the Chief Financial Officer, the executives of the company remuneration will be subjected to the Remuneration Committee.

2.6.4.2. Kenya

Corporate governance systems vary by country, reflecting economic, cultural, and legal conditions. It's "the process and structure used to control and manage a company's business and affairs with the ultimate goal of creating long-term shareholder value while taking other stakeholders' interests into account."

In contrast to the "Comply or Explain" strategy, the Code takes the "Apply or Explain" approach. The 'comply or explain' strategy requires the government to enforce the legislation, whereas the 'apply or explain' strategy requires the shareholders to enforce the code. In summary, under this apply or explain strategy, boards do not comply solely because the law requires it; instead, they aim to design policies that benefit shareholders. This approach is principle-based rather than rule-based, and it recognizes that in some instances, a reasonable explanation for any non-compliance will be acceptable.

A. Board Leadership and Company Purpose and Division of Responsibilities

The board is the ultimate responsibility of the company. It is responsible for policy, procedures and guidelines formulation. The shareholders are obliged to appoint a competent board. The board is responsible for nominating the nomination committee which is responsible for the handling nomination process for new board members and further to assess the performance and effectiveness of the board members. The board must appoint a skilled, and experienced board member to ensure proper board committee formation.

B. Composition, Succession and Evaluation

The board is required to appoint the board chairperson. The directors may not hold more than three board positions for three different companies. It also imposes an age limit of 70 years. It requires that the board should form relevant committees to carry its tasks efficiently. The board is required to establish processes and procedures that will allow board members to access information. The board is of overall responsibility to formulate policies and related transactions. It must also put in place a code of conduct which should encapsulate management of conflicts of interests. The board is also empowered to establish a register of declared conflicts of interests. The board is required to regularly review and make public its board charter. The board has the authority to designate a competent Company Secretary (CS) to help it in carrying out its fiduciary obligations. When choosing a board member, academic credentials, technical skills, relevant industry knowledge, experience, nationality, age, race, and gender should all be taken into account.

C. Audit, Risk and Internal Control

The board is mandated to develop a Code of Ethics and Conduct that all members of the board and management members should comply with. The board must also develop an annual work plan or programme to plan and guide its activities, this must be linked to the annual evaluation toolkit. The board is also expected to assist the board members for upskilling. The board ought to also take annual performance and evaluation of the Chairperson, Board Committees, Board Members, Chief Executive Officer and the Company Secretary. The board is expected to manage risk and internal control by putting in place internal and external audit measures. The board ought to appoint an effective audit committee. Internal control mechanisms ought to be articulated, implemented, and reviewed by the board on a regular basis. To maintain the financial statements' integrity, it must also secure the integrity of the yearly financial statements. It must also ensure that independent auditors are rotated every 6 to 9 years.

D. Remuneration

The board ought to adjudicate over the policies related to remuneration of the board, board chairperson, chief executive officer, and management. These policies must be sound and be able to attract the best candidates for board members.

2.6.5. United States of America

These Principles must be followed and followed without exception. The elements of strong corporate governance are outlined in these principles. Companies must describe their corporate governance procedures in terms of the Principles and Provisions, as well as how they align with the Principles.

A. Board Leadership and Company Purpose and Division of Responsibilities

The board is in charge of the overall oversight. Because of the board's importance, the Chairman of the Board must establish the correct tone. The fiduciary obligations of the board of directors are too ancient to hold management responsible. Directors must be assigned to a board committee, where they must play an active valuable adding role. The board must also include independent directors who are not linked to the company, its shareholders or its officers. The independent directors must make up the majority of the board if the chairperson of the board is not independent and vice versa.

B. Composition, Succession and Evaluation

The board is made up of the Chairman if the chairman is independent other board members who are independent must make up the majority of the board. The board must put objective criteria to evaluate the effectiveness of each board member in executing their duties and roles to the board or board committee.

C. Audit, Risk and Internal Control

The board must ensure that it tables the annual financial statements to the public. The company must also be able to assess the risks that the company is exposed to. This must be to ensure that it protects the company against foreseeable and inherent risks that the company is exposed to.

D. Remuneration

The board is expected to set up principles that need to be followed in determining the remuneration of the executives and senior management. It must also ensure that the board members' remuneration and packages are set up by a committee that is objective in the interests of the shareholders and the company. The process must be open to ensure its validity. The board must also avoid issues of conflict of interests which could undermine the process of determining management or board remuneration.

2.7. CORPORATE GOVERNANCE IN SOUTH AFRICA

South Africa was highly isolated from the international community due to its political system. It adopted self-sustainable mechanism to keep the economy abreast. It was able to develop State-Owned Enterprises which were crucial in sustaining its contested rule. A number of companies were born as a result of cooperative and mutual cooperation and state funding. These grew to become banks, insurance companies, energy companies, telecommunications companies, defence and arms company and many more. At the time the state supported these entities and avoided failures which could undermine sustainability of these entities. The capacity to run and main these entities grew among mainly white men. At the dawn of democracy, these few men were not enough to run the entities for the new government. The skill deficit was laid bare, many moving from management to consultancy weakening the ability of the state to run entities. The overall result was a lot of trial and error leading to catastrophic failures and a few success stories of these entities.

Corporate governance as a field of study and a stipulation for legislation capturing the essence of corporate governance. For a long time especially in the 1990s up to the early 2000s corporate governance and general governance has been confused and misunderstood. The Cadbury Committee in the United Kingdom, (Cadbury, 1992) begin defining what corporate governance should involve. Corporate governance, in its most basic description, is the structure by which businesses are managed, directed, and controlled. The Concepts of Corporate Governance of the Organisation for Economic Cooperation and Development were created to analyse and understand corporate governance principles around the world. This was mainly formed to assist governments to improve the regulatory framework regarding corporate governance.

2.8. The Constitutional Mandate

There are several legislations that govern how companies operate in South Africa. They range from the Constitution to the base of companies which is the Companies Act. The following sections describe the legislative framework in South Africa.

2.8.1. The Companies Act 71 of 2008

Some components of the King Codes of Good Corporate Governance are incorporated into the Companies Act 71 of 2008. It attempts to include some elements into the legislation. The Companies Act 71 of 2008 recognizes State-Owned Enterprises (SOEs) as a legal entity for the first time, whereas prior acts did not, however SOEs were registered under the 1973 Companies Act. The state and other legislative frameworks can then build the necessary processes for managing SOEs. Corporate governance is one example of this. The Companies Act of 2008 deals with some aspects of corporate governance in the act as follows:

- Directors' Duties
- Stakeholder Protection
- Transparency and Accountability

The governing law for company governance in South Africa is the Companies Act 71 of 2008. Updates have been made to the Company Act. The latest being the Public Finance

Management Act as promulgated in 1999, (PFMA). Competitiveness is typically characterised as a function of a company's essential competencies and its ability to perform them. A quantitative index for assessing firm competitiveness is currently being developed, with practical applications. Productivity has been widely utilized as a main indicator of a company's competitiveness for decades, as it is assumed to closely reflect cheap costs and large market shares.

2.8.1.1. Duties of Directors

The Act, (DTI, 2010) is explicit in defining some aspects of the duties of company directors. These are mainly based on common law. Its main intention is to establish a code of the director's duties. It requires the directors to act in good faith and in advancing the interests of the organisation, hence the notion of acting with care, skill and due diligence. It raises the legal understanding of reasonableness expected of the legal persona of a director. It expresses clearly that directors should disclose their financial interests. The management of the conflict of interest is expressed in such a way that the director should not benefit financially or otherwise, using information that they may have gained or accessed whilst they were serving their duties as a director of the company. The Act covers all aspects of the procedures relating to director elections, disqualifications, vacancies, removals, meetings, resolutions, and liabilities.

2.8.1.2. Stakeholder Protection

The act builds on ensuring that stakeholder interests are protected. It prescribes how the meetings should be conducted. It goes as far as prescribing how the shareholder interest could be represented in case the shareholder is not able to attend the meeting, this is covered by the appointment of someone to represent the shareholder interest, the proxy. It puts in place procedures of adopting and passing resolutions. The appointment that qualifies a particular director to qualify or to be disqualified to be appointed as a director. It also caters for the small companies which may not be in a position to have a board of directors but only have the owner as of the sole director.

2.8.1.3. Transparency and Accountability

The act provides checks and balances regarding accountability and transparency with less burden that requires regulations. It sets standards, responsibilities to the public that the company is expected to fulfil as part of its social and economic operations. Among these are that all companies must prepare annual financial statements which must be made public. These annual financial statements must be audited. The auditors themselves must be credible and rotated regularly to ensure the quality of the annual financial statements.

The annual financial statements must be filed with the regulatory body. It also mandates the appointment of a corporate secretary, independent auditors, and the formation of an audit committee. The stipulated financial reporting standards must be met by all financial statements, or a summary thereof. These requirements may vary depending on the type of firm, but they must be compatible with the International Financial Reporting Standards set out by the International Accounting Standards Board. These companies are further encouraged to have programmes that address Corporate Social Investments and Social Ethics. Companies must act in ethical conduct and show the community that they care through social empowerment. The critical aspects which are taken as by the way by a number of organisations are:

- The corporate social investment
- The environmental aspects
- Ethical behaviour in all aspects especially in sourcing materials and human resources.
- Disclosure of information of the current position of the organisation in terms of assets and resources (financial records).

As much as these have always been encouraged the application is still variable and enforcement is not always the best way. Collusion between suppliers and sourcing managers, corruption between auditors and management, and many others continue to weaken proper good governance leading to ultimate failures when the numbers no longer balance.

2.8.1.4. Corporate Law Reforms and Legislative Framework

The Companies Act is gradually being changed to address some aspects of corporate governance. The Companies Act of 1978 as time went on had some deficiencies, but the Companies 71 of 2008 has addressed some of the needs that were left unaddressed. However, it becomes critical to read the corporate law reforms in conjunction with corporate governance reforms. This allows one to understand that legislation and reforms need not be too far apart as they assist greatly in improving organisational financial performance. It helps to rid the system of denial and claim of ignorance. It empowers and protects investors against executives who take negligence decisions which may cost workers and the investors valuable income.

2.8.2. King Code I – IV

As the world started to change, the Cadbury report in the United Kingdom started an avalanche of the changing corporate governance landscape. The world started to change from speaking about corporate governance but took steps to implement. South Africa was not left behind, it also shaped its own corporate governance which evolved to be known as King Codes. Professor Melvin King was tasked to develop corporate governance codes just before the advent of democracy in 1994. The first corporate governance codes were first published in 1992. These codes have evolved from King Codes, King I in 1992 to King Codes, king Iv recently in 2016 being the latest. Below are summaries of what each of these reports have aimed to achieve and after that is the discussion of critical aspects that have defined the King Reports and corporate governance in South Africa.

2.8.2.1. King Code I

The first King Report on Corporate Governance was published in 1992 and it henceforth referred to as King I. The King Code I was mainly a diagnosis of the what should encapsulate corporate governance codes. Initially these where mainly from a legal background, but as the codes developed they started to include many fields which have to do with the corporate governance landscape in the world and in South Africa. The first report that was tabled was known as King I, in 1992, (IoDSA, 1994).

2.8.3. King Code II

The second King Report was published in 2002, and it was referred to as King II These codes were to be reminiscent and inclusive of the changes that were happening in South Africa and the world. The codes understood that these recommendations had to keep abreast of international changes and recommendations.

2.8.4. King Code III

In 2009, 7 years later, the third Report, King III was released,(IoDSA, 2009).The third King Report on Corporate Governance referred to as King III, was published in 2009. Each version builds and adds on the previous report being inclusive of changes in the world at large regarding corporate governance. It laid a clear foundation and identified gaps of what the South African landscape needed to understand and cover in the field of corporate governance. It was followed by an improved Report, referred to as King II, (IoDSA, 2002) in 2002. Ethics were raised in King III and it was clearly stated that ethics were the foundation of and pivotal in good corporate governance. King III, (IoDSA, 2009) laid a firm foundation by laying principles on how to achieve ethical leadership and how these should be managed effectively. King IV,(IoDSA, 2016) takes it a step further by making the Board the ultimate responsibility to ensure that the board does not only ensure effective leadership but it must set the rules, policies, principles, the tone on how the firm should assimilate ethical leadership. The board then has a fiduciary role and responsibility not to put these principles in place but to ensure that they are implemented.

2.8.5. King Code IV

The fourth King Report on Corporate Governance referred to as King IV was published in 2016. The last Report, King IV built on the last three reports to make more meaningful recommendations on corporate governance improvements that need to effect in South Africa. However, the codes remained as recommendations to follow. The application however in private and public institutions remain inconsistent raising questions of enforceability of the codes. The significant part of King IV emphasises is that there should be an outcomes-oriented approach to corporate governance. This should be seen at all levels of the organisation.

People should feel valued, they should feel respected, they should also feel they are part of the company because their views are valued and to a certain extent can be adopted as part of the products as long as they don't contravene the core of the brand or service provided. International companies should learn the local culture and imbue that culture in their products as part of their ethical responsibilities to respecting the customers. The inherent behaviour and mind-set of the company should also portray ethical leadership. As the world is becoming sensitive to race, attitudes, so should companies.

The following sections deal with six aspects of the latest King IV recommendations tracing improvements from the earlier King Reports. These are:

- Effective Ethical Leadership
- Remunerations Governance
- Diversity in the Boardroom
- Risk Oversight Committee
- Auditor Independence
- Independent Unitary Board, and
- Independent Board Members
- Integrated Sustainability Reporting
- Information Technology Governance.

King IV has gone one step further in the responsibility of the boards, in King III explain or apply was the principle, but King IV goes further on expects outcomes of the application of established principles, and demands that there should also be an explanation. This is welcomed and it will go a long way in ensuring the disclosure of information.

2.8.5.1. Effective Ethical Leadership and Governance of Ethics

Brown et al. (2005) ethical leadership refer to appropriate actions that take place between persons to promote interpersonal relationships. This must be reinforced by a two-way communication that allows decision making through the reinforcement process. The ethical leader and ethical leadership is a two-way process, what the leaders do and how the leaders are perceived by the followers, concretised by whether a leader is seen as a moral person and as a moral manager (Ahmed & Rugami, 2019; Humphreys, 2020).

The continuous improvement of the King codes seeks to ensure that corporate governance is improved. This is done through the adoption of the latest aspects of good corporate governance to ensure that South African companies can be led diligently in the interest of the shareholders. The introduction of the aspects of effective ethical leadership assures the shareholder that the board as the executive management should always be in sync. The company must be seen to be serving the employees who are the backbone and the engine that ensures that the company can achieve its financial goals. In doing so it must also take into consideration the community and its customers. This must encompass effective ethical leadership (Mo & Shi, 2017).

The board therefore must take a leadership role in bringing to life and living these ethical principles. This is referred to as setting the tone, and this tone is termed ethical governance. The board must not only govern, but its governance must be ethical, hence ethical governance. This can be achieved by the board by becoming a living example of what the firm needs to assimilate. The board must ensure the effective application of ethics governance and ensure the organisation's ethics are managed effectively. Figure 2:4 describe the hierarchy of responsibility between the board, executives, management, staff and all external stakeholders (environment, customers, suppliers, etc)

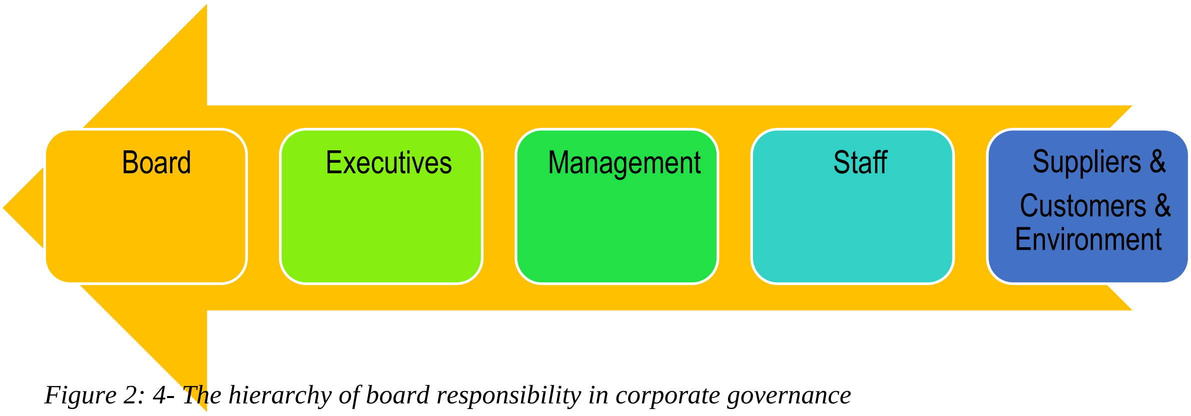


Figure 2: 4- The hierarchy of board responsibility in corporate governance

The board has the following responsibilities in as far as ethical governance is concerned:

- Establish ethical norms
- Make public disclosures
- Ensure adherence to ethical norms
- Monitor the implementation of ethical norm procedures
- Establish a code of conduct for all employees and suppliers to be contractually signed.
- Apply consequence management for failure to implement ethical norms
- Address and incorporate cultural considerations as part of ethical leadership.

The advertising should reflect the respect do humankind, non-racism, non-sexism, non-hate speech that should serve the public at large. It should respect the cultures of minority groups and should it learn of bias or disrespect of certain cultures that was not intentional it should act to address and correct such behaviour.

2.8.5.2. Remuneration Governance

King III, required that there should be an establishment of the Remuneration Committee. King IV, (IoDSA, 2016) goes far and requires greater transparency on the activities that show proper due diligence. King IV proposes benchmarking international best practices and perspectives when drafting the Remuneration policies of board members and that of executives like the CEO and CFO. This should include proposer disclosures, conflict of interests, disclosures, asset ownership disclosures and approval or disposal of such. The Remuneration Committee should also be able to handle stakeholder interests' need to understand how the remuneration of the board is agreed upon and handled whilst respecting the principle of privacy and confidentiality of board member's financial affairs. The board should act transparently in ensuring that the policy is drafted, approved and should be opportune to the perception of the vast pay gap within the company and industry norms. Board members should also be open and disclose their financial interests, especially if they also sit on other boards.

2.8.5.3. Diversity in the Boardroom

The boardroom must be representatives of the broader stakeholders as possible. These must include men and women and particularly all racial groups especially the minority groups or the marginalised groups depending on the history of that particular country or nationality. When the boards are representative of the transformation agenda of the nation, the people and customers, suppliers and broader stakeholders start to feel like part of the organisation. The organisation must be alive to the overall objective of the environment where it operates. Even if the company is solely owned by another company in another country, it must seek a complementary fit in the environment where it operates to address not only economic but socio-political issues in its governance.

2.8.5.4. Risk Oversight Committee

The organisation must be able to manage and mitigate risk in an organisation. King IV, (IoDSA, 2016) raised the concept of combined assurance which is taken and expands from King III, (IoDSA, 2009) which spoke of the three lines of deference and now King IV refers to it as the five lines of assurance. The five lines of assurance are to about ensuring effective control environment and integrity of reports which must allow the board to take better well-informed decisions. The five lines are:

- line functions in charge of risk and opportunity management;
- specialized functions for facilitating and monitoring risk and opportunity;

- Providers of internal assurance;
- Providers of external assurance, as well as,
- committees and the governing body.

King IV makes specific reference to the audit committee as a responsible body to implement the combined assurance model, this should result in the combination, coordination and alignment of assurance activities across all the lines of assurance. The holding company board is also in charge of developing a group governance framework, according to King IV. King IV emphasizes the board's responsibility for risk and opportunity oversight if the roles of risk and audit are combined into one committee. He suggests that for improved functioning, members of the risk committee should also serve on the audit committee, and that the agenda for meetings should separately address risk, opportunity, and audit. King IV states that the formal plan, which "establishes the organization's essential purpose and its short-, medium-, and long-term orientation," must have the board's approval. The governing body is responsible for ensuring the execution of the authorized strategy's policies and initiatives.

2.8.5.5. Auditor Independence

It is no longer sufficient to form an Auditing Committee, but King IV,(IoDSA, 2016) encourages that the board should have requisite skills and knowledge of what auditing is all about. They should know key indicators that the Audit Committee must look at. By merely looking at company books, the Auditing committee should be able to identify shortcoming and be able to take steps to address such shortcomings. It is vital, therefore, that experienced skilled individuals should be appointed to serve that interest. The auditing firms that are appointed should also vast experience and requisite skilled individuals to conduct the auditing function. They should be able to disclose their experience as a firm and as individuals within the firm. That brings about the credibility of the process. It has been open knowledge that some of the weakness of corporate governance has arisen as a weakness of the system of auditing. When the company executives and the auditing firm collude to hide information that may lead to failure of good corporate governance. In some cases of firm collapses, the main suspects have been identified as auditors, CEO's and CFO colluding to hide information.

2.8.5.6. Independent Unitary Board

The key improvement of King IV, (IoDSA, 2016) is the setting up of the independent unitary board. The board should be able to take decisions independently in the interests of the organisation. The board members must use their skills, knowledge and experience to take proper decisions. They must not always take a mandate from the majority shareholder but must also seek to a consensus even amongst minority shareholders. This allows the organisation to operate not only in the interest of the majority shareholder but also in the interest of all stakeholders. That is what is expected from the independence of decision making. The must not be used to the rubber-stamp decision taken somewhere outside the board.

2.8.5.7. Independent Board Members

This principle is embedded to ensure the checks and balance on the balance of power. Power is critical on the board, to ensure just and balance power distribution, independent board members are a solution to deal with the balance of power. The world at large has adopted slowly from inception debated and has now accepted that to address several shareholder challenges is to include in the appointment of board members, independent board members. The inclusion of independent board members is beneficial to the firm because it brings new skills, knowledge and experience. This enhances the board and improves strategy development and board oversight.

The independent board members can also play a critical role in managing conflicts of interests among the board members and become a voice of reason on how such interests could be better managed in the border interests of all shareholders including the interests of minority shareholders. Independent shareholders may have a long line of connections, contacts and experience that could benefit the board and the firm. The bringing in of independent board members reassures the stakeholders, shareholders, and broader community including the government that the company's interests are being run effectively in line with the company objectives. King IV, (IoDSA, 2016) proposes that the board should seek to balance the board composition, clearly targeting to address requisite skills, experience, diversity, independence and knowledge of the company and border industry.

2.8.5.8. Integrated Sustainability Reporting

King II, (IoDSA, 2002) emphasized the issue of sustainability reporting which pertains to how the organization is dealing with the environment, Corporate Social Investment (CSR). This goes beyond just CSR it deals with how the organization is making its immediate environment sustainable for the organization and the public. This initiative was taken by many organizations, as it pertained to mainly CSR. King III, (IoDSA, 2009) continued to build on it with more emphasis. King II, (IoDSA, 2002) did not include internal auditing but King III,(IoDSA, 2009) started to include the need for internal auditing. Internal auditing should be risk-based, and auditors should report to the board on the effectiveness of internal financial controls on an annual basis. The King III applies to all entities, regardless of how they were formed or established, and whether they are public, private, or non-profit. The parts on Integrated Reporting were also updated in King IV, based on King III, to coincide with the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework, which was released in 2013.

2.8.5.9. Information Technology Governance

King IV accepts responsibility for technology and information management and places it on the board. This should include the creation of a cyber-security strategy. The board is required to conduct a formal review of the effectiveness of the organization's adopted technology and information functionality. The weakness of King IV that is glaring is that it does not mention the adoption of the social media policy although it mentions the use of social media for stakeholder engagement. After the adoption of Cybercrimes and

Cybersecurity Bill in 2018, there is a need to ensure the inclusion of new codes of tackling cyber risk.

Information, apart from technology, is recognized by King IV as a corporate asset that is part of the company's stock of intellectual capital, confirming the necessity for governance mechanisms to safeguard and promote this asset. Stakeholder roles and duties are being emphasized more than ever before. King IV distinguishes between investors and major stockholders and adds to their responsibilities. It develops the idea of responsible investing, which was initially proposed in King III. It clarifies the responsibility of the board should be in line with the Code of Responsible Investing in South Africa (CRISA), and the United Nations Principle of Responsible Investing. This should shift from short term profiteering to long sustainable thinking.

2.9. State-owned Enterprises in South Africa

In numerous countries across the world, state-owned companies (SOEs) are responsible for up to 40% of domestic output, 20% of investments, and 5% of employment. Critical economic services including utilities, banking, and natural resources are provided by SOEs (IFC, 2018; Wong, 2018). While some research claims that it is practically hard to develop a strong corporate governance culture at state-owned companies (SOEs), others think that, when combined with political will, creative corporate governance strategies can assist SOEs get out of their productivity rut. Wong (2004) examines the costs of governance failures in SOEs in Kenya, Zimbabwe, South Africa, and Ethiopia. A rigorous examination of the divisive debate over whether it is possible to adopt effective governance systems in SOEs continues to be of academic interests.

Wong (2018) concludes and recommends that the central government's approach to SOE difficulties is a determining element in SOE success in African countries. Governments must adopt a determined stance in order to achieve structural reforms, effective governance, clear objectives, and efficiency. Knowing which businesses to privatize and when to do so is one option for tackling the governance difficulties in African SOEs (Mutize & Tefera, 2020; Wong, 2018).

Some observers believe that SOEs will fail to achieve efficiency now, after failing to do so for more than three decades (Gumede, 2019). Formal limits and other protections built to isolate SOEs can usually be overturned by motivated politicians and other authorities because of the power and authority of government. Checking political encroachment necessitates a visible and unwavering commitment at the highest levels of government, which cannot be overstated. Furthermore, SOE directors and executives, the media, and the general public will all need to maintain watch to ensure that the formal governance systems are working properly (Wong, 2018).

REGULATORY MECHANISMS FOR BANKS AND SOME FINANCIAL INSTITUTIONS IN SOUTH AFRICA	
Regulator	Purpose
South African Reserve Bank (SARB)	The SARB regulates and supervises South Africa's banks, ensuring that they have enough liquidity and capital to maintain financial stability. The SARB houses the prudential regulator established under the new twin peaks legislation.
Financial Sector Conduct Authority (FSCA)	According to the new twin peaks legislation, the FSCA replaces the FSB as the specialist market conduct regulator. Its goal is to safeguard consumers from financial services corporations that treat them unfairly..
Financial Intelligence Centre (FIC)	The FICA is in charge of tracing proceeds of crime, as well as countering money laundering and terror financing. It does, however, turn over its findings to the police and the National Prosecutor's Office, relying on them to pursue matters further.
National Credit Regulator (NCR)	The National Credit Regulation Agency (NCR) is in charge of enforcing the National Credit Act, which includes ensuring more equitable and non-predatory consumer credit markets.
JSE Limited (JSE)	The Johannesburg Stock Exchange is in charge of overseeing transactions on the exchange and detecting any potential market manipulation.
South African Revenue Service (SARS)	The South African Revenue Service (SARS) is in charge of not only collecting tax and customs revenue, but also investigating charges of tax evasion and other tax offenses. It entrusts the investigation of cases to the police and the National Prosecutor's Agency (NPA).
National Treasury	The Treasury is in charge of maintaining solid financial management throughout the government and the state, and the Public Finance Management Act should be strictly enforced. Elements of the state capture network waged a persistent campaign against the Treasury, hoping to destabilize this systemic check.
Hawks	The Hawks, or Directorate for Priority Crime Investigation, is a special police force tasked with investigating significant corruption, economic crime, and organized crime. It has a dreadful track record.
National Prosecuting Authority (NPA)	The National Prosecutor's Agency (NPA) plays a critical role in initiating prosecutions based on claims and evidence presented to it by these agencies. The NPA Act also gives the NPA investigation powers in cases of serious and organized crime. It has only used this power a few times.

Competition Commission and Competition Tribunal	The Competition Commission looks into companies that are abusing their market position, engaging in unfair business practices to eliminate competition, or conspiring with other businesses to raise prices and damage customers. The Competition Tribunal hears the commission's cases.

Table 2: 4 -Regulatory Mechanisms for banks and some financial institutions in South Africa . Source: (Zeederberg, 2018)

Table 2:4 describes the interaction between all the regulatory role players in the South African contexts with regards to the financial sector. South African financial sector is one of the highly regulated sectors. Although some have criticised it for being highly bureaucratic, they have defended themselves for highly defensive against financial attacks.

2.9.1. Historical Background

The business development, growth and expansion in South Africa, as well as how the economy has fared through time, are fascinating. The government aimed to empower minorities by ensuring that they had access to high-quality education. They also construct industries and a number of government-owned businesses. For much of the last century, the growth of the electricity supply industry (ESI) in South Africa has been dominated by the emergence and consolidation of a vast and powerful state-owned, vertically integrated monopoly. Eskom, which was in control of new supply, rapidly absorbed most of the early commercial power companies (Eberhard, 2003). The Constitution of the Republic of South Africa envisions the formation of a developmental state (Mayedwa, 2018). To address the global economy's issues, 'neoliberal' governments, such as South Africa's, have followed a twin policy of pulling back the state while becoming more centralised and prescriptive.

Traditionally, the state has reformed itself by focusing on the departments that are most closely linked to the global economy, particularly those associated with the finance and trade departments (Teer-Tomaselli, 2004). This is in sharp contrast to the apartheid government's policy of establishing several state-owned firms to assist the state and service delivery. Post Office, Telkom, Eskom, Transnet, South African Airways, Sasol, Denel, and others are among them. It attempted to reverse all of this at the beginning of the democratic government, despite opposition from its political allies, the SACP and COSATU.

Through institutionalized, state-directed industrial relations systems, investments in state-owned enterprises (SOEs), foreign aid solicitation, and public works programs aimed at increasing employment creation, the state continues to play a dominant role in driving industrial and economic development. These policies were crucial when most African countries gained independence, particularly in the 1960s and 1970s, because colonial governments had failed to develop a broad-based and booming private sector at the time (Horwwitz, 2006).

2.9.2. Narratives of Business Success

In terms of macroeconomic growth, 1996 South African Constitution makes it explicit that the state can implement reforms. South Africa's State Owned Enterprises (SOEs) play a critical part in the country's economic development. The state's aim for global economic competitiveness, competency, competition, and development must be supported by major state-owned enterprises in transportation, telecommunications, energy, and defence. Success stories from nations like the South East Asian Tigers, which have achieved extraordinary levels of economic growth, have led the rest of the developing world to accept the idea of state asset restructuring as a means of boosting efficiency (Ferrarini et al., 2022; Nem Singh & Ovadia, 2018; Raja Mohan, 2020). SOEs account for a sizeable amount to the GDP in countries like China and India ranging from 30% to 50% in case of Uzbekistan (Ashurov et al., 2020; Chen, 2019; Popov, 2015).

Sadly, there has been very few success stories we can ride home about. The recent Eskom failures have brought the country on the brink of collapse. The investor community is not happy about the reliability of electricity supply. The road agency is also not keeping up with the road maintenance and building of new roads. The collapse of the railway infrastructure has put a great toll on the road infrastructure as trucks use the road to transport cargo. The mismanagement of a number of the once thriving SOEs is a cause for concern. At the core is management and the board appointment which make some of the most surprising decisions that weaken the organisations.

2.9.3. The Service Delivery Model and The Economic Model of SOEs

The formation of state owned enterprises (SOE) serves two purposes, one it aids in ensuring that it can aid government in speeding the rate of service delivery, two it creates jobs and stimulates economic growth. The serving delivery model is used by government to extend its reach and increase the speed of response rate because government planning is mainly short term and it is based on the availability of funds.

2.10. Corporate Governance at Ithala Limited

In the KwaZulu-Natal (KZN) province, Ithala Development Finance Corporate is a fully integrated commercial organisation that offers a variety of financial and real estate services (IDFC). Ithala's mission is to aid the province's growth. Increased black participation in all facets of the economy will help with job creation, skill development, and training, which is its main development objective.

2.10.1. Vision

Create a more successful and inclusive society in which those who have been previously disadvantaged can enjoy a better life.

2.10.2. Mission

Reduce poverty by developing infrastructural programs, giving access to financial services, and strengthening the KwaZulu-Natal economy, with a concentration on rural and township areas.

2.10.3. Values

Respect, Service, Integrity, Passion, Future Focussed

Ithala Group engages in a wide range of activities including:

- Entrepreneurial support and skills development targeted at achieving genuine Broad-Based Black Economic Empowerment through funding business firms, SMMEs, and cooperatives.
- Development and management of commercial and industrial properties
- Services such as savings, loans, insurance, and banking.
- Infrastructural funding is available.

2.10.4. A Rich History of Empowerment and Development

The Development Agency of KwaZulu-Natal, Ithala Development Finance Corporation Limited ("Ithala"), has a long history of development and empowerment among KwaZulu-historically Natal's disadvantaged communities lasting more than 50 years. Our goal is to establish a relationship between socioeconomic advancement and a higher standard of living. Long before other institutions coined the phrase, Ithala was a pioneer in SMME development. The organization was also the first to open shopping centres in rural areas and finance unbanked towns, supporting economic growth in the province's most remote areas.

2.10.5. The Board

The board as of the financial year 2019/2020 had 1 Indian male, 5 black males and two black women. It has become apparent that many of the board members are traditionally white males but the reverse in the public sector is that the majority is middle to old age males. The sizable number of the board members hold MBA degrees whilst other hold at least a junior degree and a post graduate degree.

2.10.6. The CEO and Board Chairman

The position of the CEO is held by a black woman and the position of the board chairperson is held by an Indian Male. This is good in a traditionally male led organisation. The South African corporate governance system prohibits the fusion of the CEO and board chairperson. The notion that the CEO accounts to the board cannot be strengthened by the combination of CEO and Board Chairperson position but t can undermine such a resolve.

2.10.7. The Board Committees

Ithala has closely followed the recommendation on board committees by King I to King IV. This allows accountability and builds capacity among the board members. The board committees are led by the committee chairpersons, this creates capacity mong board members to chair and attain skills of the board chairperson. Ithala has the following committees:

- Audit and Risk Committee
- Credit and Investment Committee
- Info, Tech Governance Committee
- Human Resource, Social & Ethics and Committee
- Nomination, Governance & Remuneration Committee
- Banking Licence Committee

2.11. Summary

The goal of the chapter was to present the corporate governance environment across the five continents of Asia, Australia, Europe, North America, and Africa. In order to compare and contrast the corporate governance practices in each of the identified nations, the study used the standard guide, which covered the following topics: Board Leadership, Company Purpose, and Division of Responsibilities; Composition, Succession, and Evaluation; Audit, Risk, and Internal Control; and Remuneration. Due to a contract, the research, as a study nation, concentrated primarily on South Africa.

Firms Act of 2008, which enables the government to impose legal requirements and compliance standards on both private and public firms, serves as the primary legal framework for internal corporate governance in South Africa. The King Code of Corporate Governance was first introduced to the South African landscape in 1994 as King I, then improved in 2002 as King II, King III, and most recently in 2006 as King IV, marking the end of a 22-year journey that now clearly defines the South African corporate governance landscape.

The King Reports have opened a very unique lens to view, observe and understand the development, promotion and adoption of corporate governance in South Africa as it relates to the world. This compares hand in glove with the Cadbury Report in the United Kingdom. The South African experience in not necessary unique, but it shows a very well established financial regulatory structure. However, such great corporate governance framework faces significant operational, self-adoption, enforcement and financial challenge. The main challenge is that codes are not mandatory and as such, some only adopt them as a form of compliance which waters down the whole process.

The ongoing debate still lingers on, that well governed firms will tend to be associated with higher firm performance and the poorly governed firms will suffer the least or the worst of performance. In spite of such great reviews of the South African corporate governance principles and codes, critics still insist that the social and environmental demand super-imposition on the corporate governance model creates room for conflict. This delves straight into the main thrust of the study. The study seeks to empirically ascertain whether good corporate governance adoption will lead to greater or improved firm performance in companies in the public sector. The underlying environment and theme being the imposing conditions of the fourth industrial revolution.

CHAPTER 3
LITERATURE REVIEW

3.1. Introduction

A review of corporate governance studies by (Cuomo et al., 2016) demonstrates that academic study on compliance with corporate governance standards in emerging markets has increased over the last decade. The reader is introduced to the various corporate governance models, which primarily include stakeholder and shareholder models. It also contributes in corporate governance ideas such as agency theories, stakeholder theories, stewardship theories, resource dependence theories, resource-based perspective theories, legitimacy theories, and political theories. It also shares in leadership theories such as the people-centred leadership theory, participatory leadership theory, and systems thinking theory with a short introduction into *ubuntu* as a dominant African philosophy under which these theories are applied. It adds to the growing academic knowledge and understanding of the fourth industrial revolution by diving into strategic management ideas like survival-based theory and contingency theory. It also defines the phrase "firm performance", which serves as the study's dependent variable. The chapter winds up developing the theory that links corporate governance with SOE management or governance to theoretically define public sector corporate governance.

This chapter which encapsulate and incorporate the theoretical framework was partly modified into a peer-reviewed journal article which was accepted and published by the ***Journal of Corporate Governance and Organizational Behaviour Review*** in February 2022. The title of the article is, **"*Corporate Governance and its Impact on Organisational Performance in the Fourth Industrial Revolution: A Systematic Literature Review.*"** The article is a systematic literature review. The abstract of the journal article is attached at the back of this thesis. Some of the theories and concepts that were expanded in the paper have been incorporated into this thesis.

The abstract of the thesis was also sent out for the EXBO inaugural conference in conjunction with ***UNISA Graduate School of Business Leadership (SBL)*** in collaboration with ***Journal of Public Administration (JoPA),*** a subsidiary of South African Association of Public Administration and Management ***(SAAPAM)*** has been accepted for presentation at the Conference proceedings. The paper titled, "***Framework for corporate governance and organisational performance in the fourth industrial revolution*".** This will be a shortened version of the thesis that gives a summary of this thesis as a whole. The acceptance and the abstract are located at the back of this thesis. This is a clear indication that the thesis is publishable.

3.2. Theoretical framework

The study uses corporate governance theories to thoroughly understand the phenomenon of corporate governance and firm performance in the public sector during the fourth industrial revolution. The study applied the agency theory and stakeholder theory as the main anchors of corporate governance theories. The corporate governance theories that were studied are as follows:

- Agency theory,
- Stakeholder theory,
- Stewardship theory,
- Resource dependence theory, and,
- Resource based view theory

All other theories shall serve to support the two main theories. The study shall also borrow from leadership theories mainly:

- the people-centred leadership theory,
- participative leadership theory, and
- systems thinking leadership theory

to explain the leadership characteristics of the CEO of the board. The other supporting theories that complement the agency theory shall borrow from the strategic management theories, which are survival based theory and contingency theory supplemented by the systems thinking leadership theory. Figure 3-1 is the theoretical framework that served as the guide and the lens to dichotomize and explain the theoretical background of the study. The fourth industrial revolution has become a buzzword that many in the business, government, education, and many other sectors use when they talk about what needs to happen, yet it is not clearly understood. The understanding of what is the fourth industrial revolution and the impact of the fourth industrial revolution on all sectors of society can bring must be clearly understood. The uneven development in the world puts the developing countries at the back foot of technological advancement. This is because of socio-economic conditions that prioritise other things like education, health, and social welfare at the detriment of the fourth industrial revolution.

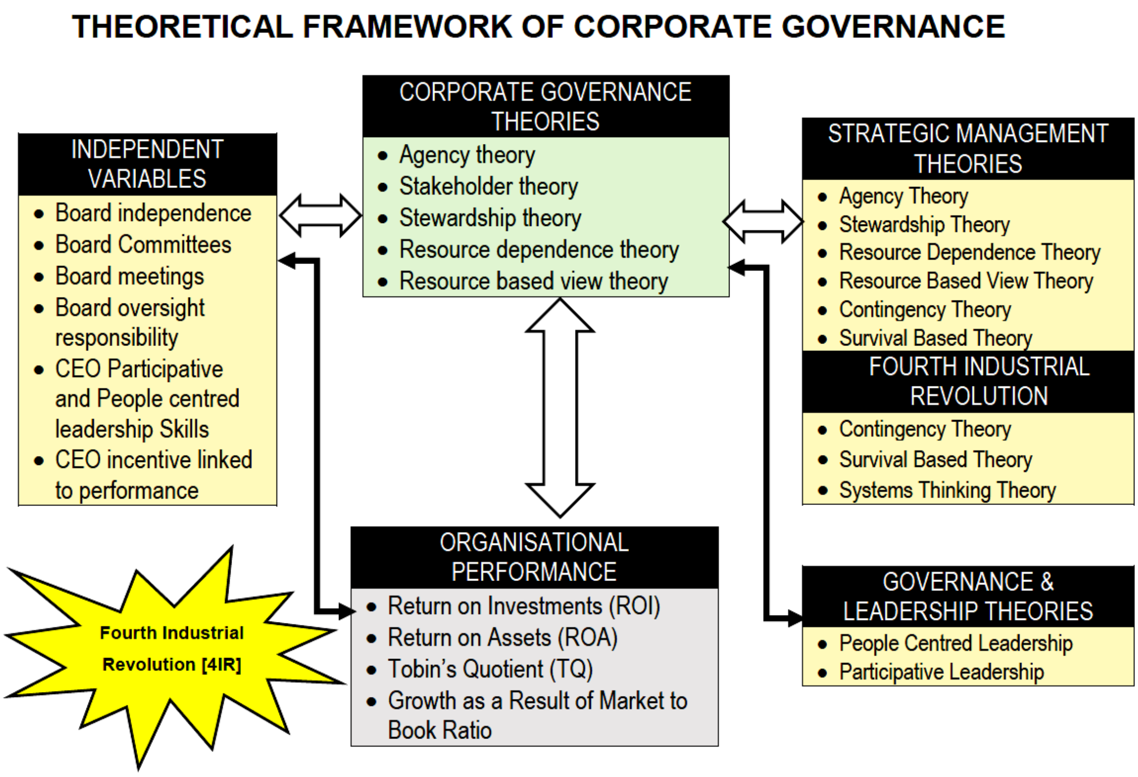


Figure 3- 1: Theoretical Framework (Author's Proposition)

The chapter on the Fourth Industrial Revolution shall explain the opportunities, and challenges of the 4IR. It shall expand on what South Africa can do in order to ensure that it benefits immensely. However, the government needs to adopt policies that will aid the 4IR adoption and support both the industry and the community.

3.3. Models of corporate governance

Corporate governance began in Anglo-Saxon countries such as the United States and the United Kingdom, and as commerce, investment, and finance became more globalized, it extended to other industrialized countries in continental Europe and Far East Asia. Figure 3:2 describe corporate governance models, these encompass either one tier or two tier board system.

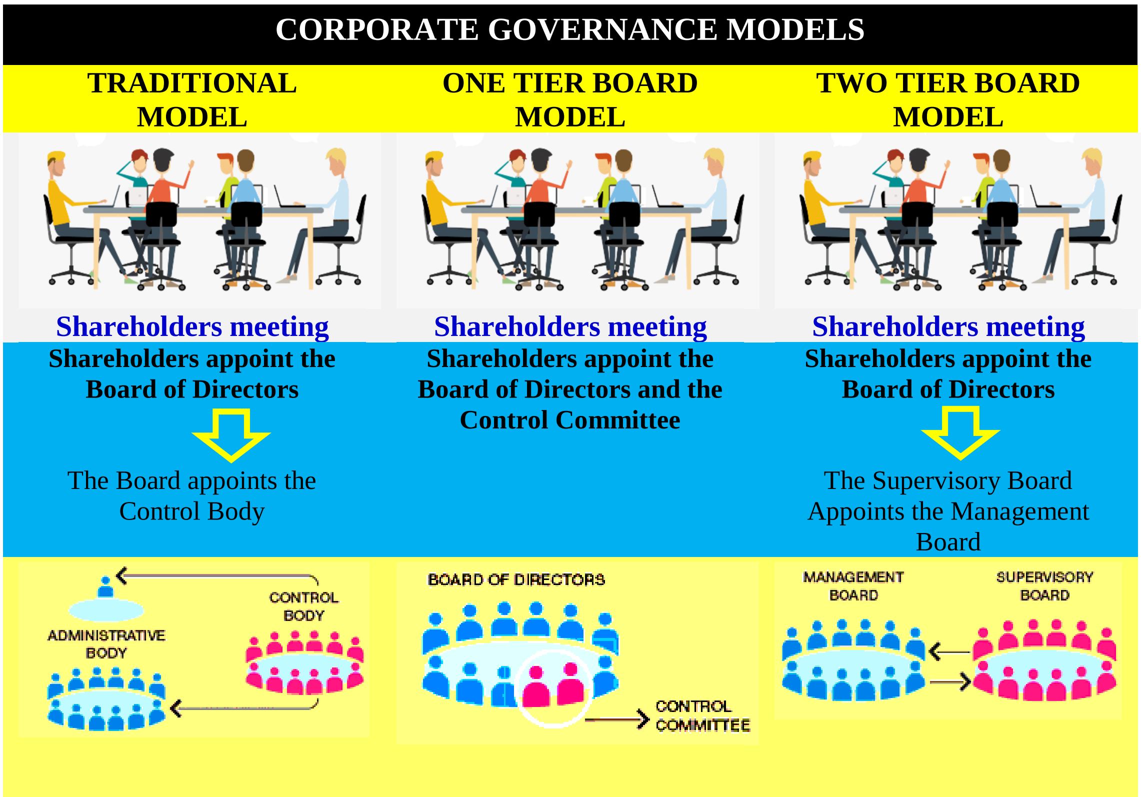


Figure 3- 2: Corporate Governance Models (Author's derivation) Source: (Berle & Means, 1968; Dallas, 1988)

Corporate governance, like international reporting and accounting standards, has become an international reference point over the previous 20 years. In order to protect the interests of shareholders, the effectiveness and sustainability of this model necessitate accountability, responsibility, measurability, and openness in firm actions. When the composition of stakeholders is considered, it becomes clear why corporate governance arose first in nations where equity-based financing was used. Historically, continental Europe and Japan have used a banking-based funding mechanism (foreign resources) to finance capitalism. The advantage of corporate governance is that it benefits shareholders, particularly small-scale ones.

3.3.1. Shareholder Model of Corporate Governance

The US is a prominent advocate of the shareholder model, which provides a number of advantages, including capital market liquidity. Because of the emergence of private equity companies in the United States, it has been very simple to secure venture capital to support one's business, particularly throughout the 2000s (Lerner & Nanda, 2020). Private equity firms, on the other hand, diversify their portfolios to decrease risk, allowing them to focus less on the profitability of individual investments. Under the shareholder model, companies prefer to demolish or privatize social safety nets, while CEO remuneration is unrestricted, resulting in the economic inequalities for which the United States is today famous (Konzelmann et al., 2022).

Directors and boards of directors (as well as, of course, employees) have relatively little power over management(Quail, 2020). As a result, mergers and acquisitions are straightforward to complete since management can respond quickly. This indicates that, in comparison to top management, labour has a minimal say in decisions. Stock prices can be influenced by management's speculative behaviour. Directors and boards of directors, as well as employees, have very little power over management. As a result of management's capacity to act quickly, mergers and acquisitions are simple to complete. In comparison to top management, this suggests that labour has a minor say in decisions. As a result of management's speculative behaviour, stock values can rise or decrease.

The emphasis on a short-term return on investment for the shareholder is another distinguishing feature of this technique. Because short-term profits are valued above all else, the long-term strategy of developing human capital through particular skill training is discouraged, which is why higher education (rather than apprenticeships) is so crucial in the United States. The shareholder model discourages employee protection, putting pressure on labour market flexibility. As a result, many businesses prioritize shareholder profits over employee welfare.

3.3.1.1. Anglo-American Model

The shareholders can set the company's aims and objectives under this approach. Figure 3:3 shows that shareholders are directly informed of management's actions. Ownership models evolve in tandem with the rest of the world. The Anglo American model is extensively used in many companies held by a variety of shareholders all over the world because it allows the outsider approach to be used. The board and management endeavour to maximize shareholder value once the shareholders have agreed on guidelines.

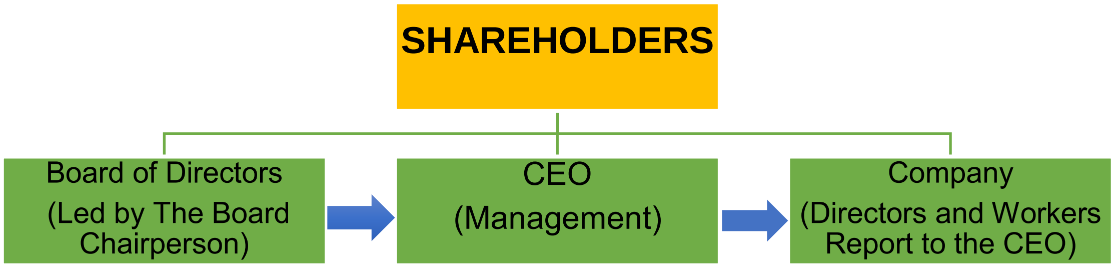


Figure 3- 3: Anglo –Saxon Model (Author's derivation) Source: (Ooghe & De Langhe, 2002)

3.3.2. Stakeholder Model of Corporate Governance

Stakeholder model considers everyone as a stakeholder. This is also known as the German model. As a result, banks play an essential role in corporate governance, even if they are not on the board of directors. In practice, the German stakeholder structure is based on co-determination, with management, employees, and investors all being represented on the board. This type of analysis explains why salary is more evenly distributed, especially among middle management.

Stakeholder capital is tied to the stakeholder's long-term capital and well-being. This long-term approach pushes management to create labour training programs, improves staff retention, and incentivizes investors to protect the company from hostile takeovers.

You can see how these corporate governance systems make sense given the distinct cultures and industrial contexts of different countries. The shareholder model is supported by the following models:

- The German Model
- The Japanese Model
- Social control Model

3.3.2.1. The German Model

Only stockholders are considered stakeholders in this paradigm, which takes a collective view of the firm. It's one-sided and solely concerned with the needs of shareholders. However, it has a flaw in that both investors and management are focused on the short term. Clearly, the company is controlled by a small number of stockholders who are typically long-term investors. New entrants are infrequent, as their participation is heavily dependent on present investors, who may not want any dilution from new shareholders.

3.3.2.2. The Japanese Model

These developing nations are attempting to emulate the Anglo-American paradigm. Nonetheless, it demonstrated that it is not ideal, just as the European model is not. Market forces underpin the American model, just as they do in Smith's Wealth of Nations (Smith, 1776). The market is in command, and the market will always pose a threat. These threats are either to sell or to buy, and therefore the firm is controlled by the person who owns the most shares. The European approach invites parties, including labour, to participate. This enables for the existence of the co-determination process, which presents itself in various ways in many European countries and around the world.

3.3.2.3. Social Control Model (Family Owned Company Model)

This is common in Asia, when a small number of shareholders, usually powerful families, own the bulk of a publicly traded corporation. Because the control of such a corporation is concentrated in the hands of a few people, some corporate governance standards are hampered. Transparency issues are sometimes difficult to address under this paradigm. Investors might easily hide behind disclosure, which would help their competitors as a primary weapon against full transparency of their finances and operations.

3.4. The corporate governance theories

As informed by the literature review and further explained in the theoretical framework, the several theories will be explained. Corporate governance is premised on the following theories namely:

- Agency theory, (AG);
- Stakeholder Theory, (SKT);
- Stewardship Theory, (SWR);
- Resource Dependence Theory, (RDT);
- Resource-Based View Theory, (RDVT);
- Political Theory, (PT);
- Legitimacy Theory, (LT)

3.4.1. Agency Theory

According to this view, the company's owners engage agents to do the task (Kopp, 2020). The owners of the company entrust the management of the company to the directors, who act as delegated agents. Alchian and Demsetz (1972) are credited with developing the agency theory, which is based on economic theory, and (Jensen & Meckling, 1976) provide further information on its development. The agency theory describes how a company is owned by a group of people known as shareholders who invest money in the hope of profiting from the company's activities in the future (Gedajlovic & Shapiro, 2002). The issue of business ownership and control emerges.

3.4.1.1. The Advent and Historical Background of the Agency theory

The journal article titled, "***Theory of the Firm: Managerial Behaviour, Agency Costs, and Ownership Structure*"**, is the main source that first put forward what is now known as agency theory. It put forward the terminology of the firm that has since been widely adopted across business, economics, accounting, politics and many other fields (Khatib et al., 2021; Mura et al., 2018; Tarighi et al., 2022). It argued that the firm aims to maximise firm value. However, the terminology of principal and agent relationship was first put forward by (Smith, 1776). Jensen and Meckling (1976) further advocate that the agency theory gives rise to a relationship where there is a separation of ownership (the ownership by the principal) and control (by the agent) (Bergh et al., 2019; Delreux & Adriaensen, 2017; Ekanayake & Hewa Kuruppuge, 2017). (Bowie & Freeman, 1992); Jensen and Meckling (1976) suggests a relation of the principal and an agent building the theory on the term (Smith, 1776).

The internal cost of an organization's conflicts of interest between principals and agents is known as agency cost, and it's buried in any choice that isn't directed at increasing profits. The managers of the corporation who act on behalf of the shareholders are referred to as agents. Because shareholders are unable to monitor every action taken by firm executives on a frequent basis, asymmetric information emerges, posing ethical problems and causing a lack of consensus. According to agency cost theory, this is the spirit of the concept (Jensen & Meckling, 1976). As agency theory assumes that all parties involved act as self-interested utility maximisers (Dharmawijaya et al., 2021; Lopes, 2016; Till & Yount, 2019). Agency theory underpinning seeks to address goal divergence problems. It uses controls to minimise goal divergence to achieve goal alignment, hence reducing agency costs

3.4.1.2. The agency theory developments

The most recent developments in agency theory can be divided into two categories: a) the principal-agent approach and b) positivist agency theory.

The principle-agent method implies that the principal and agent will try to maximize their positions by interpreting the contract in their own self-interest (Kovermann & Velte, 2019). This approach is based on economic research and makes extensive use of mathematical modelling for relationship construction. The positivist agency theory, on the other hand, uses a descriptive logic to analyse real-world behaviours using the agency theory logic and assumptions. Positivist agency theory has been extended and utilized in political science, expert agency, sociology, and many other fields, including the development and construction of a comprehensive framework (MacLeod & Urquiola, 2021).

3.4.1.3. The agency theory evolution

The agency theory has been under development by some of the major authors (Franco-Santos and Otley, 2018) who have shaped the agency theory with their contributions is shortly described in the Table 3:1 below:

AUTHOR	AGENCY THEORY DEFINITION
(Berle & Means, 1968)**;(Means, 2017**)	"They claimed that the agents might utilize the firm's property for their own gain, resulting in a confrontation between the founders and the agents".
(**Ross, 1973**)	"In their various efforts, they have influenced the notion of agency and come up with two different methods. Although Ross saw the agency problem as a matter of incentives and Mitnick saw it as a problem of institutional structure, the essential premise behind both ideas is similar. Ross recognized the principal-agent problem as a result of the compensation choice, and asserted that the problem is not limited to the firm, but also exists in society."
(Alchian & Demsetz, 1972; Jensen & Meckling, 1976)	"A firm was described as a series of contracts between the factors of production, according to them. Firms, they explained, are legal fictions in which some contractual connections exist between the individuals involved in the firm. An agency relationship is a contract between the principal and the agent in which both parties operate for their own benefit, resulting in agency conflict."

Table 3- 1: Definitions of the Agency theory. Source: Author's Derivation

3.4.1.4. The Agency theory problem or the agency conflict

An agency dilemma is a conflict of interest that exists in every connection in which one person is expected to behave in the best interests of the other (Abdelkarim & Zuriqi, 2020; Huu Nguyen et al., 2020). Extensive research focuses on the moral hazard conflict between outside shareholders and managers (Kim & Nguyen, 2019; Leyva-de la Hiz et al., 2019). Berle and Means (1968) argues that when monitoring of agents is costly and actions are partly unobservable, managers may put less effort, or invest in other non-value maximising activities, such as building empires, all to the detriment of the shareholder value.

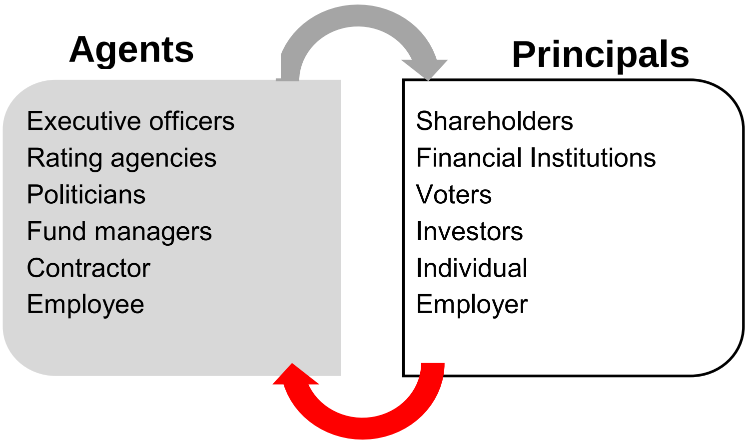


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Figure 3- 4: - Sources of Agency Conflicts and role-players Author's derivation. Source: (Panda & Leepsa, 2017)

Figure 3:4 identifies sources of agency conflict as it relates to other role players in the organisation. The agency issue can be handled by giving insiders total ownership of the company, making them responsible for any costs associated with such acts (Jensen & Meckling, 1976). It put forward the potential costs of conflict between principals and agents (Bethel & Liebeskind, 1993; Hart & Moore, 1990; Hawley & Williams, 2000) and further put forward possible means to address and mitigate this potential conflict. Agents, as they come into the firm, do not own any shares (Fontrodona & Sison, 2006; Jensen, 2001; Kanda & Levmore, 1984) but are responsible for the growth and management of such stock.

Therefore, the only way to address the conflict is proper management of incentives through an agency contract (Beatty & Zajac, 1994; Kaplan & Strömberg, 2004). This however has not gone without criticism. Some have also argued that Adam Smith articulated the basis of the agency costs (Anderson & Tollison, 1982; Schanze, 1987; Skinner, 1988) although he had not coined the term. The agency costs have been further analysed and quantified into agency cost of debt and the agency cost of equity. The agency theory has been widely recognised and used in many academic fields. The agency problem has also been highlighted extensively (Kostova et al., 2018). Figure 3:5 shows the graphical representation of the contract and how it mediates the agency problem.

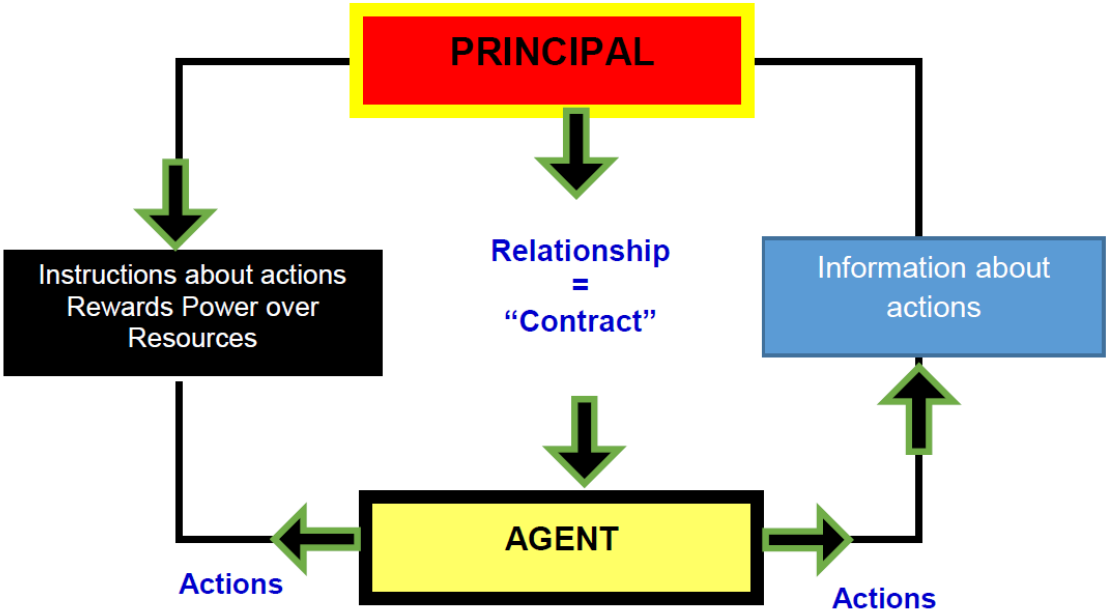

Figure 3- 5: - Agency Relationship Model (adapted from (Mitnick, 1975, Ross, 1973))

This is evidenced in finance (Seru & Sufi, 2021) corporate governance (Naseem et al., 2017; Shi, 2019; Suman & Singh, 2020) accounting (Egbuhuzor et al., 2021; Raoli, 2021; Song, 2015; Suryanto, 2015) politics and political science (Drazen, 2018; Peters, 2019), organisational behaviour and management (Evans & Tourish, 2017).

3.4.1.5. The agency theory assumptions

Agency theory rests on three main assumptions, these are: (1) there is goal incongruence between parties hence the need for separation of power (ownership) and control and), (2) agent and principal are self-interested utility maximisers (3) there is information asymmetry between parties (De Villiers & Hsiao, 2017; Hasan, 2020; Kargi & Zakariya, 2020; Squires & Elnahla, 2020).

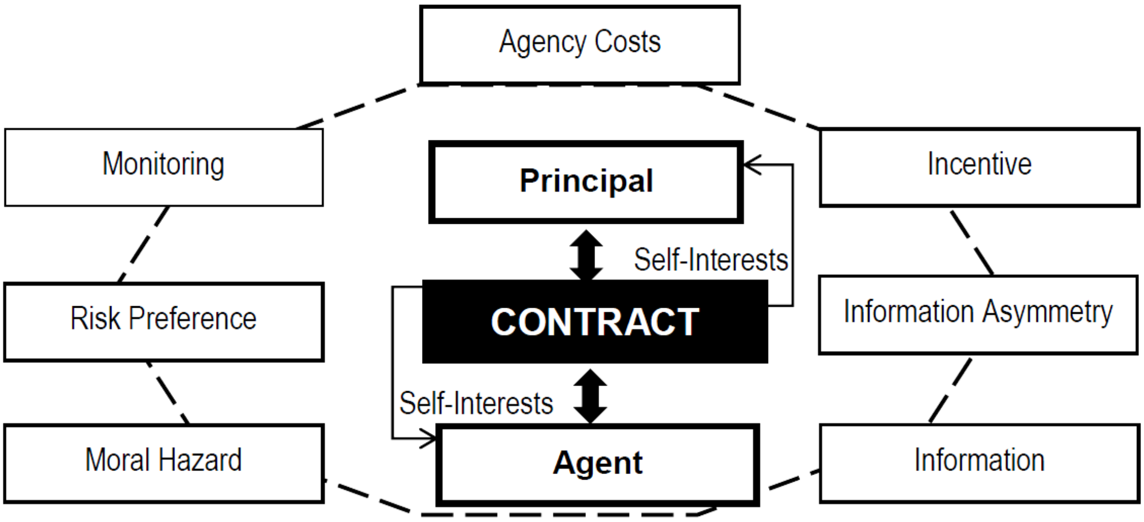

Figure 3- 6: - Issues in agency theory. Source:(Murthy, 2007)

Figure 3:6 identifies how agency costs could be addressed. It shows how it is formed and how it can be explained. All the factors (moral hazard, information asymmetry, risk preference, and incentives) that inform agency costs are highlighted. These assumptions give rise to several questions that researchers have been probing for years now. How does a firm manage the separation of ownership and control? And how does the firm manage and control and even curb the maximisation of self-interests? Finally, how do the principals deal with information asymmetry when they want to maximise firm performance?

3.4.1.5.a. Separation of ownership and control

The beginning of entrepreneurship brought about many factors and players together, the capital source, the resources needed to generate wealth and profit. The profit motivation sought to maximise benefits and efficient capital deployment. Wealth can only be generated through this process of investing in resources with greater returns. However, as the government started to regulate the relationship between entrepreneurs and agents (boards and managers), the agency problem arose.

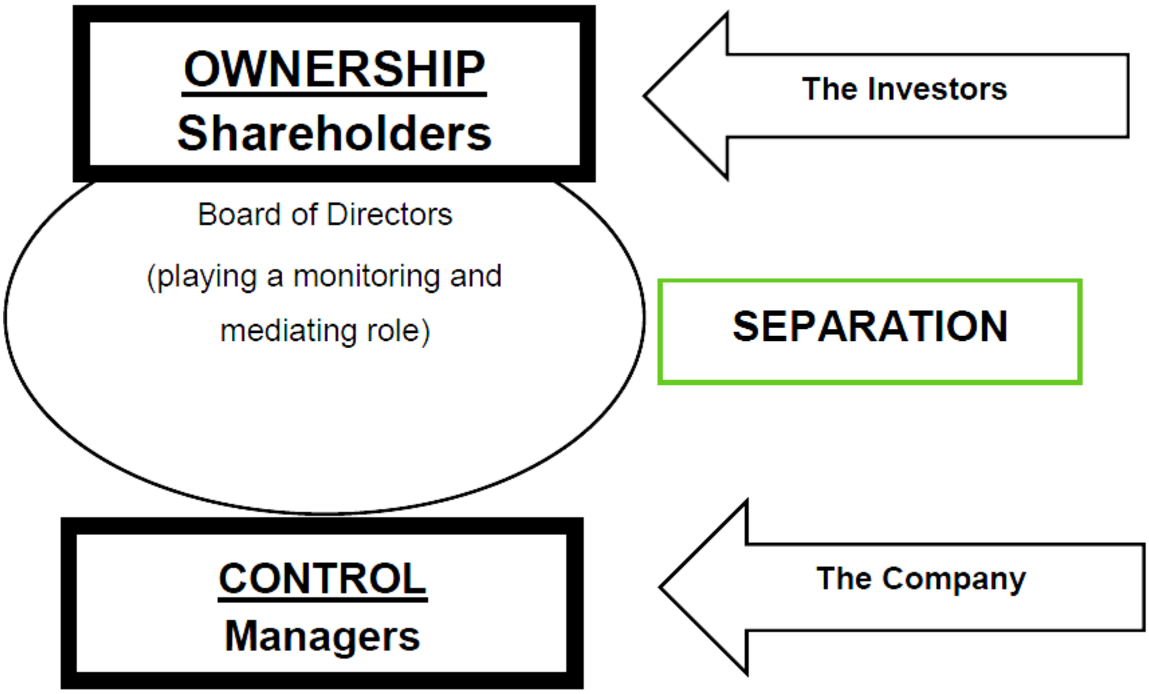

Figure 3- 7: - The separation and control aspects of the firm. Source: (Napier, 1998)

Figure 3:7 shows how theorists of stewardship say that the stewardship theory adequately addresses this issue, thus the formation of boards. The single motivation to maximize profit changed as organizations or firms grew. Smaller boards with a higher share of outside directors decide acquisition, executive salary, and CEO replacement decisions. In the absence of outside directors, the insider-dominated board might amass great authority, which it may misuse; additionally, they may be inefficient without the experience of outside directors (Kastiel & Nili, 2017; Rebeiz, 2016).

3.4.1.5.b. Maximisation of self-interests

The history of the 19th century and the business of today have highly evolved. And in that evolution, the needs of the owners of the business have evolved to require fundamental changes in the management and operations of a firm. The fundamental assumption of the agency theory assumes that players are self-interested and will maximise utility (Payne & Petrenko, 2019; Pepper, 2019; Virag, 2019), Its theoretical background aids in addressing goal divergence issues by utilizing controls to promote goal alignment while minimizing agency cost. The problem of maximizing utility or self-interest might increase the danger of aim divergence and moral hazard. (Payne & Petrenko, 2019; van Thiel et al., 2020), where competing parties may not act in good faith or may violate previously agreed-upon criteria to enhance their personal gain Unfortunately, goal divergence occurs frequently in all agency interactions; once power is shared or handed away, controlling the agent becomes difficult, and agency issues or goal divergence emerge (Abbott et al., 2018; Reilly, 2021; Voorn & Van Genugten, 2021).

3.4.1.5.c. The two information frameworks of the agency problem

There are two models of information that best describe the agency problem. These are:

- The symmetric information model
- The asymmetric information model

Private equity firms, on the other hand, diversify their portfolios to lower their own risk, allowing them to focus less on the performance of individual investments. Under the shareholder model, companies prefer to demolish or privatize social safety nets, while CEO remuneration is unrestricted, resulting in the economic inequalities for which the United States is now known. Indeed, directors and boards of directors (along with, of course, employees) have very little power over management. As a result, mergers and acquisitions are straightforward to execute since management can react quickly. This indicates that, in comparison to top management, labour has a limited input in decisions.

The symmetric information model

The symmetric information model assumes that the information possessed by the agent is also known to the principal. It however does not cater that the agent must inform the principal. As the principal gives tasks verbally or tacitly, the agent is obliged to perform them. In other words, the principle is fully aware of his agent's personality and can watch the effort put out in completing the work.

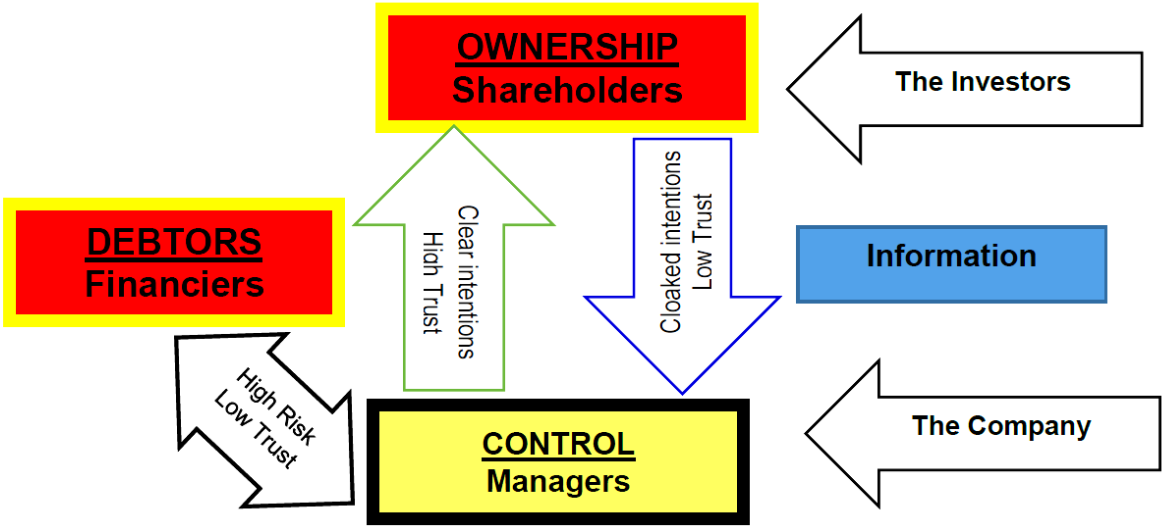

Figure 3- 8: - The information cycle between stakeholders in the symmetric and asymmetric flow model. (Source: Proposed by the author, adapted from (Napier, 1998))

By basing the pay schemes on the exerted effort levels, the principle can create a contract that is ideal for both the agent and himself (a first-best solution). Because revenue is based only on effort level and is unaffected by the condition of nature or the actual outcome, the agent will not be forced to take any excessive risks. The most effective solution will be found.

The asymmetric information model

The asymmetry of information makes debt holders concerned about managers' expropriation (Bacha, 2019; Tahir et al., 2019). Given the existence of agency costs that may be detrimental to capital providers and their interests, it is critical to build effective governance mechanisms through the provision of high-quality financial data (Bacha, 2019). In pursuit of keeping profits high, and reducing potential expropriation of wealth by the manager, debt holders will require a higher premium from firms especially when they anticipate untrustworthiness from managers. In the asymmetric information model, the information asymmetry between the agent and the principal is weakened by the oral hazard or what is known as adverse selection. The moral hazard refers to the unknown level of effort that the agent dedicates to any task, hence it is referred to as cloaked, concealed or disguised. This leads to the principal making assumptions about the contractual obligations of the agent (Brousseau & Glachant, 2002).

Contrarily, adverse selection happens when the principal is unable to examine the agent's pertinent traits prior to executing the contract. Informational asymmetry's appearance isn't necessarily a bad thing. If the agent's and principle's interests are fully matched, asymmetry will have no effect on the amount of benefits flowing to the principal. However, one of the key assumptions of agency theory is that the interests of the principle and those of his agent are at opposition. In order to prevent departure from the first-best choice, the principal will be compelled to use innovative contractual strategies. The fact that compensation can no longer be determined by the amount of effort (hidden from the principal) exerted by the agent causes the divergence from the first-best option in the case of moral hazard (Caers et al., 2006).

3.4.1.6. The agency relationship

An agency relationship exists between an agent and his or her principal. The management of corporations have an agency relationship with the shareholders.

When there is an agency arrangement, the agent is in charge of acting on behalf of the principal. Is it possible that the agent won't act in the principle's best interests, but will instead act to further his or her own self-interest and increase personal wealth? Figure 3:9 shows that an agency relationship could be managed by a contract and further observation by the board of directors.

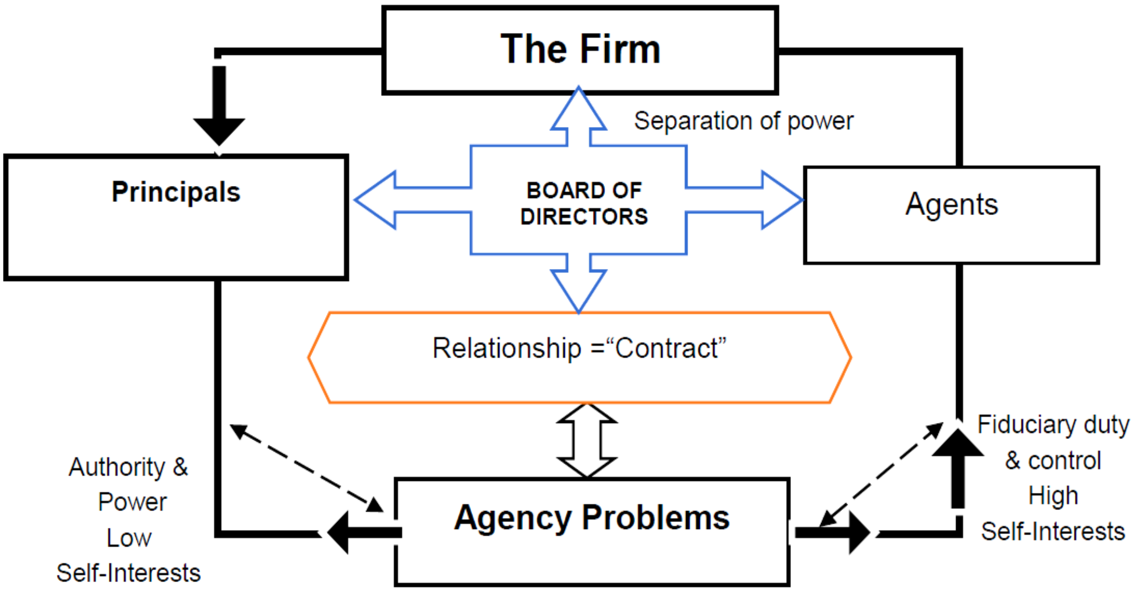

Figure 3- 9: Agency Relationship Adapted from(Jensen & Meckling, 1976) (Source: Expanded The Author)

The principals assert authority whilst the board and agents have the fiduciary duty to take care of the organisation.

3.4.1.7. The resolution and management of the agency problem

The first proposal to resolve the agency problem is the introduction of the contract. The second proposal was the introduction of the board of directors (Ye et al., 2019) who on behalf of principals closely monitor the agents, given the separation of power and control. Because such boards are regarded independent, role separation may allow them to conduct their oversight tasks more efficiently (Boscia et al., 2018; Clarke et al., 2019; Martín & Herrero, 2018; Nguyen et al., 2019). In Figure 3:10 posit that the agency theory argues that board independence and business success are positively correlated (Tulung & Ramdani, 2018; Uribe-Bohorquez et al., 2018). However, the board itself comes with its agency problems.

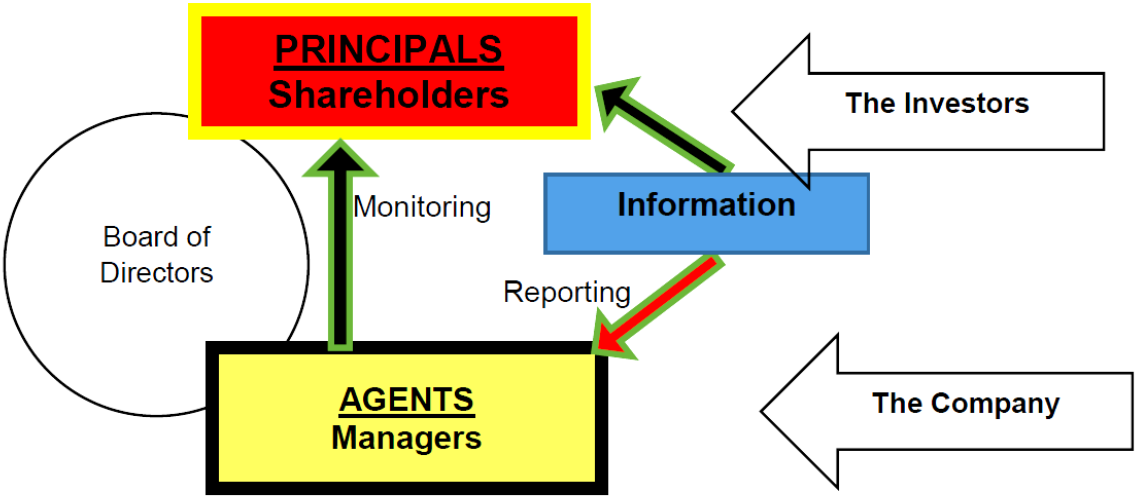

Figure 3- 10: - The business company model of corporate governance. Source: Adapted from(Napier, 1998) : 115). Expanded by the authors.

The large board is considered to have serious agency problems. Small manageable board size is favourable and board activity is crucial in reducing agency problems (Calabrò et al., 2019; Xie et al., 2019) hence the board is the mediator between the principal and the agent (Grosman et al., 2019; Jiang et al., 2021; Khan & Abdul Subhan, 2019; Kiefer et al., 2017; Laily, 2017; Rashid, 2020).

3.4.1.8. The Agent's Contract

According to formal contracts have the potential to reduce the agency problem since they tend to match the interests of owners and management (Barako et al., 2006; Healy & Palepu, 2001). However, no contract is perfect. After entering into a contract as the principal with an agent, the agent has moral power in the eyes of the law and the public, which he or she can subsequently exert in the interest of the organization or his or her own. When a principal enters into a relationship with an agent, two types of agency problems develop and can be stated as:

a) pre-contractual dilemma

b) and post-contractual dilemma

The pre-contractual dilemma

The pre-contractual dilemma arises before the principal decides to offer an agent a contract. The principal must first engage in the screaming process of identifying the best agent that he/she can contract with. The topical issue that arises is identifying the most appropriate characteristic needed for the task at hand. This process assists in the initial screening of the potential agent. The second task arises as to what the principal identifies as the scope and definition of the strategy to detect, identify and control such abilities of the agent.

The post-contractual dilemma

After the first process has been identified, the post-contractual dilemma arises. It emerges after the principal-agent relationship has been established through a contractual relationship. The issues therefore here are how should the remuneration or the incentive should be structured to ensure maximal motivation for the agent to behave consistently in line with the principal’s interests, goals and objectives. Second how the principal manages the best information strategy for the evaluation of the agent’s performance.

3.4.1.9. The Agency Theory and the Board of Directors

The second form of resolving the agency problem and monitoring the agents is the appointment of the board (Njuguna, 2010; Urbanek, 2020). The history of corporate governance has been dominated by the agency theory (Jia & Huang, 2019; Naciti, 2019; Pucheta-Martínez & Gallego-Álvarez, 2020). It has proposed the establishment of the board of directors. The principals appoint the board of directors to perform two main tasks, to monitor the managers and to take decisions on behalf of the principals that advance the firm (Kanakriyah, 2021; Thompson et al., 2019). The problem that arose when the principal-agent relationship was started rear its ugly head again here. Is the board of directors not susceptible to self-seeking and self-serving interests (Mok et al., 2021).

However, it is important to remember that the CEO and other board members are included in the composition of the board. This arrangement is extraordinary if the situation is as the agency theory suggests. The board acts as a monitoring and control mechanism, assessing the effectiveness of senior management and ensuring the maximizing of shareholder profits (Donnelly & Mulcahy, 2008; Sewpersadh, 2019). Under agency theory, board independence will balance power between insider board members and outsider independent board members (Alves, 2021; Bae et al., 2018; Shahrier et al., 2020).

Outside directors and insider directors must find a careful balance since an insider-dominated board may amass enormous power and be vulnerable to abuse; on the other hand, the board may be useless without the experience of outside members. This reasoning supports the idea that board independence will enhance corporate success. By demonstrating that increasing board independence is a popular governance strategy that must take into account how it is implemented as well as the significant influence of a firm's larger societal context in order to properly understand its impact, we advance corporate governance theory and research. Numerous studies in corporate governance have found a link between board independence and company performance (Assenga et al., 2018; Rashid, 2018).

3.4.1.10. The Agency Costs

The element of trust differs from one country to the next. That determines the element of trust called trustworthiness. In a trustworthy society, fund originators, who are debt holders face a less predictable environment, lower market uncertainty which yields lower prices for the debt investment. The investors are willing to cushion a higher risk and expect lower premiums. With high trustworthiness, it yields lower monitoring costs, ultimately leading to a lower cost of debt. In short high trust, levels reduce business costs and increase efficiency. Agency cost of debt results from threats from shareholders and management. The Figure3:11 below of agency conflicts and role-players concerned.

Figure 3- 11: - Sources of Agency costs: Adapted from (Panda & Leepsa, 2017) expanded by the author

The first is between firm owners and managers, the majority owners and minority owners, owners and creditors, board members and managers and lastly board chairperson and the Chief Executive Officer (CEO). The higher the effectiveness of the corporate board, the more likely it is that it would lead to low corporate debt. Conversely the less effective the board, the more likely it is that the cost of corporate debt will increase (Pandey et al., 2020; Tanaka, 2014). Studies on the relationship between board effectiveness and debt costs have produced inconsistent results. Additionally, there has been a negative correlation between board size, board independence, and the cost of debt.

3.4.1.11. The Limitations/Shortcomings of the Agency Theory

The premise that both agents and principals are self-interested and opportunistically self-seeking is the most contentious aspect of agency theory, and one that critics have criticized the most. As (Jensen, 1986; Jensen & Meckling, 1994) convincingly shown, this assumption is not as implausible as some of its detractors claim. To begin with, it is typically plausible. Self-interest is undoubtedly a driving force for the majority of people. For example, altruistic behaviour can be simply explained as a self-interested pursuit of psychological benefits or a desire for rewards in paradise. Second, and most importantly for agency theory, the assumption of self-interest, defined as utility maximization, permits situations to be mathematically modelled in ways that would not otherwise be possible.

Individuals are self-interested, according to agency theory, and will act opportunistically when their interests differ from those of their bosses. They suggest stewardship theory as an alternative to overcome the limits of agency theory, because they realize that opportunism does not always result from conflicts of interest. Though agency theory is very pragmatic and popular, it still suffers from various limitations. In the case of an unpredictable future, the theory implies a contractual agreement between the principal and agent for a limited or indefinite future period). Although agency theory is highly popular and practical, it nevertheless has a number of drawbacks (Eisenhardt, 1989; Shleifer & Vishny, 1997). The theory assumes that the principal and agent have a binding contract for a fixed or infinite future time in the event of an uncertain future (Bruno, 2019). The only duty of directors is to supervise management; any other duties they may have are unknown. Managerial competency is disregarded in the theory, which views managers as opportunistic.

3.4.1.12. The Supremacy of the Agency theory

The agency theory has been able to develop itself into a theory that has been widely adopted in many fields of study. It has developed the agency problem terminology which has been widely discussed by theoreticians with the sole aim of addressing the agency problem. The agency theory has been under development since Adam Smith wrote the Wealth of Nations and was well advanced by (Jensen & Meckling, 1976). It has been able to develop business and management theory to a certain extent.

The theory has developed the internal corporate governance issues which are pertinent and responsible for the development and attainment of firm performance. Agency theory is becoming the dominant studied theory dealing with agency problems, agency contracting, agency costs and business strategy (Carney, 2005; ElGammal et al., 2018; Jensen, 1986; Keppler, 1981; Wu et al., 2007). It has allowed researchers to understand pertinent issues that can help in carrying forward tasks given to agents in politics, business and many other fields. Importantly shortcomings have given birth to the stewardship theory, whose foundations are interlinked with the agency theory.

3.4.1.13. Is the stewardship theory a new theory or another form of agency theory?

The stewardship theory takes an upbeat stance on human behaviour, contending that people aren't always driven by their own inherent motivations (Davis et al., 2018). Stewardship theorists propose the accumulation of power by insiders in accordance with this viewpoint. Stewardship theory contends that agents are the best stewards for their businesses because they are not driven by personal gain, negating the need for independent outside directors.

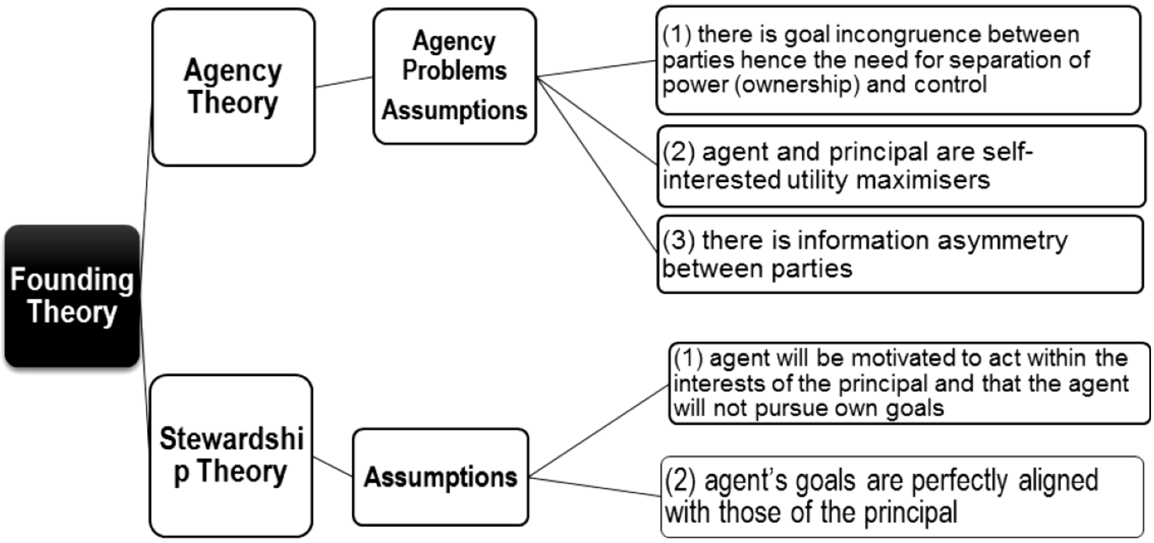

Figure 3- 12: Agency Theory vs Stewardship Theory –Fundamental Assumptions of each Theory- (Source: Authors derivation.)

Figure 3:12 shows the interplay between the agency theory and stewardship theory and the assumptions that are made by these theories. Stewardship theorists advocate for the consolidation of power by insiders, which is consistent with this viewpoint (Booth-Bell & Jackson, 2021). As a result, according to stewardship theory, outside independent directors are unneeded because agents are the best stewards for their firms and are not driven by an individual (Maniruzzaman & Hossain, 2019; Obermann et al., 2020; Samara & Berbegal-Mirabent, 2018).

The notion that agency conflicts would always exist in a principal-agent relationship is questioned by stewardship theory, which varies from classical agency theory in this regard (Cabeza-García et al., 2018). The idea is supported by two major pillars. The first pillar suggests a situation in which the goals of the agent and the principal are at odds. The first pillar suggests that the agent will be driven to behave in the best interests of the principal and will not pursue her own ambitions, in contrast to classical agency theory. The agent does this because he/she thinks that serving the principal's interests will be to his/her advantage.

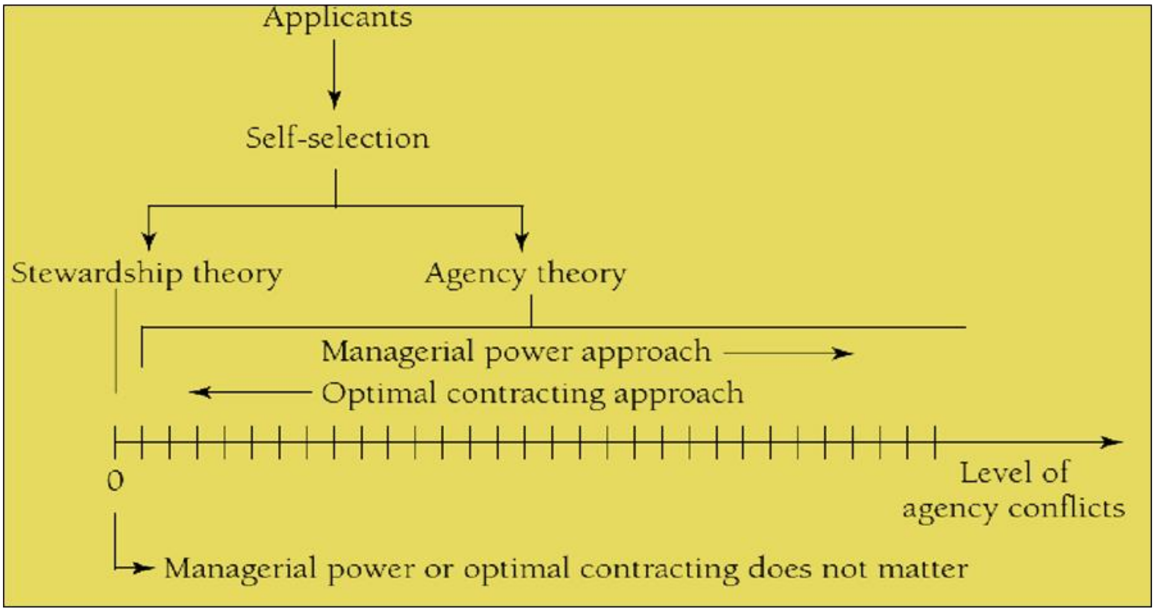

Figure 3- 13: Agency Theory vs Stewardship Theory –Fundamental differences. Source (Caers et al., 2006)

This implies that the agent prioritizes how actions affect the utility of the principal and that following the aims of the principal results in more costs than benefits. This suggests that working with the principal will be more advantageous for the agent. The second pillar asserts that the agent's objectives are exactly in line with those of the client. However, it must be noted that agency theorists maintain that incentive alignment tactics are a mechanism to turn an agent’s self-interest into motivation to properly serve the principal (Solomon et al., 2021).

3.4.2. Stakeholder Theory

According to Stakeholder Theory, managers in organizations must serve a network of connections in the value chain (Behl, 2018). Its focus encourages a notion that no group of interests is presumed to be superior to all others (Friedman & Miles, 2006; Lawton et al., 2014; Schwartz & Cragg, 2017). Among these, "stakeholder theory" or "stakeholder thinking" has evolved as a new narrative to comprehend and solve three interconnected business problems: understanding how value is created and traded, integrating ethics and capitalism, and helping managers think about management. The stakeholder theory in overall looks at all stakeholders as shareholders who have an interest in the success of the firm. Any firm must understand that they are part of the community. For example, a firm that will need engineers or technicians in the future must invest in the provision of bursaries for community children.

When the company benefits, so should the communities. The examples are endless. Stakeholders theory studies suggest that board independence positively associates with sustainability reporting. This is due to the external directors being less subjected to shareholder and manager pressure compared to internal directors (Hussain et al., 2016; Masud et al., 2018; Rudyanto & Siregar, 2018). The managers must ensure that they manage the organisation and prepare annual financial statements (Chakraborty et al., 2019; Ho, 2020; Koirala et al., 2020).

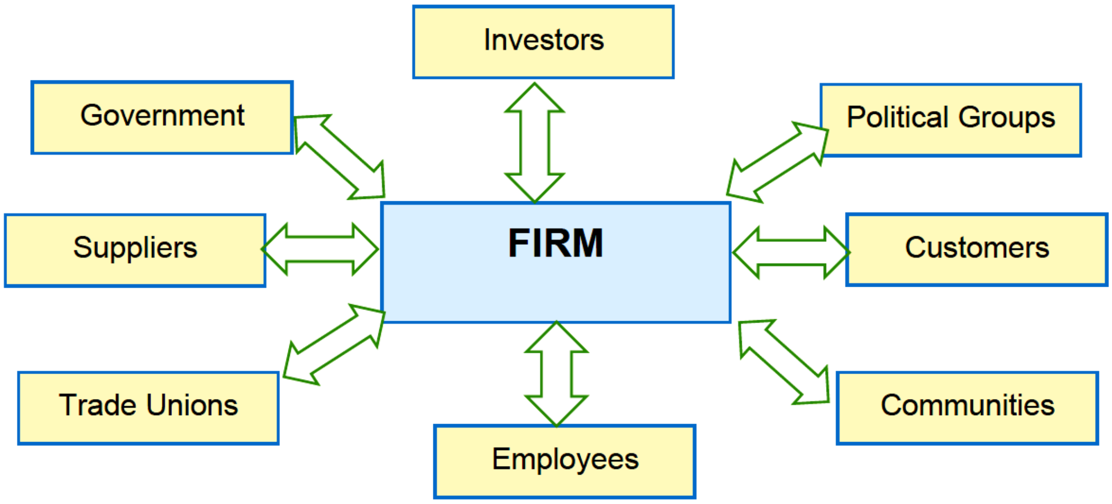

Figure 3- 14: Stakeholder Model (Source:(Freeman, 1984))

These annual financial statements must be understood by the board, to examine to what extent the organisation has implemented its board mandated strategic intent (Sutherland, 2020; Tingbani et al., 2020). Then the annual financial statements must be made public so that the firm accounts to the public. Adherence leads to the execution of corporate strategic goals leading to accountable organisational performance (Wardlaw, 2019; Zuva & Zuva, 2018). The stakeholder theory helps define the boundaries of the firm, as outlined in Figure 3:14, it includes actions that are typically outside the boundaries of the firm, among these are suppliers, customers, local communities, governments, etc. To fully understand the effects of state ownership on corporate governance, it is essential to research how political governance regimes affect managerial behaviour (Shi et al., 2020). This gives rise to an integrated approach to reporting which must hold a firm response to all external players. Among these are:

- Environmental reporting
- Corporate social investments
- Ethical leadership
- Diversity and cultural reporting.

While paradox theory sheds light on how this difficult endeavour may be performed, stakeholder theory focuses on fulfilling the numerous competing interests of multiple stakeholders (Barney & Harrison, 2020; Cashore et al., 2019; Freeman et al., 2020). Thus, the former gives the 'what,' while the latter provides the 'how,' of efficient organizational performance management (De Haas, 2021; Pinto, 2019).

3.4.3. Stewardship Theory

Stewardship theory serves as an alternative theory to agency theory for studying family firm governance (Madison et al., 2016). Stewardship theory relies on the psychology of man model that describes people as individuals who subscribe to Maslow's hierarchy of needs, and therefore are self-serving (Chrisman, 2019). The agency theoretic premise of self-interest is characterized by stewardship theorists as extreme (Hernandez, 2012) partly because it is assumed that opportunistic behaviour necessarily flows from the pursuit of self-interest (Chrisman, 2019).

According to agency theory, agencies operate opportunistically, resulting in a low level of confidence between the ministry and the agency. Stewardship theory, on the other hand, implies that agencies are trustworthy. However, it is arguable that the impact of performance management on agency steering is dependent on performance management techniques and the type of ministry–agency relationship (Bjurstrøm, 2020). It portrays managers as stewards, whose actions are motivated by a desire to serve the company and hence match naturally with the principal's objectives(Zahra et al., 2008).

To promote the continuing alignment of interests, governance systems that encourage steward behaviour are recommended, resulting in pro-organizational behaviour and better company performance. "Agency theory gives a rich and useful frame of reference by which the specific challenges of family firms can be examined," according to some family company experts, while others define stewardship theory as appropriate for explaining governance in the family business environment (Madison et al., 2016). Theory also argues strongly that the steward will protect and improve and protect shareholder's wealth, maximise profits, through increasing and growing firm performance (Banda, 2019; Javed et al., 2020; Rashid, 2018). It is further argued that stewards are motivated by sustained organisational success (Javed et al., 2020; Pyman, 2020). Stewardship theory states that if managers are left to their own devices, they will behave as responsible stewards of the assets they administer. The man (agent) model is conceptually based on a steward. They behave in a collectivist and pro-organizational way. The justification for this is that stewards' main objective is to assist companies in achieving their objectives. Long-term gain for principals from this behaviour includes higher share prices and returns on investments.

Theoretically, the board and management function as a single stewardship team. The board of directors, often referred to as the stewards, offers the CEO and management support and help. According to stewardship philosophy, there is a strong link between the firm's growth and the happiness of its stockholders. Unlike other theories of corporate governance, including the agency theory, which stress on individual effort for self-interest at the expense of owners, this theory focuses on collective activity for the common good. This view is refuted by the stewardship hypothesis. The agent is self-actualizing and focused on higher-order needs in stewardship theory.

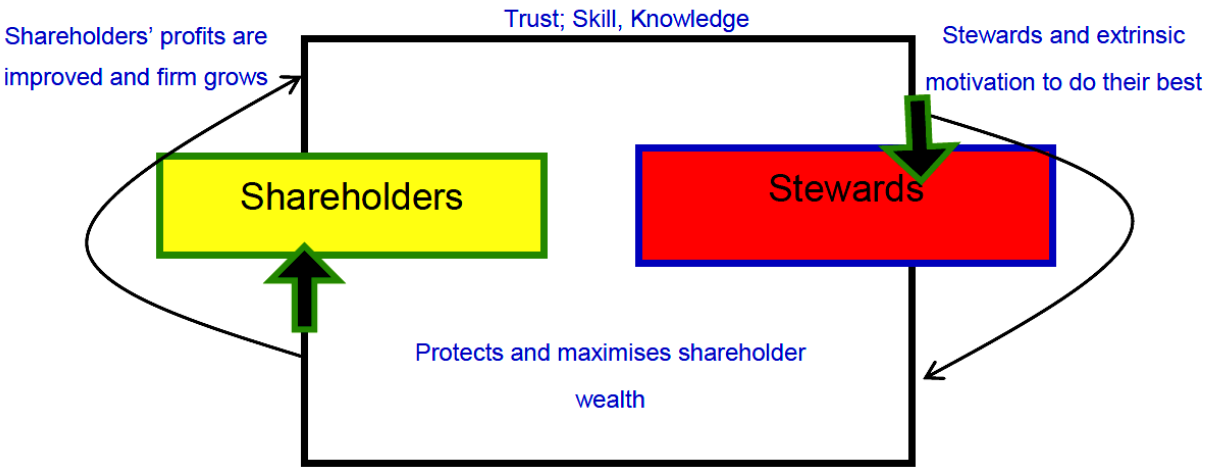

Figure 3- 15: Stakeholder Model (Source:(Freeman, 1984)

They prioritize the firm over their own interests. The stewards are involved and trustworthy. The stewards aren't primarily concerned with "survival" requirements. They don't regard themselves as outsiders; instead, they treat themselves as valuable members of the firm (Omware et al., 2020). It makes some assumptions, some of which arise from the assumption that the willingness and interests of managers for their benefits would come first (Carter et al., 2019; McGregor, 1960; Schmid, 2019; Shoaib & Baruch, 2019).

3.4.4. Resource Dependence Theory

According to this theory, employees and transactions must take place in the firm as they are inextricably linked (Laursen & Salter, 2020).Figure 3:16 shows the information interchange with outsiders, providing counsel to insiders, and ensuring proper access to external resources that will ensure organizational success, boards must have highly experienced directors. (De Villiers et al., 2011; Hillman & Dalziel, 2003; Hillman et al., 2009; Oh et al., 2011).

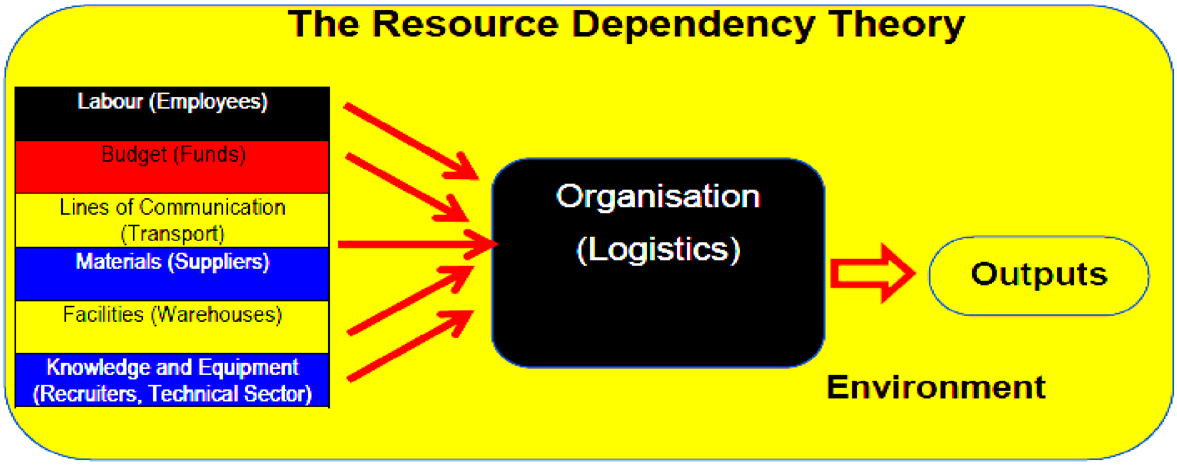

Figure 3- 16: The Representation of the Resource Dependence Theory (Pfeffer & Salancik, 2003)

Technical and business professionals are stymied by experienced directors. The resource dependence theory, according to (Pfeffer & Salancik, 2003)), is concerned with the impact of external resources on a company's decision-making. (Hillman & Dalziel, 2003); Hillman et al. (2009); Ntim et al. (2013) believe that a firm with risk-related disclosures can obtain a range of competitive advantages as a result of its potential resources, and that resource-based directors have this attribute, according to previous research. As a result,

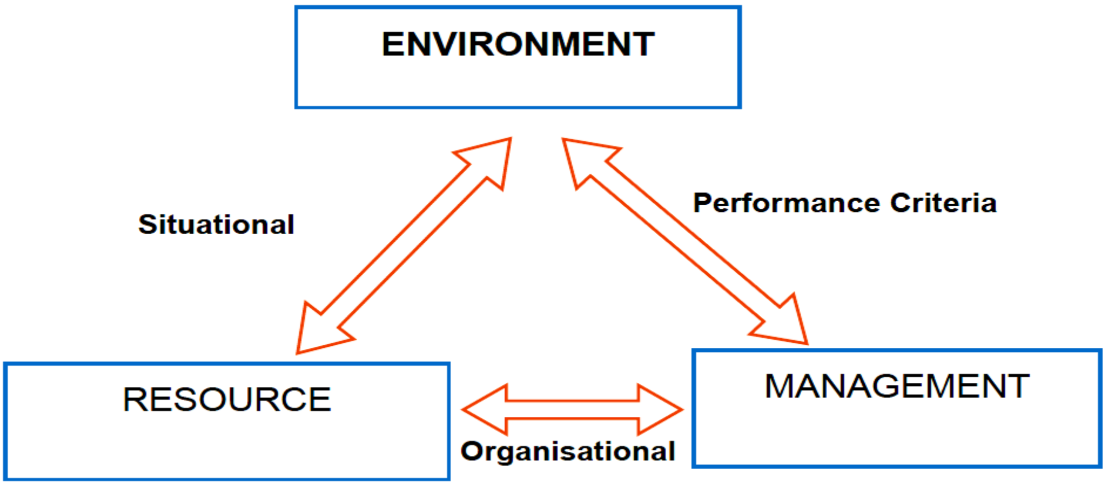

Figure 3- 17: Resource Dependence Theory (How to implement the Resource Dependence Model)

Figure 3:17 explains that, directors must become resourceful and well-versed in the area in order to build strong relationships with different stakeholders and manage their varied and opposing interests. Africa Free Trade is a critical impact on companies that want to diversify and expand to other territories in the African continent. This study suggests that integrating agency and resource dependence theories provides a higher-order explanation of firm performance and helps advance both agency and resource dependence theories (Zona et al., 2018). Resource dependence scholars depict organizations as open systems whose performance depends on their ability to procure critical resources from other firms through reciprocal exchange (Pfeffer & Salancik, 2003; Zona et al., 2018). The expansion of the free trade zone in Africa will open up for resources for many companies. This will increase competitiveness and organisational performance. For example, political, legal, financial, tax, and regulatory factors may give a number of benefits that improve management's skill and the quality of their judgments while lowering capital costs (Cheng et al., 2014; Dhaliwal et al., 2014).

3.4.5. Resource-Based View Theory

Porter's Five Forces may be regarded as the outside looking within the organization theory, as opposed to the resource-based perspective hypothesis. (Hunt & Madhavaram, 2019). The resources can be differentiated into tangible and intangible categories (Porter, 2011).Tangible resources physical whilst intangible resources are those that are mental or technology related like, knowledge, skills, trademarks, etc. (Galati et al., 2019). The intellectual capital assists managers in gaining important resources, which improves long-term competitive performance (Mahdi et al., 2019; Ying et al., 2019). The acquisition of resources modulates the relationship between intellectual capital and long-term competitive success (Patky & Pandey, 2020).

Examining the literature on competitive or sustainable advantage reveals the dominance of two distinct approaches (Gönül Kaya & Osman, 2020). These include looking at the organisation with two eyes, one that is looking from the outside, inwardly, particularly explained by Porter’s Theory and the second looking from the inside, outwardly, explained by the Resource-Based View Theory. The resource-based approach of the firm can describe the mission, strategy, financial, and internal processes (for example, innovation) as some of the major resources for social enterprises to create value.

Porter's Five forces aim to create a sustainable advantage in a volatile competitive world. The industrial organisation model claims that external forces outside the firm shape the firm's strategic intent and actions, postulating that the market and industry where the firm operates shape the firm's economic performance rather than its strategic actions which are closely linked to resources, core competencies and capabilities (Hariyati et al., 2019; Meng et al., 2019).

The second approach is the resource-based view, which is looking from the inside the firm, outwardly, postulates that crafting a strategy is based on the use of resources, strengths and capabilities rather than market or industry opportunities. Researchers continue to argue that internal resources are more significant in attaining a firm's competitive advantage over external factors (Gönül Kaya & Osman, 2020; Hariyati et al., 2019). This proposition is supported by the concept of strategic resources (Hess, 2019), strategic assets (Battagello et al., 2019; Sahi et al., 2020), and core competence (Hwang & Kwon, 2019; Lan et al., 2019). The resource-based view (RBV) serves to reinforce the industrial theory rather than replace it. The competitive advantage can be achieved by using and complementing these two theories (Sun et al., 2019). According to RBV researchers, organizations are a mixed bag when it comes to resources and capabilities, and that these disparate resource positions explain why firms perform differently.

3.4.6. Legitimacy Theory

Legitimacy theory is about legitimisation, which involves a process by which an organisation justifies its right of existence, either outright or through conformity to the societal norms (de Lange & Valliere, 2019; Kılıç & Kuzey, 2019; Prem, 2019; Von Billerbeck, 2020). Legitimacy theory rests heavily on perceptions of the relevant, influential people, which makes it subjective (Deegan, 2019; Kılıç & Kuzey, 2019). It does not depend on individual assessments or events but rather is a blanket term of the general perception from society at large, based on the history of the organisation (Suchman, 1995).

The entity's actions require that appropriate or generally acceptable if measured according to a system of the firm's beliefs and or values (Li et al., 2017; Suchman, 1995). Agreement with other researchers, (Deegan, 2019) links legitimacy to compliance with the "social contract". Deegan (2002) argues that where managers think and perceive that the operations of the firm have nothing to do with the social contract, then according to the legitimacy theory; corrective actions must be expected. The organisation therefore must pursue a social contract that benefits the society as well as the firm itself .Deegan (2002) identifies gaps in the theory development of the legitimacy theory.

These gaps are yet to be addressed by theorists, legitimacy theory has stagnated (Unerman & Chapman, 2014). This does not take away its ability to explain social and environmental disclosures. There are mainly two types of legitimacy that the firms seek to entrench in their stakeholders. These are:

- **moral legitimacy**, (consequential, procedural, personal and structural legitimacy), and
- **intimate legitimacy** (comprehensibility and being taken for granted).

According to legitimacy theory, firms must follow society standards in order to flourish (De Villiers et al., 2011). Firms will utilize CSR disclosures to establish social norm compliance, according to legitimacy theory. When social standards are strongly communicated, such as through the media, firms have been proven to respond with increased CSR disclosure. The bulk of studies on the link between CSR disclosures and current economic performance have produced mixed results, with the majority of them focused on environmental disclosures.

Transparency, accountability, responsibility, and probity are the four key values of good CG, according to. Furthermore, the board of directors has a moral and ethical obligation toward its stakeholders, such as protecting the rights of minority shareholders and the rights of employees and their safety. The presence and practice of good CG will enhance ethical behaviour because ethical practices are concerned with the general welfare of all stakeholders' equality and fairness. As a result, we contend that BED is associated with improved corporate governance procedures.

Legitimacy theory aids in understanding an organization's behaviour when it comes to implementing, establishing, and communicating social responsibility policies. This, in turn, necessitates the implementation of a CSR strategy touching several areas of business, particularly management accounting. Zyznarska-Dworczak (2018) argues that the legitimacy theory has an edge over other theories in that it reveals empirically testable tactics that organizations can use to legitimize their existence. Another theoretical rationale for the voluntary sharing of non-financial facts is legitimacy theory. If a company's legitimacy is jeopardized because stakeholders believe its success is unsustainable, the company's long-term viability is jeopardized. According to legitimacy theory, corporations that perform poorly utilize sustainability disclosure as a legitimation tool to influence the public (Hummel & Schlick, 2016). However, it is uncommon for some companies to deny the reality. These are some of the strategies they use to keep their legitimacy somewhat intact.

3.4.6.1. Corporate Social Responsibility CSR

According to stakeholder theory, a corporation maintains its supply of required resources and maintains its perceived legitimacy within society by meeting the requirements and expectations of its numerous stakeholders. Both results lead to long-term shareholder wealth maximization. A company's operational efficiency and profitability can be improved by superior CSR performance. Furthermore, improved stock returns might be a result of a company's CSR efforts. The reputation building thesis, which claims that CSR participation enables enterprises to amass reputation capital, hence producing competitive benefits, is another explanation in line with stakeholder theory and the value-enhancing capacities of CSR. CSR involvement, on the other hand, is linked to agency conflicts between shareholders and management, according to agency theory, because managers tend to over-invest in CSR to improve their own reputations.

3.4.7. Political Theory

Pound (1993) posit that as an expression of political power, investors who are involved in the administration of the organization seek support and understanding from a variety of shareholders rather than only voting power. Because "it may handle specific problems within a firm without imposing changes in control, changes in management, and the large transaction costs concomitant to them," a governance system based on politics is more flexible than one based on finance. Such assistance is critical to the organization's survival since it maintains continuity. The political governance structure is more adaptable since it can impact change and solve specific problems and crises within the firm without affecting control and management structure changes, which result in large costs. Rather of acquiring voting power, the political theory proposes that shareholders create voting support. As a result, having political clout in corporate governance may impact corporate governance within the company.

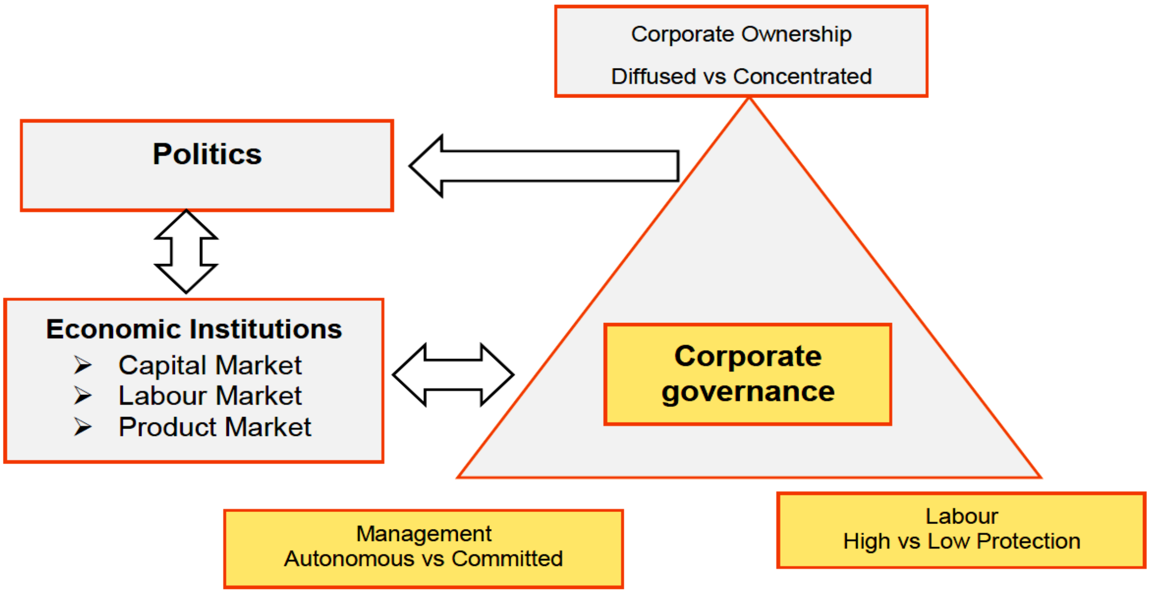

Figure 3- 18: The Relationship between political theory and corporate governance. (Source: (Hawley & Williams, 1996))

As the government participates in business decision-making while taking cultural barriers into account, public interest is heavily weighed (Pound, 1993). Hawley and Williams (1996), contend that politics is unavoidable, and that every company deals with it in some form. Figure 3:18, shows the interplay between corporate governance, politics and economic institutions. However, there are various levels and degrees of involvement in politics by a company. The political model emphasizes how corporate power, profits, and privileges are distributed in favour of governments. The corporate governance political model can have a significant impact on governance developments. The government of a country has been seen to have a substantial political impact on businesses in recent decades. As a result, politics has infiltrated the governance structure or firm's process. (Hawley & Williams, 1996). This negative connotation is amplified by the CEO's political background. Theoretical studies also show that when securities fraud is uncovered, CEO are likely to become the first victims to rid the organisation of such a bad name or scandal.

The agency problem always shows up, managers and shareholders pursue differently, sometimes complementary, sometimes not-so complementary objectives. This is informed by the ownership model of the organisation. The degree of shareholder dissemination, as well as the interactions among managers and all stakeholders, is determined by political forces such as party systems, political orientations of governments and coalitions, and ideologies. He continues by claiming that in Germany, where social democracy is robust, shareholder rights are weak and social dissemination is low. This is because social democracy gives all stakeholders the ability to achieve their goals through employment stability and government-controlled regional or national development.

3.5. Leadership Theories

In this section four leadership theories are put forward. These theories are put forward to reinforce and make an analysis of the CEO participatory and people centred leadership style. These are:

- People centred leadership
- Participatory leadership.

However, in an African context it is critical that the consideration is taken to understand how African people's philosophy advances leadership, development and all aspect of life dating back to ancient times. Such philosophy is entrenched in Africa and doing business in Africa should take into consideration *ubuntu*.

3.5.1. *Ubuntu* Model of Leadership, Culture and Philosophy of African People

African leadership has been widely studied by philosophers (Adewale, 2020; Asadu & Aguinam, 2019; Laloo, 2022) in order to explain what *ubuntu* entails. Africa has offered the western philosophy, and researchers true reflections upon which to study these philosophies (Chimakonam, 2019), but because Africans have written less, western philosophers refuse to accept what is not written on paper, yet African philosophy has transcended time. *Ubuntu* reverberates all over African in different languages and form (Mojolo, 2019; van Breda, 2019).

3.5.1.1. Introduction

The practice of management and corporate governance takes place in an environment of human interaction. The context of the African continent must therefore be understood by investors, tourists, and politicians who come to do business, tour and conduct diplomacy in Africa through the African philosophy lens of *ubuntu*. The cultural and contextual factors must reign supreme in an environment of human interaction, equality and respect. Africa, therefore, must seek to be understood, and businesses must also seek to learn from Africa, in doing so Africa brings its unique cultural experience to the world. the industry represented by managers and directors must interact with not only stakeholders but must also be influenced by the stakeholders they serve. Society is not a monolithic one dimensional being but it is a concoction of language, culture, socio-economic, and socio-cultural interactions going back and forth in a relationship of equals. When Desmond Tutu said, “A person is a person through other persons. None of us comes into the world fully formed. We would not know how to think, walk, speak, or behave as human beings unless we learned it from other human beings. We need other human beings to be human.” (Tutu, 2004). He spoke of the collective psyche of the society and how that society interacts with business, politics, and with itself.

3.5.1.2. Definition and Origin of the *Ubuntu* Concept

Ubuntu is an African concept that transcends many parts of the African continent (Mahao, 2010). The *Ubuntu* application is pervasive in almost all parts of the African continent (Khomba & Kangaude-Ulaya, 2013). The extended family, the community, and concepts based on a communitarian, holistic view of the world are frequently used, along with aspects of European political theory. The underlying motivation for peripheral critical thinking appears to be the concept of a shared community history that guarantees a direct transition to an egalitarian society without having to go through the struggles of traditional capitalist growth. These ideas envision a future that is articulated with the past, assuming a certain connection with historical time. It implies that there is a widespread belief that if something was feasible in the past, it would still be feasible in the future (Akamonye, 2021; Pereira da Silva, 2021).

3.5.1.3. Principles and dimension of *Ubuntu*

Africans have existed under very harsh conditions for centuries. They have lived with united and have survived wars, slavery and colonialism. The context under which they have lived has shaped who they are. However, the principle of *ubuntu* has survived through centuries of oppression of mind and physical existence. Theories which have been developed in the west have to find expression in African culture and African ideology. There is a common theme that permeates throughout Africa, which makes the *ubuntu* philosophy universal. It is centred around a community, united in purpose, inherently seeking consensus and passion and empathy. Loosely it is a concept that has been used by many tribes in Africa and extensively studied in different academic, social and economic disciplines (Letseka, 2012; Mabovula, 2011; Quan-Baffour & Romm., 2015).

3.5.1.4. African Leadership and *Ubuntu* inspired Leadership

Ubuntu-inspired leadership, leads to improvement in organisational performance. It pulls together values that characterise the values of the community such as pulling together "***letsema***", the harvest, "***isivuno***" through social cohesive means to achieve exceptional performance. 'The key moral and ethical obligation in African communities is the maintenance of strong relationships,' says one African leader (Meylahn & Musiyambiri, 2017); Ngubane-Mokiwa (2018). According to the preceding definitions, *ubuntu* is an Afro-based ideology that encourages a collaborative approach to problem-solving. The *Ubuntu* ideology calls for strong communal ties and interdependence, as well as democracy, transparency, responsibility, and accountability.

Meylahn and Musiyambiri (2017) contends that infusing *Ubuntu* ideals into management provides the prospect of stronger organizational management practices. Many scholars agree that *ubuntu* influences management, and leadership (Bhengu, 2014; Sigger et al., 2010). Figure 3:19 shows that, interdependence, deep affinity, people orientation, humanity and humility, vision and purpose, performance, and ethical practice are the seven attributes of African leadership that derive from the six parts of *ubuntu*.

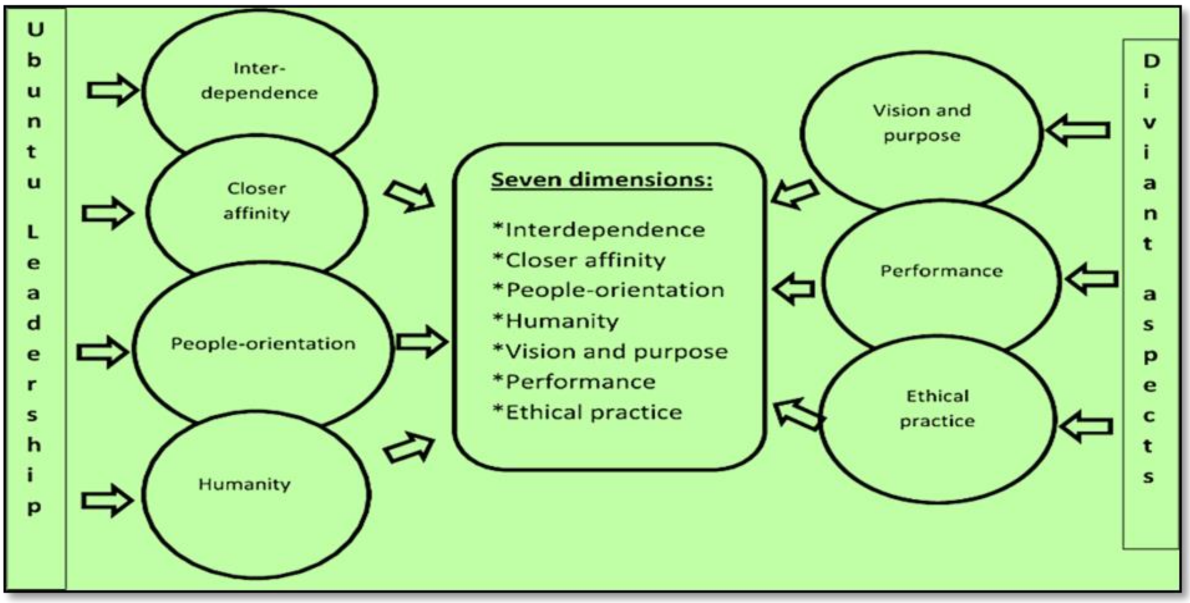

Figure 3- 19: Seven dimensions of Ubuntu Leadership Theory (Proposed by (Eyong, 2019)).

3.5.1.5. Significance of the *Ubuntu* Philosophy for Corporate Strategy

In the following sections, we'll look at some examples of how the *Ubuntu* principle has a big impact in Africa. Some of the analyses are based on the researcher's own personal knowledge and experiences gained over the course of their African upbringing and associations over the last 40 years. In light of the leadership issues that many African countries are facing, the answer appears to be in the organizations' choice of leadership style. Servant and *Ubuntu* leadership paradigms are similar and could be used together to build leadership ideals in institutions. Both *ubuntu* and servant leadership are alternative approaches to leadership that could result in improved leadership skills if implemented.

According to eminent thinkers, Africa has little chance of determining and influencing its corporate governance destiny through organic growth, awareness, and practice. This is due to two factors: first, European governance practices had infiltrated every part of the public and private sectors by the time African republics attained independence in the early 1960s. It is worth noting that the majority of African leaders who launched liberation wars against foreign rulers studied in the West. As a result, they had either been Europeanized or Americanized. Furthermore, the colonial period lasted longer than most African states' independence. This alone does not give African countries enough time to develop their own organically African corporate governance principles, instead they are imposed from without, causing conflicts between practice, and African values. Given the communal values of Africans corporate governance should be doing well in Africa. The fundamental structure of the corporate Africa is still a mirror of the western world, replicating rules from their mother countries. Very few firms are listed on in African stock exchanges only, leading to the adoption of the mother country corporate governance and codes. The importance of *ubuntu* is ensuring that existence coalesce (Setlhodi-Mohapi, 2013; Setlhodi & Oupa, 2014). The element of humanity that distinguishes *Ubuntu* must lead to an action-oriented mind-set (Taylor, 2014) and a desire to improve performance.

According to African leadership theorists, the *ubuntu* principle "offers potential for progressive and ethical reform in Africa." The state of *Ubuntu*-related research is hampered by four issues:

- Outside of South Africa, relatively little research has been done;
- There is no valid scale to measure the phenomenon;
- Rather than being studied quantitatively, the phenomenon has been studied qualitatively and theoretically.
- In the literature, there is considerable debate over the conceptual nature of Ubuntu in organizational contexts.

According to researchers, *ubuntu* is a worldview that has the potential to define effective African leadership that is free of corruption, discrimination, and scandals (Ncube, 2001). In management literature, *ubuntu* is frequently defined in terms of five social values proposed by (Mbigi, 1997), (survival, spirit of solidarity, compassion, respect, and dignity). This means that the organization is considered as a body (rather than just a collection of people) that exists "to help the community, as well as the wider communities of which it is a part" in management terms (Lutz, 2009). It must be argued that the practice of *Ubuntu* promotes good citizenry and hence good corporate governance through:

- **Team Spirit**: African societies promote working together in teams and ensuring that families live together as a collective. This becomes the social organisation which is also applicable in economic socialisation and grouping. There can be greater corporate governance that can be achieved through team work and ensuring that people work together to achieve organisational goals and hence improve organisational performance.
- **Social and Cultural Values**: the *ubuntu* philosophy is based on a lineage of historical links of clans, their values and beliefs which are respected by others even if they don't practice such cultures.
- **Respect**: The African philosophy emphasizes that one should respect the elderly, the women and children. It is important to understand that African value respect for each other and give due respect to each other, this includes those whom they don't know. Such allows for diversity and learning from others

which is valuable lesson in corporate governance in the promotion of diversity, culture and minority views.

- **Respect for the community**: The African *ubuntu* promotes empathy which values and promotes helping the weak and the destitute to a point where they stand on their own two feet and help themselves.
- **Good corporate governance:** The African *Ubuntu* principle makes good business governance possible. Corporate governance issues are growing more prominent in today's company operations. Corporate governance, which is linked with business ethics, is important in both organizational practice and overall corporate productivity**.**

3.5.2. People Centred Leadership

People-Centred Leadership (PCL) sees leadership as an influencing process that entails working with people to achieve both their own and the organization's goals (Trammell, 2016).The people centred leadership encompasses valuing the voices of others. Leaders who embrace people centred leadership create a safe place, and allow critical and creative communication amongst the tram members (Cardiff et al., 2018). The task of a people centred leader is to allow self-enquiry in order to allow engagement between individuals who constitute the team. It is readily known that each leader or individual has a personal history and inhibit values and beliefs. These characteristics emerge and allow the creation of leadership that is person/ people centred. This process is transformative and takes time for each member of the team. When leaders adopt a people centred approach, there is greater collaboration, team members engage more and there is less resistance to change. As there is growth in people-centred approach, in the workplace, the organisational culture changes alongside workplace relations (Sinaiko et al., 2019).

Whilst Mbiliny (2010) advances a concept of group centred leadership, further argues that leaders who are grounded in organisations inhibit people centred leadership. Leadership is characterised not by individuals as a singular object that identifies the organisation. The act of leadership is characterised by a common goal, mission and vision. Decision making is done through debate that is inclusive, all members understand the decisions and their implications and a principle of a majority decision making applies.

There is a clear direction between agent-owner conflict, this also allows creative and learning actions from adaptive systems (Mendes et al., 2016; Sattayaraksa & Boon-itt, 2018; Surace, 2019). Such a mechanism puts in corrective measures immediately in order to correct and bring about the state of normality. Trammell (2016) proposes the six habits of people centred leaders as follows:

- People-centric leaders make sure people understand their priorities and that everyone understands why they are doing what they are doing.
- Leaders that are focused on people don't simply look at facts; they also ask the correct questions.
- Leaders that care about people make hiring a priority.
- People-centric executives are aware of who their most important employees are.
- People-centric CEOs recognize the value of good managers.

Following these six habits any organization is bound to achieve high organizational performance. Leadership is not possible without ethics as "being a moral leader and doing, acting with moral leadership are one" (Hoivik von Weltzien, 2014).Leaders have the most influence on how enterprises and communities interact with technology. In the long run, the ability to take a step back from the economic pressures that drive much technical progress and assess the systemic implications of innovations and the future they point to is critical. When it comes to difficult decisions, especially values-based judgments, the start-up culture and, indeed, larger corporate cultures look to their leaders for guidance. Strong dedication to societal values can have a ripple effect throughout a business, providing purpose for employees who wish to make a positive contribution to society through their job, and impacting the organization's reputation both internally and externally (Shwab & Davis, 2018).

3.5.3. Participatory Leadership

Participatory Leadership is arguably the most influential style a leader can use to take the followers or subordinates along (Bell et al., 2014). This imparts certain values and beliefs in a follower to see the human side in a leader so that they believe that it is possible, doable and achievable, and that the leader does not possess any superhuman abilities. In doing so subordinates start to have self-belief, improve their self-worth and self-esteem and hence reduce the sense of selflessness. (Fulmer, 2005; Kakabadse et al., 2009; Trevino et al., 2003). Post the 1980s, there has been a paradigm shift and an increasing adoption of participation leadership style.

There is a view that leadership should be all inclusive in order to cope with organisational current and future challenges. The new shift emphasises that leader's skills to influence are crucial as they play an important role in building towards shared vision and improving organisational performance which is sustainable. Waldman and L (1994) argues that leadership is the core of public administration who must be able to shape the direction, instil new values and direct the institution towards achieving public goals. In doing so be able to bring about policies and advice on legislation that will advance public administration (Van Wart, 2003).

Participative leadership increases bring about a better understanding of the values, aims and objectives of the organisation and hence improves the understanding of what the followers must adopt as core leading values of the organisation. The participatory leadership style increases the value and self-worth of followers, (Armstrong, 2009), this leads to followers adopting a developmental path that will improve their capabilities aimed at excellent organisational goals (James et al., 2007). Leaders communicate the vision, the followers understand and internalize such a vision and make it their long term goal to achieve it (Yammarino, 1994). Participative leaders become agents of change and are able to move followers and bring them along in pursuit of organisational shared values and thereby achieve organisational goals through improving organisation performance (Loki et al., 2005).

In the South African context, the 1990s saw the shift in application and thinking, this led to the formation of the Wiehahn Commission which recommended that workers should have a say in how they are managed and how production takes place. This was the beginning of the recognition of black people in the work place as whites had already had a voice but black people could not enjoy the same rights. This led to recognition of unions and ultimately collective bargaining. This act was seen as the first recognition of black workers to determine their own wage but it actually meant more.

For the first time in South Africa as the political landscape was changing the employer-employee relations also saw the drastic changes as workers started to own shares in the companies they worked for through employee share ownership schemes. Ntshangase and Solomons (1993) argue that COSATU started to engage in a strategy of ***adversarial participation***. Adversarial Participation recognises the ongoing conflict between the workers and the employers but allows for the workers to continue fighting for their rights whilst employers get what they want from workers as workers keep on hoping that they will be victorious in the near future. This approach was adopted by some unions and others; it was less evident.

The ability of workers to influence decisions

The emergence of the 1994 era focused on change and the workplace was not left to dictate its own direction. Change meant that workers were part of the workplace that could not be ignored. Worker participation was based on two simple princes:

- A number of platforms and forums were created where workers could argue for better wages and better working conditions. These forums were legislated so that employers could not see them as options.
- The second part was worker financial participation, where workers could participate either through share ownership or profit sharing. This meant that workers should be represented to highest levels of the organisation.

This however, as good as it was it didn’t come without challenges. Workers started to jostle for positions in order to sit at the table with the bosses. Some bosses saw this as an opportunity to silence the most vocal of the union leaders and put them on their side.

3.5.3.1. Pseudo Participation Theory

Pseudo participation is about making someone think that they have taken a decision when the other party had already taken the decision and sponsored the idea to the other party so that it would look like the idea came from the other party and then there were negotiations. Has increased in value through academic studies (Black & Gregersen, 1997; Kim, 2002; Ladd & Marshall, 2004; Leana & Locke, 1990). It argued that participative decision making improves job satisfaction (Han et al., 2011). If workers understand why they need to put more work and effort and even work overtime in order to meet the demands of production. This makes workers feel valued as employees by management and they know what they are working for (Cotton & Vollrath, 1988) concurs with the notion that worker participation improves worker satisfaction, job satisfaction and improves organisational performance. Municipalities that are closer to the population face the same problem. South Africa's municipalities are required by the South African Municipal Systems Act (2000) to adopt IDP processes as a form of public engagement in their business.

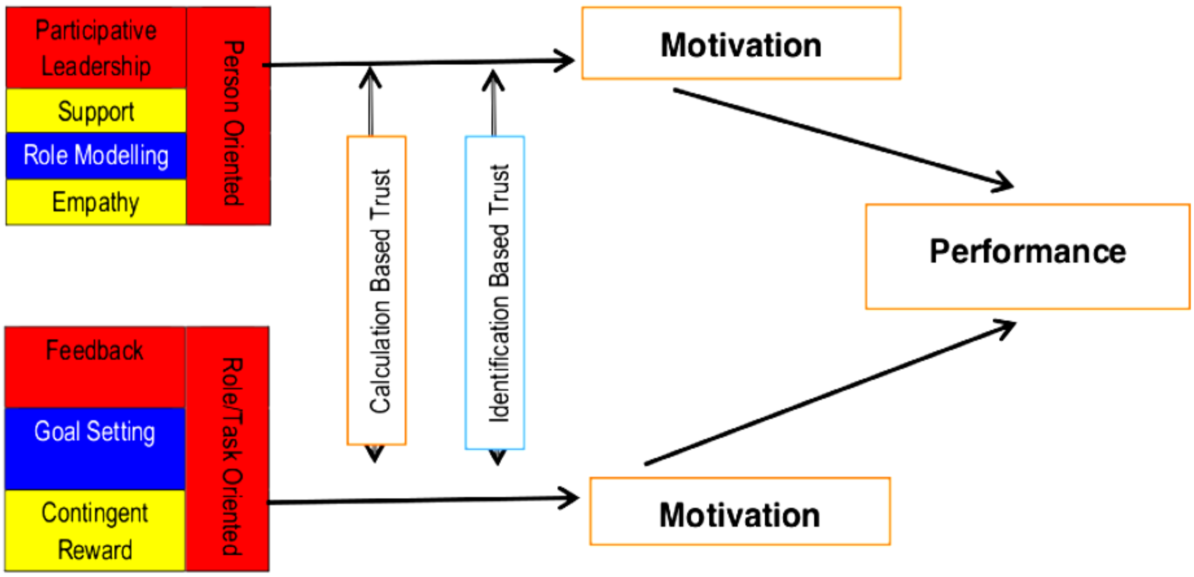

Figure 3- 20: Motivation that leads to Performance in Participative Leadership Source:

The person- and task-oriented roles are focused on the identification and evaluation of those efforts that motivate employees, which in turn improves organisational performance, as shown in Figure 3:20. Personal motivation is impacted by participatory leadership and the way teams and individuals are supported. As team members see the leader and their leadership abilities, they begin to serve as role models and develop empathy for the leader, which motivates them to perform better. Motivation has a significant impact on performance. Similar to how task- or role-oriented performance is dependent on feedback, goal-setting, and contingency of the situation, motivated employees are those whose leaders consistently provide feedback and create attainable objectives.

The culture of exclusion is South Africa was created by the apartheid government and creating a new culture was one of the transformation principle of the new government. This had to include transparency and fostering a cooperative governance culture and formulating multi-sector development plans. However, what happens in reality to a lesser extent does not conform to the above, the consultation is mere obligation to fulfil the regulations but decisions are taken somewhere else. This is a classic example of pseudo-participation. The local government listens to the community but it does not consider the inputs of the community members. The government workers comply but decisions are divorced from the people.

3.5.4. Systems Leadership Theory

Systems thinking is an anchor of systems leadership theory. The systems thinking is relatively new and it has been under development for some time. It has developed gradually to a level where it has been widely accepted in academia.

3.5.4.1. Definition of the systems leadership theory

System thinking considers a system as an integrated, dynamic composite of various interdependent elements that must perform well as a whole. System thinking is a technique for learning about many processes. It is not a narrowly defined discipline, but rather an interdisciplinary conceptual framework that can be applied to a vast array of fields. However, the positive flexibility and simplicity of system thinking or system thinking has resulted in a wide range of meanings for it. Some of the definitions presented in Table 3:2 of the systems leadership by systems thinking thought leaders are as follows:

Definition	Author (Source)
"A discipline for seeing wholes. It is a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static 'snapshots.' It is a set of general principles… It is also a set of specific tools and techniques"	(Senge, 1990) p. 68)
"The art and science of making reliable inferences about behaviour by developing an increasingly deep understanding of underlying structure"	(Richmond 1994, p. 141)
"A way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behaviour of systems. This discipline helps us to see how to change systems more effectively, and to act more in tune with the natural processes of the natural and economic world"	(Senge et al., 1994), p. 6)
"Seeing beyond what appear to be isolated and independent incidents to deeper patterns. You recognize connections between events, to better understand and influence them."	(O'Connor and McDermott 1997, p. 7).
"An epistemology which, when applied to human activity, is based upon the four basic ideas: emergence, hierarchy, communication, and control as characteristics of systems. When applied to natural or designed systems, the crucial characteristic is the emergent properties of the whole."	(Checkland 1999, p. 318).
"The ability to see the world as a complex system, in which we understand that 'you can't just do one thing,' and that 'everything is connected to everything else."	(Sterman 2000, p. 4).
"Systems thinking cannot be characterised and channelled as one particular discipline but it is conveniently used across many disciplines as a conceptual framework, it is a model of thinking and learning about how systems interconnect in science, organisations and in personal life."	(Cabrera & Cabrera, 2015).

Table 3- 2: *Definitions of Systems Thinking . Source: Author's Derivation*

Senge (1990) defined systems thinking as "a conceptual framework, a body of knowledge and tools that have been developed over the past fifty years, to make the full patterns clearer, and to help us see how to change them effectively". Systems thinking is thought to be a useful tool for dealing with real-life problems (Brown, 2012). As a result, it has been advocated as a means of supporting managers in efficiently dealing with contemporary issues, which frequently develop in complex problem situations (Wilson & Van Haperen, 2015).

The society can be defined as a complex web of interconnections based on the constant sharing of resources and the blending of several expectations that leads to the creation of new value. In order to analyse society profoundly, a holistic approach is needed this allows for all elements to be linked together in order to create an interpretative picture. The systems thinking approach therefore, allows proper analysis of the organisation in its parts and how these parts come together as a result of relations by organisational leadership (board members, executives and other external role players) to create the organisation that behaves in a certain manner. There are two approaches that have been developed namely:

- Viable systems model; and
- Viable systems approach.

Once you agree on what the problem is, try to get possible solutions by involving as many people as possible. In the end they will own the solution because of their initial involvement.

3.5.4.2. Systems Leadership Theory and Organisational Performance

Systems leadership is relatively new, it has been used in pure sciences to resolve a number of leadership issues related to interconnected systems and hence the name systems leadership theory (Senge et al., 2015). System leadership is about working together in tandem to solve complex issues through understanding that all complex situations are made up of individual parts that make up the whole (Heifetz, 1994; Heifetz et al., 2004). It has been termed too complex and too difficult because it is based on a number of methodologies witch when properly followed in any system will yield results.

Collins (2001) claims that all leaders in their resolve want to solve problems and when they take their time to look at nay situation, the solution is facing them in the face, the challenge is to take time to understand what had caused the problem in the first place. Understanding the problem will resolve the problem and hence the system becomes the problem and understanding such a system become the solution to identify exactly where things went wrong. It is systemic and logical, by using logical steps, solutions can be found.

When leaders adopt collaboration their ego dies for the common good of the whole (Collins, 2001; Senge, 2007; Senge et al., 2015). Planning together gets rid of reactivity in the future, it only brings about certainty. Laloux (2014) assumes simile that the organisation is a living and breathing organisation and it is influenced and influences all the stakeholders in the organisation. Systems leadership builds on the need for coming together of all parties to solve problems

Just as Senge et al. (2015) asserts that it is disempowering for an individual to work alone as they are unable to meet todays' personal, organisational and global demands but collaboration efforts enhances the individual. When an individual commits mistakes it takes them long to see them let alone acknowledge and correct them. In a team there is continued checks and balances which allows on to learn and grow at the same time. Senge (2007) believes that a systems approach is required for leaders to be "able to understand the dynamic complexity of social systems". Many theories have come up, some have been studied more than others, whilst others have limited application and scope. But all of them have shown that leadership is a fascinating area of study that needs to be explored and understood. Leaders need to understand themselves better so that they can lead better. As much as traits have been rejected as a phenomenon that underpin leadership, certain characteristics still remain. Charisma has stood the test of time and even today many cannot explain why they follow certain leaders. Just like some cannot pinpoint exactly why they fall in love with the partners that they serve. The table below explain in brief the eras of leadership thought theory and how it has improved over time. In volatile situations, developing strategies ensures long-term competitive capacity (Grant, 2003). In the board and managerial decision-making process, information and decision-making capacity are crucial. Information changes and moves quickly during turbulent times and situations. To overcome the limitations of decision-making and information processing, as well as to decrease biases in strategy creation, a systemic approach is required.

3.5.4.3. Holistic Model for Implementing Strategy in the Company and Incorporating Technology (Fourth Industrial Revolution)

The process of refining strategy is involving continuous changes (iterative), by doing so the organisation also adopts the principle of a learning organisation. It also deals with the matching of internal and external perspectives. The involvement of all stakeholders is critical (Jonathan et al., 2013; Mintzberg & Ahlstrand, 1998) holistic strategy planning must consider strategy formulation, implementation and evaluation, however this is complicated by managers that lack of practical models (Mintzberg & Ahlstrand, 1998; Raps, 2005).

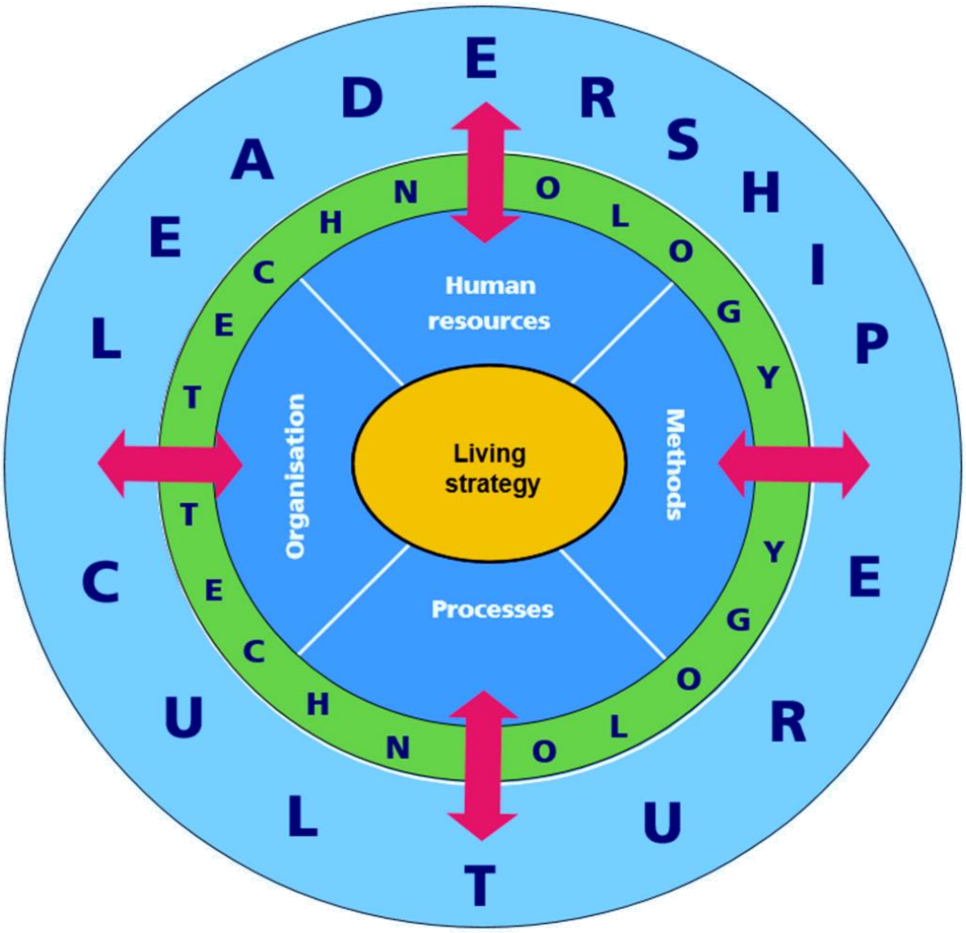

Figure 3- 21: Holistic Framework for successful strategy implementation (adapted from (Weissenberger-Eibl & Koch, 2013))

The entire system is pervaded by leadership and culture. These influence how other disciplines are conceptualized and implemented in the workplace. Because the fields are so interwoven, strategic operations must take them all into account. Strategy execution is hampered by a lack of understanding of the necessary variables that allow strategy to spread throughout the organization (Hrebiniak, 2006; Jonathan et al., 2013). To support the inner fields, technology must be employed as a lever. Leadership and culture must be integrated into the plan in order for it to reach its maximum potential and attain superior business strategy understanding (Weissenberger-Eibl & Spieth, 2006).

Managers frequently fail to comprehend the numerous and interconnected success aspects of good strategy execution. As a result, thorough conceptual models for strategy execution are required (Jonathan et al., 2013). Strategy is an overall competency of the whole organisation, as led by the board and the executives, hence its success lies in the holistic adoption and implementation by all in the organisation. Organisational structure and process must be aligned such that they are line to support the organisational strategy (Sterling, 2003). One of the issues that organizations confront is managing change and translating strategy into organisational culture (Hrebiniak, 2006).

Weissenberger-Eibl and Koch (2013) outlines a framework for dealing with organizational transformation and strategy execution. The technological field envelops the inner fields and promotes information transfer across actors and across all processes as outlined in Figure 3:21.

Figure 3- 22: Link between strategy; fourth industrial revolution and organisational performance. Source: Weissenberger-Eibl and Koch (2013)

The strategy of the organisation must incorporate the role of technology as part of its strategic objective and direction (Figure3:22). The use of technology is very critical and it is not just at the periphery but it is at the centre of how the organisation achieves its goals. The fourth industrial revolution is most notable for having the most up-to-date technology, which leads to increased productivity (Nagy et al., 2018). Industry 4.0 introduces cutting-edge technology to the manufacturing process, boosting productivity. It can also provide better services thanks to cutting-edge and one-of-a-kind technologies (Al Momani et al., 2021; Ślusarczyk et al., 2019).

3.6. The strategic management theories

Strategic management takes into account alignments between units, operations, resources and sections, and makes the transition from strategic planning to strategy implementation easier. Strategic management can be defined as the process of integrating and coordinating all organizational functions and resources in order to put set strategies into action. Many more specialised frameworks are built on top of this one. In order to identify environmental possibilities and risks, social, political, economic, technical, and demographic developments must also be analyzed as portrayed in Figure 3:23. Opportunities and dangers are identified.

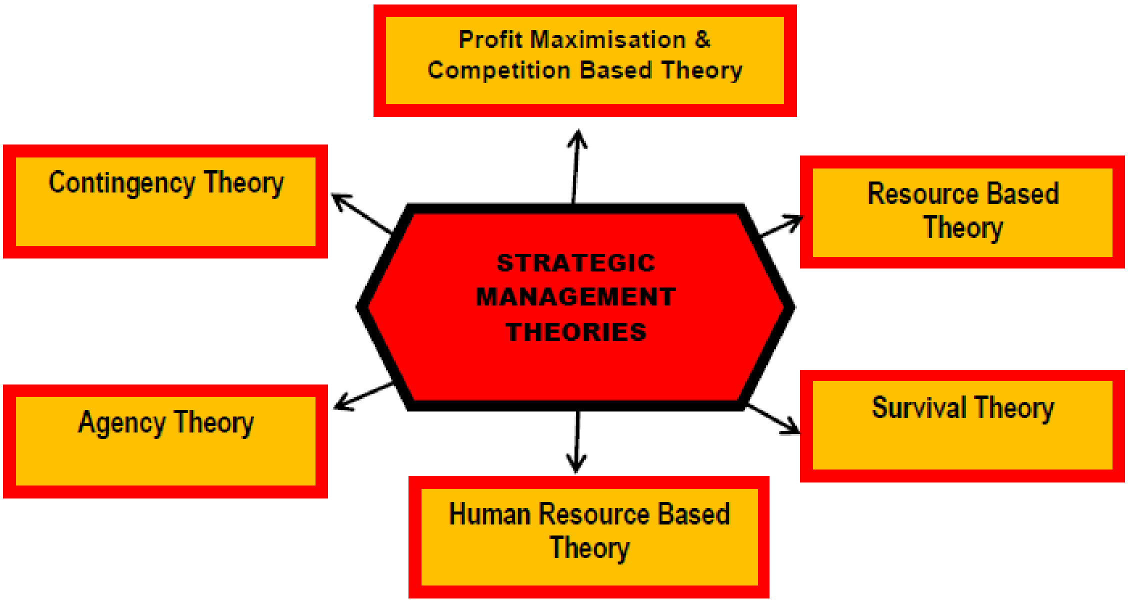

Figure 3- 23: Theories of Strategic Management (Source (adapted from David, 2005 and Hashim, 2005)

Only then can the required strategies be devised. The formulation of a strategy is followed by its implementation. A strategic management theory is a hypothesis, proposition, or set of concepts designed to explain strategic management's origins, evolution, principles, and applications (Aksom & Tymchenko, 2020). According to the survival-based strategy, organizations must constantly improve in order to survive industry dynamism and competitiveness This concept is especially essential in the context of a global recession, when businesses must adopt survival tactics to avoid growth stagnation. According to the contingency theory, there is no single way to effectively manage a firm, but organizational managers must be adaptable and build plans based on the current situation and upcoming internal and external situations.

3.6.1. Survival Based Theory

The survival-based philosophy is aimed at aiding how an organisation traverses a changing environment. Sustainability is influenced by technological advancements and developing innovations in corporate contexts (Ghobakhloo & Fathi, 2019). Companies employ diverse business models to enhance operations, gain a better understanding of the market, and compete for sustainable profitability utilising research and development (Ghobakhloo & Fathi, 2019).

In order to survive, strategic management highlighted the need of firms executing plans that focus on running very efficient operations and being able to quickly adapt to changes in the competitive environment. Khairuddin (2005) argues that since the fittest and ablest to adapt to the environment are the ones who survive. This concept was also easily applied to the subject of business turnaround. A failed business usually encounters a barrage of obstacles at once, such as financial troubles, failing products, the loss of key employees, and so on. These features of inefficient organizations may explain why, in order to better their position, such turnaround businesses typically lay off staff, reposition their commodities, and sell off their underutilized assets. The basic purpose of a turnaround firm is to raise the efficiency of the organization in order to better adapt to the environment, increase profitability, and ultimately survive the competitive market in which it works. It will perish if it does not adapt to the constantly changing environment and become effective in it, according to survival theory. As a consequence, the company that functions effectively and successfully adjusts to its circumstances is the one that has genuinely turned around.

Businesses will thrive through best product positioning and by utilising least resources in the shortest time possible, better and efficiently than anyone else (Khairuddin, 2005). This approach emphasizes how important it is for a corporation to be able to focus on numerous strategies. Business managers’ must choose a set of approaches that will result in efficiency, and the optimum strategy is one that adapts to the present circumstance organically. Because most issues are caused by inefficient processes, and improving efficiency is all that is necessary to get back on track, this method is widely applied in corporate turnarounds. Turning a firm around is all about running it effectively so that it can adapt to new circumstances (Baker & Duhaime, 1995).

3.6.2. Contingency Theory

The contingency theory has been applied in strategic management and strategy and organizational studies (Kelly & Fairley, 2018; Otley, 2016). Many scholars have chosen contingency theory as their preferred theory over the other 110 (Sitkin et al., 1992)). Contingency theory can be traced back to organizational concepts. It contributed to the resurrection of management theory's classical universality, which emphasized that "there is always one ideal way of doing things."

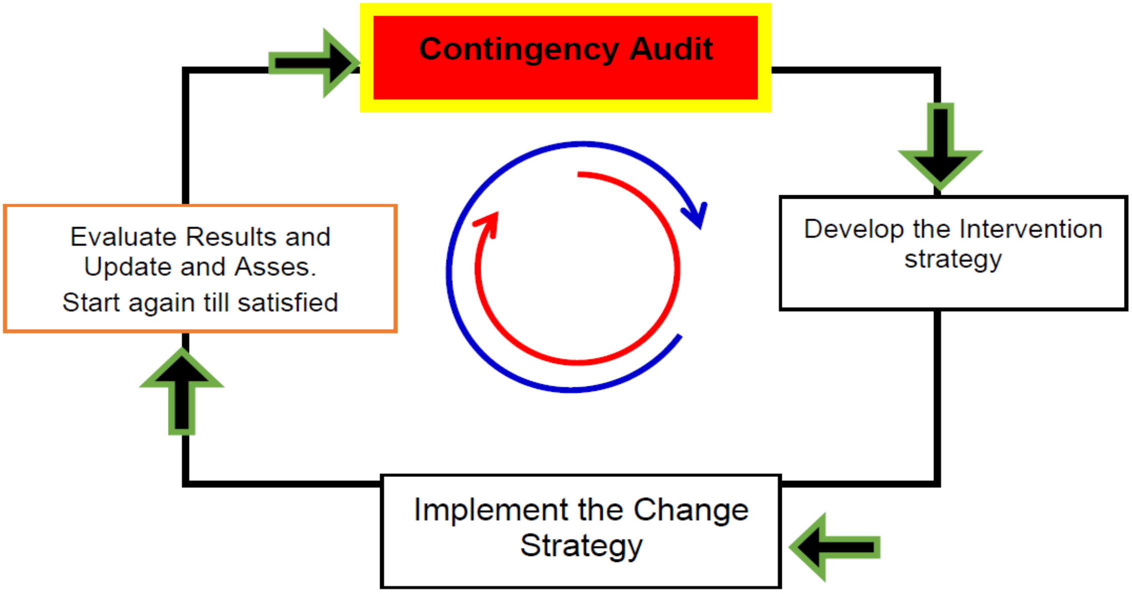

Figure 3- 24: Contingency Theory (How to implement the Contingency Model) Source: (Myers, 1977)

The contingency theory is frequently utilized in strategic management and is often regarded as having the most influence on strategy and organizational research (Barney, 2005). Figure 3:24 shows that, amongst some of the contingencies that influence high performance are: organisational size; technological level or fit; strategy; environment; congruent with the type of the organisational structure. However, the theory has evolved over years to include many other aspects of organisational research.

3.7. Corporate governance and firm performance

The earnings per share ratio shows how much of a company's profit is distributed across all outstanding shares of common stock. A high earnings per share ratio indicates that the company has the potential to pay a big dividend to shareholders (Andal et al., 2020; Anthony et al., 2019; Mehmood et al., 2019). Changes in the economy or the industry push management to diversify their operations. Diversification also allows businesses to explore new markets (Gomez & Bernet, 2019). Claessens and Yurtoglu (2013) describe how a good governance structure benefits firms by improving access to capital, financial performance, and the treatment of stakeholders. Corporate diversification strategy enables businesses to grow their operations while maximizing profits (Phung & Mishra, 2016).

3.7.1. Corporate governance and Accountability Measures (Private Sector)

The earnings per share ratio shows how much of a company's profit is distributed across all outstanding shares of common stock. A high earnings per share ratio indicates that the company has the potential to pay a big dividend to shareholders (Andal et al., 2020; Anthony et al., 2019).The current ratio is a liquidity ratio that displays the percentage of a company's current assets to its current liabilities.

3.8. Corporate governance and ownership models of SOE

Agency theory has been widely applied in the private sector whilst it has taken a while for a clear application in the public sector. IoDSA (2016) has introduced a section of SOEs which deals with how SOEs can comply with corporate governance principles. This is a great improvement, yet it still remains a pipedream under comply and explain as it is still optional. The following sections deal with corporate governance in SOEs.

3.8.1. Integrating corporate governance of SOEs in a Theoretical and legislative framework Application of Corporate Governance Theories to State-Owned Enterprises (SOE)

Mashamaite and Raseala (2018) asserts that there are many challenges in the South African SOEs. A number of these are caused by poor leaders, corruption, maladministration, antagonism, animosity, impunity, weak financial reporting and poor corporate governance. State-owned enterprises (SOEs) are significant players in South Africa, but the majority of these significant SOEs exhibit poor leadership, poor management, corruption, hostility, animosity, impunity, weak financial reporting, persistent underperformance, debt loads, and insufficient performance monitoring and accountability systems (Egobueze et al., 2020; OGBAKI, 2019). Some of these losses are linked to shortcomings in corporate governance, such as poor executive accountability, excessive politicking, and imprecise objectives. As a result, SOEs no longer significantly contribute to development or carry out their public service obligations in an effective and efficient manner, undercutting the government's plans to pursue growth and development goals (Mashamaite & Raseala, 2018).

The term State Owned Enterprises (SOEs) means the enterprises that are formed by the state in order to attain and address social and economic goals (Dang et al., 2021; Ervits, 2021). It is generally accepted that the state funds these State owned Enterprises as a driver for social development whilst operating and to a certain extent competing with other private entities in pursuit of the profit maximisation goal (Dixon, 2022). The term is interchangeable used depending on the country or ideological background. In South Africa it is interchangeable used with the State Owned Companies (SOCs) (Vergotine, 2016), Public enterprises (PEs) is generally used in India and Government Linked Enterprises (GLEs) in Singapore (Adebayo, 2020). For the purposes of this study we will adopt and use the term State Owned Enterprises herein shortly referred to (SOEs).

The State Owned Enterprise (SOE) have a dual mandate, firstly to act as a lever for social development and economic development. Numerous academic studies have underestimated the influence of State Owned Enterprises on the market economy and the extent to which they influence and are influenced by the economic factors (Zhu et al., 2019). The mandate of state owned enterprises is derived from political rationality to achieve mandates from the dominant ruling party to satisfy the promise and the need of the voters such is termed political rational. The political rational can be satisfied by private entities to a lesser extent whilst the SOEs can fully satisfy such a mandate. This is usually applicable to the provision of social services such as water electricity, refuse removal, etc. The state therefore must play a major role by utilising instruments at its disposal such as state owned enterprises (Milhaupt & Zheng, 2014; Zhu et al., 2019).

It goes without saying that the government as the man shareholder of the state owned enterprises it controls the business operations and the majority shareholding thus, the ability to implement political rational (Liu et al., 2016). The national developmental goals can only be achieved by strong SOEs. These include the development of technology and extension of the spectrum and development of strategic industries which the private sector view as high risk (Naughton, 2017). The SOEs therefore will fulfil the non-profit seeking goals of the government which would otherwise go unfulfilled (Milhaupt & Zheng, 2014; Naughton, 2017).SOE corporate governance, accounting, and accountability are hot themes in public management and other fields of study. Without competent and efficient governance and management of SOEs, public service provision and budget consolidation will be impossible to achieve. However, in compared to other fields, there are major corporate governance issues and empirical research shortages (Grossi et al., 2015).

3.8.2. Agency theory, supplemented with Wong's three pillars of SOC reform

The State Owned Enterprises are run by directors and managers who may not at any stage have an option to own the entities as they are owned by the governments. Agency problem also arises here, acutely, as directors serve on behalf of government which represents the public. Figure 3-25 proposes that for an SOE to be successful it must have clear objectives, such that it can measure performance and be able to compromise and take trade-offs.

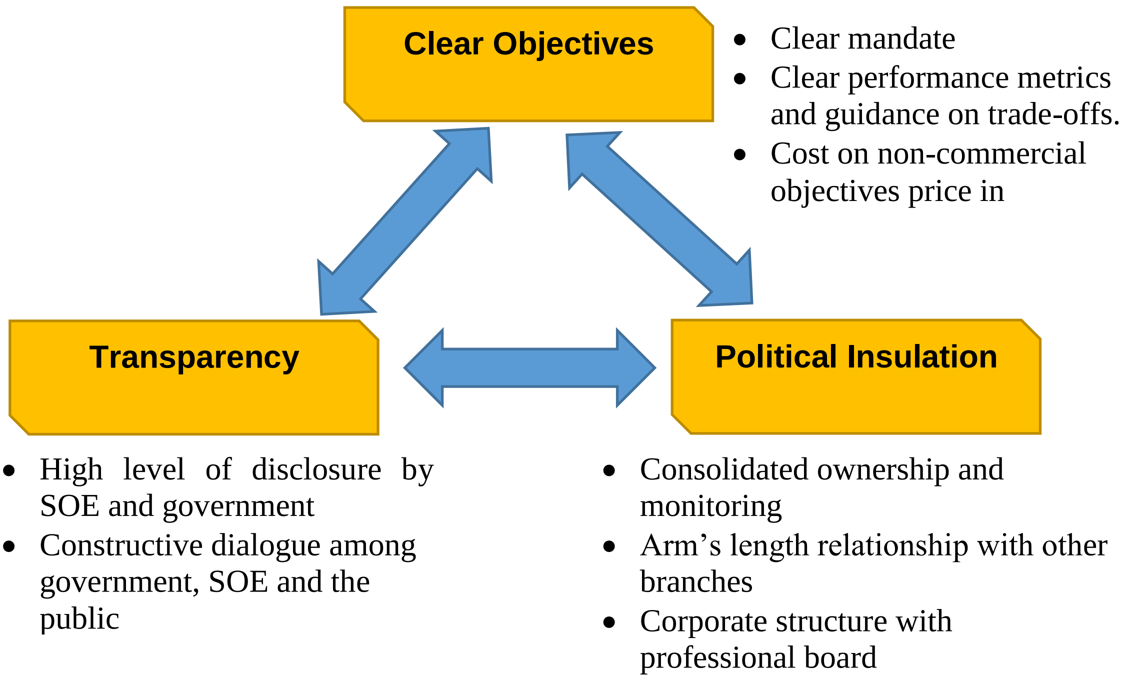

Figure 3- 25: Wong's Three Pillars of SOE governance. (Source:(Wong, 2004))

It must also adopt transparency, where it adopts high level of disclosure by both the SOE and the state. In order to drive the transparency agenda, it must also have open dialogue between all stakeholders (SOE; state and public). Thirdly it must be politically insulated, so that it must have an independent board, clear lines of monitoring and ownership by the state and it must also give branches enough leverage to control themselves.

The conflict of interests arises here when directors' interests supersede that of the government. In the SOEs, the double agency problem arises, and they centre on agency and political costs. Corporate governance in SOEs should seek to address these two contradictions, the agency costs and the political costs which manifests itself in political meddling and lack of direction as explained in Figure3-25. There should be clear objectives; transparency and political insulation for the SOE to function properly (Wong, 2004). The speed of response to problems and issues seem to take longer to be addressed because of political meddling and uncertainty. Among these would be:

- Board composition,
- Board appointment,
- Board compensation,
- Executive remuneration,
- Executive authority,
- Delegation of powers between the board, management and the political office; and
- Ethics and integrity and Ownership model of the SOE.

Figure 3-26 shows how SOE deployments take effect: the ruling party appoints the Minister or the Member of the Executive (MEC), the MEC or Minister appoints the board and influences the executives who report to them and the Portfolio Committee. This is a process well handled by the party through its deployees. The above factors are crucial in measuring the impact of corporate governance in the SOEs.

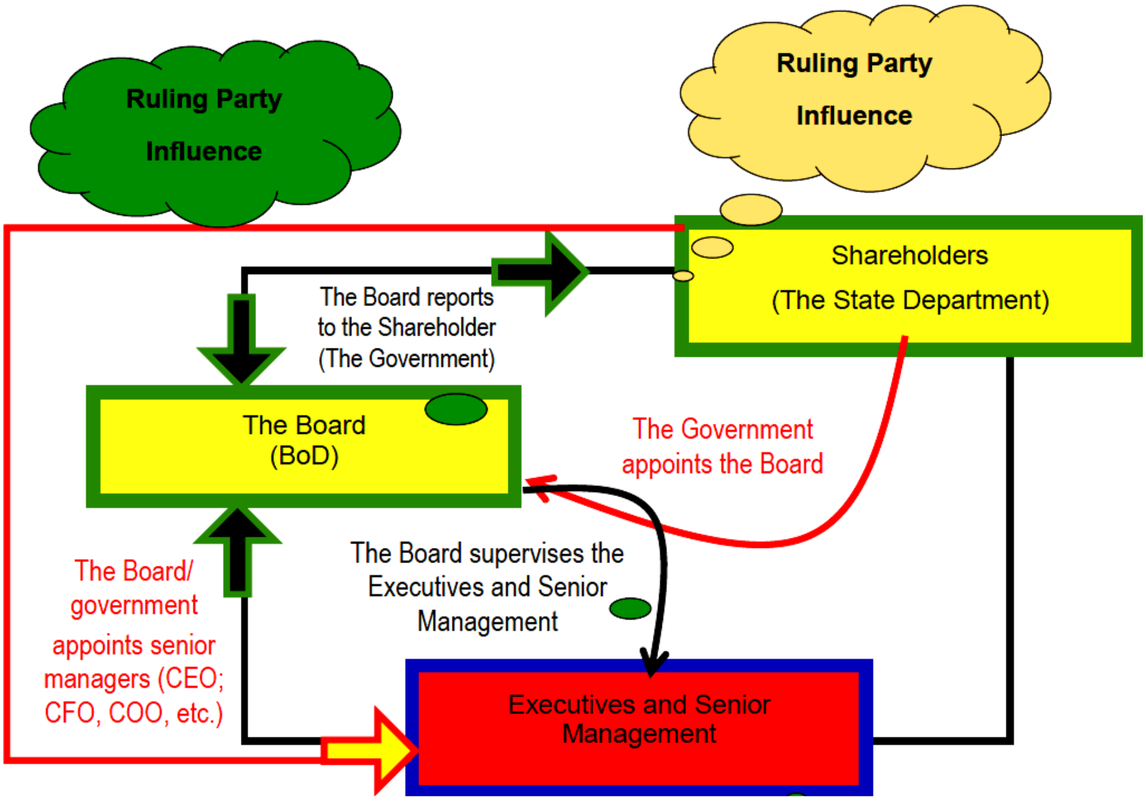

Figure 3- 26: The SOE Corporate Governance/Management in South Africa (Improved by the Author) Source: (Mitnick, 1975)

The public usually become the spectator and do not have direct participation on the SOEs either through the ministry or through the board (Shih et al., 2022). The influence of the ruling party in the governance of public entities cannot be overstated. The appointment of board members is a closely related to the allegiance to the ruling party (Diamond & Schell, 2019). That alone does not make the process unfair or fraught with weaknesses or problems, but there should be rules of engagement that are public and understood by all. Figure 3:27 highlights the role of government in appointing board members. The ruling party sits and deploys certain individuals (members or those who are not hostile to the party) to be board members. The minister or the MEC is then mandated to implement such a decision. The shortlist of board members is compiled the relevant committee recommends the committee members to the MEC or Minister concerned and the board is appointed by the MEC (de Visser & Waterhouse, 2020; Mathye & Madumo, 2021).

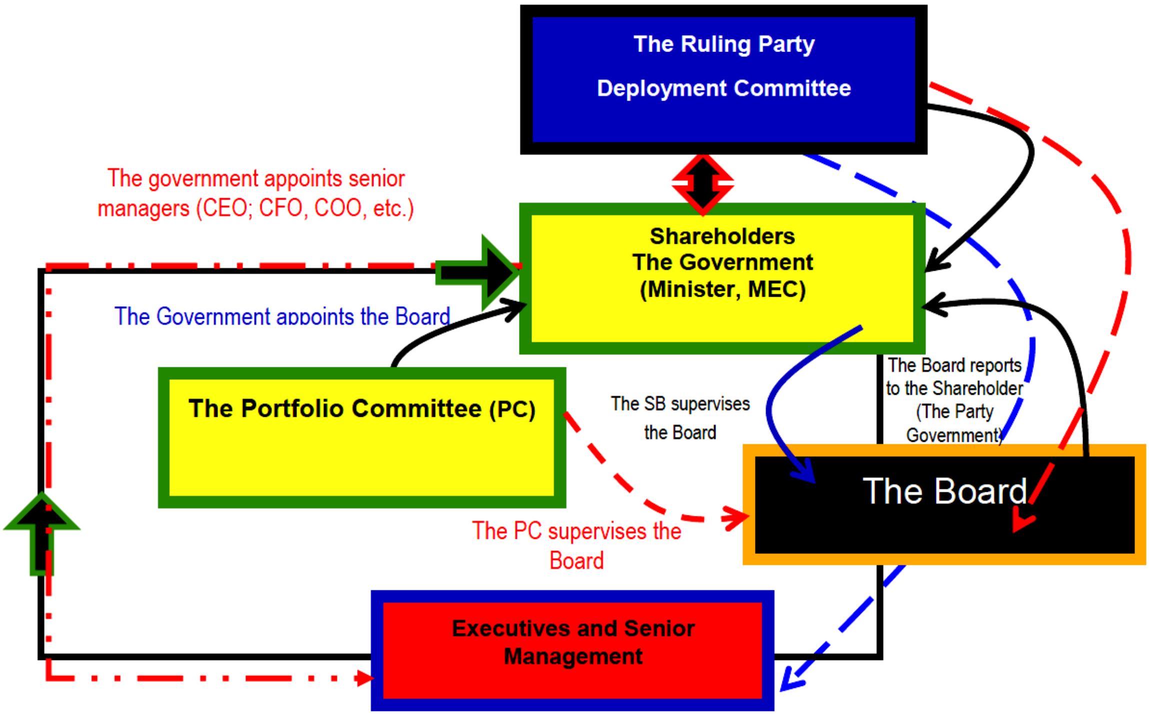

Figure 3- 27: The Extensive SOE Corporate Governance/Management in South Africa (Improved by the Author). Source: (Mitnick, 1975)

The going concern is when some of the board members are perceived to be closely aligned to a political party and when those appointed do not have experience to be board members (Edlund & Sahlin, 2022). The appointment of board members should be transparent. It should also reflect the appointment of the best candidates who have both experience and qualifications (Atinc et al., 2022; Gawlik & Allen, 2019).

3.8.3. Key Principles of Good Governance in the Public Sector

The public sector is there to serve the interests of the public. It must be able to define its mandate from the department which it serves. Its formation extends the entity's mandate which must augment its existence (Besada et al., 2019). The board aims to be independent of the department and the mother Ministry. In doing so it must aim to achieve entity financial performance. (Cingolani & Fazekas, 2020; Hu et al., 2021) It can only achieve this by ensuring that it understands the shareholders (the mother Ministry and other government structures) and stakeholders (the public in its entirety). The following are the key functions of the public entity:

- Ensure that it adopt good corporate governance.
- It must act in the public interest, at all material times (Nazarova et al., 2020).

Figure 3: 28 highlights the points that are critical in SOEs that must be adhered to in order to ensure that the SOE complies with the basic minimum of corporate governance principles.

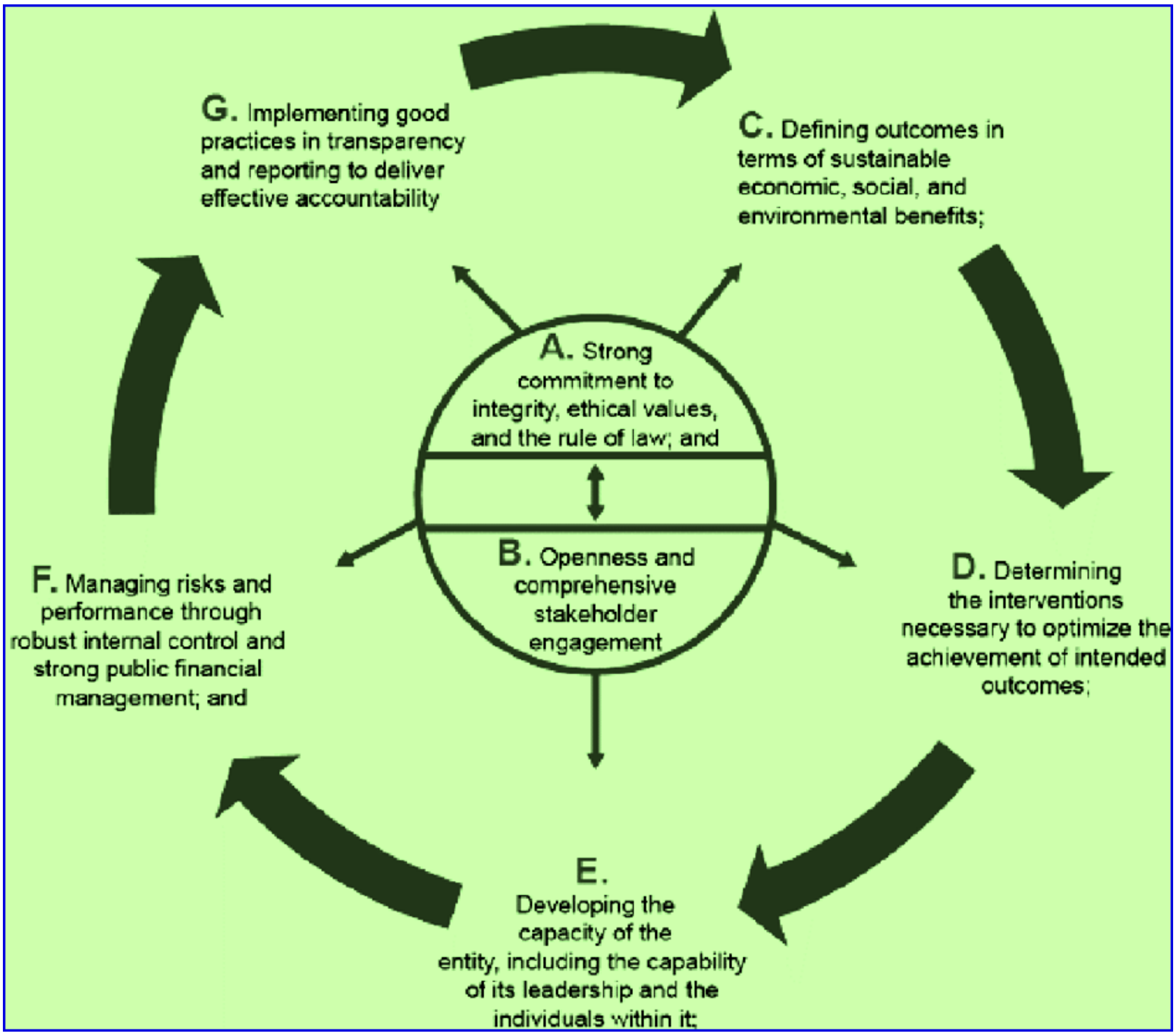

Figure 3- 28: The Corporate Governance in the Public Sector adapted from (CIPA, 2013))

Figure 3-28 identifies seven principles that can make an SOE functional. These are stated below as follows:

- Adoption of strong ethical values, integrity and the rule of law.
- Comprehensive stakeholder understanding and engagement, and openness.

- Striving for sustainable social, economic and environmental benefits outcomes,
- Clearly defining interventions to optimise intended outcomes,
- Develop the capacity of the organisation (personnel, financial, leadership and ethical conduct)
- Manage risks and performance for string public financial management,
- Transparency in reporting and adopt effective accountability framework.

The adoption of strong ethical values, integrity and the rule of law ensures that all the stakeholders are able to keep each other in check through monitoring, whilst strong stakeholder understanding and engagements allows the stakeholders to have openness in many aspects of the organisation. These seven points when adopted and continuously implemented allows for culture building that ultimately yield positive results of a successful organisation.

3.9. Summary

The chapter is anchored on the understanding of the theoretical framework that will navigate the theoretical understanding of the study. The first part introduces the shareholder and stakeholder model to clearly define the main differences between the two models. These models will permeate through the several theories of corporate governance which are agency theory, stakeholder theory, stewardship theory, resourced dependence theory, resource based theory, legitimacy theory, and political theory. The main theories of the study are the agency theory and stakeholder theory whilst all other theories supplement and support the agency and stakeholder theory.

The agency theory and stakeholder theory are the two main theories that are anchors of the study. These theories are able to define the corporate governance principles and the activities between the shareholder and the agent. The stakeholder theory concretises the agency theory whilst the stewardship theory brings about the alternative theory which bring about the new debate of how the agency theory could be challenged and improved.

The legitimacy theory delves in and bring about issues that are usually considered peripheral. Many firms and organisation think that corporate social investment, social and environmental issues are not significant in the operations of the firm. Legitimacy brings the aspects that have been identified by King Report II going forward which emphasised the environmental and social reporting as part of achieving good corporate governance. The researchers are growingly studying the effects of good legitimacy theory application and many have gravitated towards the positive relationship between the two. The fourth industrial revolution however is critical in its understanding as it has potential to improve or disrupt corporate governance and hence impact on organisational performance, it will have its own chapter to enhance understanding, implications, challenges and opportunities of adoption.

CHAPTER 4
THE FOURTH INDUSTRIAL REVOLUTION

4.1. Introduction

The chapter discusses the background of the industrial revolutions, defining and showing examples of the understanding of the development of society as it relates to industrial revolution. Its closely deals with the threats and opportunities paused by the fourth industrial revolution. It also discusses how organisations can develop innovation, change in order to advance their performance. It looks at how the fourth industrial revolution could be an enabler to development of society. It also looks at how workers, labour unions could utilise the fourth industrial revolution in order to advance and change the definition and practice of the quality of work. By closely engaging with technology advancement the world can create sustainable business practices, build sustainable environmental and ecological practices and advance socio-economic issues for the advancement of all in society. The chapter ventures to explain the concept of smart city. The smart city which endeavours to create a city which is self-sufficient, modern and highly dependent on the technology to run itself. The chapter further looks at how innovation could be used to develop society and use technology as a driver of innovation. Given the high speed of technology advancement through the fourth industrial revolution looks at labour, work and continuous learning which could mitigate and assist less skilled workers to acquire new skills and change careers. It ends with the policy implication that could be beneficial to the South African population. The adoption of technology at lower levels of the education system allows children to adopt technology which would make it for them as they advance to higher education.

4.2. Background of the industrial revolutions

The most important aspect of the fourth industrial revolution is having the most up-to-date technology, which leads to increased performance. By encouraging production and services in an organization, this industrial revolution plays a critical role in achieving improved performance (Nagy et al., 2018). Industry 4.0 incorporates cutting-edge technology into the manufacturing process, boosting productivity. It can also provide better services by utilizing cutting-edge, one-of-a-kind technologies. As a result, the fourth industrial revolution is critical for increasing organizational performance. The Internet of Things (IoT) is an integral part of Industry 4.0. (IoT),

- the Internet of Things (IoT),
- big data analytics,
- the interoperability/ 3D printing, and
- cyber-physical systems (CPS) or robotic systems,

The industrial revolution is mostly based on these four factors. There have been three industrial revolutions prior to the fourth industrial revolution, hence it is termed the Fourth Industrial revolution (4IR). Steam, electricity, computers, and intellect are the primary areas of invention that have been recognized and connected with each of the revolutions. Of fact, this is both a loose and a close relationship.

The first industrial revolution was coal powered steam engines which came into effect in 1760. In terms of employment, production value, and capital invested, textiles and steel were the most important industries. This revolution aided the transition from feudal agriculture to industrial society. The beginning of a formal connection between the employee and the employer begins. With the invention of the internal combustion engine in the 1940s and 1970s, the second industrial revolution began in 1900. This ushered in an era of rapid industry powered by oil and electricity. The use of oil, petroleum oil, electricity was used to dictate mass production to improve manufacturing through mechanisation of processes.

The steam engine and combustion engine improved the motor car production, aircraft production and the train production. Communication also changed through the invention of the telegraph and the telephone.

In the 1970s, the use of electronics and information technology to automate production signalled the start of the third industrial revolution. Making something used to entail screwing or welding together a vast number of parts. The use of electronics and information technology termed the digital revolution led to the automation of production. This allowed the use of nuclear energy to produce electricity in a viable and safe manner to a certain extent. The third industrial revolution also allowed the creation of new products and new industries at a faster pace (Schwab, 2017).

Computer-generated product design and three-dimensional (3D) printing, which allows solid items to be created by stacking materials, are now part of the fourth industrial revolution. The industrial revolutions from 1760 to the present are summarised in Table 4-1 and Figure 4-1.

	Period	Energy source	Main Technical achievement	Main Developed industries	Mean of transport
I	1760-1900	Coal	Steam engine	Textile; Steel	Train
II	199-1960	Oil & Electricity	Internal Combustion engine	Metallurgy; Auto; Machine Building	Train Car
III	1960-2000	Nuclear energy Natural gas	Computer; Robots	Auto; Chemistry	Car; Plane
IV	2000-	Green energies	Internet, 3D Printer Genetic Engineering	High Tech Industries	Electric Car; Ultra-Fast Train

Table 4- 1: The Foundations of the Industrial Revolutions (Source(Prisecaru, 2016).

The fourth industrial revolution combines a number of technologies some of which are physical, whilst others are intangible, and all combined they are referred to as cyber-physical systems (Schwab, 2017). The fourth industrial revolution eases task oriented labour and adopts robotics or artificial intelligence. This has started to show in self-driven cars which are currently in testing, genetic modification or editing, and neuro brain enhancement or modifications.

Disruptive innovation, on the other hand, is one that encourages the creation of new business niches and markets (Uleanya & Ke, 2019). The 4IR provides a significant and valuable potential to generate social and economic progress.

The analysis of the South African economic and political landscape does not fare well with the adoption of the fourth industrial revolution. The economy is characterised by farming, mining and a very big unregulated informal sector. The economic structure is burdened with socio-economic challenges, high levels of unemployment, and a highly unskilled labour force. Although South Africa is a member of BRICS countries but it does not closely compare with Brazil, Russia, India and China. It has not used its membership positively to gain competitive advance over its BRICS partners, but it remains relatively unchanged.

The South African government struggles to implement the policies that it adopts, this may be due to a number of complexities regarding the policy design and the socio-political realities of the country. The country struggles to maintain long term relations with the private sector and attracting foreign direct investments in the long term. The highly cited problem is clear policy direction, economic certainty and political stability. The growing youth unemployment on its own pauses signals of impending challenges.

There needs to be a better interdepartmental coordination, to guide and monitor technology adoption, to help the government lower the cost of doing business in south Africa. All the departments stand to gain much by clearly understanding the need to store, secure and utilise data of all its citizens kept by the Department of Home Affairs and Department of Social Services. The Digital Industrial Revolution Commission, as announced by the President of South Africa, Mr Cyril Ramaphosa, could play such a role of coordination, help guide and assist rapid technological changes and advancement (Lourie, 2018). The government immediately received ZAR 134 billion in investment pledges, indicating a successful engagement with multinational corporations (Kekana, 2018). Corporate governance evolved in tandem with the fourth industrial revolution. More research has been conducted on corporate governance than on the fourth industrial revolution. The world is on the verge of the 4IR, which will transform how corporations exploit technologies (Mahmood & Mubarik, 2020; Manesh et al., 2020). Clinics can now dispense medicines to the elderly using accurate drone technology, saving money and time, improving organisational performance (Jarbandhan, 2021; Nalubega & Uwizeyimana, 2019).

According to a research of 217 SMME in Pakistan, the development of specialized policies aimed at increasing a firm's intellectual capital (IC) can help a firm to maintain a balance between fourth industrial revolution innovation and market exploitation activities. Similarly, Africa is falling behind in terms of embracing the fourth industrial revolution (Kalantari, 2017; Sachin S Kamble et al., 2018; Radanović & Likić, 2018; Schwab, 2017). Figure 4-1 shows the first, second and third industrial revolution, explain that they brought steam engine, assembly line and computing, internet and nuclear energy respectively. It concentrates on the fourth industrial revolution which brought about digitisation, cloud computing, mobile devices, advanced human machines, internet of things (IOT), location detection devices and big data analytics. This has and continues to open new realities that are only limited by human imagination.

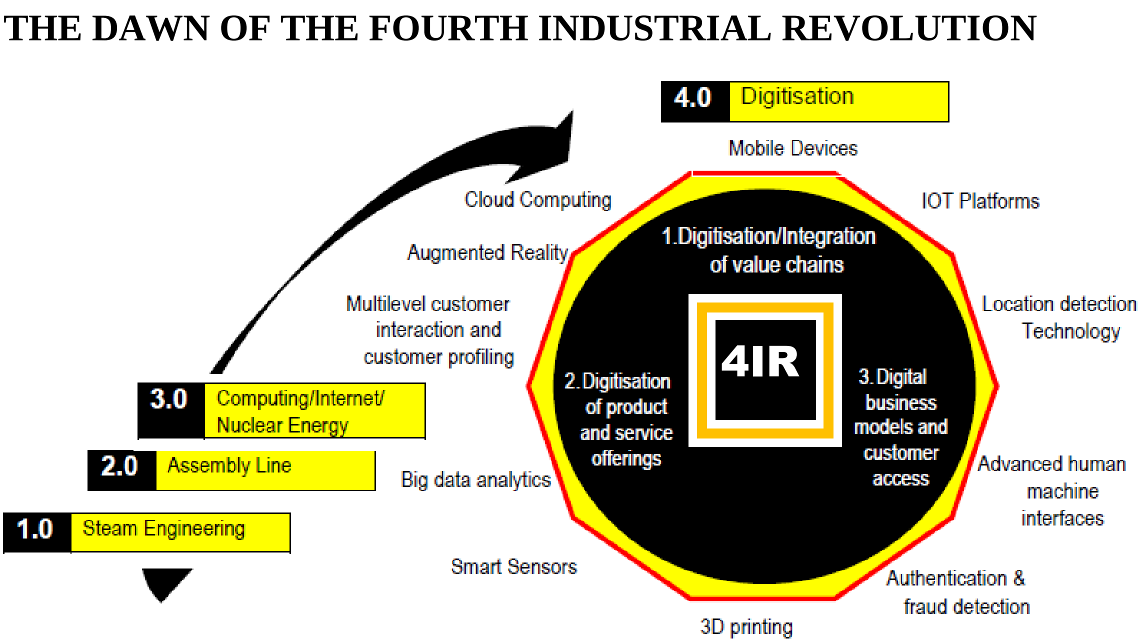

Figure 4: 1- The Fourth Industrial Revolution (From 1IR to 4IR) (Source: (Otanez, 2017).)

Education and skill development are clear impediments to the rolling out of the fourth industrial revolution (Gastrow, 2020). There appear to be impediments to the fourth industrial revolution's acceptability in many regions of the world since, while it brings about technological advancements, it also puts the unskilled labour force at risk of unemployment (Brunello & Wruuck, 2019; Lahtinen et al., 2020; Nonyana & Njuho, 2018).

Governments have been sluggish to move and comprehend the benefits of the fourth industrial revolution so that they may control how businesses benefit when they adopt it and where resistance exists (Ghadge et al., 2020; Ivanov & Webster, 2017; Nagy et al., 2018), governments could introduce some incentives. The fourth industrial revolution is definitely a driver of change and improved performance ((Dallasega et al., 2018; Horváth & Szabó, 2019; Lee et al., 2018; Syam & Sharma, 2018).

4.2.1. Analysis of the fourth industrial revolution

The fourth industrial revolution is the use if big data and information to do amazing things like 3D printing and the use of advanced robotics to improve the way things have been done in the third industrial revolution. The features of the fourth industrial revolution are:

- Internet of things
- Big data analytics
- 3D printing
- Robotics systems

4.2.1.1. Internet of Things (IoT)

S.S. Kamble et al. (2018); (Xu et al., 2018) IoT can assist smart factories in Industry 4.0 to create virtual networks; in the meantime, it allows the factory to collect and transmit real-time data (Yang et al., 2017). As a result, it facilitates remote manufacturing processes and influences stakeholder collaboration (Yang et al., 2017).

4.2.1.2. Big data analytics

“The process of identifying trends, patterns, and correlations in enormous volumes of raw data in order to make data-informed decisions is known as big data analytics.” (Bahrin et al., 2016). Figure 4:2 shows how big data is processed. How this big data ravels and what speed it travels? It also shows that there are a number of factors that need to be considered like the quality of data, the validity of data and so forth. Big data is charecterised by volume; velocity; variety; veracity; value; validity; variability; venue; vocabulary; vagueness; verification; vulnerability; visualisation; vicinity; variation and virtualisation as highlighted in Figure 4-2. These are the 16-Vs which charecterised the important aspects of big data. With the advancement of technology, new systems are acquired that have more space, higher speed and can adapt faster to changes (Qi et al., 2021). Cell phones today are updated virtually as soon as there is a new update the system alerts the user that they can update their cell phones if they want to. This is the ability to grow, and continuously improve.

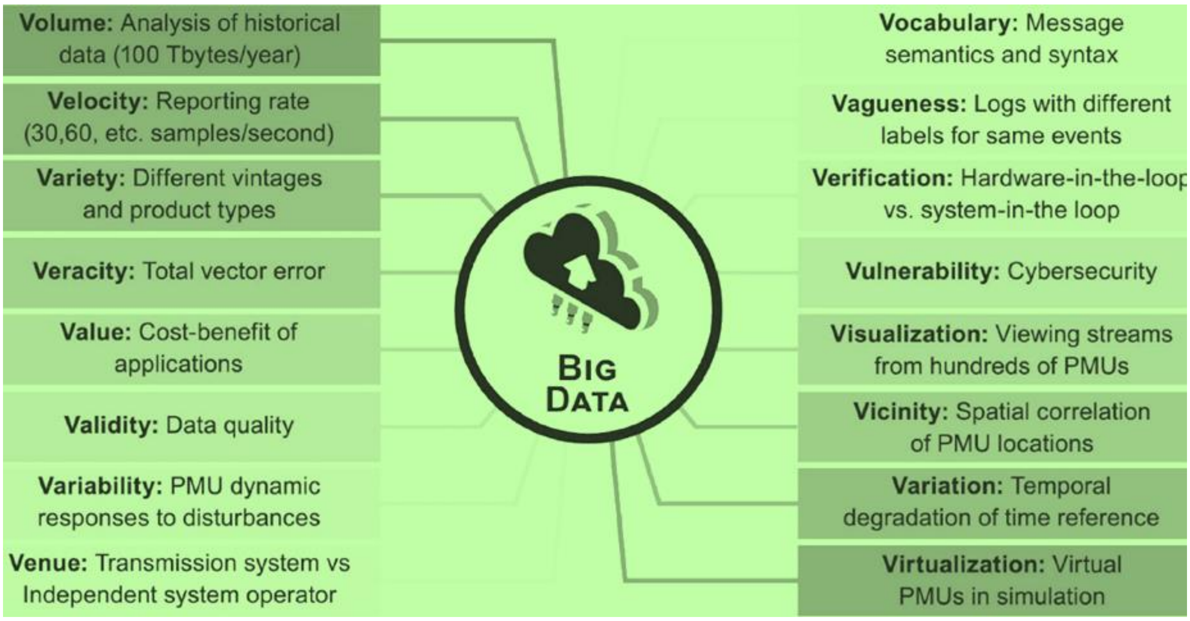

Figure 4: 2- Source (Kezunovic et al., 2020)

The derivation of the term “big data” stems from the fact that the data being handled is massive in size. Big data is also used to detect faults, allowing for new capabilities such as predictive analytics and hence improve performance (S.S. Kamble et al., 2018; Lee et al., 2017). As a result, leveraging big data intelligence to improve agility will introduce additional challenges, such as improving data integrity and confidentiality in a long and complex supply chain (S.S. Kamble et al., 2018).

4.2.1.3. 3D printing

The 3D manufacturing is similar to 2D printing but the difference is that in 3d printing physical useful products (like houses; statues, etc) are created in the shortest time (Oztemel & Gursev, 2018), thus avoiding the component assembly in the production process.

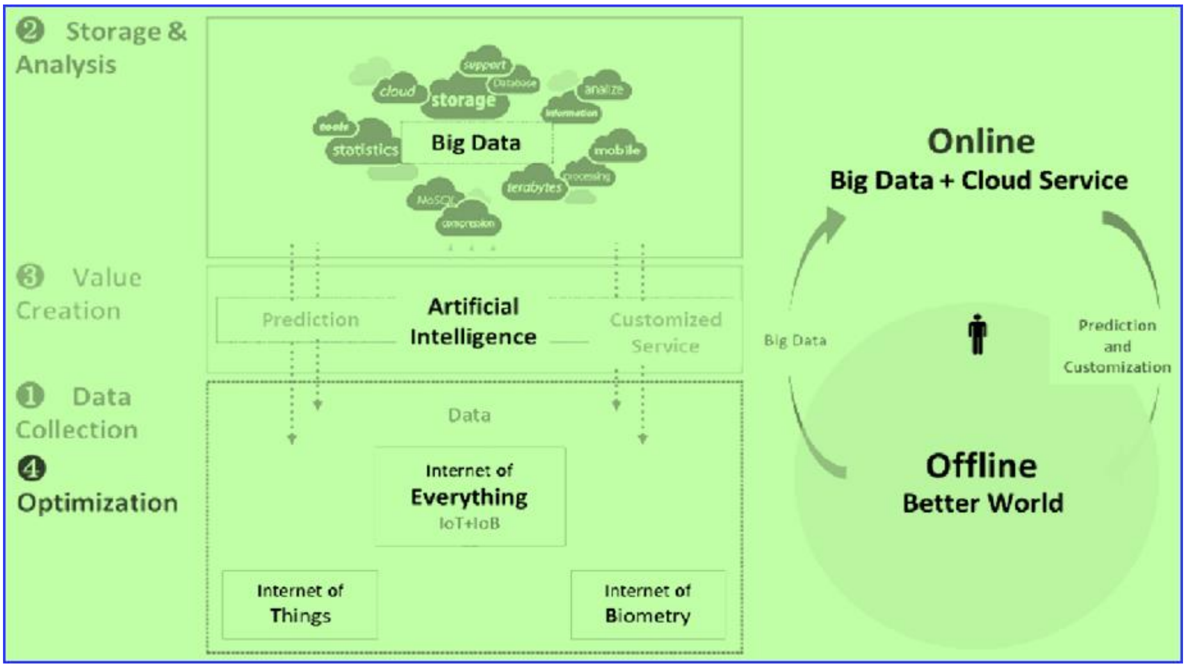

Figure 4: 3- Fourth Industrial Revolution Dynamics Model (Source: (Lee et al., 2018)

3D printing is at an infant stage in many countries (Chen & Lin, 2017; S.S. Kamble et al., 2018). Additive manufacturing (3D printing) is still in its early stages due to technical challenges. However, once the hurdles have been overcome, widespread adoption of this technology in Industry 4.0 is predicted (Sachin S Kamble et al., 2018).

4.2.1.4. Robotic systems

Modern robotics systems are more flexible, autonomous, and intelligent, and they can interact and learn (S.S. Kamble et al., 2018). According to Pei et al. (2017), current robotics can perform efficiently in the majority of procedures in the smart industry. As a result, the deployment of current robots can provide the industry with both cost savings and a wide range of capabilities (Pei et al., 2017). A safety eye is fitted to ensure that the robot's system operates safely. Devises can now act independently, perform fault finding and effect corresponding correction (Sachin S Kamble et al., 2018).

4.2.2. Opportunities of the Fourth Industrial Revolution

The adoption of advanced technology is inevitable in a system where competition dictates the competitive advantage (Oyewale & Osadola, 2018). Theoretically, technology has been a driver for global and local economic growth (Covey, 2004). The disadvantage of the Fourth Industrial Revolution is the destruction of jobs, whilst on the advantage side is the efficiency of production. These job losses are attributable to the information age, knowledge worker rather than government policy driven. The speed of adoption of the fourth industrial revolution also requires the emergence of the new manager who does not manage similar to the industrial age manager. The new manager must be able to utilise the organisational resources to ensure that they are focused in order to achieve organisational goals efficiently and improve organisational performance. The opportunities brought by the 4IR will bring about, innovation, change, new methods of productions, less workers, improved production, and reliability of the system. According to leading scholars, the fourth industrial revolution will define the future by influencing government and business. We can foresee the prospects that the fourth industrial revolution will bring:

- lowering the hurdles that exist between inventors and markets
- Artificial intelligence will play a more active role (AI),
- Integration of various technologies and sectors (fusion),
- a better quality of life for us (robotics) and
- the interconnected life (Internet).

Although the adoption of the fourth industrial revolution may provide a variety of obstacles for some, there are major economic and social prospects that may contribute favourably to long-term socioeconomic growth. Workers will treat new technologies as a threat whilst entrepreneurs must treat it as a tool to assist human work and not to replace it. Human work applies skills that machines can never acquire (Zervoudi, 2020). Governments could also benefit immensely by advanced technology adoption by:

- supporting SMME development, which adopts next generation technology and digitalisation to increase revenue and reduce production costs.
- Provide funding opportunities for tech start-ups for SMMEs to promote and advance new technology advancement.
- To facilitate access to multi-level platforms that offer digitalisation to advance the speed of information access, dissemination and customer/end-user response.
- Reduce bureaucracy and barriers for new business expansion into new and diversified markets

4.2.3. Threats of the Fourth Industrial Revolution

Personal data has already proven to be a new commodity, dubbed a "new oil" or a "new arena of battle" by others. Personal information grows more broad and dangerous as more data is created and accumulated. Although privacy and security are sometimes confused, they are not the same thing. The privacy attack surfaces of important Industry 4.0 components are still relevant concerns as technology advances, protective measures lag behind.

Cyber-attack technology will advance in a radically different way than it is now, with enormous devastating capability. It is critical that the concentration on security should also go along at the same speed with developing technologies (Kim et al., 2019). As a result, cybersecurity becomes an issue following the introduction of new technologies.

4.2.4. Catastrophes and Consequences of the Fourth Industrial Revolution

The industrial revolutions have come with greater human advancement, yet there have always been consequences some of which take time to be noticed. The steam engine powered by coal has brought about climate change as it is manifesting today. There are four main challenges of adopting the fourth industrial revolution. These are:

- Increases inequality, access and opportunities

- Limited Freedom due to increased surveillance (Big Bother Phenomenon)
- Limited decision making by humans and increased decision making by robots
- Increased Pseudo-nationalism, freedom and democracy

4.3. Innovation, development and the fourth industrial revolution using contingency theory

Innovations' effects on business performance in various ways, innovation can improve a company's performance. To represent firm performance in the literature, four alternative performance dimensions have been used. Innovative performance, manufacturing performance, market performance, and financial performance are the four aspects.

Many researchers agree that the fourth industrial revolution is about ongoing change that is forever going to change the manner we do things today. In adopting the 4IR, it will change all sectors of society including factors and sectors of production, education, social interactions, and the environment at large. It will be disruptive in the way that we cannot imagine. Numerous brilliant ideas will be swept away or implemented with major negative consequences unless many obstacles are solved through genuine global collaboration (Koizumi, 2019). We can delve in the history of the industrial revolutions and try to explain how each has led to the other and what were the outcomes, this according to Freeman is the very test of theorizing in this area (Fagerberg & Verspagen, 2020).

Schwab (2017) foresees the fourth industrial revolution as the beginning of fundamental change at the beginning of the 21st century and harnessing building blocks for the digital revolution. Its adoption is slow, includes artificial intelligence, machine learning, gene sequencing, nano-technology and quantum computing; sometimes unnoticeable, whilst to others is moving at a lightning speed. Other technologies include robotics, internet of things (IoT), block chain, and 3D printing. The adoption of the fourth industrial revolution will be championed by industries which have money and capacity to afford the system and technology overhaul. This adoption is of course driven by anticipated increase in the return on investment (ROI) and return on equity (ROE).

We have the disruption that has been caused by Uber and Airbnb in their new, yet simple model of business, where they don't own any assets which are core in the production line like cars and houses (Goodwin, 2016). But the fact that the individuals stand to make money make the proposition very attractive and makes business sense. This is supported by advanced technology and money exchange. This is innovation at its best. Where companies make money without even investing a lot of money. This is what is regarded as thing in Blue Ocean, Red Ocean, targeting new untouched businesses. These are supported by many theories of disruption (Christensen & Raynor, 2013). It can be claimed that in a digitalized world, accessibility facilitates idea cross-pollination, as well as the diffusion and adoption of new ideas and technologies. When it comes to establishing and retaining market dominance, speed becomes an increasingly variable aspect.

The mediating role of product innovation in the relationship between business ties and firm performance was confirmed, while political ties had no such effect. Wu (2011) confirmed the positive effect of business ties on product innovation that confirms the results of this study, while political ties had an inverted U-shaped relation with product innovation that contradicts these results. The positive effect of business ties on firm performance was also confirmed in the studies by (Peng et al., 2021).

4.4. Change adoption and fourth industrial revolution

Postelnicu and Câlea (2019) contend that humanity is on the verge of a new industrial revolution unlike any other. The rise of new technologies, which affect all disciplines, economies, and sectors, is typified by the fourth revolution. New technologies have the potential to drastically improve industrial economic efficiency and modify worker behaviour. We want to underline in this post how societies might adapt new technology to actual human needs in order to reap their benefits while also restoring the natural environment. All of mankind has control over information technology and robotics, and man may converse with intelligent machines without having to change his fundamental understanding of what it means to be human.

4.5. Organisational performance and fourth industrial revolution

Overall, two-thirds of all executives polled indicated their IT investments met or surpassed their expectations. While not particularly disruptive, new technology enables them to solve issues that affect huge groups of clients (Renjen, 2019). This industrial transformation is critical to achieving improved performance (Nagy et al., 2018) by promoting production and services in an organisation (Ślusarczyk et al., 2019). Akbar et al. (2020) argues that the Fourth Industrial Revolution, Entrepreneurship, and Innovation are intimately linked and help organizations improve their performance Global businesses seek innovative technologically advanced, value adding ways to improve organisational performance. As a result, under this situation, innovation becomes more difficult. Using a theoretical framework that considers cyber-physical systems, interoperability, smart products, and smart cities, as well as effective technology, in the development of products and services, (Ślusarczyk et al., 2019), it leads to firm performance. We show that the elasticity of aggregate production to the stock of knowledge linked to intelligent technology is statistically significant using patent data from a sample of industrialized countries from 1990 to 2014.

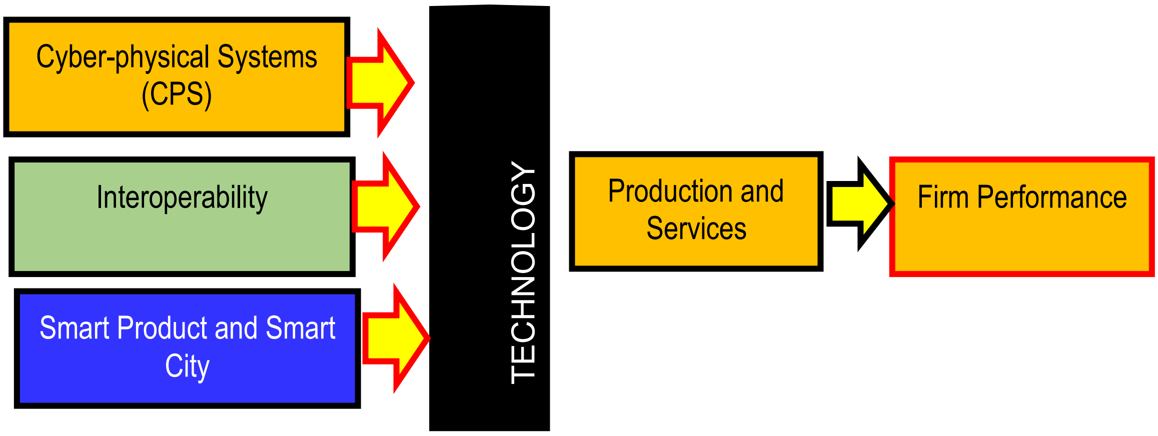

Figure 4: 4- Theoretical framework of the study showing the relationship between Industry 4.0, production, services, technology implementation and firm performance by (Ślusarczyk et al., 2019).

Typically parents are usually left behind whilst children are early adopter of technology with greater understanding in use (Venturini, 2019). The study of 230 logistics professionals in South Africa, looks at the impact of technological, organizational, and environmental capabilities, on firm performance. After completing all essential checks, the results are deemed satisfactory, allowing research hypotheses to be tested further. The impact of Logistics 4.0 skills as shown on Figure 4:4, on business performance is enormous (Bag et al., 2020).

Chege et al. (2020) claim that networking sites enable people to interact through creativity. The investigation was conducted using a sample of 240 businesses using structural equation modelling. Technology innovation has a favourable impact on corporate success, according to the research. Entrepreneurs should adopt new techniques to improve firm performance, according to the study's findings. Government policy should focus on strengthening ICT infrastructure, promoting the technical externalities of small and medium-sized firms (SMEs), and developing ICT resource centres to assist SME performance. As previously stated, technological innovation is a cause of growth; nevertheless, its impact on global and local well-being is still debatable (Haseeb et al., 2019).

4.6. Smart cities, smart production and fourth industrial revolution

Things are changing fast, there are talks of self-sufficient cities. These cities are self-powered and are based on the use of sustainable energy and technology. Their existence is based on a close knit web between technology based on robotics and the fourth industrial revolution. People play a very minimal; role in taking care of what happens in these cities.

4.6.1. Smart city

Definitions of smart cities are largely concerned with the usage of digital technologies in all of their tasks. The following is one such definition: “A Smart city creates a technologically interconnected city that is self-sufficient" (Camero & Alba, 2019);p,538. This should include the latest technological advancement and robotics to support the smart city aesthetics. It should include:

- Smart economy (the economy must respond to the needs, skills of the people in the smart city)
- Smart governance (how the smart city is governed must reflect latest technology in terms of payments, billing, services, etc)
- Smart people (the people living in the smart city must also interact seamlessly with the smart city environment and technology)
- Smart living (the facilities entertainment areas, refuse removal, etc. must be reflective of this new living in the smart city)
- Smart mobility (the transport, trains, buses, taxis and other modes of transport should reflect the smart city, this should also allow remote working environment within the smart city)
- Smart environment (the use of old fossil fuels and other air pollutants must be replaced by renewable energy and some forms of sustainable energy to reflect the new smart city)

4.6.2. Smart Factory / Smart Production

The "smart factory" is a result of the Fourth Industrial Revolution. The traditional methods of production are over cars today, use smart factory technology where they produce and source inventory using technological advancements and the fourth industrial revolution. Smart manufacturing is already making waves and changing how companies compete. Many car manufactures are speedily converting their production lines to be machine based and people are used to check quality.

4.7. Customer Relationship Management and the and Fourth Industrial Revolution

The findings imply that implementing creative capabilities is critical for improving business performance in the pharmaceutical sector, particularly in Indonesia. Based on the findings, it can be stated that the pharmaceutical sector must continue to invest in new capabilities in order to maintain its performance (Andjarwati, 2020; Mooi et al., 2020).

The findings validated the resource dependence theory, which claims that boards of directors provide vital resources such as openness and independence, as well as strategic counsel and guidance, which are important for business innovation. The findings demonstrate that board members' openness and independence are important leadership attributes that promote creativity. Because financial institutions operate in a dynamic and competitive business environment, board members' transparency and involvement are crucial because it is via these abilities that ideas for corporate innovations are produced. Furthermore, the study adds to theory and literature by investigating how board members' openness and independence foster organizational innovation (Tuwey & Ngeno, 2019).

Tuwey and Ngeno (2019), the study shows that there is a strong, positive relationship between business innovation and corporate competitiveness. Such research supports the present literature on strategic management's prevalent perspective that, due to the nature of their company, IT companies must continually improve their innovative capacities because they play such a key role in their success and survival (Kamaruzaman et al., 2019; Sukumar et al., 2020).

Today many institutions such as banks and other financial institutions hold important personal information that is of high intrinsic value to many other institutions in the value chain. The information held in these reserves when or if it were to fall into the wrong hands could be detrimental to the owner. Regulations therefore must be developed to ensure that such information can be held safe by those who are entrusted with such information.

4.8. The Development Finance Institutions as an enabler of the Technology Revolution

The goal of the study was to see how a newly established information and knowledge management framework may be utilized as a tool to help knowledge management (KM) companies succeed in the 4IR, as well as to see if new innovative services are necessary for KM companies in the 4IR. The business cases were chosen using qualitative research technique, and the respondents were chosen using critical case sampling. The business cases were subjected to structured content analysis, and the interviewers were subjected to in-depth face-to-face interviews. The study goes into detail on a new service offering created exclusively for KM firms, notably Research as a Service. To guarantee that the business is ready for effective operations in the 4IR, knowledge management businesses must change their existing business frameworks, business models, and commercialization lifecycles (De Koker & Du Plessis, 2020).

4.9. Labour, Work and Continuous Learning Organisation using Survival Based Theory

The African Union (AU) has set what it terms the AU Agenda 2063, which presents daunting challenges (AU, 2014):

- Despite significant capital accumulation and the addition of new trade partners, growth remains unstable. Some governments may be unable to continue current levels of public investment.
- Despite accumulating a large amount of cash and gaining new trade partners, growth remains erratic. Some governments may be unable to maintain present public investment levels.

Structured transformation may be difficult to sustain in the absence of improved productivity growth. African enterprises lag behind the global productivity frontier in several labour-absorbing industries. Businesses must boost productivity in order to sustain long-term growth. The fourth industrial revolution will alter the landscape of work, the types of jobs available, and the skills that will be required. Workers will transition from being workers of things (manual labourers) to workers of the intellect, requiring them to communicate with computers and teach them on how to execute jobs (Erol et al., 2016). The dilemma is that such a change is highly dependent on the creativity, innovation and communication abilities of the workers (Shamim et al., 2016). This demands a mind shift on the human resource managers, to focus on retraining for newer core skills that will fuel development of new skills that are aimed at changing the way the firms do things now. That requires budget and the will to change.

Managers need to stimulate responsibility and personal development of workers. This will require the reduction of the distance between managers and workers. The teams will need greater innovation and autonomy I order to adopt new changes faster. This will assist in faster organisational learning and innovation as it is led by higher employee participation(Shamim et al., 2016).

Machines will never replace humans in the workforce entirely, but some of the jobs will become obsolete. As the natural advancement of the fourth industrial revolution grows, low level jobs will inevitably become redundant, as machines will be able to perform such jobs better, faster than humans and at highly reduced costs.

The need for new skills therefore becomes inevitable, but most of those skills will at first be industry driven rather than produced by the education system. The cars today are produced mostly by machines, faster and efficiently. Human come in at a later stage to ensure quality control and to install certain small parts which are in the final stage of production. This changes the nature of work totally. This could even lead to the change of work as we know it today. This could lead to short time work for low level skilled workers, or casualization of work.

Workers and labour unions need to start engaging strongly with their members as well as the industry leaders who can use their research and development units to project the nature of work that will be required in the near future. This will forearm workers training needs as well as allow union to start proper negotiation on what needs to be done with low level workers. This could assist even legislators to mitigate for high labour turnover which could be detrimental to the economy and taxes at large. The economic deprivation of job losses and low wages due to massive unemployment could also be dire (Vermeulen et al., 2018). This points to a close connection between the emerging 4IR and the renewable energy revolution (Fagerberg and Verspagen, 2020). South Africa could benefit closely with development of the energy grid and new power generation utilising renewable energy and resolve the power or electricity conundrum. There are many occupations that are most prone to automation and those that are least prone to automation. The jobs that use skills that have to do with CEO; board members; HR manager; psychologists and physicians are least likely to be automated. Growth in general-purpose technology necessitates changes in institutional and physical infrastructure, as well as organizational and behavioural (social) change, according to researchers (Foroudi et al., 2018). These include a cost-effective regulatory environment, an enabling economic and social environment, and a cost-effective regulatory environment (Olawuyi, 2018). Africa at large continues to depend on agriculture with many of the countries' agricultural sector contributing 5 to 10% of their gross domestic product (GDP). The agricultural sector also remains the high employer in many sub-Saharan countries (Adenle et al., 2018). If sub-Saharan Africa adopts the 4IR rapidly, it stands to shad many of these jobs. If it does not it will become very expensive to produce food, leading to skyrocketing of food prices, rendering the industry con-competitive.

Employment and the Fourth Industrial Revolution

Any change gives rise to uncertainty, so does the incoming technology, what becomes crucial is to deal with the what is perceived as negative impact. This should be done in the short term, especially on the job labour market. These fears are not new; they have been raised several times at the inception of the new industrial revolution. There has always been resistance in resolving the question once and for all because the interests of both labour and capital are in opposite ends of the spectrum. One needs to maximise profits, the other to create, maintain jobs and earn a living wage. These needs are not always compatible. the introduction of scanners in the shop took away some of the jobs in supermarkets as each product had to be priced individually so that the cashiers would also punch in the price at the pay point. There was opposition to the introduction of tractors to till the land, tags at the tollgates because all those posed a threat to employment (Soete, 2018).

Clearly, what we must argue is not the stalling of technological advances but the commensurate understanding and training of employees to higher technological advances that predisposes them to better work opportunities. Arguably, some theoreticians argue that there should drastic changes in the definition and scope of the nature of work across the value chain. The nature of human beings is to adapt, change and survive. When our livelihoods are threatened, we adapt relatively fast to change after a period of denial and resistance. We substitute these with slow adaptation and hence adoption (Soete, 2018).

The current youth unemployment in the word is a worrying factor which shows the failure of governments, business and other institutions on what trajectory, education and training should take in order to advance a new training regime for students to make them ready for the fourth industrial revolution. The fourth industrial revolution inhibits what (Senge, 2006) describes as a learning organisation in a complex and changing world. The complexity changes faster that some nations can adapt. They will then, always be significantly behind being led by other nations. They will never catch up to the economic bandwagon. Soete (2018) contends that, given current low global productivity growth trends, fears regarding the fourth industrial revolution's detrimental impact on employment and job displacement are not totally persuasive.

4.10. Sustainable Business and Economic Scenarios using Systems Thinking Leadership Theory

A smart city is “a city that comprises six factors in its development policy: smart economy, smart mobility, smart environment, smart people, smart living, and smart governance”. A smart city should encompass technical discipline as well as socio-economic factors. As people adopt technology they stop being operators but become significant role players and stakeholders. The aim of establishing a smarter city should be to attain a higher level of quality of life, advancement of health and healthy living, promote security and deliver and supply energy efficiently for all. This process however, will take time, as people debate and legislate on how the transition should take place. On the production side, technology should create smart products too, these products will be embedded in the ability of computers, and microchips to produce these products (Cao et al., 2015). Information and communication technologies, the Internet of Things (IoT), will change supply chain management (SCM) as we know it now (Ślusarczyk et al., 2019).

4.11. Policy implication for South Africa and Sub-Saharan Africa

The adoption of the fourth industrial revolution cannot happen in vacuum, nor will it happen by chance, it needs bold decision and policy adoption by the African countries, Sub-Saharan Africa and South Africa in particular. Sub-Saharan Africa is still highly dependent on mass employment as many of its citizens are not highly educated. The drastic adoption of the fourth industrial revolution will lead to massive job losses if it is done without guiding policy that addresses retraining and repositioning of the nature of work. However on the other side the failure to adopt technology at the right time will render the continent, and South Africa, a highly non-viable country to invest in due to high labour cost as a result of late technology adoption (Naudé, 2017). It is a pending threat that low labour cost alone may not be sufficient, a determinant factor for foreign direct investment into the region and South Africa (Debrah et al., 2018).

Africa might benefit greatly from 4IR adoption in terms of development, job creation, industrialisation, and poverty reduction (Badiane et al., 2018). The 4IR sets out an evolutionary process that is inherent in the industrial and technological advancement of nations of ever years. Another factor to consider is labour migration — talents might be imported, or local employees with abilities could relocate to other countries where wages are higher, as many adjustment challenges, particularly in rural regions, persist in Sub-Saharan Africa (Ayentimi & Burgess, 2019).

Any policy change must address the issues of education and training as these aspects are interlinked. The market economy is now global and digital. It looks for the most favourable and cheap locations in the globe to locate its business. It also seeks cheap but well trained employees who can communicate with anyone in the world. Therefore, policy change alone will not address the endemic problems of the economy but a holistic approach dealing with the whole value chain will attract investments and at the same being able to provide the skilled labour force requisite to the investments made.

4.12. Summary

The preceding chapter looked at the areas that are slowly unveiling themselves in many aspects of our lives. The fourth industrial revolution is clearly with us for the foreseeable future. It is unlikely to disappear, but we will find ourselves entangled in confusion if we don't adopt it. It will exist in many aspects of human lives; the internet of things, big data analytics, 3D printing, and robotics systems. The terms may be hard to understand, especially if we have not envisioned what the future will look like after the infusion of the fourth industrial revolution.

The chapter also discussed lower barriers between innovators and markets; a more active role for artificial intelligence (AI); integration of multiple technologies and domains (fusion); enhanced quality of life (robotics); and linked life; the risks of the fourth industrial revolution (Internet). The threats were recognized as multi-dimensional privacy difficulties, data breaching occurrences, cyber-attack technologies, and imminent employment losses for low-skilled employees.

The chapter also argues that innovation and the fourth industrial revolution are positively linked. The room for innovation increases with the adoption of new technology as it opens up things that could not be done with the old technology and makes them possible. It further reveals that change adoption, as risky as it is, has the potential to improve the lives of the people and contribute positively towards the organisational performance and the GDP of any country.

The chapter identifies employment and the fourth industrial revolution closely linked. It all depends on what a country or an industry does, but if it embraces the fourth industrial revolution and start retraining employees for the future skills, workers will stand to benefit. But if it does not, it will stand to become obsolete and workers will become the first casualties due to retrenchments and un-employability due to lack of new skills linked to the fourth industrial revolution.

There is a clear link between organisational performance and the fourth industrial revolution supported by several studies. This clearly shows that the fourth industrial revolution is inescapable, it is a matter of when and how one adopts it. It is disruptive and self-imposing whether you choose not to adopt it, systems will change and be imposed upon you and you will become the late adopter and hence lose the benefits of first adoption.

CHAPTER 5
EMPIRICAL STUDIES; THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

5.1. Introduction

The goal of this chapter is to use empirical investigations to construct theory-based hypotheses in order to answer research problems. This is furthered by a detailed examination of the current empirical research on corporate governance and business performance. Too far, little scholarly attention has been paid to the nature of corporate governance (CG) practices that exist in emerging economies (Areneke et al., 2019). The chapter looks at the conceptual framework, research questions and ultimately lead to hypothesis development.

Corporate governance adoption in many developing countries has not developed from within but has come as a product of international organisations imposing corporate governance for compliance. It is partly the reason why there has been slow adoption of corporate governance codes. Where these codes are being adopted they are mainly for compliance. There is congruence is academic studies with the very little divergence that good corporate governance is critical in increasing firm performance.

5.2. Corporate governance and financial performance

There are four distinct firm performance measurements used in the literature which include innovative performance, production performance, and financial performance. There have been several empirical studies that have been done since 1997. According to the research, a greater number of these studies have been conducted in the private sector than in the public sector. Corporate governance and organizational performance were compared. A lot of studies have shown conflicting results when it comes to corporate governance and organizational success. Several studies have looked at the relationship between corporate governance and business performance. A few looked at aspects of corporate governance (diversity on the board, CEO leadership, investor relations, and so on) as well as business performance.

The corporate governance characteristics that have been mainly studied in corporate governance that have been identified through the literature review are listed below. The characteristics are:

- Board diversity
- Board meetings
- Board independence
- Board size
- CEO duality
- CEO incentives
- Effectiveness of the audit committee
- Board committees
- Gender of CEO
- Board composition
- Gender diversity

5.3. Conceptual Framework

The initial conceptual framework which is highlighted in list in the previous section, after a thorough initial literature review revealed that there are many variables related to the internal corporate governance framework system. These included board size, board diversity, board committees, board meetings, strategy formulation, board members' skills, shareholder value, CEO leadership, and CEO leadership skills (CEO people-centred participative skills).

Figure 5-2 below shows the simplified proposed conceptual framework which is proposed after identifying that more corporate governance variables could have been studied. For the study to be manageable and focused, the simplified version of the original proposed conceptual framework. The Figure 5:1 shows the conceptual framework which shows five corporate governance variables and these are:

- Board committees
- Board size
- Board diversity
- Board oversight responsibility
- CEO participative and people-centred skills

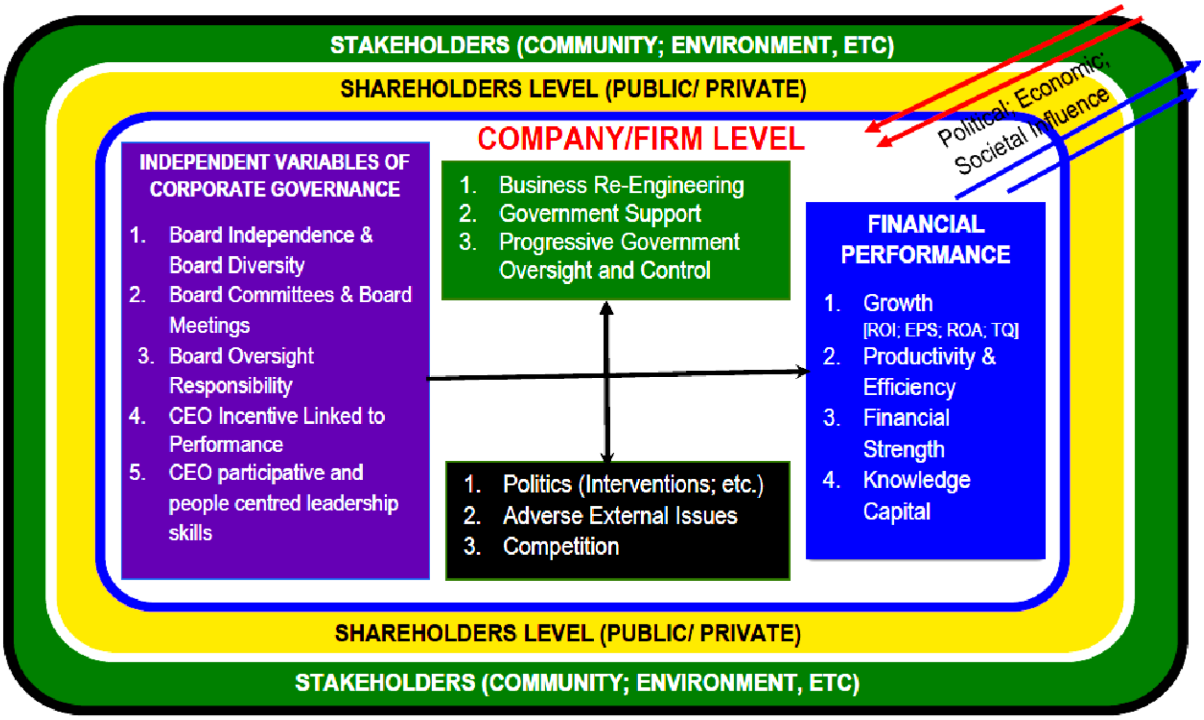

Figure 5- 1: Conceptual Framework (Proposed by the Researcher from the Literature Review)

The study uniquely looks at board oversight responsibility which looks at the responsibility of the board not only to devise a strategy but to also monitor how such a strategy is being implemented to advance the company goals. Figure 5:2 shows the simplified version of the original conceptual framework.

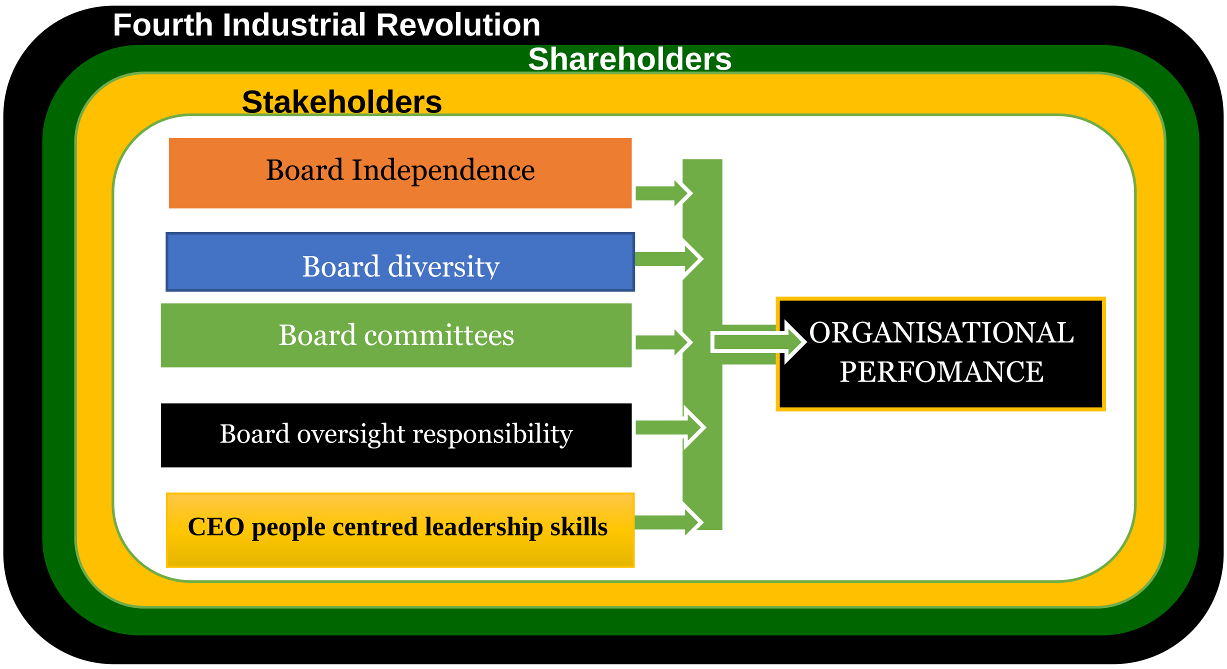

Figure 5- 2: Revised Conceptual Framework (Proposed by the Researcher from the Literature Review)

Figure 5-2 shows the predicted correlation between board independence and organisational performance. It also shows a similar proposed correlation between board diversity and organisational performance. The other three variables being board oversight responsibility, board committees and CEO people centred leadership skills are also predicted to have a correlation with organisational performance respectively.

5.4. Research Questions

The following research questions have been put forward. These are:

- What is the relationship between board independence and organisational performance?
- What is the relationship between board diversity and organisational performance?
- What is the relationship between board committees and an efficient public entity?
- What is the relationship between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals?
- What is the relationship between a CEO's people-centred and participative leadership skills and high organisational performance?

5.5. Hypothesis development

The following hypothesis have been put forward. These are:

- There is a correlation between board independence and organisational performance.
- There is a correlation between board diversity and organisational performance.
- There is a correlation between board committees and an efficient public entity.
- There is a correlation between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals.
- There is a correlation between a CEO's people-centred and participative leadership skills and high organisational performance.

5.5.1. Board independence and financial performance

Board diversity is defined as one variety among the board members' many attributes (Afza Amran & Che Ahmad, 2009; Gill & Mathur, 2011). Narwal and Jindal (2015) argue that the small board is more effective. Whilst the study of non-family members demonstrates that there is a strong link between company performance and independent directors (Saidat et al., 2019). gender and nationality of board members inhabit a generally positive effect on financial performance. This is supported by good corporate governance within the entity (Sarhan et al., 2019). There is ever-growing evidence that suggests that developing economies should adopt appointing females, of the local ethnicity and foreign directors in pursuit to improve financial performance (Sarhan et al., 2019). (Naciti, 2019) suggests that inclusivity and diversity of the board provide valuable human resources that improve a firm's performance.

The fifteen-year review study detailing the period: 2003 to 2017 of the Spanish Stock Exchange reveals that the presence of more women on corporate boards is linked to improved financial success (Valls Martínez & Cruz Rambaud, 2019). Board diversity, as measured by the gender, race, and nationality of the company's directors, improves not just financial success but also the company's social image (Sarhan et al., 2019).

The diverse personal qualities and physical distinctions among board members that make the board heterogeneous and more effective in giving a wider variety of solutions and characteristics are characterized as board gender diversity (Imade, 2019). These traits demonstrate to stakeholders that the company is alive to the realities of the community it serves. Gender diversity on boards benefits organizations financially, particularly those with a male dual CEO and board chair and few or no women on board committees, as well as those in highly competitive industries (Groening, 2019).

There are no clear conclusions on the relationship between board size and business success in empirical studies since there is no agreement on the impact that large boards have on firm performance (Alqatan et al., 2019). The study of 68 non-financial public companies comprising the Brazilian Stock Exchange, the IBX100 index, showed a significant positive relationship between gender diversity and economic-financial performance (Dani Andreia et al., 2019).

The study of 77 Nigerian listed firms indicated that female representation on corporate boards has a positive effect on firm financial performance (Chijoke-Mgbame et al., 2020). External pressure to nominate female leaders has a good but limited effect on combating gender bias on corporate boards favouring female directors, according to a research of S&P 1,500 corporations done between 2004 and 2015 (Chijoke-Mgbame et al., 2020; Knippen et al., 2019). It further suggests that a positive correlation exists when the male board member is replaced by a female board member as opposed to adding a female to the board by increasing the number of board members.

Nevertheless, the agency theory (Jensen & Meckling, 1976) and the stakeholder theory (Freeman et al., 2020) have become relevant for investigating the role played by the BoDs, as an internal actors of a company's organizational structure, in comparison with the internal audit function and corporate corruption prevention in the company system (Choudhury Masudul & Hoque Mohammad, 2019; Lombardi et al., 2019).

The findings of the study of Tehran Sock Exchange sought to understand the relationship between corporate governance and business performance. analyse the influence of corporate governance indices on business performance using data from companies registered on the During the years 2005-2006, the Tehran Stock Exchange (TSE) supported the idea that smaller boards are more effective in monitoring management. The findings of those who discovered a positive and substantial link between board size and financial success are in direct opposition to this one. Outside directors have a good association with corporate performance, according to the report (Mashayekhi, 2008).

A study of 118 STOXX companies sought to examine women on boards and emotional intelligence. The role of women in managing modern organizations was examined, as well as the looming gender gap. Due to their expanding economic influence in a post-global financial crisis context, tourist corporations made up the majority of the companies in the sample. The 118 companies included in the STOXX® Global 3000 Travel & Leisure comprise the study sample. For the period ending in 2017, Reuters.com financial and corporate governance statistics were used. Additional information on each entity's corporate governance was acquired from the company's official website. We created ad hoc indicators for gender diversity, as well as wage and seniority discrepancies. As a first stage, special emphasis was paid to the precise position held by women on each board, as well as its relationship to emotional intelligence and lastly a gap on presence, salary and seniority.

The Italian study considered publicly traded companies, from 2003 to 2015, a sample of Italian publicly traded enterprises was analyzed using a dynamic generalised method of moments. Corporate governance procedures are proxied by board size, board independence, ownership structure, shareholder agreements, and CEO–chairman leadership. Independent directors have a non-linear effect on performance, whereas minority shareholder-elected directors have no effect. Board size has a positive effect on firm performance for smaller boards. The ownership structure or shareholder agreements have little effect on firm performance.

(Handriani & Robiyanto, 2019) sought to investigate the impact of institutional ownership, an independent board, and the size of the board on the firm's performance. This study examines 293 enterprises listed on the Indonesian Stock Exchange from 2010 to 2015 using fixed effect data panel regression. Market metrics (Tobin's Q) are used to estimate firm performance. The results imply that institutional ownership, or board independence, has a beneficial impact only on organisational performance and board size (Handriani & Robiyanto, 2019).

In a study testing the qualification of board members and corporate success, a quantitative study was conducted. The hiring of new directors with inferior qualifications, and their subsequent link with corporate success, is likely to be limited. Boards are unlikely to appoint people who are unsuitable for the position of director. For example, new directors in our study make up about 17% of the total number of directors in the sample. We discover that the number of new directors in our situation is low empirically. Although all of our findings hold true for aggregated hiring as well as the majority of hiring in the sample, our dataset lacks the statistical power to investigate the hiring border conditions (Garg et al., 2019).

In a study to check board proportionality of independent directors against organisational performance, from 2005 to 2016, this research looked at 309 Pakistan Stock Exchange (PSX) stocks. According to the evidence, concentrated ownership aids in the regulation and resolution of agency challenges through various governance mechanisms (such as board size, independent directors and CEO duality). Larger boards are desirable, but a larger proportion of independent directors on the board is harmful to Pakistani businesses (Waheed & Malik, 2019).

Over the course of ten years, a large sample of 3,854 firm-year observations was used (2007-2016) in a study to test board monitoring and firm performance. The hypothesized correlations were tested using industry and year-fixed effect regression technique. The empirical data show that board monitoring reduces the value of a company. The findings also show that in India, product market rivalry has a minor moderating effect on the effectiveness of board monitoring (Singla & Singh, 2019).

In a study of 644 non-financial European Union enterprises in the sample. In a few nations, a literature evaluation of board independence was conducted, with the goal of examining board independence and company performance. The findings revealed a skewed relationship between independent director proportions and firm performance. Although the corporations have the most independent directors, this does not guarantee improved firm performance.

According to researchers who use agency theory and resource dependency theory, there should be a correlation between board diversity and business success. According to proponents of agency theory, organizations with the correct board of directors provide a varied range of perspectives, which leads to improved firm performance (Alqatan et al., 2019).

From the standpoint of an agency, it is theorized that having a higher percentage of outside directors on the board will improve performance. The empirical research on the relationship between outside directors and firm success, on the other hand, have yielded mixed results.

H_1: There is a correlation between board independence and organisational performance.

H_{10}: There is no correlation between board independence and organisational performance.

5.5.2. Board diversity and financial performance

The study of female board participation and financial performance was performed on 77 firms. Female board participation has a positive and considerable influence on financial success, according to our results, which were based on a panel of 77 firms. The study also revealed that companies with two or more female directors have a greater gender diversity performance effect, meaning that having a critical mass of female participation increases business financial performance (Chijoke-Mgbame et al., 2020).

Using the data that ranged from 2002 to 2017, for the study on women's educational backgrounds and sustainable environmental efforts. The findings show that gender diversity and the presence of a corporate social responsibility committee are both linked to a company's environmental performance. This research supports the notion that women's educational backgrounds, talent, and experience contribute to the advancement of sustainable environmental efforts. A company's commitment to sustainable development is shown in the formation of a corporate social responsibility committee ((García Martín & Herrero, 2020; Groening, 2019).

The researchers used a one-day event study to see if gender diversity is important to investors. Researchers looked studied investors' expectations about the influence of gender diversity on corporate value using exceptional returns from Italian companies.

Corporations with a male dual CEO and board chair and few or no women on board committees, as well as companies in highly competitive industries, benefit financially from board gender diversity. The variance explained more than doubles when these modifiers are included. Furthermore, this study isolates the gender effect by looking at investor reactions to the likelihood of more female board members rather than particular female nominees (Groening, 2019).

H_2: There is a correlation between board diversity organisational performance.

H_{20}: There is no correlation between board diversity organisational performance.

5.5.3. Board committees and financial performance

There is a growing body of knowledge that suggests a relationship between independent board directors and financial performance(Saidat et al., 2019b). There has been a constant confusion on the meaning of the independence of the board member. The board members must be able to act independently even though they are seconded by the state to the board, which is specified in the case of State-Owned Enterprises (SOEs). That independence should therefore rely on the ability of the board member to think and act independently in the interest of the corporation. First, relationships should be studied using a proportional, rather than dichotomous, measure of independence for committees where the standard measure of independence can still be applied. Second, different metrics of social reliance are needed to determine whether committee members act independently by capturing a wide range of connections. Third, a committee member's longevity, both overall and with respect to the CEO, should be utilized to determine if the committee member is constrained by firm history or the CEO's ability to act independently. Finally, researchers are encouraged to create additional behaviour-based measures of independence, such as scales based on survey-based approaches (Kolev et al., 2019).

The makeup of a company's board of directors has been shown to have an impact on its financial performance in the literature (Naciti, 2019). The inclusion of both insiders and outsiders on the corporate board increased financial performance, according to a research of 38 Ghanaian companies listed on the Securities and Exchange Commission (SEC) from 2006 to 2018. Similarly, board size, board meeting frequency, and shareholder concentration/ownership structure all showed beneficial effects on financial success. The inclusion of board committees, on the other hand, had a detrimental influence on financial performance, whereas CEO duality had no effect (Puni & Anlesinya, 2020).

The study employed panel regression analysis of data from 38 publicly traded companies in Ghana from 2006 to 2018 to see how each corporate governance component instituted by the Ghana Securities and Exchange Commission (SEC) affected firm performance. Data was taken from annual reports of publicly traded corporations. The participation of both insiders and outsiders on the corporate board increased financial performance, according to the study. Similarly, board size, board meeting frequency, and shareholder concentration/ownership structure all showed beneficial effects on financial success (Puni & Anlesinya, 2020).

The research of Taiwanese publicly traded companies revealed, the smaller the board size, the two-tier board arrangement, the better the firm's performance (Kao et al., 2019). The study uses panel regression analysis and bootstrapping approaches to assess study hypotheses using data from UK listed companies from 2009 to 2016. According to the findings, having a sustainability committee boosts the effectiveness of CSR strategies. The findings also show that companies with successful CSR initiatives do better in terms of the environment and society. Furthermore, the empirical findings complement the study's theoretical framework by demonstrating that the success of CSR strategy explains the positive association between board sustainability committees and business environmental and social performance (Orazalin, 2020).

From 2012 to 2016, a sample of 67 enterprises in the MENA area were selected from the Thomson-Reuters database to assess CG and financial performance following the

Arab Spring. The association is quantified using panel GLS regression random effects, and the robustness is tested using many alternative regressions and performance measure specifications. The findings show that while board independence (BI) is inversely connected with business profitability, and board gender diversification are positive factors. Ownership is less concentrated in organizations that voluntarily form a governance committee. We find that excellent governance has a bigger influence on performance in these companies: better board composition and worker satisfaction result in higher earnings, and ESG efforts become less necessary. The impact of board size (BS) and the formation of a governance committee is investigated, with recommendations developed as a result. Furthermore, in the context of agency and stewardship theories, important internal control of firm attributes that strongly influence firm market values is examined (Arayssi & Jizi, 2019).

H_3: There is a correlation between board committees and organisational performance.

H_{30}: There is no correlation between board committees and organisational performance.

5.5.4. Board oversight responsibility and financial performance

In the Gulf Cooperation Council, between 2013 and 2016, a study of listed Islamic banks was conducted. According to the research, board structure has a negative relationship with Islamic bank performance (Alsartawi, 2019). The study employed a sample of 53 non-financial listed Indian firms and 53 non-financial listed GCC companies from 2009 to 2016. Board accountability and audit committee functionality, according to the research, have a slight beneficial influence on a company's success (Al-ahdal et al., 2020).

This research tested the impact of audit committee effectiveness on firm performance (Anderson & Reeb, 2003). According to this study, the size, expertise, and frequency of audit committee meetings are all positively and substantially related to non-family firm performance, but they are insignificantly related to family firm success (Al-Okaily and Naueihed, 2019).

As a result, the researcher created a multiple linear regression model to study the nature of this link, using return on assets (ROA) to quantify the performance of listed Islamic Banks in the Gulf Cooperation Council from 2013 to 2016. The findings revealed that the board structure of Islamic banks had a negative association with their performance ((Musleh Alsartawi, 2019).

This study employs purposive sampling of 25 manufacturing businesses listed on the Indonesia Stock Exchange, using financial reports issued between 2012 and 2016. This study's analysis method employs multi-regression and single regression. The results of this study indicate that

- Institutional ownership has no significant positive influence on earnings management, and the board of directors has no effect on earnings management.
- The combination of GCG methods and earnings management has an impact on financial performance (Nuryana, 2019).

During the years 2004–2012, we looked at the impact of board characteristics on credit union performance in Australia. Credit unions are distinctive in that they are member-owned institutions with democratically elected directors – an uncommon governance structure that presents obstacles to board effectiveness. We discovered that enhanced credit union success is linked to board salary, board expertise, and meeting attendance, all of which are compatible with maximizing member benefits. While credit unions' distinctive traits make external monitoring difficult, we show that these board characteristics are important for credit unions.

In a study of Pakistan, board diversity, quality audit was compared to organisational performance. In terms of nationality and gender, the board's diversity is assessed. The quality of the audit and the cost of the audit are investigated. Despite the fact that many businesses want diverse board configurations, the impact of board diversity on firm performance is unknown. The conclusions of the study revealed an intriguing picture of board diversity and financial performance. When compared to organizations with lower audit costs, those with higher audit costs provide more efficient audit services.

In a Pakistan study of female board members and company performance, the findings suggest that having a female board member on the board of directors increased company performance, but that the number of female board members on the board of directors had no influence on financial success. Nationality diversity is adversely related to company financial success due to differences in cross-cultural perceptions and communication barriers (Khan & Abdul Subhan, 2019).

The Taiwanese study uses a panel estimator to use both the cross-section and time-series elements of the data, and it uses a sample of Taiwanese listed enterprises from 1997 to 2015. In order to alleviate the endogeneity problem, a two-stage least squares (2SLS) regression model is utilized as a robustness test. The major findings suggest that the greater the number of independent directors, the smaller the board size, and the absence of CEO duality, the better the company's performance (Kao et al., 2019).

The Tunisian study also revealed that board qualities have a positive correlation with organisational performance. The association between board qualities and firm performance is investigated in this study. According to agency theory, a competent board of directors is critical for developing excellent corporate governance and improving business performance through earnings management. As a robustness check, this study evaluates a composite score of the board of directors' efficacy to represent the collective influence. The results of regression analysis show that the board effectiveness score and company performance have a substantial positive link. In the Tunisian environment, there is a synergy between factors that work together to improve company performance (Dakhlaoui & Fredj, 2020).

Central bank regulations should consistently establish Oversight Boards, as these entities are critical to the good governance of central banks. Otherwise, the government will undertake direct oversight, limiting the central bank's authority. Oversight Boards can take numerous forms and shapes, but best practices apply! One option is to construct Oversight Boards as Supervisory Boards, with non-executive members only and a sole focus on oversight. Another option is to create or strengthen a Board of Directors comprised of both executive and non-executive directors. Non-executive directors should have a strong enough majority under such an arrangement. Furthermore, consideration might be made to appointing a non-executive chair, with proper regard for the function an executive chair can play when the Board is charged with (Chijoke-Mgbame et al., 2020).

***H₄*:** There is a correlation between board oversight responsibility and organisational performance

***H₄₀*:** There is no correlation between board oversight responsibility and organisational performance

5.5.5. CEO participative and people-centred leadership skills and financial performance.

There has been much criticism, both in the UK and globally, that executive compensation is not linked to performance (Keate, 2015).CEO duality or commonly board leadership is defined when a CEO is also the chairperson of a board (Valls Martínez & Cruz Rambaud, 2019). The literature advocates the agency theory in promoting good governance and aligning executive pay to resolve agency conflicts in modern companies (Elmagrhi et al., 2020). the shortcomings of the studies however are that they consider the combination of the alignment of executive pay and corporate governance to reduce agency conflicts.

In a study of the influence and power of the CEO and firm performance conducted by (Haynes et al., 2019), the researchers differ from previous research that looked at the impact of CEOs and boards of directors on firm performance separately. Rather, researchers looked at the direct link between CEO authority and business performance, as well as how board oversight and, most significantly, regulatory changes affect the relationship. The findings of the study show that board monitoring reduces the negative main effect of a powerful CEO (Haynes et al., 2019).

A study of 53 non-financial listed Indian companies and 53 non-listed Gulf Cooperation Council indicated that board accountability and audit committee have no influence on company performance for the period 2009–2016(Al-ahdal et al., 2020). The board's ability to nurture good task performance is largely dependent on competent oversight of management behaviour (agency theory), with the board functioning as a mentor to management by providing sound professional guidance (stewardship theory).

***H*$_5$:** There is a correlation between CEO people-centred leadership skills and organisational performance.

H*$_{50}$*: There is no correlation between CEO people-centred leadership skills and organisational performance.

5.6. Summary of Empirical Studies informing Motivation of the study

Many studies have been conducted in the developed world. These studies have concentrated on the private sector and mainly a group of companies either in the stock exchange or in a similar sector like banking, finance or manufacturing. A number of studies have also relief on the analysis of the readily available data like annual reports, and financial reports. African and South Africa have also followed suit in the few studies that have been conducted in Africa and in South Africa in particular.

The study conducted in sub-Saharan countries, these countries included South Africa, Ghana, Nigeria and Kenya. The study collected readily available data from annual reports of 252 listed companies for the 13-year period measuring the impact of corporate governance on organisational performance. Results indicated that the direction and the extent of impact of corporate governance were dependent on the performance measure being examined. findings showed that board structural characteristics and firm performance relationship was significant and stronger with return on equity as compared to return on asset. the results suggest that board structural characteristics were significant predictors of firm performance and that the monitoring and resource dependence roles partially mediate the relationship between board structural characteristics and firm performance (Bawuah et al., 2020).

In a study of 60 corporations from 30 countries, investigated capital structure and the interface between corporate governance and organisational performance of Sub Saharan Africa. The results revealed that board size, board independence, audit committee size and audit reputation increase firms' financial performance, but female directorship and ownership concentration do not. Capital structure improve firm financial performance. Board independence, female directorship, audit reputation and audit committee size positive effect on capital structure. Finally, there is moderation effect of capital structure on corporate governance (board independence, audit committee size, audit reputation) and firm financial performance (Bawuah, 2022).

A study of the financial sector corporations in the Nigerian Stock Exchange sought to review corporate governance, risk management and organisational performance. The theoretical evidences have shown that board characteristics (board size, board composition, board meeting, and board expertise) and risk management disclosure have positive relationship with firm performance. In making various business decisions (Kakanda et al., 2017).

The study of 38 listed companies in Ghana conducted a study spanning 2006 to 2018 to test how corporate governance variable impacted organisational performance as prescribed by. These mechanisms are: board composition (board size, inside directors and outside directors), board committees (audit, remuneration and nomination), chief executive officer (CEO) duality/separation, board meetings and shareholder concentration.

The study used panel regression analysis of data from 38 listed firms in Ghana from 2006 to 2018 to test how each corporate governance variable initiated by the SEC of Ghana contributed to firm performance. Data were extracted from the annual reports of listed companies. The study found that the presence of both insiders and outsiders on the corporate board improved financial performance. Similarly, board size, frequency of board meetings and shareholder concentration/ownership structure generally had a positive impact on financial performance. However, the presence of board committees generally had a negative impact on financial performance while CEO duality had no impact on financial performance. (Puni & Anlesinya, 2019).

Corporate governance adoption and compliance are an issue augmenting in importance recently and have been extended to business enterprises of any size including small and medium enterprises (SMEs). The study sought to examine the impact of corporate governance adoption on the firm competitiveness and performance of SMEs in Vanderbijlpark in South Africa. One hundred fifty-two SME owners or managers were selected from Vanderbijlpark in Gauteng, South Africa. The collected data were analysed using a structural equation modelling system by using Smart PLS software. The principal findings of this study revealed that the implementation of corporate governance by SMEs significantly and positively affected their competitiveness and performance. (Hove-Sibanda et al., 2017).

This study investigates the moderating role of ownership structure in the nexus between corporate governance and the financial performance of manufacturing firms in Ghana. The study uses GLS regression to analyse a panel dataset of 7 manufacturing firms over 14 years. We find a positive and significant effect of board size, audit committee independence, and size on firm performance. We, however, find a negative relationship between board remuneration and performance. We observe that block ownership moderates the relationship between board size, board independence, and the financial performance of manufacturing firms. Block shareholdings of the listed manufacturing firms in Ghana play a significant moderating role in the corporate governance-firm performance nexus. (Sarpong-Danquah et al., 2022).

This paper examines whether and how firm performance is influenced by board practices in Ghana. The analysis shows that chief executive officer (CEO) duality has a negative impact on firm performance, evidence that supports agency theory’s position. Further analysis shows that the smaller Ghanaian board size appears to be optimal because it has a positive impact on firm performance. However, the larger non-executive director representation on the board has no impact on firm performance.

Overall, these results suggest that the Ghanaian firms should be encouraged to separate the role of CEO and the board chair positions, have a board size of between eight and nine, and make good use of non-executive directors' time in the board decision process if they are to achieve better performance (Owusu, 2021).

The study of firms listed on the Nairobi Securities Exchange (NSE) to establish the effect of corporate governance on performance. The author developed a corporate governance index as a proxy for corporate governance based on the seven attributes of the recently revised Capital Markets Authority (CMA) draft code of corporate governance practices for public listed companies in Kenya. The guidelines cover board operations and control, rights of shareholders, stakeholder relations, ethics and social responsibilities, accountability, risk management and internal audit, transparency and disclosure and supervision and enforcement. The survey questionnaire was the main tool of data collection and was distributed to 56 CEOs and corporation secretaries. Annual reports for 2015 were used to compute the CGI score for the different organizations. The study found a statistically significant relationship between corporate governance and non-financial performance of firms listed on the Nairobi Securities Exchange confirming that organizations can enhance their performance by implementing good corporate governance, specifically those attributes of good corporate governance that matter (Bawazir et al., 2021).

This study of 158 companies listed on the JSE Securities Exchange (formerly known as the Johannesburg Stock Exchange) for the year 2012 examined the relationship between corporate governance mechanisms and company performance as measured by economic value added (EVA), return on assets (ROA) and Tobin's Q. A multiple regression model is used to compare the association between corporate governance mechanisms and company performance. There were four main results reported. First, board size is found to be negatively and significantly related to EVA suggesting that firms with smaller boards perform better than those with larger boards. Second, the relationship between Tobin's Q and the proportion of non-executive directors (NEDs) on the board is both positive and significant, suggesting that companies with higher proportions of NEDs seem to perform better than those with lower proportions of NEDs. Third, frequency of board meetings is negatively and significantly related to both the ROA and the Tobin's Q suggesting that companies which hold board meetings less frequently appear to perform better than those holding board meetings more frequently. Fourth, the relationship between company size and two performance measures (EVA and ROA) is both positive and significant, suggesting that larger companies seem to perform better than smaller ones. Furthermore, the association between leverage and the ROA is negative and marginally significant, suggesting that companies with less debt appear to perform better than those with more debt. Overall, based on the number and strength of associations between board characteristics and the measures of performance, we conclude that Tobin's Q has a better association with board characteristics than both EVA and ROA. The study also shows that the majority of firms listed on the JSE comply with the King III propositions that the majority of board members be NEDs and that the majority of the NEDs be independent (Harvey Pamburai et al., 2015).

This study of publicly listed firms on the Johannesburg Stock Exchange (JSE) in South Africa from 2009 to 2013 examined the impact of corporate governance reforms on performance. The study examines the King III reform in detail, and previous reforms before King III. The variables employed in this study to measure firm performance are return on asset (ROA), return on common equity (ROE) as proxies for accounting based performance measures and Tobin’s Q as a proxy for market based measure of performance. The results do indicate that corporate governance does have an effect on a firm’s performance. Evidence is presented that suggests that the level of compliance has increased over the period in question from 2009, when King III was assumed. Overall the conclusions are that board size has no impact on firm performance. The hypothesis that board independence impacts on firm performance was rejected among other findings (Mashonganyika, 2015). The contradictory outcomes of the research requires further research as this study revealed that corporate governance in JSE listed companies does not have an impact on organisational performance in contradiction to (Tshipa, 2017).

This study Rwandese manufacturing firms, to determine effects of corporate governance on corporate entrepreneurship of and to evaluate effects of corporate governance on performance of Rwandese manufacturing firms. The study used two complementary methodological approaches: one which links corporate governance to corporate entrepreneurship; another which uses an augmented Cobb–Douglass production function to associate corporate governance with the firm performance. This study resulted in four main outcomes: first, the background—education and experience—and motivation of top managers contribute significantly to both corporate entrepreneurship and corporate performance; second, the sole proprietorship organisational form harms significantly the firms' entrepreneurial activities and impacts negatively their financial performance; third, electricity and raw materials expenses are positively and significantly related to financial performance of manufacturing firms; and fourth, even if informal competition has no effect on entrepreneurial activity of manufacturing firms, it harms their financial performance (Ndemezo & Kayitana, 2018). The education and motivation of top managers and board members in corporate governance has not been widely studied, rather experience has been one of the factors studied and understood.

The study of the 50 largest companies listed on the Johannesburg Securities Exchange (JSE) to examine the factors influencing the quality of corporate governance in South Africa (SA) and Kenya. Firm-level variables including performance, firm size, leverage, investment opportunities and audit quality were identified from the corporate governance literature. The study used panel data of 247-firm years obtained from the annual reports of SA and 234-firm years obtained from the 49 companies listed on the Nairobi Stock Exchange (NSE). The use of content analysis to extract the study variables from the annual reports and multiple regression analysis to determine their relationship. The study found audit quality and firm performance as the main factors influencing the quality of corporate governance in Kenya and SA. First the study sample consists of the 50 largest firms listed in the JSE of SA and another 49 companies listed in the NSE of Kenya. The results of this study are important to the King Committee and other corporate governance regulators in Sub-Saharan Africa, in their effort to improve corporate governance practices, minimize corporate failure and protect the well-being of the minority shareholders. Furthermore, the study contributes to the understanding of the variables affecting the quality of corporate governance in developing economies of Africa (Waweru, 2014). The study brings forward a significant factor of the quality of corporate governance.

The study of a panel study sample of 137 Johannesburg Stock Exchange (JSE) listed firms between 2002 and 2011corporate governance compliance by South African listed firms. The study seeks to explore if better governed firms exhibit greater financial performance than poorly governed firms. The results show that the compliance levels to corporate governance in South Africa (SA) has been improving since 2002 when King II came into force. However, the compliance level in large firms appears to be higher than in small firms. Further, the findings show that the market value of large firms is higher than that of small firms. These results largely support the notion that better governed firms outperform poorly governed firms in terms of financial performance. Notably, the empirical results indicate that board size, CEO duality and the presence of Independent non-executive directors positively impact the performance of a firm, whereas board gender diversity, director share-ownership and frequency of board meetings have no impact on firm performance. Unexpectedly, the presence of internal key board committees, such as remuneration, Audit and Nomination negatively impact firm performance. Notably, the results also show that only 9 per cent of the positions in the board of SA listed firms are occupied by women. Similar to UK, South Africa has a flexible approach to corporate governance, in which listed firms are required to comply or explain non-conformance to King recommendations. The study also suggests that greater representation of independent nonexecutive director, a larger board size and the separation of CEO and Chairman should be encouraged to enhance firm performance. The significant finding of this study is that compliant firms enjoy a higher firm performance as proxied by ROA and Tobin’s Q (Tshipa & Mokoaleli-Mokoteli, 2015).

As a starting point, South African researchers have also sought to conduct similar studies as their counterparts in the rest of the developed world. The time period as well as the size of the samples of the studies have been relatively shorter and small respectively.

Secondly, the use of industries specific research and corporations that listed in the stock exchange has also been the norm that has been used as samples. This study uses a case study as the focus and location of the study.

Thirdly, the use of readily available data like annual reports has also been widely used in many corporate governance studies both in Africa and in the world.

Fourthly, studied in Kenya Ghana and not Nigeria have sought to investigate corporate governance codes adoption and their impact on organisational performance.

Fifthly, none of these studies have concentrated on the public sector. This study however concentrates on the public sector with unique challenges and lessons to offer. India and China have conducted significant number of studies in the public sector.

Sixthly, a number of the studies in corporate governance used economic value added (EVA), return on asset (ROA), return on common equity (ROE) as proxies for accounting based performance measures and Tobin's Q as a proxy for market based measure of performance especially when analysing annual reports data. This study however uses respondents understanding of the organisation to understand how the organisation has performed over time and EVA; ROA and ROE as confirmation of respondents' information.

Lastly, although the research did not seek to understand directly to what extent King Codes have been adopted in this case study. It was however apparent from the respondents answers that corporate governance is intractably linked to King Codes I-IV. Other South African legislations were not clearly mentioned or identified as being part of corporate governance like the Public Finance Management Act 1 of 1999 which dictates how public company finances should be handled in South Africa. The study identified King I-IV as an important player in corporate governance in the state owned enterprises. Although, (Tshipa & Mokoaleli-Mokoteli, 2015) spoke of King II, and (Mashonganyika, 2015) identified King III adoption as a factor in corporate governance adoption and improved firm performance. This study combines and identifies King I-IV as they are inseparably linked and cannot be separated for clearer understanding and application.

This study is precisely designed to fill such gaps that have been widely identified. The study is a case study performed at a state owned financial institution in South Africa KwaZulu-Natal Durban, the study further investigates board fiduciary responsibility and CEO participative and people centred leadership skills. These variables have not been widely researched in corporate governance. The theoretical framework also enhances this study gaps as it incorporated corporate governance theories, strategic management theories and leadership theories. The study also identifies with its location as it explains people's interaction through Ubuntu as the philosophy of African people that traverses and influence people's culture and business culture.

5.7. Summary

The chapter dissected the empirical studies that have been done on each of the dependent variables. These variables namely, board independence and board diversity, board committees and board meetings, board oversight responsibility or (board leadership), the CEO's people-centred and participative leadership skills, and CEO incentive linked to performance. The empirical studies show trends but all these trends are not conclusive in one direction or in complete agreement.

Theoretically board independence is supposed to promote good corporate governance and lead to improved firm performance. Board diversity on the other hand is recommended especially for female board directors to be included and their inclusion is deemed to improve the diversity of views and improve the ability of the company to deal with environmental and corporate social investment which are a very important part of entrenching legitimacy and improving firm performance. As the number of female directors increases it becomes inconclusive how such add value.

In the case of counties with diverse races and ethnic groups with diverse cultures and languages as well as socio-economic backgrounds, (these include African countries;

Latin America; Australia and Brazil) where it is also predicted that their inclusion will improve performance (Marti et al., 2022; Safdar et al., 2020). This will be achieved through the understanding of the environment and understanding the targeted customer thus better customer engagement which improves firm performance. The studies relating to ethnicity and racial groups are fewer to crystallize into any conclusions. However, using diversity, ethnicity and racial groups could also be predicted to bring a positive result to firm performance.

This chapter also looked at empirical studies on on-board leadership and how that can improve firm performance. It is recommended both in legislation and empirical studies that good board leadership is essential in ensuring that the strategic intent and direction of the firm are rooted in good leadership by the board. This it does to ensure and guard against poor executive leadership which may lead to poor firm performance if it goes unchecked. Table 5:1 explained the hypothesis that have been developed in this chapter.

H	Hypothesis
H_1	There is a correlation between board independence and organisational performance
H_2	There is a correlation between board diversity and organisational performance
H_3	There is a correlation between board committees and organisational performance
H_4	There is a correlation between board oversight responsibility and organisational performance
H_5	There is a correlation between CEO people-centred leadership skills and organisational performance.

Table 5: 1- Summary of Hypothesis for relation between Company Structure and Organisational Performance.

Hypothesis	Relationship to be tested	Predicted Relationship
H_1	Board independence and firm performance	Positive
H_2	Board diversity and firm performance	Positive
H_3	Board committees and firm performance	Positive
H_4	Board oversight responsibility (board leadership) and firm performance	Positive
H_5	CEO's People-Centred And Participative Leadership Skills And High Organisational Performance	Positive

Table 5: 2- Summary of Hypothesis for relation between Company Structure and Organisational Performance.

There are five pairs of theory-based hypotheses, with two of them being dual looking at company attributes (variables) and company or firm performance. These are denoted by H_1 to H_5 as highlighted in Table 5:1. Table 5:2 above summarizes the hypothesis, the predicted relationships and the predicted relation which is to be tested as well as the shorthand to be used (Table 5:3). The predictions are for a positive relationship between company attributes and firm performance. Table 5.3 provides shorthand notation that will be used to describe and test the hypothesis for statistical analysis and modelling.

H	Dependent variable	Short Hand	Independent variable	Short Hand
H_1	Board independence	BI	Organisational Performance	OP
H_2	Board diversity	BD	Organisational Performance	OP
H_3	Board committee	BC	Organisational Performance	OP
H_4	Board oversight responsibility (board leadership)	BOR	Organisational Performance	OP
H_5	CEO people centred and participative leadership	CPCLS	Organisational Performance	OP

Table 5: 3- Summary of Hypothesis for relation between Company Structure and Organisational Performance (Variables).

The study's research technique will be examined in the next chapter. It will specify how the study procedure will be carried out to get the anticipated or predicted outcomes. Research methodology is the road map that outlines how the study will be carried out and how it will attempt to address the stated research questions.

CHAPTER 6
RESEARCH METHODOLOGY

6.1. Introduction

The chapter focuses on the research design, methodology, and procedures, including the development of the conceptual framework, a discussion of mixed methodology, which includes quantitative and qualitative research design methods, and an explanation of the structured questionnaire used in primary data collection of the study. The research design, on the other hand, is primarily quantitative and combines the best of both approaches.

The study further details the location of the study, selection of the population, the profile of participants, sample selection and the development of the survey questionnaire that is aimed at collecting dominantly quantitative data and some qualitative data which will be used to complement further explanations through validation of qualitative data to explain some aspects of quantitative data. The chapter gives details on the tools, data samples, data validity, data reliability, the data collection methods, and the statistical analysis techniques that were used during the data analysis. The data analyses were conducted by the use of the Statistical Package for Social Sciences (SPSS) version 27 and further triangulation of quantitative data through the use of qualitative data collected during the survey. The main analytical technique used for data analysis was the correlational analysis including multivariate analysis. The chapter also follows the highest research ethical standards as approved by the Ethical Clearance board of the University of KwaZulu-Natal.

6.2. Research Methodology

Research methodology is simple a path or a journey that researchers navigate in order to reach certain understandings and conclusions in a carefully setup setting. Whist many authors define research methodology as a process of collecting, analysing and interpreting information to answer questions (Busetto et al., 2020; Chun Tie et al., 2019). Figure 6:1 shows the process of putting together knowledge, methods and strategies to inform what approaches the researcher will implement in a particular research setting (Allan, 2020; Doyle et al., 2020). The world advances as a result of research, as new knowledge is generated (Khalid et al., 2012).Research necessitates the integration of a diverse set of skills and activities (Bell & Bryman, 2007).

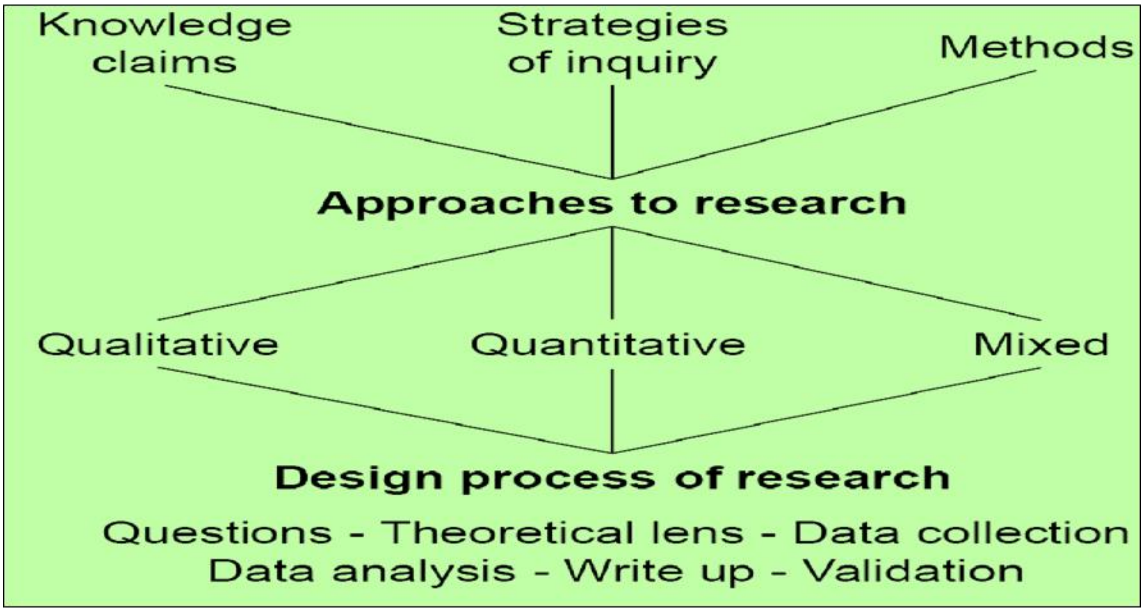

Figure 6: 1- Research Methodology adapted from (Creswell & Creswell, 2017)

Research approaches that can be adopted by a researcher in pursuit of answering questions (Creswell & Creswell, 2017). In Figure 6:2 puts forward the analysis by Creswell and Creswell and follows from the figure as labelled. The use of quantitative methods applies for many predetermined methods. The qualitative methods are used to explore new concepts that or to find new theories, whilst the combination of both methods reinforce each other and ensure that both methods are able to support each other in the enquiry. The use of each method depends on the user, whilst getting used to just one method can prove to create a comfort zone and limit the researcher in exploring how these methods can be used perfect in any given setting as highlighted in Table 6:1. Research is done to answer questions and the nature of the study usually determines which methods will be best suited to answer those research questions.

Quantitative	Qualitative	Mixed
Predetermined methods	Emerging methods	both
Instrument-based questions	Open-ended questions	Both
Performance, attitude; observational, and census data	Interview, observational, document, and audio-visual data	Multiple forms pf data drawing on all possibilities
Statistical analysis	Text and image analysis	Statistical and text analysis

Table 6: 1- Research Approaches adapted from (Creswell & Creswell, 2017)

At its most basic level, Figure 6:2 shows the Saunders' research onion outlines the various options you'll need to make while designing a research approach for your dissertation, thesis, or other formal research endeavour. As you work your way inwards from the exterior of the onion, you'll come across a variety of options, ranging from high-level and philosophical to tactical and practical.

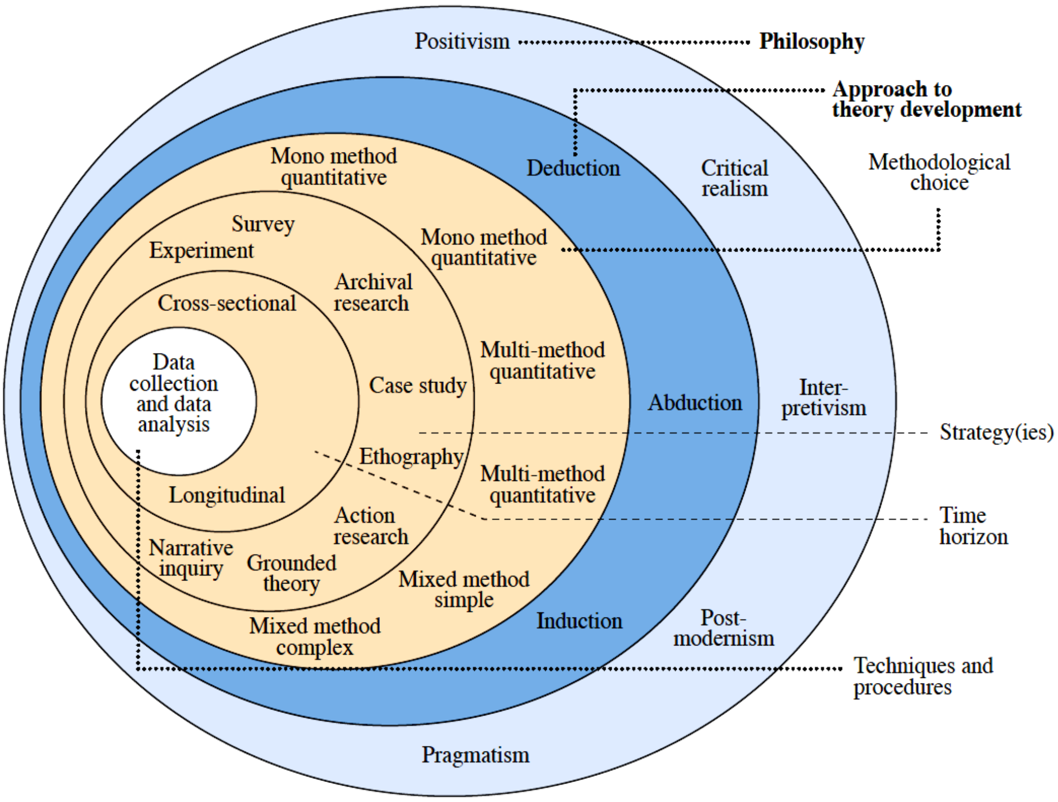

Figure 6: 2- Research onion adapted from (Saunders et al., 2019)

	ITEM	CHOICE
1.	Research Philosophy	Pragmatism
2.	Methodological choice	Mixed-Method (QUAN +qual)
3.	Research Approach	Deductive approach
4.	Research Strategy	The survey
5.	Time Horizon	Cross-sectional
6.	Data Collection & Analysis	The survey, Correlation Analysis

Table 6: 2- Research steps adapted from (Saunders et al., 2019)

Figure 6:2 and Table 6:2 show the research onion as a proposed by Saunders and how this can be adapted in informing research methods. Figure 6:3 shows the process for triangulation design.

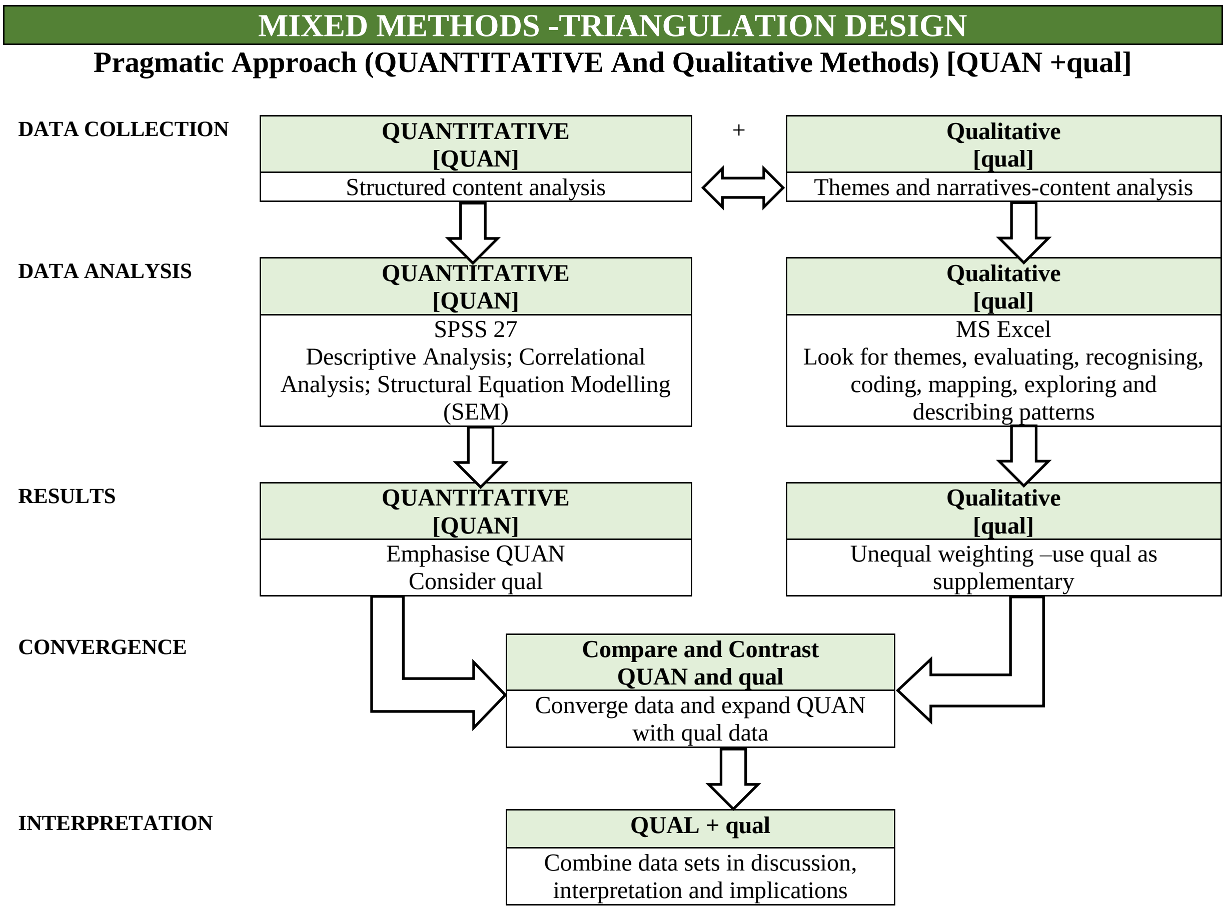

Figure 6: 3- Triangulation Design adapted from (Creswell & Creswell, 2003; Creswell & Creswell, 2017; Creswell et al., 2007; Hirose & Creswell, 2022)

6.3. Research Approach (Philosophy)

The research philosophy pertains to how we view or see the world. It is a lens by which we analyse the world. Scientific research philosophy is a way of thinking that allows researchers to get fresh, trustworthy knowledge about the research object. In other words, it is the foundation of the study, which includes selecting a research method, formulating a problem, collecting, processing, and analysing data. The worldview that was chosen for this research is pragmatism, as a philosophical grounding for mixed research methods. The following section discussed the essence of a pragmatic research approach.

6.3.1. The Pragmatic approach to research (Pragmatic Worldview)

Pragmatism, as a paradigm, provides an experience-based, action-oriented framework in which the purpose of research is to aid us in tackling practical difficulties connected to how we experience and learn about the world (Hothersall, 2019; Howe, 1988). Therefore, a pragmatist understanding may offer theoretical insight to social work research (Koenig et al., 2019). The researcher chose to utilise pluralistic approaches to arrive at a deeper understanding and knowledge of the nature of the problem. The advantage of pragmatism is that it is not bound and limited to a single system of thinking, philosophy and reality, but it draws and opens the inquiry from both schools of thought, which are quantitative and qualitative assumptions when engaging in research. This allows the researcher to free range of choices about methods, techniques and procedures that will best meet and address the research needs. It caters to and opens to different forms of data collection and analysis.

When it comes to conducting research, there are a variety of ways. The pragmatic approach focuses on finding and using the method that is most suited to the research challenge at hand, rather than on debating whether method is best suited to answer the problem question. Pragmatic researchers favour the flexibility of being able to utilize any approach or method for doing qualitative or quantitative research. Pragmatists recognize the advantages and disadvantages of diverse research approaches. Mixed research methods allow the researcher to address different research questions.

The pragmatic approach methodology uses mixed research methodologies in the same inquiry. This allows the researcher to delve into greater understanding by using one data set collected either through quantitative research methodology and use qualitative research methodology to verify its findings. There are five broad purposes of mixed methodologies are describing in the following five broad purposes of mixed methodological studies (Creswell & Creswell, 2017; Hirose & Creswell, 2022):

- convergence, agreement, and corroboration of results from different methods studying the same phenomenon;
- triangulation (for example, the researcher may want to seek convergence, agreement, and corroboration of results from;
- Complementarity (for example, the researcher may aim to expand, enrich, exemplify, and clarify the results of one approach by comparing them to the results of another method);
- development (for example, the researcher may utilize the outcomes of one approach to inform the development of another);
- initiation (for example, you could want to point up inconsistencies that could lead to a rewording of the research topic); and
- enlargement (for example you seek to expand employing multiple methodologies for different inquiry components to increase the depth and variety of inquiry).

The further justification for using mixed methods is that it enables triangulation. It involves, for example:

- the utilization of a wide range of data sources (data triangulation)
- utilizing a number of different researchers (investigator triangulation)
- interpreting the results from many perspectives (theory triangulation)
- the investigation of a research problem using a variety of methodologies (methodological triangulation), a highlighted in Figure 6:4.

Figure 6: 4- Characteristics of a mixed research methodology

In this study, qualitative and quantitative methods are used simultaneously with a quantitative bias. There are many advantages of pragmatic research, as it allows researchers to be flexible in using different investigative techniques to address and answer a myriad of research questions. The use of mixed methods allows the merging of the researcher's voice and the participant's voice into one.

According to pragmatic research philosophy, the most important aspect of research philosophy is the research topic. Depending on the nature of the research topic, pragmatics may incorporate both positivist and interpretivism perspectives within a single study. Within the same study, the pragmatism research philosophy permits the researcher to combine multiple research approaches and research strategies.

6.4. Concurrent Mixed Methods

The above section has laid a clear background and justification of mixed methods for this study. Henceforth, the researcher describes how pragmatism is applied through concurrent mixing. The use of concurrent design utilises the use of one instrument that either emphasises one methodology over another, namely the prevalence of quantitative and less prevalence of qualitative methodology or vice versa. The last methodology utilises the two methods and emphasises both.

In this study, the researcher utilised the use of concurrent methodology where a quantitative instrument which is a questionnaire, was utilised. The questionnaire was designed to collect both quantitative and qualitative data. This was done through the use of closed-ended questions as the core and the use of open-ended questions which were aimed at collecting qualitative data to support and validate quantitative data. The use of open-ended questions and a quantitative survey allows for the collection of both quantitative and qualitative data at the same time. This saves time whilst it allows for the best possible data collection where participants can express themselves in their own words, especially on closed-ended questions where they are only given specific choices.

The qualitative data collected would be in a sentence to a short paragraph. This data expressed understanding or disagreements with what the researcher puts along in the questioning. By employing a concurrent parallel design that contains open-ended qualitative questions with a quantitative survey, participants can express themselves qualitatively when they are confined quantitatively. This data can then be examined separately and integrated using two techniques: "cross-validation" or triangulation, and "quantifying" the qualitative codes for statistical analysis.

6.5. Research Design

The research design is a framework for integrating all aspects of a study (quantitative, qualitative, or mixed) such that the results are reliable, devoid of bias, and as generalizable as possible. The study design specifies how participants are chosen, what variables are included and how they are changed, how data is collected and processed, and how unnecessary variability is managed, all in order to meet the overarching research problem (Dannels, 2018; Mello, 2022; Shibin et al., 2018). The researcher support combining quantitative and qualitative methods to advance mixed research methodology as per (Sale et al., 2002):

> *"Both approaches can be combined because they share the goal of understanding the world in which we live. They share a unified logic, and the same rules of inference apply to both. A combination of both approaches provides a variety of perspectives from which a particular phenomenon can be*

studied and they share a common commitment to understanding and improving the human condition and a common goal of disseminating knowledge for practical use. Both approaches provide for cross-validation or triangulation – combining two or more theories or sources of data to study the same phenomena to gain a more complete understanding of that phenomenon (interdependence of research methods) and they also provide for the achievement of complementary results by using the strengths of one method to enhance the other (independence of research methods)."

The research in this study is based on the gathering of primary data from participants, which was acquired by the researcher. It's critical to stress that the data gathered is for a specific research topic at hand, and that the processes and procedures used are the best fit for the research problem. The processes that researchers take to complete a study from beginning to end are referred to as the research design (Marvasti, 2004). These are some of them:

- posing a research question with a theoretical viewpoint in mind;
- The research site(s) must be specified.
- a sample of research participants,
- gathering data;
- analysing data;

To answer the research topic, reporting the outcomes, but the order in which they are followed and their interdependence differs from qualitative to quantitative studies. In mixed research, pragmatism emphasizes that quantitative data analysis is not more important than qualitative data analysis; rather, they complement each other. The customised version of the study design phases outlined in Figure 6:5. It has to do with all of the processes that the study design will take. Quantitative and qualitative methods complement each other in a mixed-methods approach, allowing for a more thorough examination of the research situation

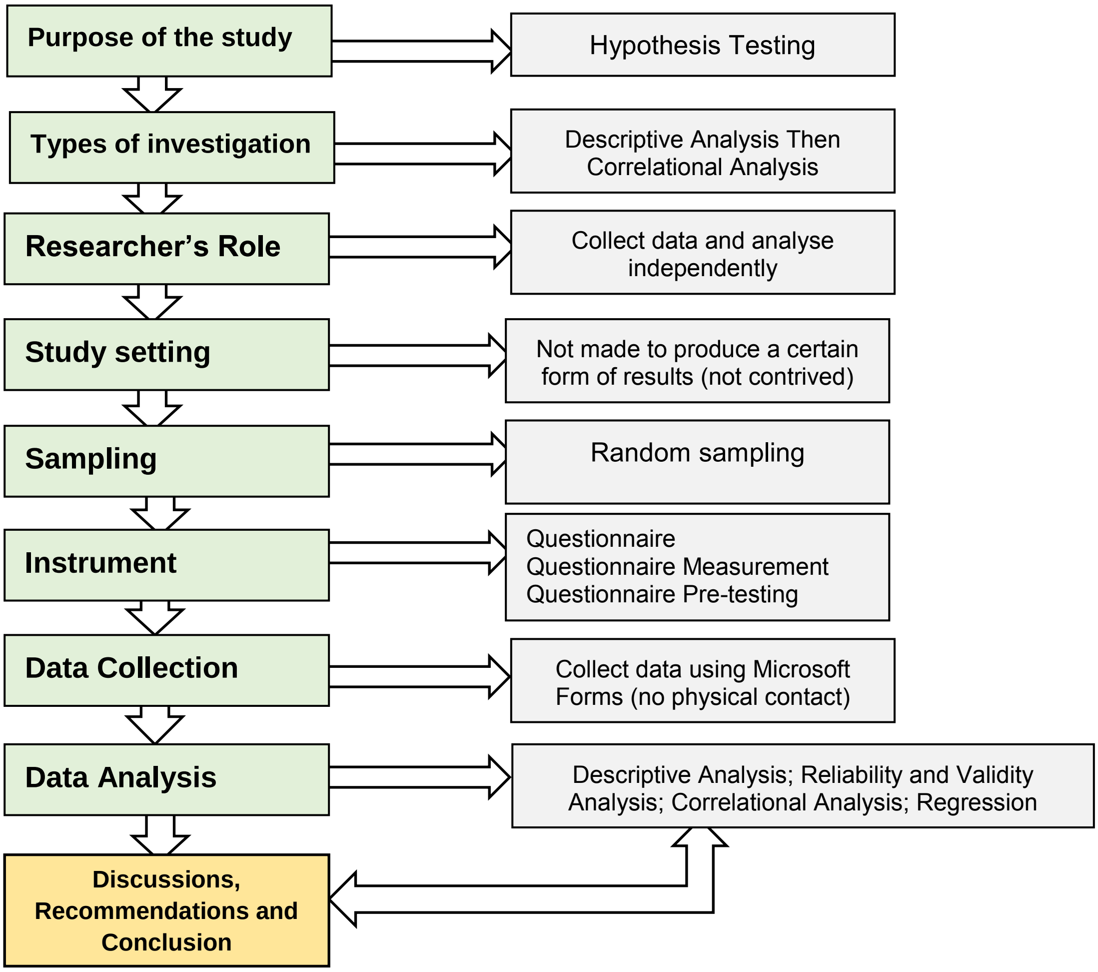

Figure 6: 5- Research Design Steps by Step

The paradigm argument is pushed to the side. Its use is only determined by its suitability for the task at hand. The preceding literature chapters provided an in-depth discussion on corporate governance, financial performance, the fourth industrial revolution, the credit crunch, and global business failures that had a significant impact on corporate governance in the context of the research problem and objectives.

6.6. Study Site

The study site is the location where the research took place. Study Site refers to the physical location where a specific investigator conducts a study, (Munhenga et al., 2014). It is crucial in research to identify the study site clearly so that it is known and its characteristics understood. The study took place at Ithala Development Finance Corporation (IDFC), which is located in Durban, KwaZulu-Natal.

6.7. Study Population and Sample Size

The complete set of individuals, events, or items of interest that the researcher's program to analyse is referred to as the study population (Sekaran & Bougie, 2016). A sample, often known as a sample size, is a collection of people, objects, or items drawn from a large population for the purpose of measuring (Mujere, 2016). The sample is important because it may not be possible to collect the data from the whole population. The population of the study is 778, this was the population of Ithala Development Finance Corporation (IDFC). The formula for calculating the sample size with the population as proposed by (Daniel and Cross, 2018) known is as follows:

$$SIZE = \frac{X^2NP(1-P)}{d^2(N-1)+X^2P(1-P)}$$

X^2 = table value of Chi-Square

N = population size

P = population proportion (assumed to 0.50)

d = degrees of accuracy (as a fraction)

Degrees of freedom (df=1) for the desired confidence level of 0.05 =3.841

X^2 = 3,841

N = 778

P = 0,50

d = 0,05

$$SIZE = \frac{3.841*772*0.50*(1-0.50)}{0.0025*(778-1)+3.841*0.50(1-0.50)} = 257.5 = 258$$

The calculated sample size according to (Daniel & Cross, 2018) formula is 258 participants.

6.8. Study Sample (Sampling Strategy)

The sample size for the study is 258. The recruitment strategy was communicated through the IDFC Company Secretary who provided us with the gateway to access the company after the Group CEO granted us a gateway into the organisation's participants. The Company secretary sent the email to the identified 258 potential participants (line supervisors, junior managers, middle managers, senior managers, senior executives, and board members). The email contained the link to Microsoft Forms to complete the study. To ensure that the participants were recruited to participate in the survey. The researcher requested the company to communicate and request the employees through internal emails and embed the link for the survey. In doing so, the employees will read internal email communication and be introduced to the survey. The email served to recruit the participants to participate in the survey. The sample identified all those in supervisory positions as participants and there are:

- Line supervisors,
- junior managers,
- middle managers
- senior managers,
- senior executives and,
- board members

Henceforth, these would be referred to as supervisors, managers, senior managers and board members.

6.9. Data Collection Tool

The collection of data utilised the questionnaire. This was the preferred and the only choice as the study was conducted during covid-19. The ethical clearance conditions were clear that the researcher was to observe the covid-19 protocols and the gatekeeper's letter reiterated the same. Hereunder is the explanation of how the questionnaire was used.

6.9.1. The Questionnaire

The data will be collected through a questionnaire. The questionnaire will collect mainly quantitative data complemented by qualitative data generally denoted by (QUAN + qual). The questionnaire consists of three main sections.

- The first section is biographical data. It aims to collect and understand the participant's age, race, gender, work experience and qualifications.
- The second part is a five-tier Linkert scale that is intended to answer the research questions. Each construct is expanded to the research question and is tested by asking at least five secondary questions. The Linkert scale options are **Strongly Disagree; Disagree; Neutral; Agree and Strongly Agree.**
- The third and the last part is embedded in the questions in the second part. Each quantitative question is given an option where the participant has an option to explain and expand their answer. This is done through either rephrasing the questions or by merely asking, please explain or expand your preferred or chosen answer. Allowing the participants to express themselves and getting to hear and understand the participants' rich views and understanding of the environment and research questions.

The questionnaire was distributed through the Ithala internal emails and sent through WhatsApp groups where the management and the researcher introduced the potential participants to the researcher and the potential participants were recruited to participate. The interaction between some of the managers who are in charge of different sections allowed the sharing of the questionnaire through sections of the organisation.

6.10. Data Analysis

The data analysis in this study uses correlational statistical relationships. The following section explains these concepts and further clarifies the types of correlations in statistics.

6.10.1. Correlational Research and Statistical Relationships

A correlation is a measure or degree of relationship between two variables (Umberson & Montez, 2010). Correlational research aims to observe and identify variables how one variable influences another and ultimately understand if there is any relationship that emerges from such interaction of the variables. Correlational research aims to reveal the statistical relationship between any two variables. In this study, we sought to establish these relationships using SPPS 27 to calculate the extent of these relationships using R-squared. R-squared tells us the percentage that is associated with our relationships. For example, if R-squared is equal to 0.30, it means a relationship between corporate governance and organisational performance. We can then say that 30 percent of the organisational performance activity explains corporate governance. Ideally, you want r-squared closer to 1 or 100%. You can only use (r) to Make a statement on the linear relationship between x and y's strength. In general,

- if $r = -1$, then x and y have a perfect negative linear connection.
- If $r = 1$, the relationship between x and y is perfect positive linear.
- if $r = 0$, there is no linear relationship between x and y

6.10.1.1. Types of Correlations

Positive correlational research, negative correlational research, and no correlational research are the three forms of correlational study (Figure 6:6). Each of these groupings has unique traits. Positive correlational research analyses two statistically related variables to determine if an increase or decrease in one impacts an increase or decrease in the other. The Structural Equation Model (SEM) is used to have a better understanding of the relationships.

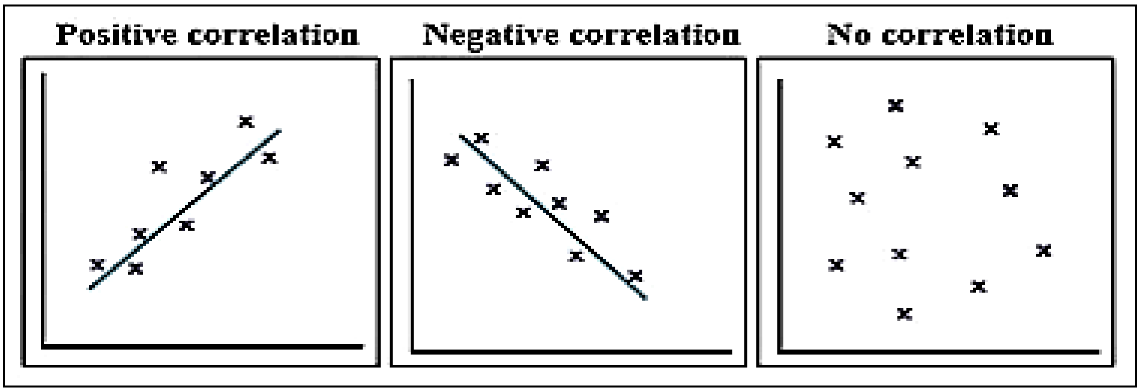

Figure 6: 6- Correlational types

6.11. Pilot Testing

A pilot study, also known as a pilot project, pilot test, or pilot experiment, is a small-scale preparatory study aimed to examine the feasibility, duration, cost, and adverse events of a larger research endeavour and to enhance study design. (Fraser et al., 2018; Menon et al., 2021). The pilot testing was done by sending the instrument to 4 possible would-be participants. The feedback from the participants allowed the further refining and retuning of the instrument. At this phase, the instrument flow was improved, and the initial data for descriptive purposes was also improved to ensure that biographical data could be collected. The flow of questions was further simplified. There were questions which were not mandatory and those were made mandatory so that participants could fill in all the required information without skipping. The instrument must be able to collect all the necessary data to allow proper analysis, testing and making inferences and conclusions with a reasonable level of confidence.

6.12. Reliability and Validity

Two key questions are posed of each of the thousands of measurement scales that have been built: "Is it reliable?" and "Is it accurate?" "Is it true?" and "Is it legal?" The issue of reliability is whether or not an instrument will generate the same results every time it is administered to the same individual in the same situation. This is addressed by reliability studies or tests (George & Mallery, 2018). Other indicators of reliability and validity for research topics will be addressed in the data analysis. The target population in this study is tiny, at 778 people; a small population necessitates a big sample size to avoid a wide margin of error.

The researcher sought to ensure that reliability and validity are achieved through the use of SPSS 27 which measures:

- Reliability
- the construct validity,
- convergent validity, and
- discriminant validity.

The following section explains in details how each of the above reliability and validity factors were achieved.

6.12.1. Reliability Analysis

Reliability refers to a survey instrument's capacity to report consistently throughout time and for repeated testing of a person. A low-reliability instrument has measurement errors, which manifest as an assessment that is unconnected to the individual or reveals that the individual answered questions differently from one test to the next. The reliability coefficient, often known as reliabilities, is a measurement of the internal consistency of an instrument. Cronbach (1951); (George & Mallery, 2003) proposed the use of a measure of reliability. It has since become the most recommended and widely used measure of reliability, the Cronbach alpha(α).

The following are some general guidelines: $\alpha > 0.9$ (Excellent), $\alpha > 0.8$ (Good), $\alpha > 0.7$ (Acceptable), $\alpha > 0.6$ (Questionable), $\alpha > 0.5$ (Poor), and $\alpha > 0.5$ (Unacceptable) (George & Mallery, 2003, 2018, 2019; Schrepp, 2020). The scale goes from 0 to 1. The closer the value of near one, the greater the dependability. If the value is low, this might be ascribed to a lack of objects or a lack of commonality among the things. According to Nunnally (1978), a reliability of α between 0.5 – 0.6 is sufficient, but a coefficient of

0.7 or higher is recommended. The composite reliability (CR) value is more than 0.70, showing the instrument's dependability.

6.12.2. Construct Validity

The extent to which the measure 'behaves' in a way that is compatible with theoretical assumptions is referred to as construct validity, and it indicates how effectively instrument results are indicative of the theoretical construct (Peach et al., 2018). Construct validity refers to the amount to which the measurements utilized, which are frequently questionnaires, really test the premise or theory being measured (Strauss & Smith, 2009; van der Vaart, 2021). In quantitative research, construct validity is especially crucial. Construct validity exists when a measure accurately measures and accurately depicts a distinct notion. Exploratory factor analysis is used to determine construct validity (Canivez et al., 2021). The acceptable level is a Cronbach alpha (α) of 0.60 or above (Hair, 2009),.

6.12.3. Convergent Validity

Convergent validity is the degree to which the new scale is connected to other variables and measures of the same construct ((Cheung & Wang, 2017; de Oliveira Tavares et al., 2021). Convergent validity examines two measures that are meant to assess the same construct and demonstrates their relationship (Cheah et al., 2018). Convergent validity is evidence that supports construct validity. The core concept of convergence validity is that tests for related constructs should be highly linked (Chin & Yao, 2014). Convergent validity is demonstrated when ideas that should be connected to one another are related, and highly dependable scales demonstrate convergent validity (Clark & Watson, 2019; Hair Jr et al., 2020; Hehman et al., 2019). These constructs' loading should range between 0.700 and 0.900, although loading of 0.500 is acceptable given that the other factors are higher, to attain convergence. Further to factor analysis Average Variance Extracted (AVE) statistic is calculated. Convergent validity is established if an AVE of 0.5 or greater (Hair et al., 2019).

6.12.4. Discriminant Validity

Discriminant validity (or divergent validity) checks whether or not constructs that should have no relationship have no association (Taherdoost, 2016). The degree to which two conceptually similar ideas are dissimilar is referred to as discriminant validity (Rönkkö & Cho, 2022; Srinivasan & Lohith, 2017). Discriminant validity examines if ideas or measures that aren't meant to be connected are actually unrelated (Hubley, 2014). Discriminant validity is proven when a scale that should not correlate too strongly with a measure of a different construct is not connected (Hair et al., 2019). An instrument with strong discriminant validity must be proven to correlate significantly or poorly with another instrument meant to assess something else (Sarstedt et al., 2019). The square root of AVE for each concept must be larger than inter-correlations with other constructs to be considered discriminant validity.

6.13. Ethical Considerations

Ethical clearance is concerned with the highest standards of treating research participants. The participants need to be firstly informed about what the research entails and what will be their role. Informing participants before they agree or disagree to participant in a research is called informed consent. The second aspect of research is confidentiality. Confidentiality is about the participants identify and the information they contribute with to the study will not be linked to them. This protects the identity especially in a research where there could be victimisation of participants if they are identified to have shared certain views about the organisation or any subject of the research.

6.13.1. Informed Consent

The informed consent is a very crucial element in ethical research. It pertains to informing the potential participants all the requisite information about what the research entails and allow them to take informed decisions whether to participate as respondents or not (Levine, 1983; Manti & Licari, 2018; Xu et al., 2020). Individual rights are respected as the research adheres to all privacy and confidentiality norms. The Company Secretary will be the first point of contact between the participants and the researcher, assuring them that their organization's leadership has been notified and given approval to conduct research in the institution. The researcher will issue an email invitation to the staff members in the target population. Following that, participants and the researcher communicate directly via survey software. The researcher will conduct a quick examination of participants in the research project, maintain confidentiality, and report the findings in an anonymous manner. Before the start of the study, participants will get an informed consent letter, which will also act as the researcher's consent letter.

6.13.2. Confidentiality

Confidentiality refers to a situation in which a researcher is aware of the identity of a research subject but takes precautions to prevent that identification from being discovered by others (Bos, 2020; Jones, 2012; Kaiser, 2009). As stated in the informed permission between the researcher and the participant, participants in this study are guaranteed confidentiality. Participants fill out a questionnaire with demographic information as well as information on their talents, education, and work experience. The questionnaire will not include the names of the participants, ensuring anonymity, and all data collected by the questionnaire will be coded for quantitative correlational analysis. According to the letter of Clearance approving the research and data collecting, the research materials are destroyed after five years using the most efficient manner available at the time, as defined by the researcher and the ethical norms of the University of KwaZulu-Natal.

6.14. Summary

The chapter begins by using the research onion to describe the research methodology utilised. It further explains why the study opted to use the pragmatic approach which adopts a mixed methodology with predominantly quantitative methods and less qualitative methods. The chapter further summarises the step by step process of the research. It informs us that the site of the study is in Durban, KwaZulu-Natal, Ithala Development Finance Corporation (IDFC), with a sample of 258 and a population of 778. The chapter informs us that the study will use a questionnaire to collect both quantitative and qualitative data all at once. This data would then be analysed using SPPS 27 to establish reliability and validity by establishing reliability, construct validity, convergent validity, and discriminant validity SEM PLS version 3 was used.

The correlational relationships would then be investigated using SPSS version 27 and further confirmatory analysis was done using SEM PLS 3. Regression analysis would closely identify the extent of the model fit. The qualitative data would then be used for triangulation during the data analysis. The triangulation allows the researcher to compare and contrasts the views of the participants and make conclusions, especially if these are in stark contrast.

The chapter highlights the importance of ethical considerations followed in the study. The participants were first informed about the study. The researcher sought informed consent and explained that participation was purely a choice and they could withdraw at any time. The participants were further reassured that their identities by name or by position could never be used, this ensured confidentiality of participants.

CHAPTER 7
DATA ANALYSIS AND INTERPRETATION OF RESULTS

7.1. Introduction

This chapter presents the statistical results from analysing data collected using a self-administered questionnaire. The questionnaire was administered to employees occupying supervisor and management positions at Ithala Development Finance Corporation (IDFC) (referred to as 'Ithala' throughout this chapter). The analysis presented in this chapter sought to investigate which factors of the internal corporate governance framework of Ithala influenced its organisational performance. The questionnaire consisted of 67 questions, of which nine focussed on the respondents' demographic information, and a further nine (9) were open-ended questions. The remaining 49 were 5-point Likert scale type of questions that formed the basis and focus of the quantitative analysis in this study. The survey statistical analyses were performed using IBM SPSS Statistics 27. This chapter's findings contain both descriptive and inferential statistics. Descriptive statistics includes the response rate, frequency analysis of demographic data, custom tables with frequency counts, percentages, averages, and standard deviations, and custom graphics. Inferential statistics includes exploratory factor analysis, reliability analysis, correlational analysis, regression analysis, and canonical correlations.

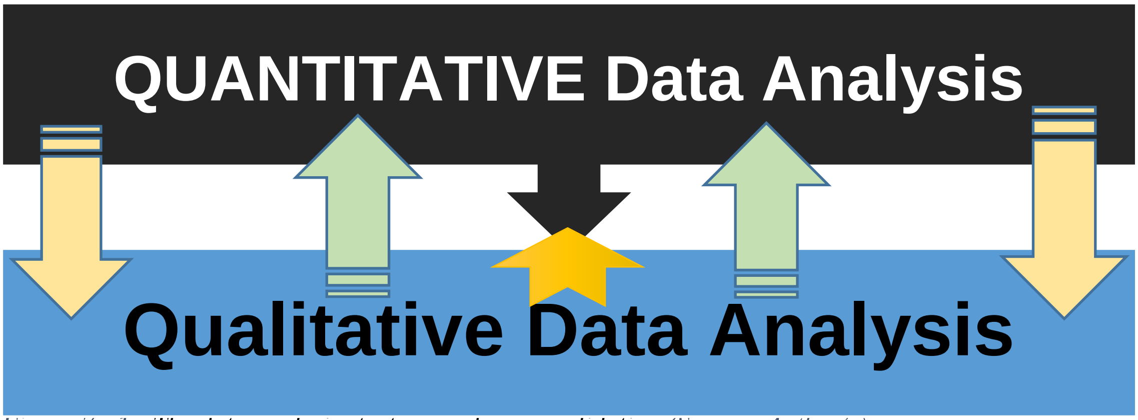

Figure 7: 1 - The data analysis strategy and cross-validation (Source: Author's)

Figure 7-1 shows cross-validation between quantitative and qualitative data analysis stages. Figure 7-2 shows that quantitative analysis took precedence. It shall look at the response rate, and the descriptive analysis of results which includes gender, race, nationality, level of education, positions and levels of employment, work experience, and requisite skills that the respondents hold. Then the analysis looked at the correlational analysis of data. Construct, discriminant and divergent validity shall be used to describe issues of reliability and validity, finally testing relations and hypothesis.

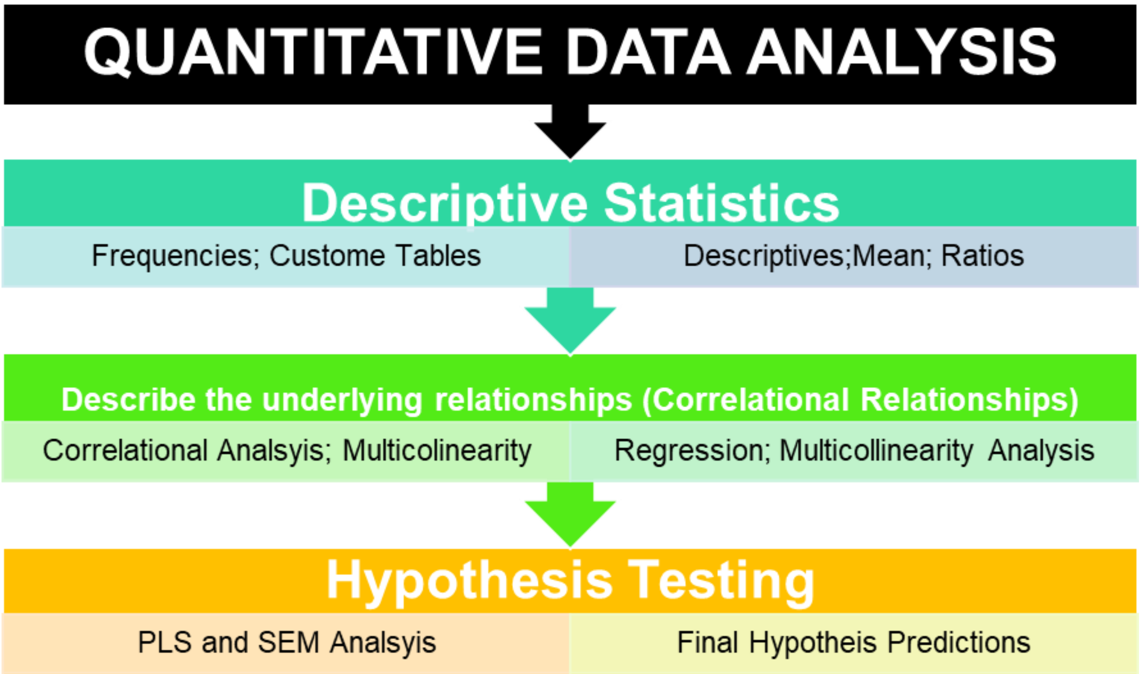

Figure 7: 2 - The quantitative data analysis strategy (Source: Author's)

The next stage of analysis is on the qualitative analysis which is described in Figure 7-3. The analysis comprises of simple coding of responses into themes and simple majority answers shall also be considered to constitute a view. The final picture of each question then is used to cross-validate the conclusion of the quantitative analysis. The new views which may fall outside the cross-validation of hypothesis and constructs shall then be considered if they cannot be recommended for other studies.

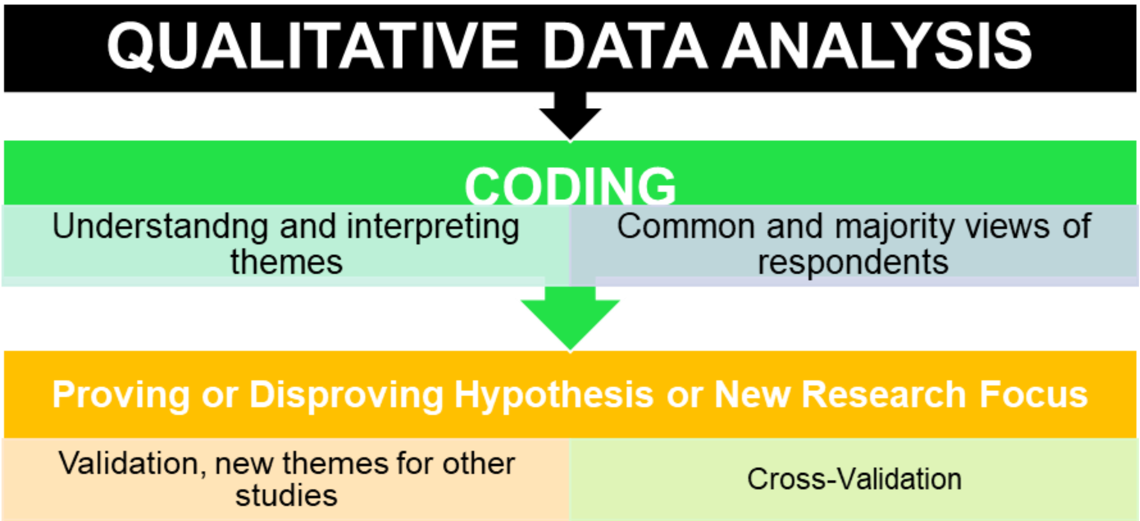

Figure 7: 3 - The qualitative data analysis strategy (Source: Author's)

7.2. Quantitative data analysis

The following sections shall deal with the quantitative data analysis. Quantitative data analysis is the use of mathematical or statistical modelling to analyse the relations that can explain relationship in any dataset (Miles et al., 2018). Quantitative methods use statistical analysis of collected data using computational techniques (Alzahrani, 2021).

7.2.1. The response rate

The response rate is the number of people who answered the survey compared to the entire population (Fincham, 2008; Frey, 2018; Weaver et al., 2019). The sample size for the study was calculated to be 258. The recruitment strategy was communicated through the IDFC Company Secretary who provided us with the gateway to access the company after getting the ethical clearance and the gatekeeper's letter. The Company secretary sent the email to the identified 258 potential participants (line supervisors, junior managers, middle managers, senior managers, senior executives and board members). (those who were eligible to participate) using Microsoft Forms. The respondents completed the questionnaire on their computers, tablets, and mobile phones. Table 7:1 shows the initial and valid response rates of the survey. Two hundred and eight questionnaires were received, which accounted for an initial response rate of 26.74%.

From this number, eight questionnaires were excluded from the analysis due to completion errors such as incomplete questionnaires (item non-response) or the entire questionnaire being returned blank (unit non-response). As shown in Table 7:1, this resulted in a valid sample of 200 questionnaires being included in the analysis, which constituted a valid response rate of 77.52%. The sample of 200 respondents was sufficient to address the study's objectives.

Population	Sample Size	Valid Participants	Valid Participants	Return Rate
778	258	200	200	77.52%

Table 7: 1–Response Rate of Supervisors and Managers (Source: Author's)

The conditions imposed by covid-19 forced a longer period to get responses from respondents. However, it was noted that no board members participated in the survey. The researcher sent several requests for the participation of board members, but unfortunately, such efforts yielded no results.

7.2.2. Descriptive Analysis

Descriptive analysis is aimed at explaining, and illustrating data in ways that patterns emerge to allow understanding and interpretation (Kaur et al., 2018; Murphy, 2021; Sharma, 2019). Statistical descriptive analysis helps identify patterns in the data to answer questions about who, what, where, when, and to what extent (Loeb et al., 2017). In this study, descriptive analysis encompassed supervisors' and managers' gender, age, race, nationality, education level, position, work experience, and the category of their professional skills. The descriptive analysis presented in this section helped provide a broad overview of who the study respondents were.

7.2.2.1. Gender of Supervisors and Managers

As seen in Table 7:2 above, 60% (n = 120) of the supervisors and managers who participated in the survey were male. On the other hand, 40% (n = 80) of the supervisors and managers were females. This percentage ratio is hardly surprising given that in South Africa, women still experience numerous barriers, particularly preventing them from being appointed to managerial and leadership positions in the public and private sectors alike. The implications of 60% of men having participated skews the views in favour of those who are in management. In South Africa many positions are currently occupied by white men, followed by Indian, then Coloured and lastly African men. The historical skewness still persists although it is gradually being addressed. This could skew results in favour of the incumbency.

Gender	Frequency	Percent
Male	120	60,0%
Female	80	40,0%
Prefer Not To Say	0	0,0%
Total	200	100%

Table 7: 2–Table of Gender Supervisors and Managers (Source: Author's)

As expected, far more males than females occupied senior positions in the sample from Ithala Development Finance Corporation.

7.2.2.2. Age of Supervisors and Managers

Figure 7:4 indicates that the majority of the supervisors and managers (55%, n = 110) were in the 31 – 40 years' age group. This is followed by those between 41 and 50 years, who constituted 30% (n = 60) of supervisors and managers. These results suggest that 90% (n = 170) of the supervisors and managers who participated in the survey were between 31 and 50 years old. However, only 7% (n = 14) of the respondents were 51 years or older. Two factors might explain the low representation of this age group in the survey. The first is that Ithala has few senior staff members above 50 years of age.

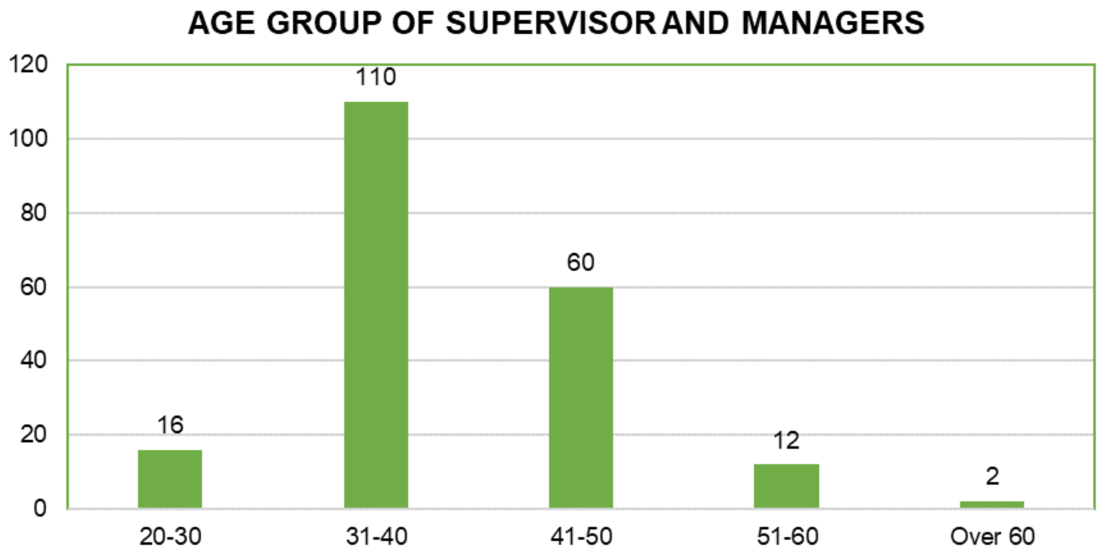

Figure 7: 4 - Table of Age of Supervisors and Managers (Source: Author's)

Secondly, since the respondents completed the questionnaire on internet-enabled devices, probably, some supervisors and managers above 50 years did not participate due to the slow adoption of technology and technophobia, which is more prevalent among older than young people (Abdelrahman et al., 2020; Hargittai et al., 2019). As for the low representation of those between 20 and 30 years (8%, n = 16), the answer might lie in the majority of them not yet having adequate work experience to be appointed as supervisors and managers at Ithala. The implications of 55% of supervisors and managers being aged 31-40 informs us that the production of a fully-fledged manager takes time. It would be an appropriate age for supervisors to be appointed at that age whilst being a manager is likely to happen at the age of 40 or above. The results could also be skewed in favour of these young managers and supervisors who would not have understood the responsibilities of the whole organisation at that age. Therefore, they would be critical of senior management.

7.2.2.3. Race of Supervisors and Managers

As Figure 7:5 illustrates, most supervisors and managers in the survey sample were black Africans (80%, n = 160). This was followed by 16% (n = 32) of those who identified as people of a mixed racial heritage/ancestry. Finally, only 4% (n = 8) of the respondents identified as people of Asian heritage/ancestry. There were no respondents who identified themselves as white in the survey. However, there is a very small population of white supervisors and managers at Ithala, constituting less than five percent. It is noteworthy that although Ithala was founded in 1968 by the Apartheid government that implemented many racial discrimination policies against black people, the company has charted its path to become a genuinely diverse South African public company over the years.

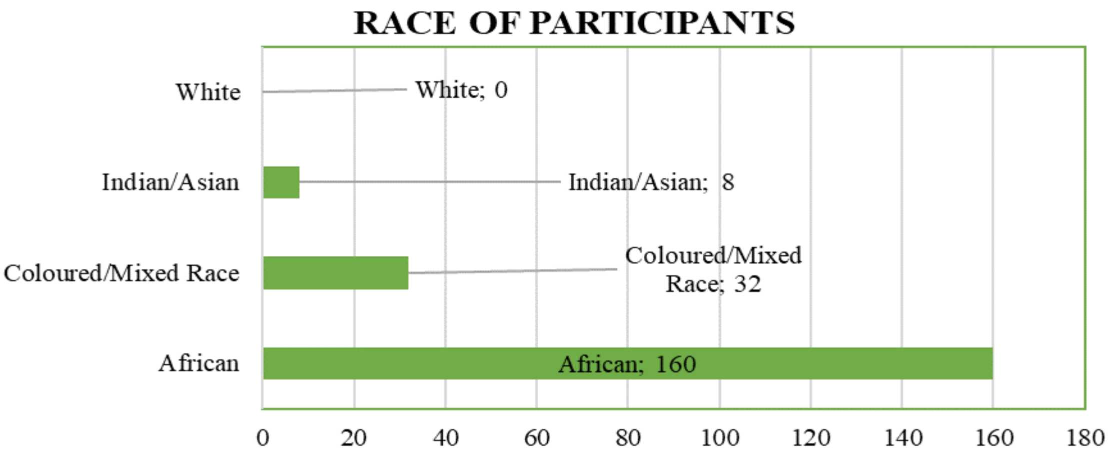

Figure 7: 5 - Race of Supervisors and Managers (Source: Author's)

Consequently, the racial backgrounds of the supervisors and managers involved in this study seem reasonably consistent with the demographic profile of Ithala employees and the South African population. The implications of 80% of Africans being dominant race that responded has implications on the cultural impact that is dominantly practiced by Africans. The study did not seek to understand which language and culture did African come from. It is widely assumed that most African people in KwaZulu-Natal are Zulus. This would skew results in the favour and view of the dominant race. The participants of other races also raise that affirmative action and racial balance targets affected the morale of races who were overlook for promotion.

7.2.2.4. Nationality of Supervisors and Managers

	Frequency	Percent
South African	200	100
Non- South African	0	0
Total	200	100%

Table 7: 3–Nationality of Supervisors and Managers (Source: Author's)

The economic changes in post-apartheid South Africa have opened up opportunities for people of different nationalities to contribute positively to the South African economy. This has allowed many to acquire permanent citizenship status over time. However, the results from the survey (Table 7:3) indicate that all the supervisors and managers in the sample were South African citizens by birth. Meanwhile, the survey was not designed to determine the ethnic or language profile of the supervisors and managers since this was not considered essential for this study. Therefore, 100% (n = 200) of the respondents in this study's sample were South African by birth and nationality.

7.2.2.5. Highest Education Level of Supervisors and Managers

Figure 7:6 shows that only 2% (n = 3) of the respondents had a matric qualification. These were probably employees who have been with Ithala for a long time and may have been promoted to supervisorship and management positions due partly to their work experience.

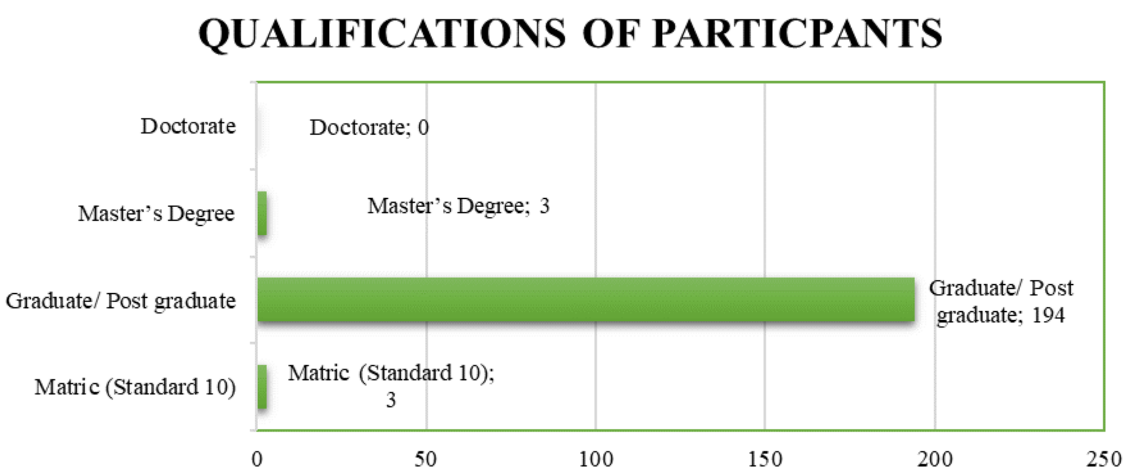

Figure 7: 6 - Race of Supervisors and Managers (Source: Author's)

Notably, 97% (*n* = 194) of the respondents had a graduate or post-graduate educational qualification but less than a master's degree. Meanwhile, only 2% (*n* = 3) of the respondents had a master's degree, and none had completed a PhD qualification. On the face of it, it seems that the supervisors and managers of Ithala are suitably qualified, and some are still pursuing initial and post-graduate qualifications. However, this study could not determine the fields of specialisation of the respondents' academic qualifications that were still in progress. The implications of 97% of participants being well educated with either a Diploma; a Postgraduate Diploma or a Bachelor's degree shows that the corporation has invested well in education or has recruited suitably qualified candidates who have a potential to grow within the organisation. It also tells us that these employees who are already supervisors and managers have a potential to reach to the top. Their qualifications could not bring any bias as some of the senior management possess similar qualifications as these middle management leaders.

7.2.2.6. Position of Supervisors and Managers

	Frequency	Percent
Lower Level management	85	42.5
Middle Management	102	51
Senior Management	13	6.5
Board Member	0	0
Total	200	100%

Table 7: 4–Positions of Supervisors and Managers (Source: Author's)

As Table 7:4 indicates, 43% *(n* = 85) of the respondents were regarded as supervisors and managers in the lower management rung of Ithala. In comparison, 51% (*n* = 102) of the respondents were considered managers in the middle management rung. Most companies have a 'pyramid' structure of management, characterised by a broad base and a narrow top, and Ithala appears to be no exception in this regard. Consequently, there was a small number of senior managers in this study, constituting about 7% (*n* = 13) of the sample. Notably, none of the board members responded to the survey, despite being invited to participate. The implications of 42.5% of respondents being in lower level management compared to 51% in middle management shows some skewness as it is expected that the higher you go the less are the positions. But it could have been cause by less participation of lower level managers. The comparison between senior management and the two lower levels show the expected trend of less managers in senior management. IT is however notable that of the 13 board members none of them chose to become a respondent. The numbers make sense and the senior management uses their power to lead and control lower level and middle level managers a well as employees.

7.2.2.7. Work Experience of Supervisors and Managers

It is shown in Figure 7:7 that most supervisors and managers in this sample have occupied supervisor/manager positions for a period of five to 10 years (44%, *n* = 87). Following them are supervisors and managers who have been in supervision/management positions for under five years (25%, *n* = 49). The third-largest cohort is those who have been in their current supervisor/manager positions for 11 to 15 years, constituting 21% (*n* = 41) of the sample. Probably because of their years of experience, this cohort tended to occupy middle to senior management positions at Ithala. In the fourth place were employees who held supervisor/manager positions at Ithala for 16 to 20 years, constituting 10% (*n* = 20) of supervisors/managers in this sample. They were also in the middle and senior management rungs of the company, with a patent slant toward senior management.

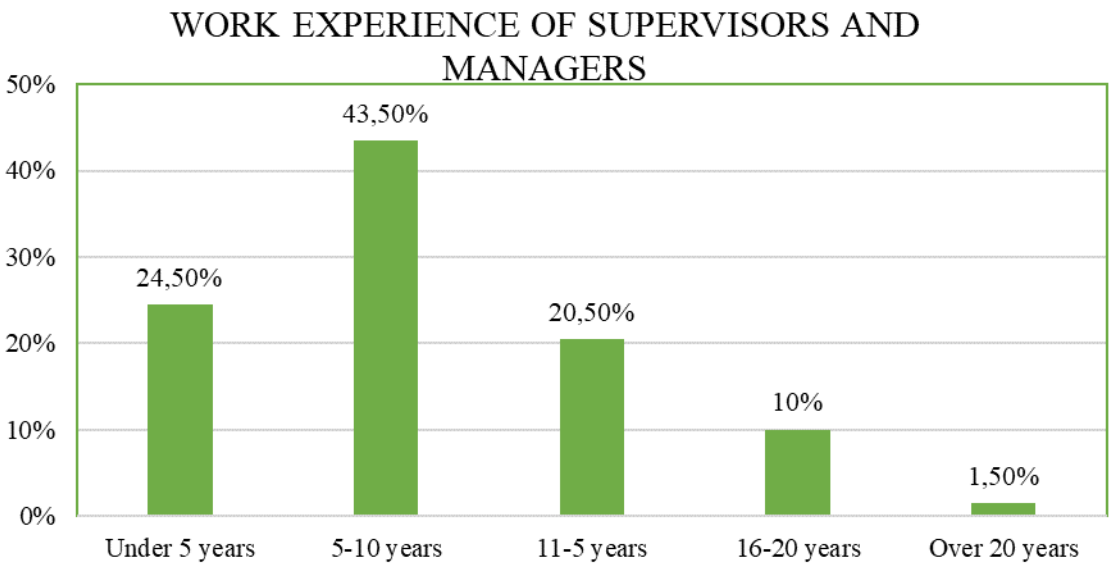

Figure 7: 7 - Work Experience of Supervisors and Managers (Source: Author's)

Finally, the smallest cohort of the sample were employees who have been in supervisor/management positions at Ithala for more than 20 years. They made up only 2% (*n* = 3) of the sample and were in senior management and would be among the most experienced senior management employees at Ithala. These results accord with the expectation that senior management (typically CEOs and board members) are usually individuals who have accumulated years of management experience either in their current or previous company/companies. The implications of 24.5% of lower level managers having an experience of 0-5 years compared to 43.5% having experience of 5-10 years puts the organisation well placed so that their junior staff which has a potential to contribute to the future of the organisation, with age on their side. The higher up the management echelon those who have 11-15 years' experience were at 20.5% compared to 10% of 16-20 years. This shows a similar trend as the above demographic influence of the less experienced having to show ad share their views. This could lead to lower level and less experienced management bias.

7.2.2.8. Skills of Supervisors and Managers

Table 7:5 presents a breakdown of the skills/expertise of the sample of supervisors and managers, as measured through their educational qualifications. The table shows that most supervisors and managers (56%, *n* = 117) had expertise in business administration or business management. Commercial fields such as accounting, finance, and economics were also highly represented among the sample of supervisors and managers from Ithala. These fields were represented in 24% (*n* = 48) of the cases analysed in this study. Human resources and legal expertise had a relatively low representation, accounting for 12% (*n* = 24) of the expertise in this sample. There is a reasonable expectation that a company like Ithala will not have a significant legal department since companies often outsource legal services. Thus, a small legal department may be required to give legal advice, mitigate litigation risk, and vet business contracts and ventures.

	Frequency	Percent
Accounting/Finance/Economics	48	24.0
Auditing/Risk Management	11	5.5
Business Administration/ Management	117	58.5
Human Resources/ Legal	24	12.0
Total	200	100%

Table 7: 5–Skills of Supervisors and Managers (Source: Author's)

In quite the way, the human resource department should just be sufficient to look after the company's human resource support needs. Auditing and risk management constituted a minuscule 6% (n = 11) of the skill set of this sample. Again, it is quite the norm for the auditing and risk management sections to be small, as their primary focus is on compliance and risk mitigation. From these results, this sample appears to have a reasonably diverse set of skills to manage the business affairs of Ithala effectively. The implications of 58.5% of managers possessing management and business management qualifications could swing the bias towards general management staff opposed to the rest of the skills in the organisation. But that could not be such a bad idea if corporate governance is implemented across the board from lower management to senior management.

7.2.3. Custom Tables (Frequencies, Percentages, Means, and Standard Deviations)

A custom table is a data structure that organizes information into rows and columns. A table can be used to both store and display data in a structured format (Nabuurs et al., 2014). Custom tables were used in this study to assess and summarise the views of the respondents on the internal corporate governance framework of Ithala as measured by the following six constructs/latent variables:

- Board independence
- Board committees
- Board oversight responsibility (board leadership)
- Board diversity
- CEO people-centred leadership skills
- Organisational performance.

In the survey, the respondents were asked to rate their level of agreement with specific statements using a 5-point Likert scale where ‘1’ = strongly disagree, ‘2’ = disagree, ‘3’ = neutral, ‘4’ = agree, and ‘5’ = strongly agree. To improve the presentation and intelligibility of the results, the two lower and two upper scales have been combined, resulting in three categories (strongly disagree/disagree; neutral; agree/strongly agree) as recommended by (Morgan et al., 2016). Furthermore, custom graphs have been included under each custom table to enable the reader to interpret the results at a glance.

7.2.3.1. Board independence

As reflected in Table 7:6, the construct “board independence” was measured using seven items in the questionnaire. The results reflect a broad consensus among the respondents that Ithala has a functional board, with BI1, = 84% (*n* = 168) on the ‘strongly agree/agree’ category. In the same way, 97% (*n* = 194) of the respondents strongly agree/agree that Ithala has external independent board members, and 92% (*n* = 183) believe that the board takes decisions on its own without interference. However, the consensus was not very strong regarding the ability of the board to form committees it deemed appropriate to conduct the work of the company. Although the average score is not necessarily low for BI7 (*M* = 3.79; *SD* = 1.33), it indicates that the board might still have some room for improvement to ensure effective oversight of the activities of the various committees at Ithala. Perhaps the same argument can be put forward concerning the item BI6 (i.e., The board decides and monitors the performance of executives). The average score (*M* = 3.97; *SD* = 1.09) for BI6 also indicates that the respondents did not feel very strongly that the board has a firm grip on the performance of the executives at Ithala. However, it should be conceded that the general sentiment among the respondents of this study is that Ithala has a board that is independent by most reasonable measures.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree	Mean	Standard Deviation
BI1	There is a functional board at Ithala	Count	28	4	168	4,18	1,266
		Row N %	14.0%	2.0%	84.0%		
BI2	The managing board has external independent board members.	Count	4	2	194	4.49	0.716
		Row N %	2.0%	1.0%	97.0%		
BI3	The board takes decisions on its own without interference.	Count	6	11	183	4.37	0.784
		Row N %	3.0%	5.5%	91.5%		
BI5	The decisions of the board are final and are implemented by the organisation.	Count	16	13	171	4.10	0.985
		Row N %	8.0%	6.5%	85.5%		
BI6	The board decides and monitors the performance of executives	Count	20	17	163	3.97	1.091
		Row N %	10.0%	8.5%	81.5%		
BI4	The independent external board members constitute the majority.	Count	25	6	169	4.00	1.139
		Row N %	12.5%	3.0%	84.5%		
BI7	The Board of Directors formed any committees it deems appropriate to conduct the work and achieve the organisational goals	Count	37	9	154	3.79	1.328
		Row N %	18.5%	4.50%	77.0%		

Table 7: 6– Custom Table for Board Independence, Mean and Standard Deviation. (Source: Author's)

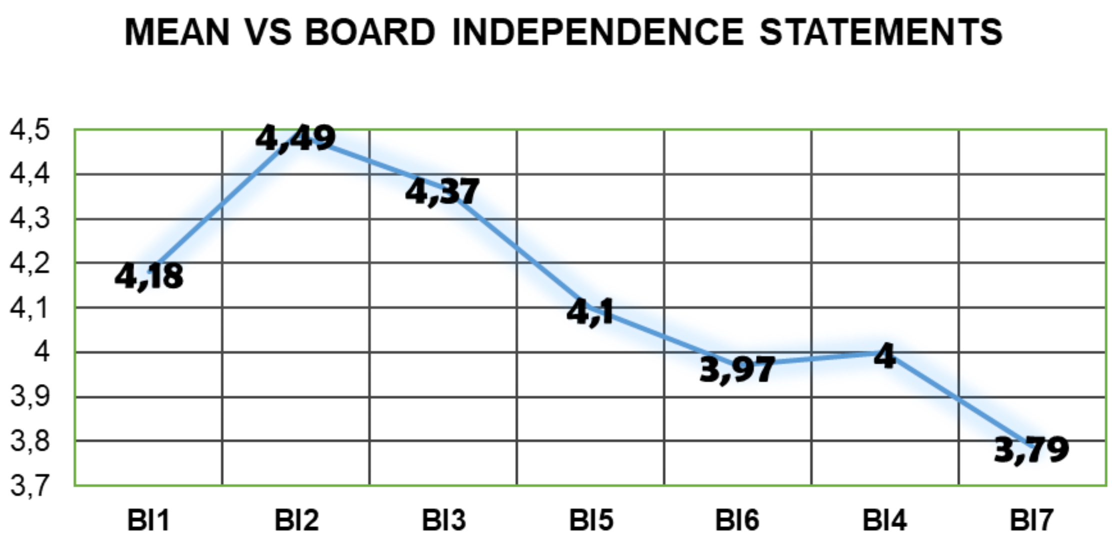

Figure 7: 8 - Mean vs Board Independence Statements (Source: Author's)

7.2.3.2. Board Diversity

Regarding the construct "board diversity" as set out in Table 7:7, a significant segment of the respondents (46%, n = 92) strongly disagree/disagree that the board includes young people and or disabled people. This is the only item in this construct where the sample of supervisors and managers patently disagreed with the statement. It should be noted that depending on the size of the board and the skills required to execute its oversight responsibilities, it may be challenging to attract young people and disabled people to become board members. However, when it comes to other measures of board diversity, such as the gender composition of the board members and their demographic profiles/backgrounds, the respondents held a strong perception that the board of Ithala is diverse.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree
BD1	The board includes young people and or disabled people	Count	92	15	93
		Row N %	46.0%	7.5%	46.5%
BD2	The board consists of females board members.	Count	2	0	198
		Row N %	1.0%	0.0%	99.0%
BD3	The board has diverse members from different backgrounds.	Count	5	3	192
		Row N %	2.5%	1.5%	96.0%
BD4	The board is inclusive of diverse racial groups	Count	6	2	192
		Row N %	3.0%	1.0%	96.0%

Table 7: 7–Custom table for board diversity

7.2.3.3. Board Committees

The results set out in Table 7:8 reveal a rather broad consensus among the respondents about the presence of board committees at Ithala. The respondents overwhelmingly agree on the presence of the Audit and Risk Committee (M = 4.51; SD = 0.72) and the Remuneration Committee (M = 4.48; SD = 0.75). However, the consensus was fairly tepid about whether "the board had a committee responsible for overall board governance, including compensation, size, composition, and performance" (M = 3.67;

SD = 1.45). In other words, the respondents did not express full confidence that the board of Ithala had a properly constituted 'board governance committee' that was effective. Perhaps the most significant of these results in terms of the board's functions is that the CEO takes a mandate from the board after the board committees meet and make recommendations (BC8: M = 3.98; SD = 1.14). Therefore, in all respects under consideration, the respondents were quite confident about the presence and functionality of the various board committees. This interpretation is further attested by most of the average scores having a mean that is above 4.0.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree	Mean	Standard Deviation
BC1	The board/management has the Audit and Risk Committee.	Count	6	0	194	4,510	0.723
		Row N %	3.0%	0.0%	97.0%		
BC2	The board/management has Remuneration Committee	Count	2	1	197	4.475	0.567
		Row N %	1.0%	0.5%	98.5%		
BC3	The board/management has a schedule of meeting that it honours.	Count	5	3	192	4.375	0.733
		Row N %	2.5%	1.5%	96.0%		
BC4	The board/management has other management committees over and above the two mentioned above.	Count	11	13	176	4.135	0.872
		Row N %	5.5%	6.5%	88.0%		
BC5	The board committees are chaired by Committee Chairs	Count	11	10	179	4.235	0.891
		Row N %	5.5%	5.0%	89.5%		
BC6	The board committee chairpersons run their committees independently	Count	17	9	174	4.120	1.020
		Row N %	8.5%	4.5%	87.0%		
BC7	The board and board committees add value to the organisation.	Count	20	4	176	4.100	1.103
		Row N %	10.0%	2.0%	88.0%		
BC8	The CEO take a mandate from the board after the board committees meet and make recommendations.	Count	24	9	167	3.975	1.141
		Row N %	12.0%	4.5%	83.5%		
BC9	The board has a committee responsible for overall board governance. including compensation, size, composition and performance	Count	48	9	143	3.670	1.446
		Row N %	24.0%	4.5%	71.5%		

Table 7: 8–Custom Table for Board Committees, Mean and Standard Deviation.

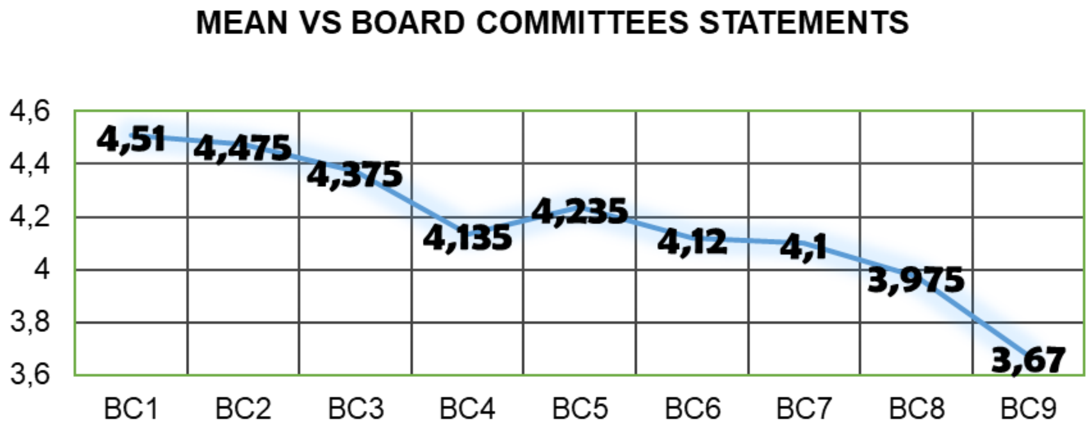

Figure 7: 9 - Mean vs Board Committee Statements

7.2.3.4. Board Oversight Responsibility

Results for the construct "board oversight responsibility" are set out in Table 7:9. These results indicate that the respondents held a rather strong perception that the board of Ithala is effective in its oversight responsibilities. For example, 96% (*n* = 192) of the respondents strongly agree/agree that the board is responsible for strategy development and implementation. Likewise, 94% (*n* = 187) strongly agree/agree that the board is transparent to all its stakeholders. However, the respondents have a tepid agreement that the board produces an annual financial report (e.g., 33%, *n* = 11 strongly disagree/disagree and *M* = 3.49; *SD* = 1.51). This is potentially an area of the board's oversight responsibilities that requires attention. Meanwhile, across the nine items measuring this construct, it can be seen that the majority of mean scores are above 4.0, which intimates an overall satisfaction among the sample of supervisors and managers on this construct.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree	Mean	Standard Deviation
BOR1	The board produces a financial report annually.	Count	66	5	129	3.490	1.514
		Row N %	33.0%	2.5%	64.5%		
BOR2	The board is transparent to all its stakeholders.	Count	11	2	187	4.270	0.872
		Row N %	5.5%	1.0%	93.5%		

BOR3	The board is responsible for strategy development and implementation.	Count	3	5	192	4.330	0.651
		Row N %	1.5%	2.5%	96.0%		
BOR4	The board holds the CEO and CFO responsible.	Count	10	11	179	4.220	0.892
		Row N %	5.0%	5.5%	89.5%		
BOR5	The board holds all board committees responsible.	Count	17	7	176	4.115	1.023
		Row N %	8.5%	3.5%	88.0%		
BOR6	The board guards the name of the organisation against disrepute.	Count	14	5	181	4.150	0.950
		Row N %	7.0%	2.5%	90.5%		
BOR7	The board appoints board committees and ensures their effectiveness.	Count	12	7	181	4.155	0.914
		Row N %	6.0%	3.5%	90.5%		
BOR8	The board evaluates board and board committee performance annually.	Count	22	10	168	3.975	1.105
		Row N %	11.0%	5.0%	84.0%		
BOR9	The board evaluates board and board committee and management performance annually.	Count	37	5	158	3.825	1.376
		Row N %	18.5%	2.5%	79.0%		

Table 7: 9– Custom Table for Board Oversight Responsibility, Mean and Standard Deviation.

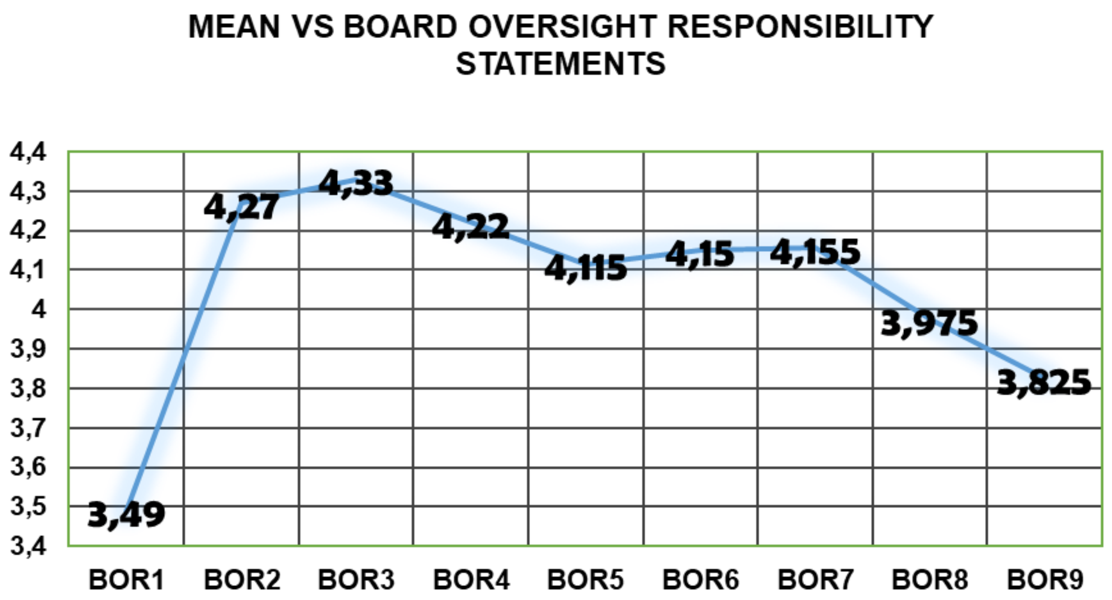

Figure 7: 10 - Mean vs Board Oversight Responsibility Statements

7.2.3.5. CEO people-centred leadership skills

The results displayed in Table 7:10 suggest a broad consensus among the respondents that the company CEO displays people-centred leadership skills. This sentiment among the respondents is particularly demonstrable in their positive views on whether the CEO promotes an effective framework for the governance system of internal control (*M* = 4.33; *SD* = 0.75). The same positive trend is true for items such as CPCLS2 (*M* = 4.29; *SD* = 0.79), CPCLS4 (*M* = 4.22; *SD* = 0.90), CPCLS5 (*M* = 3.94; *SD* = 1.26) and CPCLS1 (*M* = 3.82; *SD* = 1.28). However, the respondents' perceptions are quite revealing regarding whether senior management listens to the views of staff during regular meetings (CPCLS6, *M* = 3.59; *SD* = 1.42). This particular result intimates that a considerable segment of supervisors and managers (26%, *n* = 51 strongly disagree/disagree) are not convinced that senior management, including the CEO, takes a keen interest in the views expressed by the staff in meetings. Although this may be another area for the CEO's consideration, the general sentiment among the respondents is that the CEO displays good people-centred leadership skills in all respects.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree	Mean	Standard Deviation
CPCLS1	The company is educating workers on the importance of the principles of corporate governance.	Count	41	3	156	3,820	1.275
		Row N %	20.5%	1.5%	78.0%		
CPCLS2	There is a regulatory system that is efficient and effective in the company.	Count	9	3	188	4.285	0.792
		Row N %	4.5%	1.5%	94.0%		
CPCLS3	Promotes an effective framework for the governance system of internal control	Count	6	10	184	4.325	0.750
		Row N %	3.0%	5.0%	92.0%		
CPCLS4	Are preparing periodic reports on the management of the company's commitment to applying the principles of corporate governance.	Count	13	6	181	4.215	0.896
		Row N %	6.5%	3.0%	90.5%		
CPCLS5	The junior staff know about participating in Audit committees to disclose all	Count	31	10	159	3.940	1.255
		Row N %	15.5%	5.0%	79.5%		

	data and important decisions contained in the annual report of the company.						
CPCLS6	The views of staff by senior management are listened to during regular meetings which are held with staff	Count	51	8	141	3.585	1.422
		Row N %	25.5%	4.0%	70.5%		

Table 7: 10–*Custom Table for Board Oversight Responsibility, Mean and Standard Deviation. (Source: Author's)*

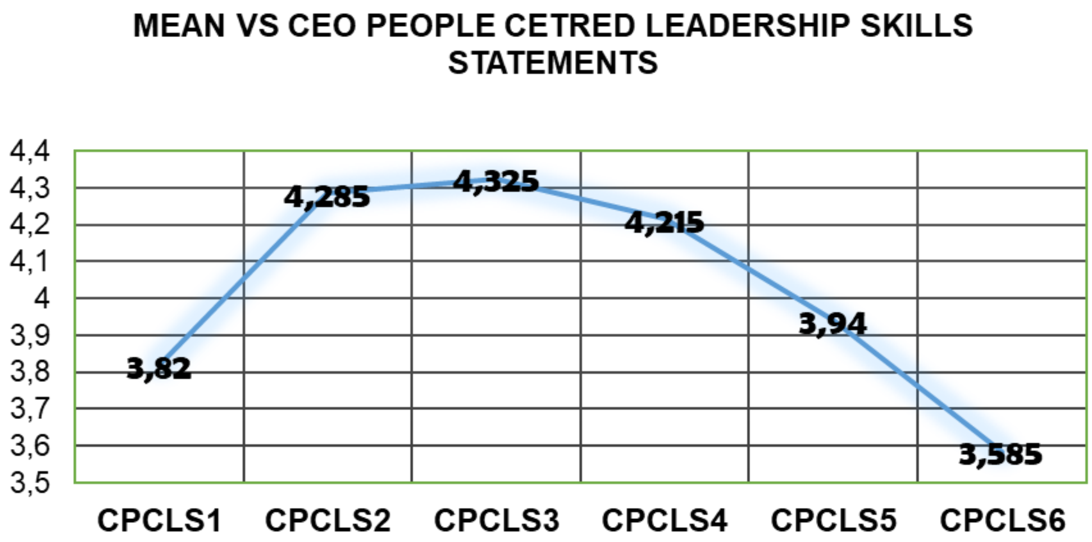

Figure 7: 11 - Mean vs CEO People-Centred Leadership Skills Statements (Source: Author's)

7.2.3.6. Organisational Performance

Finally, the respondents' views were generally positive concerning organizational performance, as the results in Table 7:11 attest. For example, the overwhelming majority of the respondents (96%, *n* = 191) felt strongly that the government respects corporate governance principles. Notably, 79% (*n* = 157) strongly agreed/agreed that while Ithala is a government-owned company, the government did not interfere in the administration of Ithala. In a similar vein, 94% (*n* = 188) strongly agree/agree that the government is supportive of Ithala. Considering the other items in this construct, it is quite evident that the sample of supervisors and managers had a typically positive outlook on organisational performance (e.g., OP3: *M* = 4.20; *SD* = 0.79; OP4: *M* = 4.26; *SD* = 0.64; OP5: *M* = 4.13; and *SD* = 0.93). Notwithstanding that, overall community and customer satisfaction with Ithala (OP6: *M* = 3.78; *SD* = 1.35) might be an area of interest should the company decide to evaluate its performance.

			Strongly Disagree & Disagree	Neutral	Strongly Agree & Agree	Mean	Standard Deviation
OP1	The is no interference in the administration of Ithala as an entity by the government	Count	28	15	157	3.920	1.179
		Row N %	14.0%	7.5%	78.5%		
OP2	The government respects corporate governance principles.	Count	5	4	191	4.310	0.660
		Row N %	2.5%	2.0%	95.5%		
OP3	The board is answerable to the MEC and the Portfolio Committee.	Count	8	11	181	4.195	0.794
		Row N %	4.0%	5.5%	90.5%		
OP4	The government is supportive of Ithala.	Count	3	9	188	4.260	0.636
		Row N %	1.5%	4.5%	94.0%		
OP5	The government is confident in the corporate and financial activities of Ithala.	Count	11	15	174	4.130	0.931
		Row N %	5.5%	7.5%	87.0%		
OP6	The community and customers are happy with Ithala.	Count	38	19	143	3.780	1.349
		Row N %	19.0%	9.5%	71.5%		

Table 7: 11–Custom Table for Board Oversight Responsibility, Mean and Standard Deviation.

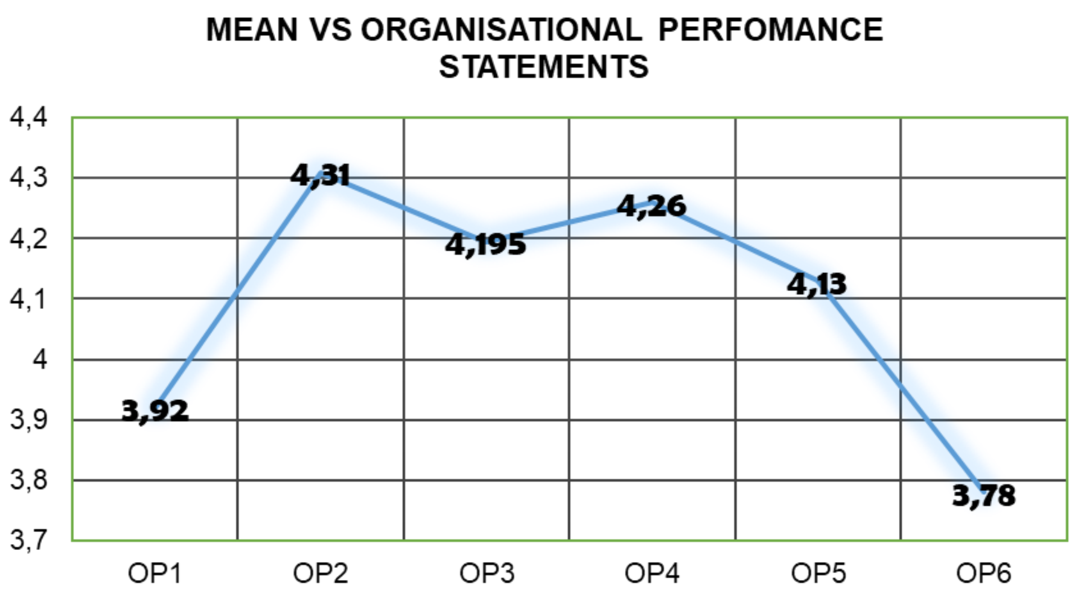

Figure 7: 12 - Mean vs Organisational Performance Statements (Source: Author's)

7.2.4. Correlational Relationships

A correlation is a measure or degree of relationship between two variables (Umberson & Montez, 2010). Table 7:12 shows the Pearson correlations between all the constructs tested. The significant level used was 0.01 or 99 %). The relationship between board independence and organisational performance showed a positive medium relationship characterised (R=0.391). The relationship between board committees and organisational performance is significant (R=0.524). whilst the relationship between board oversight responsibility (board leadership) is also positive and significant (R=0559) and lastly, the relationship between CEO people-centred leadership is positive and significant (R=0.541).

		Board Independence	Board Committees	Board Oversight Responsibility	CEO People Centred Leadership	Organisational Performance
Board Independence	Pearson Correlation	1	.426**	.375**	.376**	.391**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	200	200	200	200	200
Board Committees	Pearson Correlation	.426**	1	.710**	.603**	.524**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	200	200	200	200	200
Board Oversight Responsibility	Pearson Correlation	.375**	.710**	1	.578**	.559**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	200	200	200	200	200
CEO People Centred Leadership	Pearson Correlation	.376**	.603**	.578**	1	.542**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	200	200	200	200	200
Organisational Performance	Pearson Correlation	.391**	.524**	.559**	.542**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	200	200	200	200	200
**. Correlation is significant at the 0.01 level (2-tailed).						

Table 7: 12–Custom Table for Board Oversight Responsibility, Mean and Standard Deviation. (Source: Author's)

7.2.5. Factor Loadings.

Factor analysis studies if a collection of observed variables' covariance or connection can be described by a smaller number of unobservable constructs known as common factors (Landau & Everitt, 2004). After the descriptive research was completed, factor analysis was used to discover the underlying components. Factor analysis is used to identify which components should be included and which should be eliminated from further investigation. EFA seeks to find complex patterns, whereas CFA seeks to confirm hypotheses and describes variables and components using route analysis diagrams (Child, 2006).

The linear relationship between two or more variables is referred to as multicollinearity. It is a data issue that may generate major problems with the dependability of model parameter estimates (Alin, 2010). Items displaying multicollinearity are removed from further consideration. The variation inflation factor (VIF) quantifies how much the variance is inflated and is an excellent metric of multicollinearity. When two or more predictors in a regression model are moderately or highly associated with one another, multicollinearity exists. The rule of thumb is a VIF of 1 means that there is no correlation among remaining predictor variables and the variance is not inflated, whilst VIF greater than 4 warrants further investigation and VIF greater than 10 suggest multicollinearity and requires corrections.

Collinearity Statistics (VIF)	VIF
BC4	1.447
BC5	1.412
BC6	2.061
BC7	1.908
BC8	1.440
BI3	1.384
BI4	1.533
BI5	1.519
BI6	1.707
BOR4	1.480
BOR5	1.795
BOR6	1.777
BOR7	1.820

BOR8	1.656
CPCLS2	1.236
CPCLS3	1.476
CPCLS4	1.475
CPCLS5	1.220
OP3	1.174
OP4	1.295
OP5	1.272

Table 7: 13–Factor Loadings Table showing items removed. (Source: Author's)

Table 7:13 shows the VIF less than 4 and greater than one which indicates that multicollinearity does not exist and our remaining predictors are acceptable. Table 7:14 shows the constructs, the variables with multicollinearity, items removed and items remaining in each construct. Table 7:14 shows the factor loadings for each of the constructs and further shows which items have been removed leading to Table7:15 which has new loading which does not reflect the removed items. The items that had a lower loading of less than 0.500 were removed. The board diversity loading was very lower. When calculating the individual Cronbach alpha for the two remaining items the alpha disappeared making the whole hypothesis to be removed as it could not be reliably measured.

Construct	Original Items	No of Items removed	Items removed	Items Remaining
Board Committees	9	4	BC1; BC2; BC3; BC9	5
Board Diversity	4	2	BD1; BD2	2
Board Independence	7	3	BI1; BI2; BI7	4
Board Oversight Responsibility	9	4	BOR1; BOR2, BOR3; BOR9	5
CEO People Centred Leadership	6	2	CPCL1; CPCL6	4
Organisational Performance	6	3	OP1; OP2; OP6	3

Table 7: 14–Factor Loadings Table showing items removed. (Source: Author's)

7.2.5.1. The board diversity construct – Falling off

The factor loadings of construct board diversity have one of its factor loading (BD2 = 0.416) which lower than 0.500 which is recommended (Figure 7:13). When BD2 is removed there is only one item left on board diversity construct. If the BD2 is kept, then it makes the model unworkable. Only one item is left which is BD3. But a construct cannot be reasonably measured by one item, this leads to the falling off of the construct board diversity.

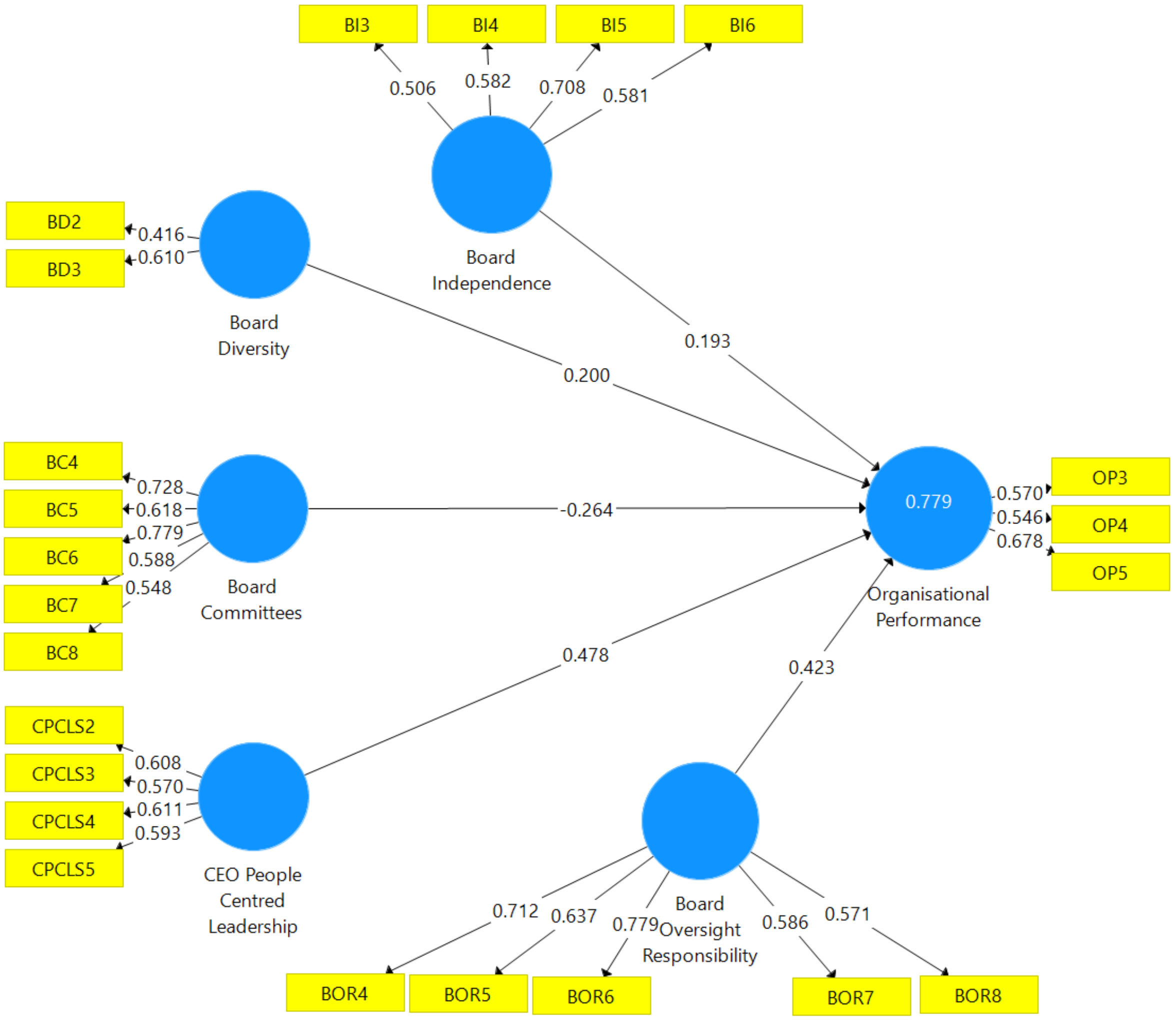

Figure 7: 13 - Diagram showing factor loadings for all 6 constructs. . (Source: Author's)

The following Figure 7:14 shows the factor loading after eliminating BD2 and BD3. These have also improved and all the values are over the value of 0.600 which is a great improvement in the factor loadings. This shows better representation of the constructs and shows that items clearly explain the construct.

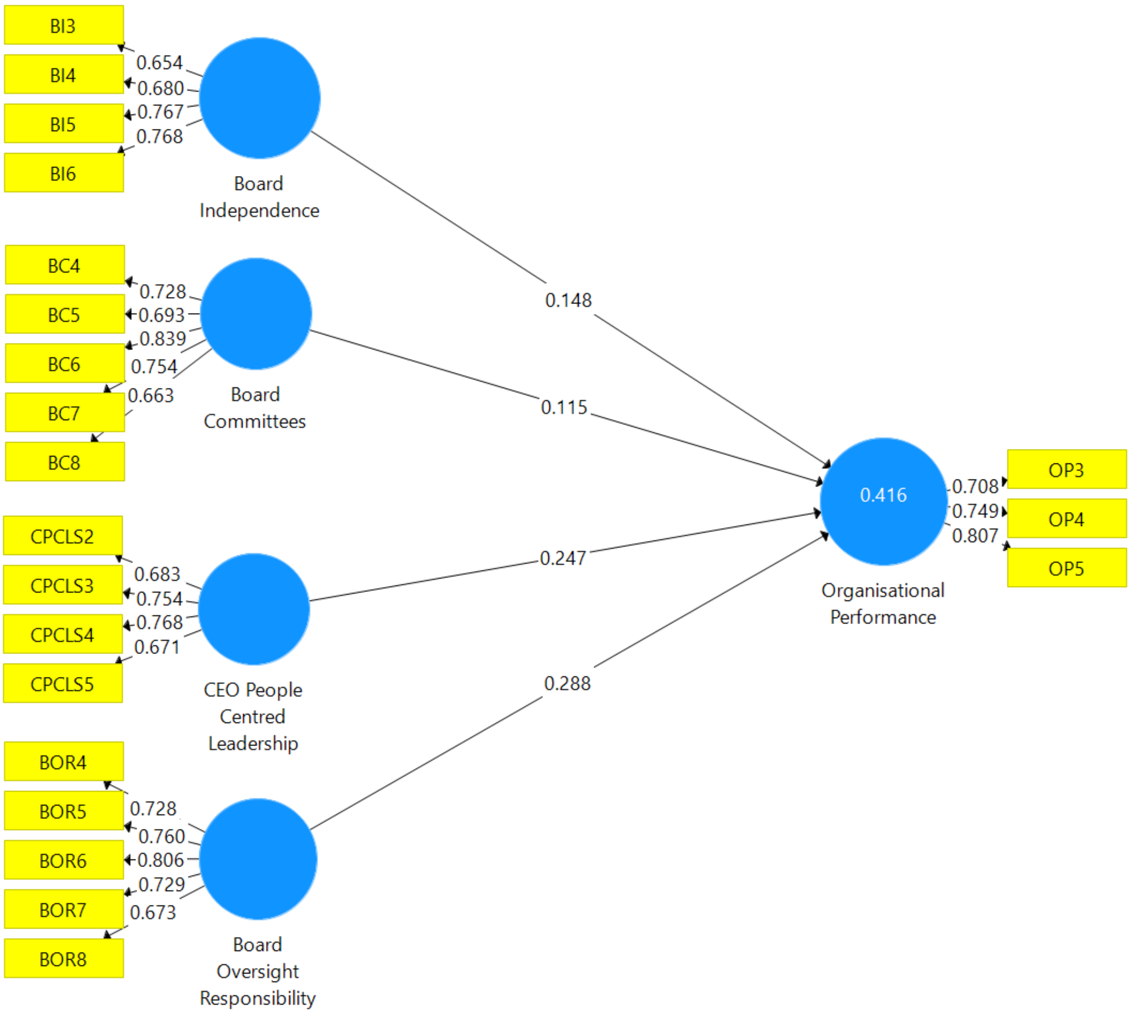

Figure 7: 14 - Diagram showing factor loadings for all 5 constructs after removing the board diversity construct. (Source: Author's)

The figure below shows the t-statistics representing each item after the removal of BD2 and BD3. The t-statistics are the measure to see how the items fit the model. The t-statistics should be [$t_s \geq 1.96$], all the items representing different constructs are higher than 1.96. The t-statistics range from 3.553 to 11.200 which is a really good representation. This is the basis of the Board Diversity construct being removed and hence falling off (Figure 7:15).

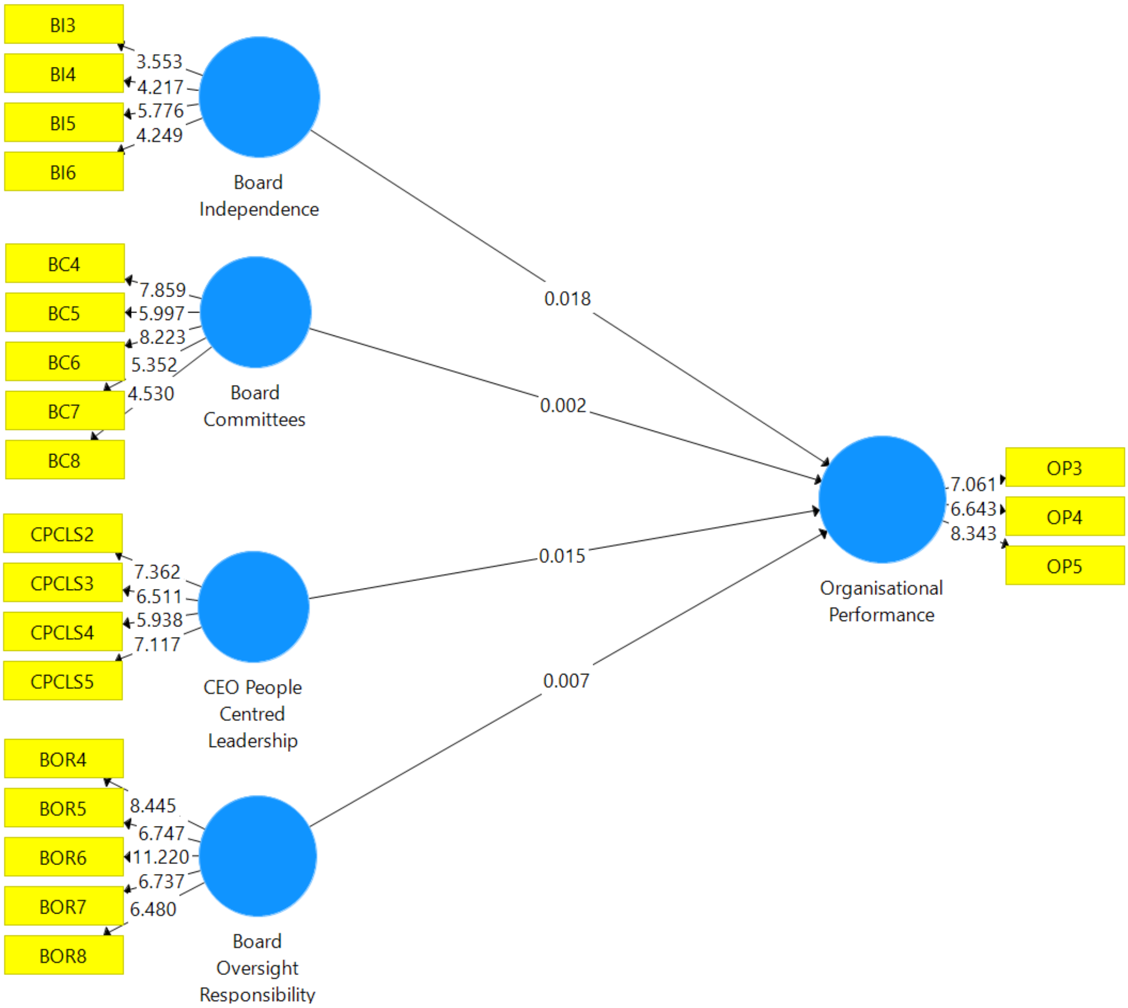

Figure 7: 15 - Diagram showing t-statistics for all 5 constructs after removing the board diversity construct. . (Source: Author's)

7.2.6. Construct Validity.

Concept validity is the degree to which a measure 'behaves' in a way that is consistent with theoretical assumptions, and it demonstrates how well instrument results are representative of the theoretical construct. (Peach et al., 2018). Construct validity refers to the amount to which the measurements utilized, which are frequently questionnaires, really test the hypothesis or theory being measured (Strauss & Smith, 2009; van der Vaart, 2021). Construct validity is about how well a test measures the concept it was designed to evaluate (Meng et al., 2019; Zhou, 2013) describes the convergent validity as a situation where items of a specific variable reflect effectively to their linked indicator.

According to (Hair Jr et al., 2021) convergent validity requires three things: factor loadings, composite reliability (CR), and average variance extracted (AVE). The composite reliability (CR) value must be better than 0.70, and the AVE and factor loadings values must be greater than 0.50 (Hair Jr et al., 2021). To get the specified CR and AVE results, all items with a factor loading less than 0.50 must be eliminated (Ringle et al., 2015). Cronbach's alpha should be more than 0.60 (Hair, 2009). A Cronbach's alpha of.70 to.80 is regarded reasonable for a research scale, while an alpha greater than.80 is considered extremely good (Diao & Yang, 2021; Josipović et al., 2020).

The extent to which an instrument examines a worry concept is referred to as construct validity. Evidence of content validity, face validity, structural or factorial validity, as well as divergent, convergent, and con-current related validity, can be used to demonstrate construct validity (Williams et al., 2012). If these construct validity measures are lacking, it will be difficult to evaluate questionnaire data and make conclusions about determinants of a behaviour domain (Opel et al., 2011).

7.2.7. Discriminant Validity

Discriminant validity (or divergent validity) examines whether or not constructs that should have no link have no association ((Taherdoost, 2016). Discriminant validity is the degree to which two notions that are conceptually similar are different (Rönkkö & Cho, 2022; Srinivasan & Lohith, 2017). Discriminant validity tests whether concepts or measurements that are not supposed to be related are unrelated (Hubley, 2014). The term discriminant validity was first raised by Campbell and Fiske in 1959. Because traditional techniques have an unacceptably low sensitivity for measuring discriminant validity, an alternative criterion is required.

Fornell-Larcker Criterion ***Discriminant Validity***	**Board Committees**	**Board Independence**	**Board Oversight Responsibility**	**CEO People Centred Leadership**	**Organisational Performance**
Board Committees	0.738				
Board Independence	0.419	0.719			
Board Oversight Responsibility	0.712	0.363	0.741		
CEO People Centred Leadership	0.609	0.378	0.582	0.720	
Organisational Performance	0.533	0.394	0.567	0.540	0.756

Table 7: 15–Fornell-Larcker Criterion to assess Discriminant Validity. . (Source: Author's)

Heterotrait-Monotrait Ratio (HTMT)	**Board Committees**	**Board Independence**	**Board Oversight Responsibility**	**CEO People Centred Leadership**	**Organisational Performance**
Board Committees					
Board Independence	0.569				
Board Oversight Responsibility	0.897	0.497			
CEO People Centred Leadership	0.825	0.545	0.783		
Organisational Performance	0.739	0.582	0.793	0.813	

Table 7: 16–Heterotrait-Monotrait Ratio (HTMT) to assess Discriminant Validity. . (Source: Author's)

7.2.8. Convergent Validity.

The degree to which the claim that constructs have a distinct or close relationship is really true is referred to as convergent validity (de Oliveira Tavares et al., 2021). Convergent validity investigates the link between two measures designed to measure the same construct (Cheah et al., 2018). Convergent validity is evidence that supports the validity of a notion. Convergent validity is demonstrated when the AVE of the constructs is 0.50 or more. The data indicated that convergent validity is demonstrated for all constructs because the AVE numbers for all components exceed 0.50.

7.2.9. The Average Variance Extracted (AVE)

The average variance extracted (AVE) is a ratio of the variance caught and quantified by a construct to the variance attributable to measurement error. The acceptable AVE value is 0.5 or above. This means that we can only accept an error up to 50% of the time.

7.2.10. Reliability analysis.

Thousands of measurement scales have been built, each with two crucial questions: "Is it reliable?" "Is it legal?" The issue of reliability examines whether or not an instrument will yield the same results every time it is administered to the same person in the same situation; these are known as reliability analyses or tests (George & Mallery, 2018, 2019). They conform to acceptable levels to confirm our claim of validity and reliability. The acceptable number level of the Heterotrait-Monotrait Ratio (HTMT) is less than 0.90 (HTMT<0.90). this shows the acceptable level of discriminant validity across all constructs. The factor loadings are within the acceptable level that is 0.60 and above, Cronbach's alpha, (α), is also at an acceptable level of 0.60, (Reierson et al., 2020) and 070 or above composite reliability, (CR), are al above 0.60 which is a very highly acceptable level, and average variance extracted, (AVE) for each of the hypotheses range from 0.517 to 0.571 which is greater than 0.500 (Alrwashdeh et al., 2022). They conform to acceptable levels to confirm our claim of validity and reliability.

7.2.11. The Composite Reliability

Composite reliability (also known as construct reliability) is a measure of scale item internal consistency (Purwanto & Sudargini, 2021; Shrestha, 2021). The composite reliability on the other hand should be at least 0.6. The study achieved both construct validity and composite reliability (dos Santos & Cirillo, 2021; Lam, 2012). Table 7:17 shows factor loadings, Cronbach's alpha, (α), composite reliability, (CR), and average variance extracted, (AVE).

	Factor Loadings	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Board Committees (BC)		0.789	0.802	0.790	0.544
BC4	0.728				
BC5	0.693				
BC6	0.839				
BC7	0.754				
BC8	0.663				
Board Independence (BI)		0.688	0.699	0.688	0.517
BI3	0.654				
BI4	0.680				
BI5	0.767				
BI6	0.768				
Board Oversight Responsibility (BOR)		0.794	0.803	0.793	0.549
BOR4	0.728				
BOR5	0.760				
BOR6	0.806				
BOR7	0.729				
BOR8	0.673				
CEO People Centred Leadership Skills (CPCLS)		0.688	0.688	0.688	0.519
CPCLS2	0.683				
CPCLS3	0.754				
CPCLS4	0.768				
CPCLS5	0.671				
Organisational Performance (OP)		0.626	0.639	0.627	0.571
OP3	0.708				
OP4	0.749				
OP5	0.807				

Table 7: 17–Custom Table for Board Oversight Responsibility. Mean and Standard Deviation. (Source: Author's)

7.2.12. The Model Fit and the Model Predictive Relevance

The structural model tries to uncover the link between corporate governance elements and organizational success. The proposed model yields an acceptable result. This was accomplished by deleting the construct's low-ranking loadings or questions. This finally influenced the overall model fit. The SRMR of less than 0.1 is acceptable and the rms theta that is very close to zero shows a better fit. Table 7:8 shows the Model Fit and it is within acceptable range

Model Fit Summary	Saturated Model	Estimated Model
SRMR	0.084	0.084
d_ULS	1.639	1.639
d_G	0.497	0.497
Chi-Square	576.656	576.656
NFI	0.647	0.647
rms Theta	0.170	

Table 7: 18–Model Fit. . (Source: Author's)

According to Cohen (1988), R^2 is considered weak (0.02 to 0.13), moderate (0.13 to 0.26), and considerable (R^2 more than 0.26). The current study considers organizational performance to be extremely significant, with R^2 =0.416. Q^2 was calculated in SmartPLS version 3 to determine the quality of the model before employing the blindfolding procedure. Q^2 must be bigger than zero, as indicated (Chin, 1998). Table 7: 18 shows R^2 and Q^2 confirming the aforesaid conditions and meeting the above criteria.

	RMSE	MAE	R Square	Q^2_predict
Organisational Performance	0.812	0.590	0.416	0.363

Table 7: 19–The Predictive relevance of the study model. . (Source: Author's)

7.2.13. Testing Relationships

The influence of the hypothesis is shown in Table 7:19 and it shows that the relationship as extrapolated in the model is moderate to large. The f squared further shows that the relationship between board committees and organisational performance is insignificant and hence its effect does not exist. The relationship between board independence and organisational performance exists and it is small. The relationship between board oversight responsibility (board leadership) exists and it is small but twice as larger as that of board independence. The relationship between CEO people-centred leadership is also small and significantly comparable to that of board leadership.

		R^2	R^2 adjusted	f^2	Effect
H	Hypothesis	0.416 (0.650)	0.404 (r=0.636)	f^2□0.02 S f^2□0.15 M f^2□0.35 L	Moderate to Large
H_1	There is a positive correlation between board independence and organisational performance			0.030	Small
H_2	There is a positive correlation between board diversity and organisational performance			Nil	Nil
H_3	There is a positive correlation between board committees and organisational performance			0.010	None
H_4	There is a positive correlation between board oversight responsibility and organisational performance			0.065	Small
H_5	There is a positive correlation between CEO people-centred leadership skills and organisational performance			0.060	Small

Table 7: 20–Table showing R squared, F squared and the effect of the hypothesis. . (Source: Author's)

Table 7:20 and Table 7:21 show the relationships between constructs, the original sample, mean sample, standard deviation, p-values, and the final result. The first construct showed a positive relationship between board independence and organisational performance. The construct or the hypothesis is supported. The relationship between board diversity and organisational performance could not be sustained statistically and could not be proven further hence no association could be drawn. The relationship between board committees and organisational performance is positive, however, it is not supported. The relationship between board oversight responsibility and organisational performance is also positive and it is supported. The relationship between CEO people-centred leadership skills and organisational performance is positive and it was supported.

	Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Result
H_1	There is a positive correlation between board independence and organisational performance	0.148	0.154	0.058	2.534	0.011	H_1 supported Positive association
H_2	There is a positive correlation between board diversity and organisational performance						Fell off
H_3	There is a positive correlation between board committees and organisational performance	0.115	0.121	0.106	1.088	0.277	H_3 Not supported $p>0.05$
H_4	There is a positive correlation between board oversight responsibility and organisational performance	0.288	0.288	0.112	2.565	0.010	H_4 supported Positive association
H_5	There is a positive correlation between CEO people-centred leadership skills and organisational performance	0.247	0.248	0.077	3.188	0.001	H_5 supported Positive association

Table 7: 21–Table showing the relationships and hypothesis results. . (Source: Author's)

7.3. Methodological and Theory triangulation

There are five forms of triangulation, namely methodological, theory, data, and investigator triangulation (Mondal & Samaddar, 2020; Santos et al., 2020). When you use methodological triangulation, you use different methods to approach the same research question. Triangulation can help one understand their subject matter more thoroughly, reveal different aspects of an area of interest, and corroborate findings by putting different methods in constructive dialogue with one another. However, there is no universally best way to combine methods to achieve rigour and trustworthiness in interpreting research. The use of triangulation can help researchers create more robust research designs. This is the most common type of triangulation, and researchers often combine qualitative and quantitative research methods in a single study. In this study, the mixing of quantitative and qualitative methods was aimed at achieving a richer and clearer picture as questions which were asked quantitative methods were combine and asked in a qualitative research in the same instrument in order to understand greatly what could not have been understood in the quantitative research. The researcher could not get participants from the board who could have enriched this further as they were going to validate further understanding and outcomes of the quantitative methods. The statistical analysis was performed with the assistance of the qualified Statician who added greater insight and value to the research in order to remove the researcher bias and hence improve validity.

The theory that was utilised for this research was derived from a number of fields, these include corporate governance, strategic management; traditional leadership theories and the developing areas of systems thinking leadership theory which has its own systems thinking methodology. The use of these theories was also glued together under the African philosophy of *ubuntu* which challenges, improves and identifies contextual geographical uniqueness of research sites. The language and culture of people is also another limited factor which came to the fore in this study. South Africa as a developing country with an international outlook could play a pivotal role in shaping the African outlook to foreign direct investments in order to achieve better outcomes and returns on investments. Understanding the African perspective, culture, philosophy and socio-economic climate could be beneficial to both investors and African society.

7.4. Qualitative Data Analysis

The qualitative data was collected at the same time as quantitative data. The questionnaire was set up such that all questions had to be answered. Therefore, the analysis of each of the questions is a summary of the short answers of all the respondents. The qualitative data was tabulated in a Microsoft Excel spreadsheet and grouped into statements with similar meanings. The analysis sought to identify popular themes through words and collective words. The statements that were answered ranged from one sentence to about four sentences at most. This made it easier to deal with such massive data as words would be identified with great ease compared to statements covering a page or more. The analysis follows each of the questions asked. The interviews were conducted using Microsoft Forms and as such there were no follow-ups. The supervisors, managers and senior managers were understood to be conversant with the topic of corporate governance and management. As such the answers were short to the point and assisted in understanding how they understood the organisation and how it operated and how they wanted it to operate. Figure7-16 shows the process of thematic analysis.

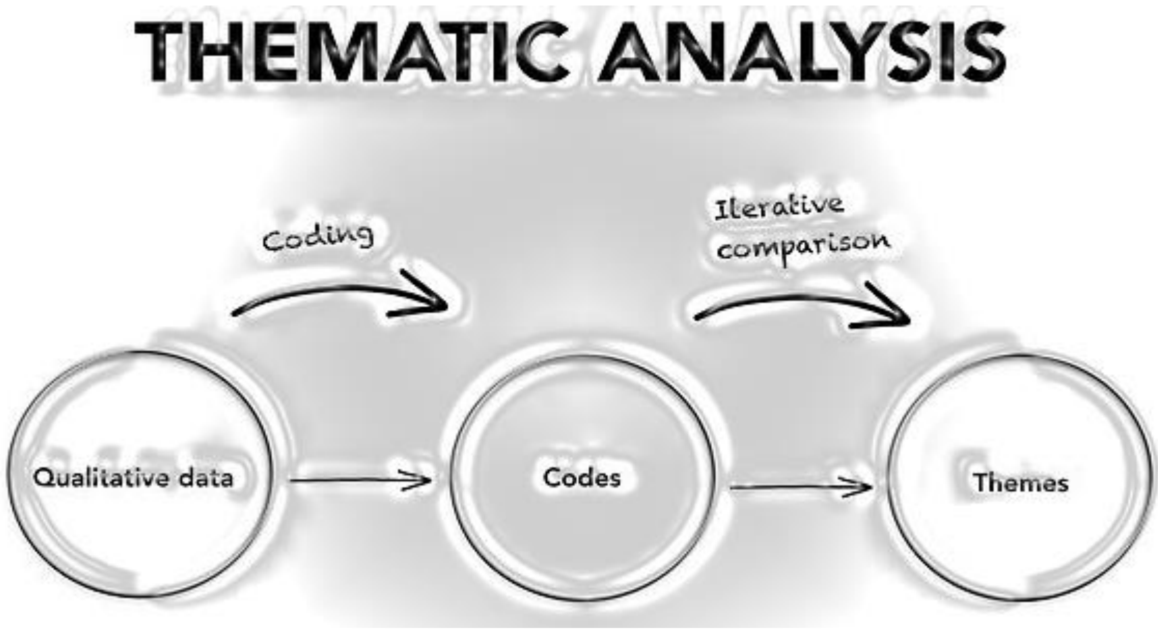

Figure 7: 16 - The coding process in qualitative data analysis. Source: (Braun & Clarke, 2021; Kiger & Varpio, 2020)

This emerged from the 8 direct questions which were asked and 1 general question which was open enough to all the respondent to answer openly about their views about the corporate governance at IDFC. The open ended questions which were asked along with quantitative questions were 9 and these are:

- *How does government add value as a shareholder at Ithala?*
- *What is the role of government in board member appointments?*
- *How does board committees add value to the board and Ithala's corporate image?*
- *How does the board advance the strategic interests and goals of Ithala?*

- *How does the CEO and management consult staff in some decision-making process of Ithala?*
- *How does the company and government ensure that right skills and attitudes are recruited?*
- *How does the government as a shareholder support the entity?*
- *How has the fourth industrial revolution and covid-19 affected and changed the way of doing business at Ithala?*
- *Overall comments and insights for improving corporate governance at Ithala*

The thematic analysis was done by looking at each of the 200 answers that were provided by the respondents. These answers were a single sentence short and a maximum of two or three sentences long by a few of the respondents. This was quite understandable as respondents answered on their own without further questions of clarity. The answers were mainly straight to the point to answer the question/s as they understood them. Qualitative methods are widely used in learning and teaching research and scholarship (Divan et al., 2017). Thematic analysis is the process of identifying patterns or themes within qualitative data. (Braun & Clarke, 2006, 2021) suggest the following six (6) steps framework for deriving thematic analysis. These are:

Step 1: Become familiar with the data,
Step 2: Generate initial codes,
Step 3: Search for themes,
Step 4: Review themes,
Step 5: Define themes,
Step 6: Write-up.

Hereunder, each question is closely considered and analysed to get to the emerging theme.

7.4.1. How Do Women Directors; Black Directors and Youth Directors Contribute to Growing Ithala?

This question sought to deal with issues of inclusivity, and diversity in the organisation. The issues related to youth and women directors are still not sufficiently addressed by many boards. Respondent 1 argues that women are influential and are needed in organisations. Supported by the fact that the current GCEO of IDFC is a woman. Further argues that more women should be appointed to boards.

> *"The women are influential and are of great need. The current CEO is female and she has been doing good work. There are however no young people of influence that I know of on the board. There are black directors on the board and some of them are very experienced and doing great work. This can only improve if they are given more responsibilities to prove themselves and the role that they can play."*

This statement encompasses some answers that were received. The major themes and words identified were, ***gender diversity, gender inclusivity, and add value***. Whilst a few raised the issues of women being marginalised and not given a chance. The answers are in line with one of the identified research questions which sought to understand board diversity against corporate governance. The majority of respondents raised diversity as a critical point in Ithala to achieve organisational goals and inclusivity as enshrined in the South Africa Constitution (Constitution, 1996) and the Equity Act. Diversity is a critically important factor in the development of society and ensuring that women and people of colour are affirmed in corporate South Africa as well as in SOEs. This is a mandate of the government as well as the Employment Equity Act. This is in line with Hypothesis 2. Gender and ethnic diversity are favourably and strongly associated to employee performance, according to the findings (Setati et al., 2019). Further research indicates that board diversity (gender and nationality of the director) improves firm financial performance (Sarhan et al., 2019).

H₂: **Board diversity is correlated with organisational performance.**

7.4.2. How Does Government Add Value as A Shareholder at Ithala?

The government is a sole stakeholder in the state-owned enterprises (SOEs), this makes it harder to have diverse influence if there were many stakeholders. The sole influence has a potential for abuse as the main stakeholder can push certain directives that they want to advance even if those may not be in the interests of the organisation in the long run. Respondent 2 stated that government does add value as supported by the majority of respondents who answered in the affirmative. The emergent theme is ***financial sustainability***.

> *"Yes, the government adds greater value. It provides finance and other support needed. The government also rescues the company if it finds itself short of liquidity."*

The majority of participants answered that the government provides finance as the main support mechanism. This particular participant explained it very well by further elaborating that at times of need especially when there is a need to rescue the organisation, the government does put in more cash for that purpose. This is in line with the obligations of the main shareholder to invest in the organisation and to indeed rescue the organisation when there are liquidity problems. (Chigudu, 2018) believe that the government as a shareholder puts other stakeholders and minority shareholders vulnerable, while management are unable to fully implement their mandate or pay the full costs of their actions. This supports and confirms Hypothesis 4.

H₄: **Board oversight responsibility is correlated with organisational performance.**

7.4.3. How Does Board Committees Add Value to The Board and Ithala's Corporate Image?

The theme that was going through the answers was that the board committees are the backbone of the board. The functioning of the board can be as strong as the committees. If the committees are functional and effective, the board will be effective in directing and leading the organisation. This is supported by the respondent number 3 that said:

> *"Each Committee has defined terms of reference and delegated authority. There is a Human Resource, Social and Ethics Committee that deals with issues of Ethics and Reputational Risk in terms of Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption and related issues including reputational risk."*

This answer was very specific and it quoted the sources which give certain powers to the board. Respondent number 4 further added value to the above statement:

> *"The board committees have specific roles to play before and in between board sittings. when they do that they look for decisions that need to be taken. They interact with stakeholders and understand that to change and grow the board must be pivotal in doing that."*

The statement is indeed true and confirms the finding stated earlier that board committees add value and contribute positively toward organisational performance.

> *"The board committees are the worker bees which ensure that there is honey in the hive. They work to ensure that they take the corporate image of Ithala higher. They meet to look at what can be done to advance Ithala's strategy and to better the image of the organisation. They then go to board meetings with proposals for board consideration, which is best explained as a way of influencing board decisions."*

The statement above by respondent 5 put it clear that board committees are like worker bees. They have a very important task to influence the board by doing prior work in between the sittings of the board. The findings show a negative link between risk committee features (i.e., existence, size, independence, and frequency of meetings) and financial performance (Elamer & Benyazid, 2018). Using panel regression to analyse a small sample of 70 business entries, the study identifies Chairman-CEO duality, average director salary, board committees, and female directors as major drivers of bank performance (Handa, 2018). The ***board committees and adding value*** is also an emergent theme. This affirms H3:

H3: Board committees is correlated with organisational performance.

7.4.4. How Does the Board Advance the Strategic Interests and Goals of Ithala?

Every organisation adopts a strategy on how to compete in its chosen market. Such a strategy is broken down into a mission and vision and specific goals. These goals are then lived in each section or department. Therefore, the actions of board members and executives are measured according to the organisational strategy. Respondent 4 explains that there is a corporate plan and an annual performance plan that is adopted. Such is a map that must be followed closely aligned to the mandate of the organisation. Respondent Number 6 asserts that:

> "*By adopting a corporate plan and Annual Performance Plan which is aligned to the Ithala mandate and evaluating the performance against the set goals against performance every quarter, recommend action to be taken by management when the targets are not met.*"

Whilst Respondent Number 7 argues that the task of board members is taking care of organisational interests. This includes ensuring that at the board level board members do not push their interests but advance organisational goals.

> *"The fiduciary duty of board members deals with ensuring that the organisational interests and not personal interests take centre stage. This also pertains to avoiding conflicts."*

Respondent Number 8 argues agrees in principle with the latter respondents that board members have a mandate and tasks. These tasks are to ensure that the organisation is protected at all times against personal greed. The manner and the spirit of the decisions must be in the interest of the organisation. If any decision is found to be to the contrary it must be repudiated.

> *"The board has the final fiduciary duty to protect the image of Ithala at all material times. They do this by anchoring Ithala on a pedestal. They must know where Ithala is and where it needs to go. By taking proper decisions the board advances the interests of Ithala."*

The board leadership is concerned with strategy development, enforcement and oversight. The ***financial sustainability and adding value*** is also an emergent theme. This supports hypothesis number 4, H_4:

H_4: Board oversight responsibility is correlated with organisational performance.

7.4.5. How Does The CEO and Management Consult Staff in Some Decision-Making Process of Ithala?

A very important part of leadership or management is consultation. If managers or board leaders cannot consult their nearby subordinates, taking informed decisions becomes difficult. Respondent 9 explains the Ithala structure and further explains how consultation takes place. This shows that consultation is not just an isolated process but it has a system.

> *"Ithala governance structure has adopted a bottom-up approach when decisions are recommended for management committees made of staff (specialists relevant to each committee) and middle management. These management Committees feed into EXCO which makes recommendations to Board Committee or Board depending on the Delegation of Authority Framework."*

This is collaborated by Respondent 10 who says that the CEO holds meetings in town halls. This pertains to reporting issues related to the Annual performance results. This is great because it keeps the staff in the loop, understanding that their work is being appreciated and is adding to greater value in the organisation.

> *"There are town hall meetings held by the GCEO and executives showing staff the performance/results achieved. Staff are not consulted in the decision making of the organisation."*

This is further collaborated by Respondent 11 who explained what the CEO should be doing as part of the consultation process and how that should feed into the board.

> *"The CEO has a duty to understand what is happening inside the organisation. The fundamental task of the CEO is to connect the board and the firm by providing relevant information to make decisions. Decisions can only be taken if the board is informed and capacitated to act with power and confidence."*

Consultation speaks to the type of leadership skills the CEO exhibits. The construct that deals with CEO people-centred participative leadership skills are explained well in practice by these three respondents. The ***financial sustainability and CEO-people centred leadership skills*** are also an emergent theme. It further affirms hypothesis H_4.

H_4: Board oversight responsibility is correlated with organisational performance.

7.4.6. How Does the Company and Government Ensure That the Right Skills and Attitudes Are Recruited?

The majority of respondents answered in the affirmative that the company must attract requisite skills and employ those it targets. This is done through a strategic recruitment plan that addresses the needs of the organisation. The government does not get involved in the recruitment of staff as a shareholder. It needs to be assured that there is enough staff to take responsibility for advancing the interests of the organisation. This is the main function of the executive staff. Respondent 12 stated that:

> *"The government does not get involved in the recruitment process, however, each position has an approved job profile. Recruitment takes place in line with approved policies. The company is unable to retain talent because it lacks a retention and promotion policy. You can act in a higher position for 3 years and do the job well but you will be wasting your time when you apply. Someone from outside will get the position. No talent management and retention strategy."*

This does not mean that the policy is flawed or does not work. The dawn of a democratic government took place in 1994. The laws have been enacted that spoke to equity in the workplace. The Employment Equity act stipulates that there should be targets to employ the underrepresented races in South Africa whenever vacancies become available. This can be frustrating for someone who does not fall into the strategy of races groups or gender. They may feel unappreciated but the reason is not that they are not appreciated but it's the need to address the imbalances of the past.

> "*The Ithala has a very progressive recruitment strategy that allows the appointment of previously disadvantaged candidates who are suitably qualified but have been overlooked because of race."*

Respondent 13, reckons that Ithala has adopted a progressive recruitment strategy. This is supported by some respondents who affirm the same. The same concern of racial inclusion or exclusion is also raised. Those who have been employed by the organisation have vast experience and also hope that when promotion vacancies are available. The ***strategic recruitment, racial inclusion and racial exclusion*** is also an emergent theme.

7.4.7. How Does the Government as A Shareholder Support the Entity?

Respondent 14, explains that indeed the government supports Ithala in many aspects. When there are liquidity problems, the financing criteria come with conditions to ensure operational continuity and stakeholders are priority number one in the value chain.

> *"Lending funds to Ithala that are ring-fenced and On lent to clients. (Not for use by Ithala). Further recommends deals to Ithala to consider."*

Respondent 15, also asserts in support of the previous respondent that the operational aspect of the organisation must continue irrespective of challenges.

> *"The government supports Ithala by providing finance and by ensuring that they influence the direction of Ithala."*

The shareholder must guard and redirect funding when there are problems. Shareholders must assist the entity to remain afloat or sell their shares if they deem necessary. Either way, they cannot just sit and do nothing.

The state ought to ensure that:

- The legal forms under which SOEs operate should be simplified and standardised by governments. Their operational procedures should be consistent with industry standards.
- The government should provide SOEs complete operational liberty to fulfil their goals and avoid interfering with their administration.
- As a shareholder, the government should avoid making non-transparent changes to SOE objectives.
- The state should respect the independence of SOE boards and allow them to fulfil their obligations.

The ***financial sustainability and adding value*** are also an emergent theme.

7.4.8. How Has the Fourth Industrial Revolution and Covid-19 Affected and Changed the Way of Doing Business at Ithala?

The theory of change prepares us for understanding and adapting to change. The emergence of covid-19 brought about many unknowns and disruptions which nearly brought the whole world to catastrophic ends. The beginning of the twenty-first century marks the start of the Fourth Industrial Revolution, which, unlike its predecessors, is distinguished by significant digitalization, increased connections between physical objects and the virtual world, the advancement of genetics, artificial intelligence, and hyper-connectivity (Prisecaru, 2016). Respondent 16 explains how the fourth industrial revolution has been a mediator against worst disruption. The fast adoption of any technological advancement also brings about new challenges for customers who are not ready for the technology or cannot afford the means to access technology. In South Africa, data and cell phones are still relatively expensive for poor and rural communities.

> *"The fourth industrial revolution has changed the way business operates today. It has made most of our work virtual or away from the office. It has allowed us to work remotely with all systems intact. This has brought new challenges for customers which must be addressed as customers are on their own and they are forced to conform as they do not have a choice."*

Respondent 17 agrees that the speed of adoption creates unintended consequences and repercussions. However, the most important thing the adverse conditions brought by covid-19 have forced companies to deal with the adoption and understanding of what the fourth industrial revolution can do for companies both private and public. Covid-19 has allowed faster adoption of technology by public institutions because it was imposed and forced upon by the pandemic and that has helped companies or SOEs to do the same without seeking massive amounts of money and facing resistance from boards.

> "*The fourth industrial revolution has been widely understood and information technology advances production through the use of machine technology. Some have complained about the speed at which the fourth industrial revolution has been introduced. The advent of covid-19 came and forced changes upon society and the fourth industrial revolution was ideal to address the challenges."*

The fourth industrial revolution has many advantages in the long run, yet in the short run, it will disrupt the way we do things today. Recent studies state that between 45% to 60% of jobs around the world are at risk of being automated. This will give rise to some jobs becoming obsolete. However, new jobs needed to advance and sustain the fourth industrial revolution are being created. Amongst many jobs are automation engineers, programmers, and data analysts, which stand to be created. As a result, a large portion of the workforce will be unqualified. A causal model that depicts the impact of rising automation on economies has been built, and its ramifications are discussed (Shaturaev, 2022).

The fourth industrial revolution will not lead to massive job cuts but it will also provide new ways of performing tasks, hence it will increase global income and raise standards of living. The improvement in production lines and acquisition of new technologies continues to produce new and highly advanced products like new 5G cell phones with high memory capacity and the ability to perform tasks that were once only performed by computers. This will revolutionise production processes and productivity. However, the fear remains that the underdeveloped and the poor will be left behind, causing even greater inequality. It is more likely that the beneficiaries will be owners of industries whilst the majority of blue-collar workers will be displaced if not retrenched and taken out of the labour force for good.

The fourth industrial revolution is likely to make corporate governance compliance easy, leading to improved organisational performance. As people are slowly replaced by fast and efficient robotics, production shall increase exponentially and this will lead to growth in profits leading to improved organisational performance. The new sectors and terrains will be introduced into the economy but such is likely to move at speeds faster than the retraining of workers. Despite the backlash that may come, the fourth industrial revolution is here to stay. It is a matter of when it will affect your economic sector. Currently, toll gates in many countries are no longer manned, the tellers are being replaced by machines and improved security to ensure customers pay for their groceries. There are clear signs of how technology advances, irrespective of whether society is ready for it or not. The ***fourth industrial revolution or technology*** is also an emergent theme.

7.4.9. Overall Comments and Insights for Improving Corporate Governance at Ithala

There is a clear message by Respondent 18 that the boards should be strategic and not operational, which is true. The executives are operational and board members are very strategic. The lines get crossed in the event where board members are not well experience or have other vested interests. The issue of greater board independence arises.

> "*The board should become less operationally involved and stop treating the executives like school children. Hold the executives accountable but treat the executives with respect and dignity at the same time. Some of the executives have 25 years of working experience in financial services but become demoralised when board members who do not know what they are talking about, starting to intervene in operational matters like they know it all.*"

Hypothesis H1 argues that board independence is directly associated with organisational performance.

H_1: Board independence is correlated with organisational performance.

> "*There should be the adoption of transparency principles, the King Codes should not only be followed but also implemented to the latter.*"

Respondent 19, makes recommendations similar to the ones which are made at the end of the chapter. King Codes must be enforceable by becoming an appendage of legislation like the Public Finance Management Act. No. 1 Of 1999 (PFMA) (Africa, 1999).

7.4.10. New areas for further exploration

There was a concern that was raised but it was in the minority in terms of views. The participant felt that some of the bard members were interfering in the daily operations of the organisation. This led to some of these executive feeling demoralised and unhappy as they felt that those who interfered did not offer better opinions and views about operational excellence.

> *"The board should become less operationally involved and stop treating the executives like school children. Hold the executives accountable but treat the executives with respect and dignity at the same time. Some of the executives have 25 years working experience in financial services but become demoralised when board members who do not know what they are talking about start to intervene in operational matters like they know it all."*

There was a common view about the adoption of the ***fourth industrial revolution and corporate governance***. The participants in the majority felt that the fourth industrial revolution should be adopted and become part of a strategy to grow the organisation.

> *"There is a lot that needs to be done to improve the visibility and smooth running of Ithala but corporate governance principles must be improved. The adoption of 4IR must also be a priority."*

This participant also reinforced the view that the fourth industrial revolution is critical and is a diver for organisational performance and change. The study did not perform any tests to the relationship between corporate governance and the fourth industrial revolution or the fourth industrial revolution and organisational performance.

> *"There is a need to take corporate governance seriously and also to take the fourth industrial revolution serious too. The company can grow and account if all these aspects have been adopted and fully operational."*

It is therefore recommended that studies on the impact of the fourth industrial revolution on organisational performance should be undertaken in the future. These studies will help academics and corporate leaders on how these variables affect corporate governance.

7.5. Summary

This chapter starts by describing the descriptive analysis where we tabulated the demographics of the participants. These participants were supervisors and managers and senior managers of IDFC. We tabulated and discussed the age, gender race, level of education, skills, and the experience of supervisors and managers. This was followed by the custom tables where we tabulated the results of each construct, namely board independence, board committees, board diversity, board oversight responsibility, CEO people-centred responsibility, and organisational performance.

Thirdly we performed the correlational analysis which was aimed at proving linear correlations explain the simple relationship between variables. The factor loadings for each item are clearly described showing the progression which led to the removal of factor loading. The factor loading for the construct, board diversity had loadings lower than 0.500 except for one item. This led to the collapse of the board diversity construct. The correlations proved that all relations existed and were positive except for board diversity. Fourthly we sought to show that our research met the requisite necessity for construct validity and discriminant validity with Cronbach alpha being above 0.60 and AVE as well as HTMT being above 0.500 and less than 0.90 respectively.

Fourthly we analysed qualitative data to support, confirm or refute the results obtained from the quantitative data. The analysis confirmed and strengthened the first hypothesis that board independence is positively associated with organisational performance. Further analysis confirmed the second hypothesis, which posits that board diversity is positively associated with organisational performance, although this fell off as a result of poor factor loadings. The third hypothesis put forward is that board committees are positively associated with organisational performance; this hypothesis was also not supported by the study.

The analysis of qualitative data went beyond just proving constructs, it sought to understand the challenges of covid-19 and the fourth industrial revolution. It was identified that covid-19 sought to bring economies and organisations to their knees. The government protocols on covid-19 stopped people from meeting or even going to work on many sectors of the economy. It also went further and explained the positive attributes that have been brought by the fourth industrial revolution. The operations of the organisation to a limited extent continued to operate as a result of the adoption of the fourth industrial revolution, to name a few, cell phone technology, Zoom, Microsoft Teams, and Remote working at home with systems that could manage payments. The fourth industrial revolution was identified as a clear intervention that assisted in continued production and keeping organisational performance respectable.

Table 7:22 below shows a summary of relations that have been established. The board's independence from organisational performance relations was supported. The board diversity relationship to organisational performance could not be proven. The board committees on organisational performance were supported. The board oversight responsibility (board leadership) to organisational performance was supported. The CEO's people-centred leadership to organisational performance was supported.

On the analysis of qualitative results, the researcher sought to identify themes. The analysis of answers from the 9 questions gave rise to thematic analysis. The participants reiterated that gender diversity is critical in achieving gender equality or parity in the workplace. This should translate into the diversity voices and views which would lead to organisational performance. Gender inclusivity, is quite similar to gender diversity but it goes deeper, as it relates to a greater extent of acceptability of the other gender and respect of their views and what they have to offer. The kind of leadership style of the CEO leadership style matters.

QUANTITATIVE ANALYSIS RESULTS		
	Hypothesis	**Result/ Outcome**
H_1	There is a correlation between board independence and organisational performance	H_1 supported Positive association
H_2	There is a correlation between board diversity and organisational performance	Fell off
H_3	There is a positive correlation between board committees and organisational performance	H_3 Not supported $p>0.05$
H_4	There is a correlation between board oversight responsibility and organisational performance	H_4 supported Positive association
H_5	There is a correlation between CEO people-centred leadership skills and organisational performance	H_5 supported Positive association

Table 7: 22–Table showing a summary of the hypothesis and the results tested.

The results show that the CEO people centred leadership skills are significant in ensuring that people coalesce around the company strategy and vision. This leads to the unity of purpose as people pull together towards a common vision and hence they achieve better results together. These however, can be achieved through staff that is strategically recruited to fit the vision of the organisation, hence strategic recruitment strategy that attracts best candidates in the industry. As the company puts together such a team, it also need to mobilise financial resources. The government as the main stakeholder is responsible in ensuring that the prescripts for good governance are in place through PFMA. It is also responsible in ensuring that expansion and the going concern of the company is always above board and sustainable. The main takeaways from the general views were that the participants recommended that the organisation should adopt good corporate governance practices and the fourth industrial revolution. Table 7: 23 shows the emerging themes that have been identified through a process of thematic analysis and coding. The emergence of covid-19 featured very much in the study. The study was conducted during covid-19. The participants experienced for the first time the challenges and the ravages of covid-19. At first, it was a great shock because covid-19 brought with it destruction and death.

QUALITATIVE ANALYSIS RESULTS		
	EMERGING THEMES	**EXPANSION OF THE THEMES**
1.	Gender diversity	The gender diversity is important to the entity and its performance
1.	Gender inclusivity	The gender inclusivity brings diverse and humanistic views and improves performance
2.	CEO Consultative inclusive leadership	CEO people centred leadership is critical in achieving better results
3.	Strategic recruitment strategy	The entity must enhance and improve its strategic recruitment strategy to recruit better candidates
4.	Financial sustainability	The government supports the entity financially
5.	Corporate governance adoption	The entity must adopt corporate governance at all management levels
6.	Fourth industrial revolution adoption	The fourth industrial revolution must be adopted by the entity and involve stakeholders in 4IR training.

Table 7: 23–Qualitative themes emerging from the analysis

It brought many sectors of the economy to a standstill. It brought many difficulties to families whose freedoms were limited and curtailed as the lockdowns were instituted. Many people lost jobs in sectors like entertainment and tourism. This brought many firms to their knees. It will take longer to recover but some sectors will not recover and people that will never get their jobs back.

The study was started just a year before covid-19 and it had not envisaged such a pandemic would come. But the world has to learn to move on and live with covid-19. The study was also undertaken in the context of the fourth industrial revolution. Though there were no constructs or hypotheses that were done to test the effect of the fourth industrial revolution on corporate governance or firm performance, it was a very significant factor. The fourth industrial revolution is taking shape. It is slowed by government legislation in broadband and the provision of reliable electricity. Yet a sizeable number of technological advances predicted to encompass the fourth industrial revolution are taking shape. The fourth industrial revolution played a very significant role in the production of Zoom meetings, Microsoft Teams and many other platforms for meeting and facilitating work and information sharing.

It was very hard to collect data during covid-19, as physical access to the site was virtually impossible. The organisation as well as the university clearly indicated that the researchers should observe social distancing and use other methods to collect data. The use of Microsoft Teams came to the fore and assisted greatly in a data collection. The timelines however The following chapter shall discuss the results and make formative conclusions based on the data, and theory and use cross-validation using answers from the qualitative aspect of the research.

CHAPTER 8
DISCUSSION; CONCLUSION AND RECOMMENDATIONS

8.1. Introduction

The thesis sought to establish which characteristics of corporate governance would influence good organizational performance. This was studied at a state-owned enterprise, Ithala Development Finance Corporation (IFDC). The thesis investigated the mediating role of corporate governance and organizational performance. Internal organisational factors involved were board committees, board independence, board diversity, board oversight responsibility, and CEO people-centred leadership skills.

8.2. Overview of the Research

Hereunder, we tabulate the summary of the purpose of the research, research objective, research design, research questions and the research hypothesis (described in Chapter 1) and the research methodology (described in Chapter 6). The study is anchored on the agency theory as the main theory of corporate governance. This lay a basis for the discussion of key findings.

8.2.1. Purpose of the Research

This study aims to study core endemic strategies of corporate governance that make Ithala Development Finance Corporation (IDFC) efficient. If a link is established, the South African public sector, and private sector could receive a financial boost in investments that are needed in resolving social and economic challenges related to unemployment and inequality in South Africa and in Africa broadly.

8.2.2. Research objectives

Building from the primary research objective in our pursuit to understand this research phenomenon the study sought to:

- conduct extensive literature, review to understand corporate governance and its impact on organisational performance.
- review related literature on corporate governance and organisational performance measurement systems to gain more insight into and knowledge on the topic. The related literature includes studies on external corporate governance framework systems, strategic management as it relates to corporate governance, people-centred leadership theory, participative leadership theory in the context of South African socio-cultural systems and the African philosophy called *Ubuntu* as it influences business leadership within a disruptive and changing environment of the fourth industrial revolution.
- investigate internal corporate governance framework factors or variables as proposed in the conceptual framework and how they influence organisational performance at a state-owned KwaZulu-Natal Ithala Development Finance Corporation Limited, during the change and disruption imposed by the fourth industrial revolution.
- assess shareholder ownership, shareholder value, shareholder influence, and CEO people-centred leadership skills in enabling the SOE to perform optimally in pursuit of the organisational strategic imperatives and play a critical role in enabling and advancing the service delivery role of the government as the main stakeholder.
- analyse data and provide conclusions and recommendations based on the extensive literature review and empirical findings.
- assess and validate the strength of the relationships between the variables identified in each corporate governance framework, strategic management framework and leadership skills theme of the conceptual framework.
- propose an institutional framework or model that will enable synergy between the shareholder ownership structure, board of governance structure and the

pursuance of good corporate governance, value-adding and sustainable organisational performance.

8.2.3. Research questions

Five research questions were put forward.

- What is the relationship between board independence and organisational performance?
- What is the relationship between board diversity and organisational performance?
- What is the relationship between board committees and an efficient public entity?
- What is the relationship between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals?
- What is the relationship between a CEO's people-centred and participative leadership skills and high organisational performance?

8.2.4. Research Hypothesis

The research puts forward five hypotheses were put forward. These hypotheses are tabled hereunder as follows:

- There is a correlation between board independence and organisational performance.
- There is a correlation between board diversity and organisational performance.
- There is a correlation between board committees and an efficient public entity.
- There is a correlation between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals.
- There is a correlation between a CEO's people-centred and participative leadership skills and high organisational performance.

H	Hypothesis
H_1	There is a correlation between board independence and organisational performance
H_2	There is a correlation between board diversity and organisational performance
H_3	There is a correlation between board committees and organisational performance
H_4	There is a correlation between board oversight responsibility and organisational performance
H_5	There is a correlation between CEO people-centred leadership skills and organisational performance

Table 8: 1-Summary of the Hypothesis. (Source: Author's)

Table 8:1 and Table 8:2 indicate hypothesis and predicted relationships. Flowing from the research questions above, the research hypothesis was derived and these are indicated showing the relationship that was envisaged and the predicted positive relationship for all of the relationships.

Hypothesis	Relationship to be tested	Predicted Relationship
H_1	Board independence and firm performance	Positive
H_2	Board diversity and firm performance	Positive
H_3	Board committees and firm performance	Positive
H_4	Board oversight responsibility (board leadership) and firm performance	Positive
H_5	CEO's People-Centred And Participative Leadership Skills And High Organisational Performance	Positive

Table 8: 2 -Summary of Hypothesis for the relation between Company Structure and Organisational Performance. (Source: Author's)

The study has gone through all the phases as outlined in the overview, reached the following key findings which are summarised for each construct and explained how they have impacted organisational performance. The hypotheses form a critical part of what the research sought to prove or disprove.

8.3. Summary of key findings: What factors of corporate governance impact organisational performance?

The main research question was to establish which characteristics of corporate governance will influence good organisational performance. Several hypotheses were presented to assess the impact of various internal organisational elements on organisational performance. We, therefore, discuss each hypothesis and how it has been tested, what relations have been tested and if these relationships have been supported on not. We shall then comment on the proposed conceptual framework and how the research has proved or disproved the proposed conceptual framework. The new model will be proposed from the conceptual framework emanating from the hypothesis that was supported. This will form the proven model of corporate governance put forward by the study.

8.3.1. Hypothesis 1: Board independence and firm performance

The analysis of hypothesis H_1 indicated that there is a significant relationship between board independence and organisational performance. This signifies that board members should indeed have a significant measure of both internal and external independence. This is contrary to the finding by (García-Sánchez et al., 2019) who showed a directors' direct involvement (Parent & Hoye, 2018) also, show a link between board structure and organisational performance that they discovered in their study. Studies which support board independence posit that it achieves better organisational performance because board members can hold the other board members and executives responsible.

The independence of board members also allows them to act without fear or favour especially when something goes wrong and needs to be corrected within the organisation or with stakeholders. IoDSA (2016) assert that the it is the duty of the board to form board committees, define their functions properly, this should consider the organisation's needs in terms of knowledge, requisite skills, experience, board diversity to achieve the board's fiduciary duties.

The predicted outcome that firm performance is positively associated with board independence is supported (Hu et al., 2022). They further elaborate that this is a firm-specific product demand drop. The results are stronger for smaller firms and a little weaker for bigger firms with high volatile stocks.

> "*The fourth industrial revolution has changed the landscape of working remotely and it will continue going forward. Customers are also to continue learning to adapt to new changes. The fourth industrial revolution has changed the way business operates today. It has made most of our work virtual or away from the office. It has allowed us to work remotely with all systems intact. This has brought new challenges for customers which must be addressed as customers are on their own and they are forced to conform as they do not have a choice. The fourth industrial revolution has come at the right time. Allowing work to continue remotely and ensure service to customers at the same time.*"

The participants understood that the fourth industrial revolution has been instrumental in continuing to ensure work continues. This has allowed the company to continue to perform. The work of the board is to enhance and advance its IT policy because Ithala does have such a committee. The committee will assist the employees and the stakeholders to understand how best they can interact with Ithala through information technology adoption. The independence of the board should also be in line with flexibility and speed to react to challenges that the firm finds itself at any material time.

8.3.2. Hypothesis 2: Board diversity and firm performance

The analysis of hypothesis H_2 indicated that no conclusion can be made about the significant relationship between board independence and organisational performance. The construct fell off and could not be proven any further. This could be explained in two ways. Firstly, there were only four items (questions) that measured this construct. Two of those questions were eliminated in the first round when the loading was low leaving only two. Of the two loadings that were left one had a loading that was lower at 0.416 and the second one was just over 0.600. Upon the removal of BD2, there was only one item left and no construct could be measured with only one item, hence the whole construct fell off and could not be tested any further. Upon further calculations, the Cronbach alpha (α) was undetectable and returned the nil values for both. This indicated that we could not discover any construct validity.

This is not in line with (Ozdemir, 2020). The study's findings reveal that board diversity is positively related to organizational performance, and the influence of board diversity on performance is positively correlated to institutional ownership. More specifically, the study finds that board diversity has a greater impact on financial success in a low institutional setting. Overall, the data imply that internal control and management monitoring by boards are critical for achieving improved financial performance.

A research of listed enterprises in India discovered that board demographic diversity is favourably linked with independent company performance (Tobin's Q), while this connection is negative for group-affiliated firms (Aggarwal et al., 2019). The finding is very interesting as it shows two contrasting findings depending on the form of the firms. This shows that board diversity's effect on organisational performance needs to be further investigated. Further study by (Song et al., 2020) reasserted that gender diversity on organisational performance. This further opens up the diversity debate as there are distinct differences depending on what you have considered under gender. In South Africa, gender diversity and racial or ethnic diversity are some of the issues that need to be further investigated. This finding is in line with Waqas; et al. (2020) who found that gender diversity, education diversity and foreign national diversity have a positive and significant effect on the Chinese A-listed firm performance. This is very interesting because it speaks to firms that have a high level of government control. In this study, we also look at the SOE.

As three or more females are appointed to the board, the impact on female diversity becomes extremely substantial and unambiguous when compared to the appointment of two or fewer females (Brahma et al., 2021). Further investigation demonstrates that post-appointment financial success is favourably connected to female age, level of education, and the number of female board members who simultaneously hold executive director roles. This also shows the complexity of this variable which is diverse and can go either way. Therefore, there can be no simple prediction and consensus will take time to be reached on board diversity. (Duppati et al., 2020) the study supports our prediction that gender diversity has a positive and significant effect on financial performance.

The short questions asked in the study verify this.

> "*The women are influential and are of great need. The current CEO is female and she has been doing good work. There are however no young people of influence that I know of on the board. There are black directors on the board and some of them are very experienced and doing great work. This can only improve if they are given more responsibilities to prove themselves and the role that they can play*"

One participant was very clear in answering and captured the essence of board diversity. Another participant asserts that

> "*The women are adding value in many parts of Ithala. The youth, however, is limited and there are many black directors but the problem is that there is no new crop of black directors being groomed."*

This is in line with this view by another participant,

> "*Diversity is critical to address the legacy of the past. Women and black directors must be affirmed to run public institutions. These groups bring valuable views and understanding*."

8.3.3. Hypothesis 3: Board committees and firm performance

The analysis of hypothesis H_3 indicated that there is no significant relationship between board committees and organisational performance. This is characterised by the significance of board committees and the role they play in organisations. The board committees are critical in ensuring that the board members firstly understand the organisation they lead, and secondly how and what decisions are important to take the organisation forward. These include the Audit Committee which is critical in ensuring that the managers and the CEO can account to the board and the auditors in pursuit of clean and transparent governance. The Audit Committee can help assist the organisation in ensuring proper accountability. The accountability of the organisation is critical in identifying potential risks, and hence the Risk Committee. Some organisations merge the Audit and Risk Committee into one. There is a Remuneration, Finance and HR Committee depending on the needs of the organisation. Ithala has the following committees:

- Audit and Risk Committee
- Credit and Investment Committee
- Info, Tech Governance Committee
- Human Resource, Social & Ethics and Committee
- Nomination, Governance & Remuneration Committee
- Banking Licence Committee.

The presence of board committees aid in the management of the board activities and in directing resources where they are needed. It also aids in ensuring that the acquisition and maintenance of resources are also facilitated. This applies to the last four committees of IDFC. The hypothesis however does not support our claim. It asserts that board committees have no impact on organisational performance. This is supported by Benyazid (2018) who indicated a negative relationship between risk committee characteristics and financial performance. the null hypothesis, that board committees have no impact on organisational performance is supported (Nawaz Khan et al., 2019).

IoDSA (2016) prescribes that all organisations should ensure that the governing body should pay attention, to an extent of ensuring that it appoints working committees on these:

- Risk governance
- Technology and information
- Compliance governance
- Remuneration governance
- Assurance

- Assurance of external reports
- Internal Audit

Ithala of course as explained above has many of these committees in place. I believe that there is only one aspect that they need to look at closely when it comes to the assurance of external reports. This is important because when you access the IDFC website you cannot download the annual reports. The website itself is not updated and gives proper information to the public. There was no production of the annual report for the financial year 2018/2019. Good work was done in the production of the 2019/2020 financial year. At the time of the publication of this report and handing in of this thesis the annual report for 2020/21 had not been accessed as it had not been made public.

Figure 8: 1- IDFC Core Strategic Themes (Source 2019/2020 Annual Report)

The covid-19 pandemic made things even harder for many organisations and the same affected Ithala. The respondents made it clear that they would recommend the adoption of the fourth industrial revolution in some aspects of the IDFC. This will need a lot of effort, drive and willingness from the board, bearing in mind that Ithala services the township and rural communities whose adoption of technology is rather slow.

Figure 8:1 shows how well IDFC has been able to capture the interests of the stakeholders as part of their core strategies. This allows them to be able to take along the stakeholders from strategy formulation, strategic intent and strategy implementation. This is in line with (IoDSA, 2009, 2016) which advises that organisations and SOEs, in particular, must pay attention to stakeholders and be ethical in their pursuit of organisational performance.

8.3.4. Hypothesis 4: Board oversight responsibility and firm performance

The analysis of hypothesis H_4 indicated that there is a significant relationship between board oversight responsibility and organisational performance. Mashayekhi and Bazaz (2008) found that there was no relationship between leadership structure and firm performance. The investors value a stable leadership structure, believing it will result in improved consistency and performance (Sridharan & St. John, 1998). The major problem with this hypothesis is that there has not been a lot of research on the collective oversight and leadership responsibility of the board that has been extensively researched. There is also an intersection if not the interchangeability of terminology between board leadership, board leadership structure and CEO duality (The CEO and Board Chairperson held by one person).

There is a greater need for the board to look at the oversight as a very important factor in corporate governance. The measure of which should be the overall role of all committees. The board as a collective has a fiduciary duty to take correct decisions in the interest of the organisation. It must be able to see gaps and weaknesses in senior management and take corrective actions to steer the organisation in the right direction. The state-owned enterprise needs exactly that; the shareholder is not a “businessman” but an agent who is elected to carry out certain duties. The ability to understand business decisions and how those decisions are reflected in the annual report may seem easy but they are quite complicated if they are compared to previous performance and taking into account seed capital that is invested now and again to rescue or grow the state-owned enterprise.

The understanding is that many board members who are appointed in state-owned enterprises are also to a larger extent, not an entrepreneur. A number of them are state employees, whilst others may not have deep-rooted experience in running any entity.

The mediating role of board leadership and skills transfer at the board level becomes a critical point of departure.

The board is responsible for setting up committees and approving policies like the recruitment and retention strategy. The changes since 1994 have brought about complaints from the minority races. The demographics of Ithala employment loosely represent the demographics of the country and hence it is expected that the minority groups would feel that they are isolated in favour of African people. This would be prevalent in Indian and Coloured groups in particular as they are also regarded as previously disadvantaged groups. The sentiment noted and represent the current national discourse on employment and promotion. The participants reiterated,

> *"At the moment with BBBEE only one previously disadvantaged race group is recruited, even though they may not be the best candidate for the position. As a result, the organisation suffers by not having the required skilled and experienced person employed to drive strategy implementation and growth."*

> *"Government does not get involved in the recruitment process, however, each position has an approved job profile. Recruitment takes place in line with approved policies. The company is unable to retain talent because it lacks a retention and promotion policy. You can act in a higher position for 3 years and do the job well but you will be wasting your time when you apply. Someone from outside will get the position. No talent management and retention strategy."*

The participant explained in detail. What is coming our clear is that there are approved policies. These policies serve as a guide when employing any employee. The challenge in management is that each position must be filled to address all conditions and address the legacy of the past. Some will feel that they have been overlooked in favour of equity appointments. This is one concern that the board could look at and address with employees because the policies may be there the only thing is proper communication that has not filtered down.

8.3.5. Hypothesis 5: CEO people-centred leadership skills and firm performance

The analysis of hypothesis H_5 indicated that there is a significant relationship between CEO people-centred leadership skills and organisational performance.

The CEO's task-focused behaviours are directly linked to firm performance (Eisenbeiss et al., 2015; Wang et al., 2011). Using only secondary data, this mixed-methods study investigates the relationship between CEO transformative leadership and business performance. We used a random sample of 42 CEOs from publicly traded companies in the United States and Europe. We used media sources that were content analyzed to generate individual CEO profiles to assess their transformative leadership. The CEOs were then judged on their transformational leadership style by a panel of three judges. Thomson DataStream provided us with information on firm performance. Our findings revealed that there are substantial links between intellectual stimulation and inspiring motivation, as well as many financial performance measures. Additionally, we discovered a favourable correlation between individualized consideration and company performance. After accounting for baseline performance, firm size, CEO tenure, and other factors, these findings remained significant (Jensen et al., 2020).

To address environmental challenges, managers make broad strategic decisions. How different leadership styles impact the comprehensiveness of senior management team strategic decisions and corporate success. The impact of two different CEO leadership styles on top management team strategic decision comprehensiveness and subsequent business performance is investigated in this study, with top management team cognitive conflict serving as a moderator. We observed that

- CEO empowering leadership has a favourable effect on strategic decision comprehensiveness;
- CEO directive leadership has an inverted U-shaped influence on strategic decision comprehensiveness, based on data from 126 Chinese enterprises.
- top management team cognitive conflict reduces the association between CEO empowering leadership and strategic decision comprehensiveness;

- strategic decision comprehensiveness has a beneficial influence on company performance. Taking a scientific approach to strategic decision-making by factoring in the dynamics of the CEO-top management team, which has an impact on corporate success. (Yi et al., 2022).

Ithala Development Finance Corporate and the University of KwaZulu-Natal are proudly South African institutions where *ubuntu* is a cornerstone of daily life. It is no surprise that these values are adopted by many corporations. The greatest challenge in Africa is improving the ethical and management bar for public managers. This has been achieved in China where managers have reached a level where they apply their best skills in ensuring organisational success.

The comments by a participant show that the CEO does engage in meaningful consultation,

> "*Ithala governance structure has adopted a bottom-up approach when decisions are recommended for management committees made of staff (specialists relevant to each committee) and middle management. These management Committees feed into EXCO which makes recommendations to Board Committee or Board depending on the Delegation of Authority Framework*"

This is supported by another participant who asserts that management along with the CEO consults staff regularly through quarterly meetings to take stock of what is happening and get an understanding of what colleagues think should be done to change or improve the situation. Although participants did not get into details in explaining how and what are the skills the CEO possesses that show people-centred leadership skills, there were no participants who were on the contrary to agreeing that the CEO and management consult and listen to the staff. This reinforces the resolve of our hypothesis that was supported.

8.4. Has the conceptual framework/model been proven?

The proposed conceptual framework put forward the following independent variables which we sought to investigate relationships (Figure 8-2).

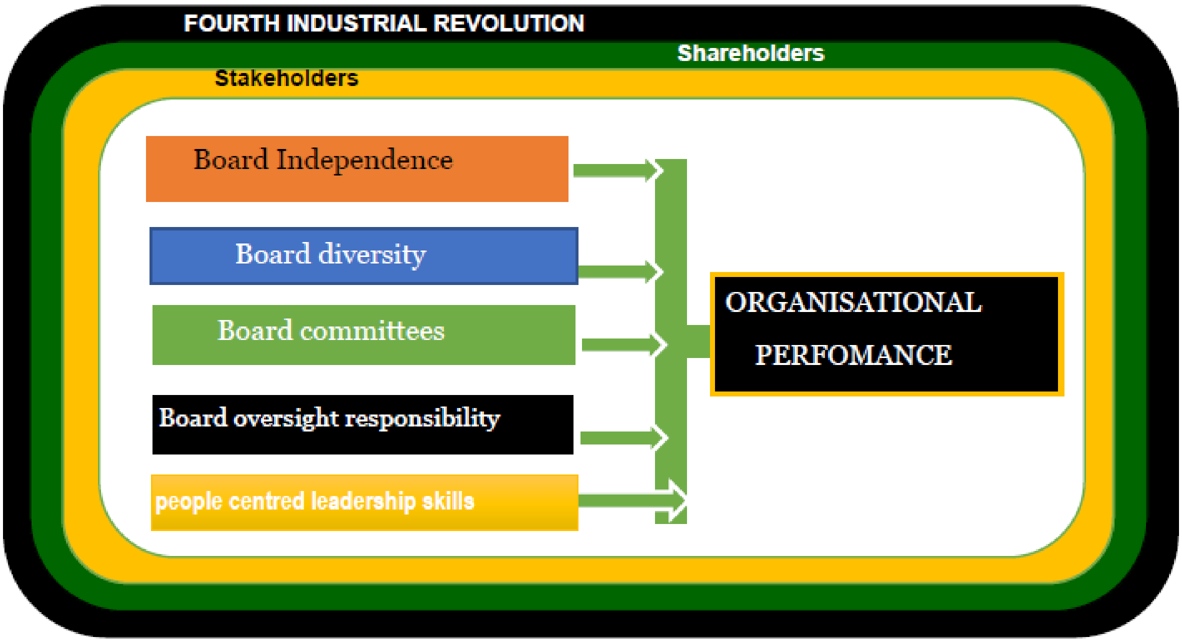

Figure 8: 2- Simplified Proposed Conceptual Framework. (Source: Author's)

The corporate governance internal mechanisms were the dependent variables were:

- Board independence
- Board diversity
- Board committees
- Board oversight responsibility
- CEO people-centred leadership skills.

Whilst the independent variable was organisational performance. The removal of H_2 (board diversity) and H_3 (board committees). The statistical tests through the use of correlational relationships as shown the relationships of the following variables (Figure 8-3) shows the proven model with the following variables:

- Board independence
- Board oversight responsibility

- CEO people-centred leadership skills.

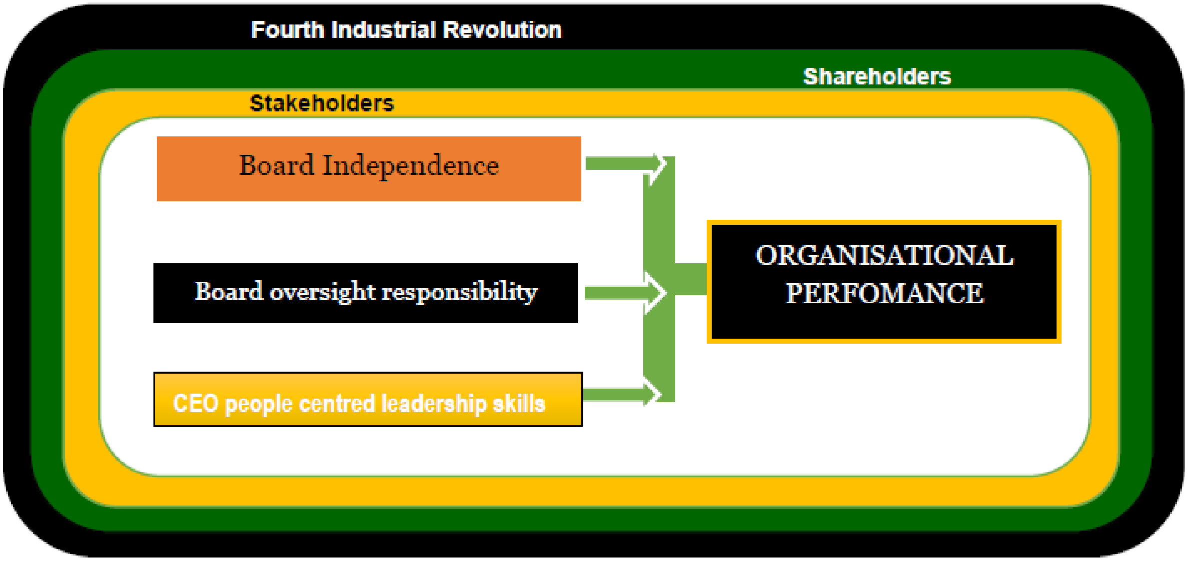

Figure 8: 3 – Proven Model. (Source: Author's)

Whilst the independent variable was organisational performance. The following model is hence put forward as the model of corporate governance that is applicable at IDFC.

8.5. Implications for the study

There are a few implications for the study. Ithala Development Finance Corporation is doing well despite the covid-19 that negatively impacted many companies in South Africa. IDFC as a traditional company many respondents indicated that the fourth industrial revolution could benefit the company.

Second, the adoption of King Codes or King IV reports should be taken seriously and adopted as a policy that has great potential to positively improve its internal corporate governance mechanism and hence improve organisational performance.

Third, the fact that board diversity and organisational could not be conclusively proved opens up room for IDFC to look closely at how it can improve the diversity of its board in age, gender and race. Fernández-Temprano and Tejerina-Gaite (2020) posit that age diversity has a positive effect on organisational performance for all types of directors. In addition, educational diversity seems to harm the performance of supervisory directors.

Fourth, the current study adds to the literature by investigating the influence of several internal organizational features, such as CEO leadership style, on both subjective and objective indicators of organizational performance. Despite substantial research that has independently examined the influence of many components on organizational success, no research has yet evaluated the CEO leadership style and *Ubuntu* as part of such a leadership style.

Fifth, on the contrary to the public sector has not performed well in improving overall organisational performance of SOEs and state run entities hence overall poor organisational performance (Ongore, 2011; Ongore & K'OBONYO, 2011), partly due to excessive bureaucracy, tribalism that is retrograde (Ireri, 2013; Yasser et al., 2016). Future research might look at the link between government ownership and organizational effectiveness. It hinted to a probable relationship between government ownership and corporate performance. This will help with a better knowledge of state-owned firms and how best to handle ownership and management.

8.6. Limitations of the study

Every research has limits, and this one is no exception. It is based on a state-owned corporation in KwaZulu-Natal, South Africa. The study had a small sample size as restricted and dictated by the study population. The study also could not interview board members as they did not make themselves available for the interviews. The board interviews could have enriched the qualitative aspect of the study as they are practitioners of the board. As a result, it cannot be applied to all SOEs in South Africa or throughout the world. It cannot also be extended to comparable SOEs since internal contextual elements vary from one SOE to the next. Ithala remains a very interesting focal point of study due to its ability to have survived since its inception. It has grown in leaps and bounds over the period, having weathered the storms to ensure its survival.

8.7. Contributions of the Study

Traditional research examined the association between corporate governance and organisational performance using secondary desktop data from annual reports. They further clubbed together a number of organisations is a particular sector. This research makes use of primary data collected from respondents about the state of their organisation. This study contributes to the expanding body of knowledge by employing a pragmatic strategy that combines quantitative and qualitative methodologies in a mixed methodology.

Second, the research is conducted in the public sector environment of a state-owned enterprise, (SOE) which has received little attention in the world and African context and South Africa alike. Substantial research on corporate governance and organisational performance in state-owned enterprises have been undertaken in China and India.

Thirdly, the study introduced a construct that is not normally studied in corporate governance. As it relates to the CEO, the studies have studied CEO duality or board leadership which relates to the leadership of the board where the Chairperson of the board and the CEO are held by the same person. This study however looks at the CEO leadership attributes that deal with participative people-centred leadership skills and how those impact organisational performance. The construct and the hypothesis were proven that there is a positive relationship between CEO participative people-centred leadership skills and organisational performance.

Fourth, this study was conducted during one of the greatest crises in the world, covid-19. This pandemic made the research itself harder to conduct, it also made it harder to access participants and for most of the data collection, it was impossible to meet the participants due to covid-19 protocols and organisational access by outsiders. The metamorphosis and change that took place surely had a significant role to play in reshaping the landscape and the research in particular.

Fifth, this study contributes to the understanding of corporate governance of board committees, board independence, board diversity, board oversight responsibility which were tested in the most rural province of KwaZulu-Natal and the oldest black run, state owned financial institution.

8.8. Recommendations for the future studies

Firstly, this thesis looked at the board attributes and organisational performance. The board independence, board committees, board oversight responsibility (board leadership) and organisational performance were proven to be positive in a linear regression model. Further studies could delve into understanding if their relationships are linear when a bigger sample is utilised.

Secondly, the pivoting theory of corporate governance started with the agency theory extending to stewardship theory, resource dependence theory, resource-based theory, contingency theory (the latter belonging to strategic management theory), participative and people-centred leadership theory, *ubuntu* leadership theory and finally systems theory. Engulfed in the leadership theories were change and people-centred leadership skills and styles. The study extended the use of a multi-faceted theory collaboration. There is room to consider leadership theories deeply and understand which ones could affect organisational performance.

Thirdly, there is a need to conduct corporate governance studies in the public sector in Africa. These studies could greatly help in understanding not just corporate governance adoption or compliance but many other variables, like ethnicity, race, gender, CEO performance, and board performance. Many of the SMEs and SOEs are headed by boards with people who don't have vast experience in directorship of companies, a study to understanding their performance and performance of companies they lead could be very informative.

8.9. Recommendations for Policy Makers

There is a need to more precisely define the idea of governance performance and how to objectively quantify improved governance. Adopting a set of good governance principles or standards is based on the underlying premise or assumption that doing so would lead to increased performance. Currently, research in this study have mostly focused on identifying the adoption of governance techniques, rather than the impact their adoption or implementation) has had on governance outcomes or performance. Understanding this feature is crucial for politicians and funding organizations to make data-driven decisions.

It has become clear that corporate governance as a term is becoming a buzzword for employees. The major problem is that many employees do not understand what corporate governance is. They read about it through annual financial statements and know that it is critical to report about it but they do not know the critical aspects of corporate governance. This study focuses on one organisation and uses a questionnaire to collect data. Many studies also focus on the private sector whilst this concentrates on the state-owned enterprise, which is the public sector. Therefore, we recommend that:

- Corporate governance should be institutionalised and enforceable in South Africa.
- Corporate governance should be implemented by each section of management to ensure proper adoption and implementation.
- Corporate governance should have a report that should be an addendum to the annual financial report.
- Board diversity is critical in ensuring that the skills of old board members are transferred to young, racially and gender-inclusive management.
- There should be more studies in the public sector to expand and generalise the agency theory and add value and experiences which may alter or modify the theory.

There should be an overseer of all SOEs in South Africa who acts like the Auditor General in terms of corporate governance compliance. This body should also regulate the conduct of directors such that they can be removed from the register of the board of directors should they fail to carry out their fiduciary duties.

8.10. Recommendations for SOE Managers and Boards

Managers and the board must start taking the King Codes seriously. There are lessons to be learnt in adopting board committees over and above those stipulated in Kind IV. The managers must start imbuing the corporate governance principles in all aspects of the organisation. Managers cannot start implementing King Codes when they get to senior management. They need to understand why it is critical to implement corporate governance. These rate to:

- Proper supply chain management mechanism
- Ethical behaviour in the management of all resources
- Managing the environment in a sustainable manner
- Interacting with stakeholders (internal and external)
- Reporting accurately on all use of resources in pursuit of organisational goals.
- Accountability committees to help inclusively take proper decisions.
- Handling of gifts from external stakeholders to ensure independence in decision making.
- Allowing the hierarchy of leadership to ensure that the main stakeholder, the government respects the organisation's leadership hierarchy.

8.11. Recommendations for King Codes

The study shows that many of the directors, especially independent non-executive directors hold many directorship positions. This initially may look good until it reaches a point where the director only attends meetings and does not add value to the organisation where they are directing as board members. The King III report indicates that directors should not overstretch themselves. This is problematic because it does not cap the number of directorships but keeps it as a fictional figure. The King codes must consider looking at industries and capping based on the size, responsibility and other considerations it may deem necessary.

King IV has not moved significantly in prescribing how many board members can hold but these are good recommendations to consider whilst looking at the upcoming King V. The problem that has continued is the move from (IoD, 2009) explain or report to (IoDSA, 2016) explain and report. This still does not go a long way. Organisations and firms still do as they please they regard the whole King Codes as not mandatory.

King IV has started to look at sectors like municipalities and State-Owned Enterprises and adds value to the Public Finance Management Act [PFMA]. This is a great start to ensuring that there is accountability however, it is greatly recommended that the King Codes should be an addendum to the PFMA act which should be mandatory to implement by all public statutory bodies including municipalities and SOEs. This will ensure that King IV and subsequent reports make a meaningful impact.

Engagement usually takes place behind closed doors between the shareholder and management or the board. This is also the case in South Africa. Transparency should be encouraged between shareholders and the board as well as management. This builds inner confidence in the organisation, but it also teaches society that transparency is the key to creating value and resolving problems. This is one point that King Codes should consider and encourage, especially in the public sector. The transparency mechanism should allow information to be easily accessible or create an office within the SOEs to deal with matters of public interests and transparency.

The public sector has not taken corporate social responsibility seriously. This is supported by (Sari et al., 2021; Sudirman et al., 2021) say that the goal and objective for delivering information to associated stakeholders about Corporate Social Responsibility rules and punishments. Sudirman et al. (2021) posit that CSR programs can be aligned with the goals of achieving the United Nation’s Sustainable Development Goals (SDGs) and can help the Government accelerate the achievement of the SDGs. The King Codes could bring about an even greater impetus and impact on ensuring that it directs how

CSR should be implemented to have a meaningful impact on society. This can then be easily measured. CSI should not be a mere legitimisation but also a medium to genuine attempts at change and development (Kartasasmita, 2020; Parthasarathy, 2007).

8.12. Conclusion

This chapter concludes thesis. The thesis sought to examine the relationship between corporate governance internal mechanism and organisational performance. The primary objective sought to understand what attributes of corporate governance are applicable and responsible for organisational performance at Ithala Development Finance Corporation [IDFC].

The study did, in fact, reveal that some corporate governance methods had a considerable influence on organizational performance. According to the findings, board independence is favourably and significantly related to organizational success. Many research back up this fact. The study also found that board oversight role is positively and substantially related to organizational success. Finally, the research found a link between CEO participatory people-centred leadership qualities and organisational success.

The study, however, could not link any adverse impact of covid-19, the situation under which the research was conducted, and the study could not investigate such a claim. The study also did not investigate the impact of the fourth industrial revolution on any of the variables. The questions asked to participants showed that there is an appreciation of the advent of the fourth industrial and its mitigating impact on ensuring that work could continue whilst people were at home allowed creative ways to allow management to meet and take decisions on how they could deploy staff to ensure some operations were running. Many participants raised the issue of the adoption of the fourth industrial revolution at IDFC.

As postulated and premised on agency theory, the study provided evidence that showed a positive impact of board mechanisms on organisational performance. It further supported the stewardship theory view that asserts that the board and management form a critical resource on behalf of stakeholders and shareholders.

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UNIVERSITY OF
KWAZULU-NATAL

INYUVESI
YAKWAZULU-NATALI

ANNEXURES

CONSENT FORM AND INFORMATION LETTER

INFORMED CONSENT LETTER: QUANTITATIVE PHASE

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA (0649070498)

Supervisor: Professor. A Kader (082 9010225) **Co-Supervisor**: Professor P Mashau (0792359248)

Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

Dear Respondent

I, **RANSON SIFISO GWALA** a DBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled **A framework for corporate governance and organisational performance in the fourth industrial revolution.**

This study aims to understand if:

(1) Is there a relationship between board independence and organisational performance?
(2) Is there a relationship between board diversity and organisational performance?
(3) Is there a relationship between board committees and the efficiency of the public entity?
(4) Is there a relationship between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals?
(5) Is there a relationship between the CEO's people-centred and participative leadership skills and high organisational performance?

Through your participation, I hope to **understand the relationship between "A framework for corporate governance and organisational performance in the fourth industrial revolution."** The results of the focus group are intended to contribute to all *stakeholders in understanding what is the impact of corporate governance on organisational performance.*

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the University of KwaZulu-Natal, Graduate School of Business and Leadership. If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **20 minutes** to complete. I hope you will take the time to complete this survey.

Sincerely

______________________________ ____________________

Signature of Researcher/Investigator **Date**

This page is to be retained by the participant

INFORMED CONSENT LETTER

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA (0649070498)
Supervisor: Professor. A Kader (082 9010225) **Co-Supervisor**: Professor P Mashau (0792359248)
Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

Dear Respondent

CONSENT

I____ (full names of the participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

__________________________ ____________________

Signature of Participant **Date**

This page is to be retained by the researcher

INFORMED CONSENT LETTER: QUALITATIVE PHASE

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA (0649070498)

Supervisor: Professor. A Kader (082 9010225) **Co-Supervisor**: Professor P Mashau (0792359248)

Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

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Through your participation, I hope to **understand the relationship between "A framework for corporate governance and organisational performance in the fourth industrial revolution."**

The results of the focus group are intended to contribute to all *stakeholders in understanding what is the impact of corporate governance on organisational performance.*

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the University of KwaZulu-Natal, Graduate School of Business and Leadership.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The interview including the survey should take about **1 to 2 hours** to complete. I hope you will take the time to take a journey with us in order to understand your own experience.

Sincerely

______________________ ______________________

Signature of Researcher/Investigator **Date**

This page is to be retained by the participant

INFORMED CONSENT LETTER

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA)

Supervisor: Professor. A Kader (082 9010225) **Co-Supervisor**: Professor P Mashau (0792359248)

Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

Dear Respondent

:

Consent by the Respondent

I ____ (Full Name and Surname) have been informed about the study entitled (provide details) by (provide name of researcher/fieldworker).

I understand the purpose and procedures of the study. I have been given an opportunity to answer questions about the study and have had answers to my satisfaction. I declare that my participation in this study is entirely voluntary and that I may withdraw at any time. I have been informed that participation is voluntary and no compensation will be paid for participation in the study.

If I have any further questions/concerns or queries related to the study, I understand that I may contact the Researcher on 0649070498 or the UKZN Research Office.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researcher/s then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001
Durban ;4000
KwaZulu-Natal, SOUTH AFRICA;
Tel: 27 31 2604557- Fax: 27 31 2604609;Email: HSSREC@ukzn.ac.za

DECLARATION

Additional consent, where applicable

I hereby provide consent to: (Please tick Yes or No)

	YES	NO
1. Audio-record my interview/focus group discussion/Zoom		
2. Voice Recording		

________________________ ________________________

Signature of Participant **Date**

________________________ ________________________

Signature of Witness **Date**
(Where applicable)

THIS PAGE IS TO BE RETAINED BY THE RESEARCHER

CONFIDENTIALITY STATEMENT

This is to certify that:

- The researcher will ensure the confidentiality of the respondents in terms of the identity of participants of research is maintained at all stages of the research, particularly regarding published results of the research,

- The names, positions or titles of the participants shall never be used in the study in any manner possible,

- The information shall be protected by the passwords on Microsoft Forms as the research was conducted technological on Microsoft Forms.

- The final report shall also seek to protect the identity of all participants by using arbitrary numbers of statements which will be chosen and quoted to advance the point or the construct being studied.

RESEARCH INSTRUMENT (QUESTIONNAIRE / INTERVIEW SCHEDULE)

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

A framework for corporate governance and organisational performance in the fourth industrial revolution.

RANSON SIFISO GWALA
951051987

Submitted in fulfilment of the requirements for the degree of

Doctor of Business Administration

University of KwaZulu-Natal
Graduate School of Business & Leadership
Supervisor: Professor Abdulla Kader

QUESTIONNAIRE

MIXED METHODOLOGY
PRAGMATIC APPROACH
(QUANTITATIVE + qualitative) = [QUAN +qual]

INFORMED CONSENT LETTER: QUANTITATIVE PHASE

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA (0649070498)

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Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

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(4) *Is there a relationship between board oversight responsibility (strategy direction and stakeholder interests) and achieving organisational goals?*
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If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above. The survey should take you about **20 minutes** to complete. I hope you will take the time to complete this survey.

Sincerely

______________________________ __________________

Signature of Researcher/Investigator **Date**

THIS PAGE IS TO BE RETAINED BY THE RESEARCHER

INFORMED CONSENT LETTER

UNIVERSITY OF KWAZULU-NATAL (UKZN)
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

DOCTOR OF BUSINESS ADMINISTRATION RESEARCH PROJECT

Researcher: RANSON SIFISO GWALA (0649070498)
Supervisor: Professor. A Kader (082 9010225) **Co-Supervisor**: Professor. P Mashau (0792359248)
Research Office: Tel: 27 31 2604557/ 7291;Email: HSSREC@ukzn.ac.za or RIGEthicsHelp@ukzn.ac.za

Dear Respondent

CONSENT

I____ (full names of the participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

____________________________ __________________

Signature of Participant **Date**

THIS PAGE IS TO BE RETAINED BY THE RESEARCHER

PART A									
QUANTITATIVE STUDY									
Instructions: Please tick next to the appropriate box for your answer.									
1.	Gender	Male		Female	Prefer not to say				
2.	Age	20-40		40-60		Over 60			
3.	Race	African		Coloured		Indian			
		White							
4.	What is your nationality?								
5.	South African		Non-South African						
6.	What is your highest level of education?								
No Matric		Matric (Std 10)		Graduate					
Post Graduate (Honours, Post Graduate Diploma)		Master's Degree		Doctorate Degree					
7.	What is your level in terms of the organisational structure position in the organization?								
Lower Level Management *(Supervisor, Etc.)*		Middle-Level Management *(Ass Director / Manager /Deputy Manager / Director)*		Senior Management level *(Manager/Director to CEO*		*Board Member*			
8.	What is your experience in years in your field?								
Under 5 years		5-10 years		10-15 years		15-20 years		Over 20 years	
9.	What skills do you bring to the organisation?	Please Tick at least one							
		Economics							
		Accounting /Finance							
		Management							
		Human Resource/ Legal							
		Auditing							

PART B

QUANTITATIVE STUDY

		1	2	3	4	5
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Board Independence		1	2	3	4	5
10.	There is a functional board at Ithala					
11.	The managing board has external independent board members.					
12.	The board takes decisions on its own without interference.					
13.	The decisions of the board are final and are implemented by the organisation.					
14.	The board decides monitors the performance of executives					
15.	The independent external board members constitute the majority.					
16.	The Board of Directors formed any committees it deems appropriate in order to conduct the work and achieve the organisational goals					
Board diversity		1	2	3	4	5
17.	The board includes young people and or disabled people					
18.	The board consists of females board members.					
19.	The board has diverse members from different backgrounds.					
20.	The board is inclusive of diverse racial groups					
Board committees		1	2	3	4	5
21.	The board/management has the Audit and Risk Committee.					
22.	The board/management has Remuneration Committee					
23.	The board/management has a schedule of meeting which it honours.					
24.	The board/management has other management committees over and above the two mentioned above.					
25.	The board committees are chaired by Committee Chairs					
26.	The board committee chairpersons run their committees independently					
27.	The board and board committees add value to the organisation.					
28.	The CEO take a mandate from the board after the board committees meet and make recommendations.					
29.	The board has a committee responsible for overall board governance, including compensation, size, composition and performance					
Board Oversight Responsibility		1	2	3	4	5
30.	The board produces financial report annually.					
31.	The board is transparent to all its stakeholders.					
32.	The board is responsible for strategy development and implementation.					
33.	The board holds the CEO and CFO responsible.					
34.	The board holds all board committees responsible.					
35.	The board guards the name of the organisation against disrepute.					
36.	The board appoints board committees and ensure their effectiveness.					
37.	The board evaluates board and board committee performance annually.					
38.	The board evaluates board and board committee and management performance annually.					

	CEO people centred leadership skills	1	2	3	4	5
39.	The company is educating workers on the importance of the principles of corporate governance.					
40.	There is a regulatory system that is efficient and effective in the company.					
41.	Promotes an effective framework for the governance system of internal control					
42.	Are preparing periodic reports on the management of the company's commitment to applying the principles of corporate governance.					
43.	The junior staff know about to participate in Audit committees to disclose all data and important decisions contained in the annual report of the company.					
44.	The views of staff by senior management is listened to during regular meetings which are held with staff					
	Organisational/Firm performance	1	2	3	4	5
45.	The is no interference in the administration of Ithala as an entity by the government					
46.	The government respects and confident of corporate governance principles of Ithala.					
47.	The board is answerable to the MEC and the Portfolio Committee.					
48.	The government is supportive of Ithala and its subsidiaries.					
49.	The government is confident of the corporate and financial activities of Ithala. [Financial Reports]					
50.	The community and customers are happy with Ithala products.					
	THIS QUESTION IS FOR BOARD MEMBERS ONLY					
	Shareholding structure (public/government shareholding) and organisational performance	1	2	3	4	5
51.	Have you ever been a board member at Ithala before?					
52.	Do you believe that as a board member, diversity is critical in board leadership experience?					
53.	Have you ever been a board member before?					
54.	Do you have the requisite skills to serve as a board member?					
55.	Have you ever served as a CEO or CFO in this organisation or another?					
56.	Have you served as a Board/ Committee Chair in this organisation or another?					
57.	Have you served as a Committee Chair (Audit, Remuneration, etc.)					
58.	Do you serve other boards					

PART B: QUALITATIVE STUDY

	OPEN ENDED QUESTIONS
59.	How does government add value as a shareholder at Ithala?
60.	What is the role of government in board member appointments?
61.	How does board committees add value to the board and Ithala's corporate image?
62.	How does the board advance the strategic interests and goals of Ithala?
63.	How does the CEO and management consult staff in some decision-making process of Ithala.
64.	How does the company and government ensure that right skills and attitudes are recruited?
65.	How does the government as a shareholder support the entity?
66.	How has the fourth industrial revolution and covid-19 affected and changed the way of doing business at Ithala?
67.	Overall comments and insights for improving corporate governance at Ithala

GATEKEEPERS LETTER

Ithala
DEVELOPMENT FINANCE CORPORATION LIMITED
BUSINESS FINANCE / PROPERTIES / RETAIL BANKING

15 April 2021

Mr Sifiso Gwala
PO Box 59031
Inanda
4310

Dear Mr Gwala,

RE: PERMISSION TO CONDUCT RESEARCH STUDY WITHIN ITHALA DEVELOPMENT FINANCE CORPORATION (IDFC)

I acknowledge receipt of your letter requesting permission to conduct research study on "***Corporate Governance and its Impact On Organizational Performance in the Fourth Industrial Revolution"*** at IDFC.

Please be advised that permission is granted for you to undertake this study and interview our independent non-executive board members, IDFC Executives and staff. Please present this letter when you engage with non-executive board members and Executives.

As you embark on this project, please note that IDFC cannot decree to its officials, customers, beneficiaries and stakeholders whether or not to participate in your research study.

However, information that you will obtain from IDFC officials and beneficiaries should be treated with confidentiality whether in terms of the storage of data, analysis or during the publication process. It is advisable to remove identifiers such as names, vernacular terms and geographical hints when writing up your dissertation. Furthermore, please note that you will enter IDFC premises at your own risk. Please also note that IDFC does not promise you funding of your research study at any given stage.

I wish to thank you for choosing IDFC to collect data for your study and will request that you provide IDFC with two copies of the final approved dissertation. Please also ensure that you provide an electronic copy of the pdf report.

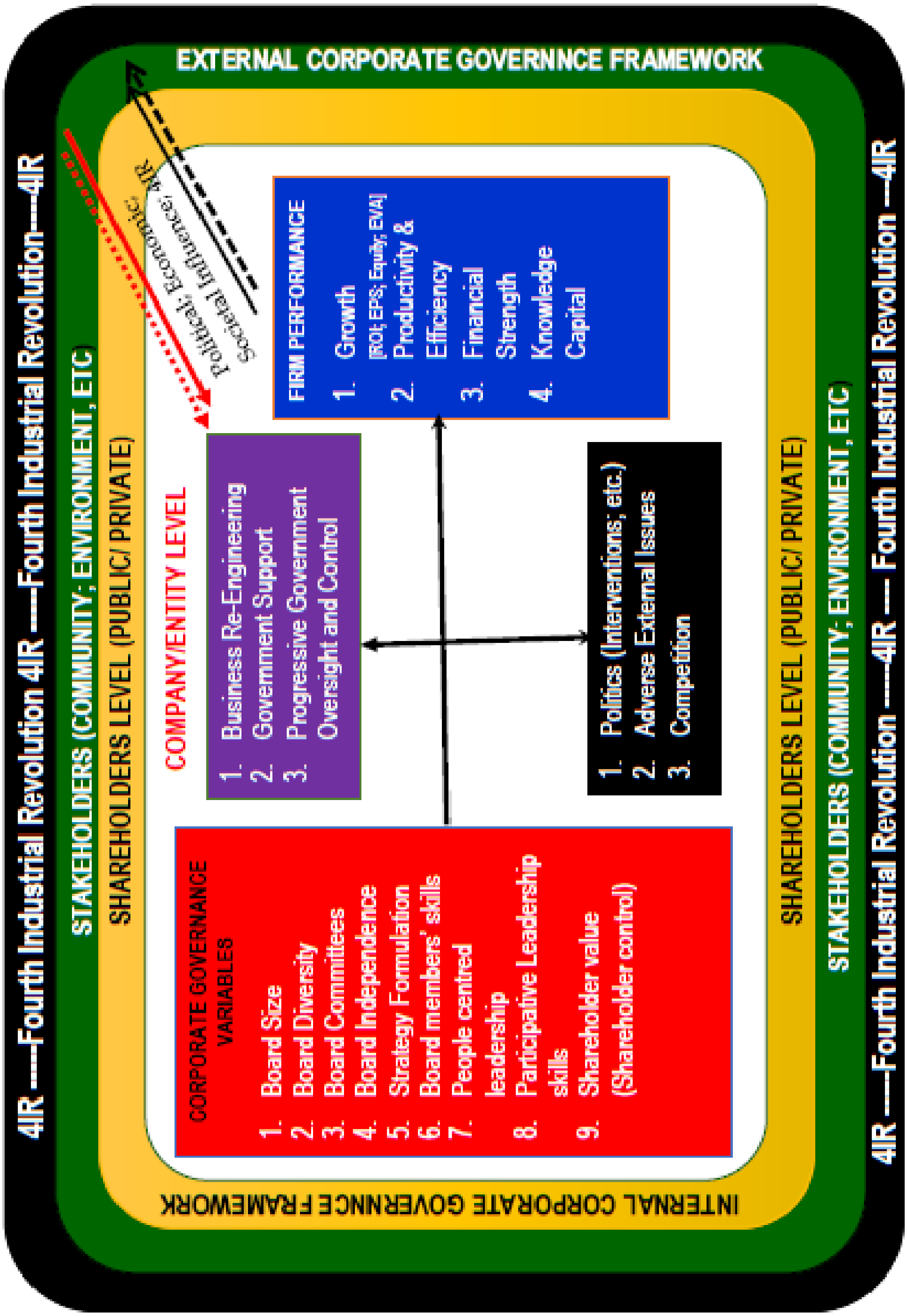
Kind Regards,

[redacted]

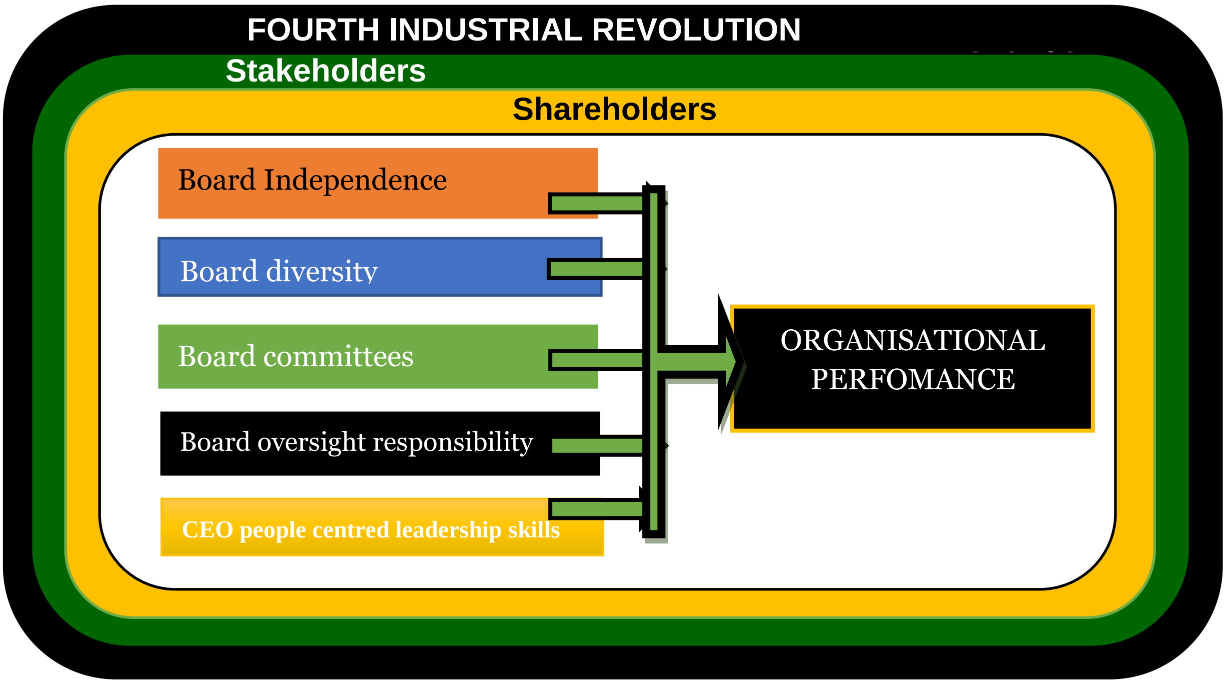
MS PEARL BENGU
GROUP CHIEF EXECUTIVE

PO Box 2801
Durban 4000, South Africa
Tel: (031) 907 8911, Fax: (031) 907 5350
WWW.ITHALA.CO.ZA

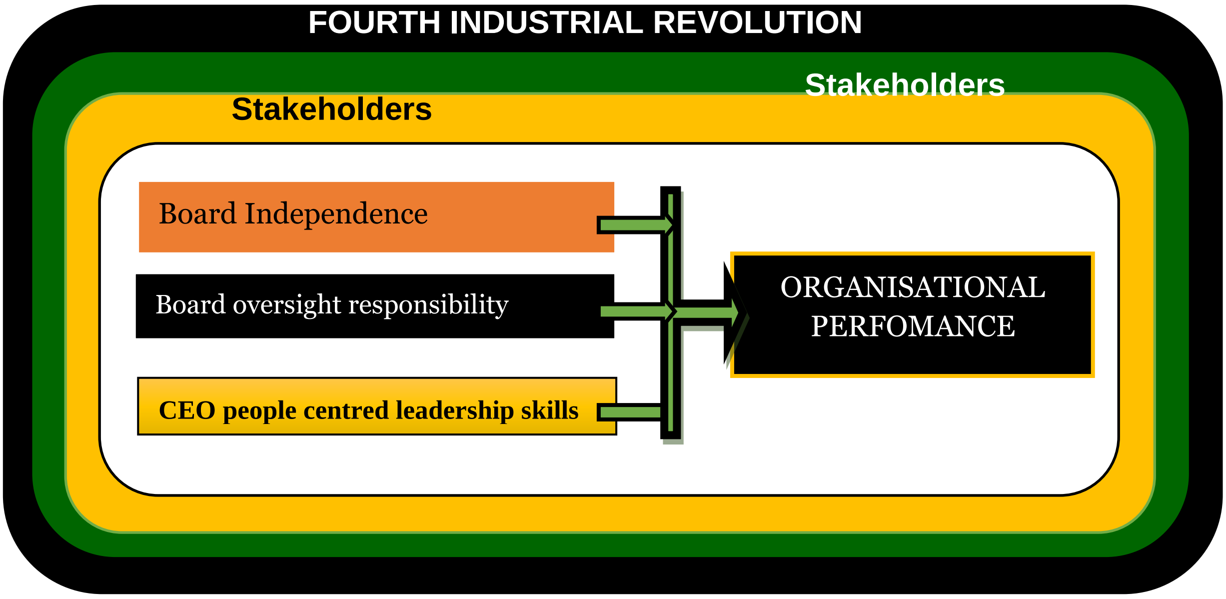
PROPOSED CONCEPTUAL MODEL (OPTIONAL)



SIMPLIFIED CONCEPTUAL MODEL (OPTIONAL)

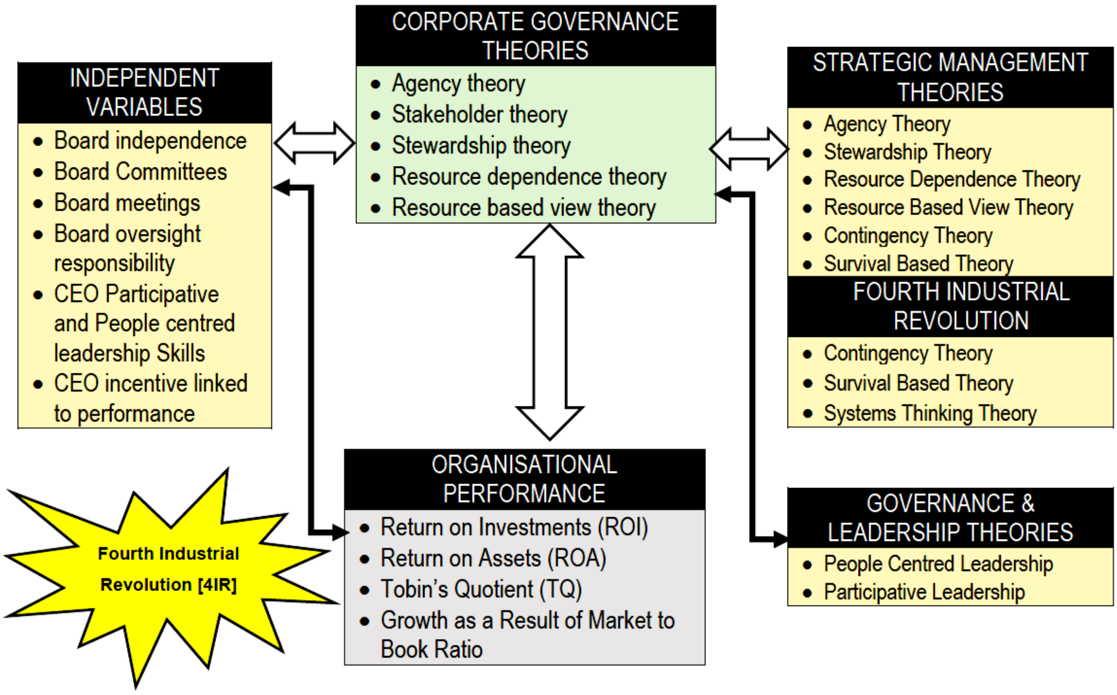


PROVEN CONCEPTUAL MODEL/ PROPOSED FRAMEWORK



THEORETICAL FRAMEWORK

THEORETICAL FRAMEWORK OF CORPORATE GOVERNANCE



ABSTRACT 1: PUBLISHED JOURNAL ARTICLE

Abstract

This paper aims to systematically review the existing studies of corporate governance with organisational performance in the Fourth Industrial Revolution and put forward theories, research methods, topics, and variables that emerge from the review. The systematic literature review is based on 42 peer-reviewed journal articles on the topic written by reputable academics on the Science Direct Database focused on corporate governance, board characteristics, and ownership structure. This study's conceptual framework is based on agency theory, which is the most widely used to analyse corporate governance. The majority of results show a positive correlation between corporate governance and organisational performance with agency theory being the most utilised theory of choice. This paper undertakes a significant thorough systematic review of corporate governance with firm performance and the Fourth Industrial Revolution literature. It gives an 11-year review with a reference index from 2011 to 2021, useful for both academics and professionals. This study recommends more evidence-based systematic reviews for different aspects and within different regions. It is further recommended to expand the geographical spread across all continents to cover corporate governance areas and to improve studies related to the Fourth Industrial Revolution and its impact on corporate governance. Lastly, it is recommended that more studies that look at the impact of the Fourth Industrial Revolution on corporate governance and firm performance should be performed.

Keywords: Corporate Governance, Business Administration, Management and Accounting, Firm Performance, Company Performance, Fourth Industrial Revolution, Ownership Structure

How to cite this paper: Gwala, R. S., & Mashau, P. (2022). Corporate governance and its impact on organisational performance in the Fourth Industrial Revolution: A systematic literature review. *Corporate Governance and Organizational Behaviour Review*, *6*(1), 98–114. https://doi.org/10.22495/cgobrv6i1p7

ABSTRACT 2: PUBLISHED JOURNAL ARTICLE

Abstract

This paper aims to review systematically the existing studies of corporate governance that positively impact organisational performance in Africa and put forward theories, research methods, topics, and variables that emerge from the review. The systematic literature review is based on 32 peer-reviewed journal articles (and a further 12 thesis publications from Google Scholar Database focused on corporate governance, board characteristics, and ownership structure and Thesis publications produced by universities in Africa and in the diaspora). This study's conceptual framework is based on agency theory. The majority of results show a positive correlation between corporate governance and organisational performance with agency theory being the most utilised theory of choice. This paper undertakes a significant thorough systematic review of corporate governance with firm performance literature. It gives a 20-year review with a reference index from 2003 to 2022, useful for both academics and professionals. This study acts on recommendation to expand geographical spread across all continents to cover corporate governance area and to improve studies related to corporate governance and its impact on firm performance. Lastly, it is recommended that more studies that look at the impact of the corporate governance and firm performance should be performed especially in the public sector

Keywords: Corporate governance, business administration, firm performance; company performance, ownership structure; Africa.

How to cite this paper: Gwala, S., & Mashau, P. (2022). Corporate governance and organisational performance in Africa: A systematic literature review. African Journal of Business Management, 16(10), 210-223. https://doi.org/10.5897/AJBM2022.9373
https://academicjournals.org/journal/AJBM/article-abstract/4CB50CD69926

ABSTRACT 3: PUBLISHED JOURNAL ARTICLE

Abstract

This article examines the extent to which the COVID-19 limits the movement of people or migration and the implication of this restriction for nation building. It argues that the more people comply with the COVID-19 social distance order, the greater the implications for national integration and social cohesion in Africa. Indeed, extant studies on COVID-19 and migration have been able to establish that COVID-19 has had significant effect on migration. However, there is little evidence on the effects of COVID-19 on nation building in Africa. This article contends that the COVID-19 lockdown which prohibits social gatherings and the movement of people negate the drive for national integration and social mobilization for meaningful projects that can promote the socio-economic development amid COVID-19 in Africa. Relying on qualitative data, the article specifically examines the connection between the COVID-19 and nation building in South Africa and the rest of Africa. The findings advanced knowledge on how the various COVID-19 safety protocols impugned on nation building. It concludes that travel restrictions are likely to have an adverse reaction that will prove retrogressive on nation building. It contributes to the current debate on the post-covid-19 world order and nation building.

Keywords: Corporate Governance, Business Administration, Management and Accounting, Firm Performance, Company Performance, Fourth Industrial Revolution, Ownership Structure

How to cite this paper: GWALA, R. S. & MASHAU, P. (2022); Covid-19, Migration and Nation Building in Africa: A Systematic Literature Review. Journal of Nation-building &; Policy Studies, 2022, 223-255.

STUDIES IN CORPORATE GOVERNANCE 1997-2022

Author	*Sample (Period)*	*Focus Of The Study*	*Key Findings*
2022; (Zango, 2022)	Nigerian listed banks 2014-2019	Gender diversity and FP	• Board size capped at 12 increases FP • Gender diversity have a positive and significant impact on FP • Ethnic diversity, foreign ownership and director equity has no effect
2021; (Wijaya and Herlambang, 2021)	455 Indonesian Stock Exchange 170 Philippine's Stock Exchange	CG and FP on the manufacturing sector	• BM negatively affect FP-Indonesia • BM positively affect FP- Philippines • Institutional ownership has negative effect on FP
2021; (Peng et al., 2021)	Chinese listed firms	CG, technical efficiency and FP	• Positive relationship between technical efficiency and firm performance. • Board independence support contingency CG model.
2021; (Tsafack and Guo, 2021)	Listed Chinese companies	CG and FP	• There is a positive relationship between foreign ownership and FP
2020; (Ozdemir, 2020)	Publicly traded companies in the US	Board diversity and firm performance	• Board diversity associated with firm performance, • Board internal control and monitoring on management important to drive higher financial performance
2013; (Vo and Phan, 2013)	77 listed firms trading over 2006-2011	CG and FP	• Female board members
2012; (Fallatah and Dickins, 2012)	Saudi Arabia listed firms	CH and FP and value	• CG (insider ownership) and firm value are positively associated
2012; (Liu et al., 2012)	Chinese state owned enterprises (SOEs)	CG and FP during a global crisis	• Managerial ownership is positively associated with crisis performance
2012; (Lu et al., 2012)	30airline companies operating in the US	CG on airline performance	• CG significantly influences effects on airline performance
2010; (Ibrahim et al., 2010)	Chemical and pharmaceutical industries	CG and FP	• Significant impact on CG and FP in chemical sector • Insignificant impact on CG and FP in pharmaceutical sector
2010; (Sueyoshi et al., 2010)	Japanese firms in the manufacturing sector	CG and FP	• Stable shareholders are important and enhance operational performance when the ratio of shares held is over 61.21%.
2007; (Bocean and Barbu, 2007)	General literature review	CG and FP	• CG (insider ownership) is positively associated with FP
Black et al (2006)	515 firms ; Korea (2001)	CG and firm value	• CG has positive influence on frim value • Better CG is less likely to predict higher

			form profitability
Drobetz et all (2004)	91 firms; Germany (2002)	CG and expected stock returns	• CG is positively associated with firm value and stock returns
Klapper & Love (2004)	374 firms; 14 emerging economies (2000)	Determinants of CG and firm performance	• Better CG is highly correlated with better profitability and firm valuation
Gompers et al (2003)	1500 large firms (S&P) (1990)	CG and equity prices	• Firms with stronger shareholder rights have higher firm value, higher profits and higher sales growth
Thomspon and Hung (2002	83 firms; Singapore (2001)	CG and corporate performance	• Positive relationship between ownership concertation (OC) and profitability • Both CGI and non-executive chairman are negatively associated with profitability
Gugler et al (2003)	19010 non-financial S&P firms (96-01)	CG and investment returns	• Firms in countries with strong CG systems, strong accounting standards and string enforcement have higher returns on investments
Gugler et al (2001)	19000 firms; 6 economies (96-01)	CG and investment returns	• Managers' shareholding and cross share-holding are negatively linked with investments performance
LLSV (2002)	539 large firms; 27 wealthy economies	Investor protection valuation	• Firms in countries with better minority shareholders protection, and firms with higher cash flow rights by controlling owners have higher value
Yurtglu (2000)	126 Turkish non-financial firms (1998)	Ownership, control and performance	• OC and pyramidal shareholding (PS) are negatively linked with profitability and firm value.
Lemmon and Lins (2003)	800 non-financial firms; Eastern Asia (1997)	CG and firm value	• Firms with higher managerial control (MC) and PS have lower stock returns
Mitton (2002)	398 East Asian firm (97-98)	CG and firm performance	• Disclosure quality and outside OC are positively linked with stock returns
Gedajlovic & Shapiro (2002)	334 firms ; Japan (86-91)	Ownership and profitability	• Positive association between OC and profitability
Hovey et al (2003)	100 firms; China (97-99)	Valuation and ownership	• No relationship between OC and firm value. • Institutional shareholding is positively linked with firm value
Alba et al (1998)	357 firms; Thailand (94-97)	Corporate financing and CG structure	• Firms with higher OC have lower profitability
Claessens (1997)	287-1198 Czech and Slovak firms (92-93)	CG and equity prices	• OC and domestic shareholding is positively related with firm value. • Bank sponsored investment funds is not related with prices.
Farrer & Ramseay (1998)	180 firms; Australia (1995)	Directors ownership and performance	• Positive link between directors' shareholding (DS) and performance, although to some extent, inconclusive.
Morch et al (1998)	370 firms ; Fortune-500	Management ownership and	• Non-monatomic relationship between form value and DS

	(1980)	firm value	• Family managed older firms have lower value that outsider managed firms.
Borhen and Odegaard (2003)	1057 firms ; Norway (89-97)	CG and firm performance	• Insider ownership (IO) improves valuation unless the stake is unusually bug. • Direct (individual) ownership is better that indirect (or institutional) ownership. • OC, dual-class shares and board size (BS) are negatively linked with firm value
Argawal and Knoever (1996)	Forbes 800 firms (1987)	Performance and control	• Presence of non-executive directors is negatively linked with firm value. • Relationship between IO and firm value is inconclusive.
Kiel & Nicholson (2003)	348 firms; Australia (1996)	Board composition & performance	• BS and non-executive directors are positively related with firm value
Org et al (2003)	295 firms; Singapore (1997)	Board interlocks	• BS and profitability are positively linked with board interlocks
Caven and Martson (197)	325 top UK firms	Investor relations and CG	• Investor relations activities are positively linked with non-executive chairman, not related to non-executive directors
Brickley et al (1997)	737 Large firms	Separation of CEO and Chairperson	• No evidence that CEO duality has inferior performance. • Cost of dual leadership is higher in large firms

A SUMMARY OF DIFFERENT CORPORATE GOVERNANCE CHARECTERISTICS

Governance Aspect	Measurement Criteria
Board size	The number of board members
Board Independence	The percentage of independent non-executive directors to the total number of board members.
Board diversity	The variable that speaks to racial, age, of the director
Board leadership	The variable which depicts and maybe similar to the CEO duality.
Board oversight responsibility	The variable that illustrates how the board of directors functions and oversees all committees, the CEO, and the organization's overall strategic direction.
Composition of board	The proportion of non-executive directors to the total number of directors
CEO duality	A dummy variable equal to one when the same person serves as a CEO as well as the chairman, and zero otherwise.
Gender of CEO	A dummy variable equal to one when the gender of CEO is male, and zero if the gender is female
Gender diversity	The percentage of women in the board/number of female directors on board.
Presence of an audit committee	A dummy variable equal to one when there is an audit committee available, and zero otherwise.
Independence of the audit committee	The percentages of non-executive directors on the audit committee compared to the total number of directors. The proportion of non-executive directors on the audit committee compared to the total number of directors. The number of outside directors (audit committee members)
Effectiveness of the audit committee	The number of meetings conducted per year
Presence of a nomination committee	A dummy variable equal to one when there is a nomination committee available, and zero otherwise
Composition of the nomination committee	The company's specified percentage of independent directors on the nominating committee. The nominating committee's percentage of non-executive board members.
Presence of a separate risk management committee	A dummy variable equal to one when a company has a separate risk management committee, and zero otherwise
Presence of a corporate governance committee	A dummy variable equal to one when there is a corporate governance committee available, and zero otherwise

APPENDIX

Appendix 1: Reliability Statistics Board Committees

Reliability Statistics Board Committees		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.774	0.787	9

Appendix 2: Item-Total Statistics Board Committees

Item-Total Statistics Board Committees					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
BC1	33.09	24.832	.303	.327	.772
BC2	33.12	24.880	.414	.378	.763
BC3	33.22	24.303	.373	.239	.764
BC4	33.46	22.521	.514	.401	.746
BC5	33.36	22.905	.450	.303	.754
BC6	33.48	20.592	.638	.543	.724
BC7	33.49	20.191	.619	.502	.726
BC8	33.62	20.357	.571	.397	.734
BC9	33.92	20.773	.355	.267	.786

Appendix 3: Reliability Statistics Board Diversity

Reliability Statistics Board Diversity		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.702	0.703	2

Appendix 4: Item-Total Statistics- Board Diversity

Item-Total Statistics Board Diversity					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
BD3	4.47	.512	.542	.293	.
BD4	4.43	.549	.542	.293	.

Appendix 5: Reliability Statistics - Board Independence

Reliability Statistics Board Independence		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.697	0.700	5

Appendix 6: Reliability Statistics - Board Independence

Inter-Item Correlation Matrix- Board Independence					
	BI3	BI5	BI6	BI4	BI7
BI3	1.000	.521	.244	.186	.084
BI5	.521	1.000	.382	.211	.019
BI6	.244	.382	1.000	.587	.324
BI4	.186	.211	.587	1.000	.621
BI7	.084	.019	.324	.621	1.000

Appendix 7: Reliability Statistics - Board Oversight Responsibility (Board Leadership)

Reliability Statistics Board Oversight Responsibility (Board Leadership)		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.747	0.787	9

Appendix 8: Reliability Statistics - Item-Total Statistics- Board Oversight Responsibility (Board Leadership)

Item-Total Statistics Board Oversight Responsibility (Board Leadership)					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
BOR1	33.04	26.260	.112	.152	.800
BOR2	32.26	25.631	.441	.232	.723
BOR3	32.20	26.553	.494	.384	.723
BOR4	32.31	25.260	.472	.444	.719
BOR5	32.42	23.721	.554	.495	.703
BOR6	32.38	24.277	.546	.451	.707
BOR7	32.38	24.366	.564	.465	.705
BOR8	32.56	23.504	.520	.450	.708
BOR9	32.71	22.631	.440	.245	.725

Appendix 9: Reliability Statistics - Item-Total Statistics- CEO People-Centred Leadership Skills

Reliability Statistics CEO People-Centred Leadership Skills		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.664	0.669	3

Appendix 10: Item-Total Statistics- CEO People-Centred Leadership Skills

Item-Total Statistics Board Oversight Responsibility (Board Leadership)					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
CPCLS2	8.54	2.029	.406	.182	.654
CPCLS3	8.50	1.859	.563	.319	.462
CPCLS4	8.61	1.676	.471	.256	.581

Appendix 11: Reliability Statistics- Organisational Performance

Reliability Statistics Organisational Performance		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.611	0.626	3

Appendix 12: Item-Total Statistics

Item-Total Statistics Board Oversight Responsibility (Board Leadership)					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
OP3	8.39	1.777	.379	.148	.568
OP4	8.33	1.959	.475	.228	.471
OP5	8.46	1.375	.443	.214	.495

Appendix 13: Board independence construct responses

BOARD INDEPENDENCE									
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
BI1	There is a functional board at Ithala	Count	19	9	4	54	114	200
		Row N %	9.50%	4.50%	2.00%	27.00%	57.00%	100.0%
BI2	The managing board has external independent board members	Count	4	0	2	82	112	200
		Row N %	2.00%	0.00%	1.00%	41.00%	56.00%	100.0%
BI3	The board takes decisions on its own without interference.	Count	3	3	11	84	99	200
		Row N %	1.50%	1.50%	5.50%	42.00%	49.50%	100.0%
BI5	The decisions of the board are final and are implemented by the organisation	Count	9	7	13	98	73	200
		Row N %	4.50%	3.50%	6.50%	49.00%	36.50%	100.0%
BI6	The board decides and monitors the performance of executives	Count	15	5	17	98	65	200
		Row N %	7.50%	2.50%	8.50%	49.00%	32.50%	100.0%
BI4	The independent external board members constitute the majority.	Count	16	9	6	97	72	200
		Row N %	8.00%	4.50%	3.00%	48.50%	36.00%	100.0%
BI7	The Board of Directors formed any committees it deems appropriate to conduct the work and achieve the organisational goals	Count	27	10	9	86	68	200
		Row N %	14%	5%	5%	43%	34%	100.0%

Appendix 14: Board committees construct responses

BOARD COMMITTEES			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
BC1	The board/management has the Audit and Risk Committee.	Count	3	3	0	77	117	200
		Row N %	1.5%	1.5%	0.0%	38.5%	58.5%	100.0%
BC2	The board/management has Remuneration Committee	Count	0	2	1	97	100	200
		Row N %	0.0%	1.0%	0.5%	48.5%	50.0%	100.0%
BC3	The board/management has a schedule of meeting that it honours.	Count	4	1	3	100	92	200
		Row N %	2.0%	0.5%	1.5%	50.0%	46.0%	100.0%
BC4	The board/management has other management committees over and above the two mentioned above.	Count	6	5	13	108	68	200
		Row N %	3.0%	2.5%	6.5%	54.0%	34.0%	100.0%
BC5	The board committees are chaired by Committee Chairs	Count	6	5	10	94	85	200
		Row N %	3.0%	2.5%	5.0%	47.0%	42.5%	100.0%
BC6	The board committee chairpersons run their committees independently	Count	11	6	9	96	78	200
		Row N %	5.5%	3.0%	4.5%	48.0%	39.0%	100.0%
BC7	The board and board committees add value to the organisation.	Count	16	4	4	96	80	200
		Row N %	8.0%	2.0%	2.0%	48.0%	40.0%	100.0%
BC8	The CEO take a mandate from the board after the board committees meet and make recommendations.	Count	17	7	9	98	69	200
		Row N %	8.5%	3.5%	4.5%	49.0%	34.5%	100.0%
BC9	The board has a committee responsible for overall board governance, including compensation, size, composition and performance	Count	33	15	9	71	72	200
		Row N %	16.5%	7.5%	4.5%	35.5%	36.0%	100.0%

Appendix 15: Board oversight responsibility construct responses

BOARD OVERSIGHT RESPONSIBILITY								
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
BOR1	The board produces a financial report annually.	Count	34	32	5	60	69	200
		Row N %	17.0%	16.0%	2.5%	30.0%	34.5%	100.0%
BOR2	The board is transparent to all its stakeholders.	Count	7	4	2	102	85	200
		Row N %	3.5%	2.0%	1.0%	51.0%	42.5%	100.0%
BOR3	The board is responsible for strategy development and implementation.	Count	2	1	5	113	79	200
		Row N %	1.0%	0.5%	2.5%	56.5%	39.5%	100.0%
BOR4	The board holds the CEO and CFO responsible.	Count	7	3	11	97	82	200
		Row N %	3.5%	1.5%	5.5%	48.5%	41.0%	100.0%
BOR5	The board holds all board committees responsible.	Count	12	5	7	100	76	200
		Row N %	6.0%	2.5%	3.5%	50.0%	38.0%	100.0%
BOR6	The board guards the name of the organisation against disrepute.	Count	10	4	5	108	73	200
		Row N %	5.0%	2.0%	2.5%	54.0%	36.5%	100.0%
BOR7	The board appoints board committees and ensures their effectiveness.	Count	9	3	7	110	71	200
		Row N %	4.5%	1.5%	3.5%	55.0%	35.5%	100.0%
BOR8	The board evaluates board and board committee performance annually.	Count	16	6	10	103	65	200
		Row N %	8.0%	3.0%	5.0%	51.5%	32.5%	100.0%
BOR9	The board evaluates board and board committee and management performance annually.	Count	31	6	5	83	75	200
		Row N %	15.5%	3.0%	2.5%	41.5%	37.5%	100.0%

Appendix 16: CEO participative and people-centred leadership skills construct responses

CEO PEOPLE-CENTRED LEADERSHIP SKILLS								
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
CPCLS1	The company is educating workers on the importance of the principles of corporate governance.	Count	19	22	3	88	68	200
		Row N %	9.5%	11.0 %	1.5%	44.0%	34.0%	100.0%
CPCLS2	There is a regulatory system that is efficient and effective in the company.	Count	4	5	3	106	82	200
		Row N %	2.0%	2.5%	1.5%	53.0%	41.0%	100.0%
CPCLS3	Promotes an effective framework for the governance system of internal control	Count	2	4	10	95	89	200
		Row N %	1.0%	2.0%	5.0%	47.5%	44.5%	100.0%
CPCLS4	Are preparing periodic reports on the management of the company's commitment to applying the principles of corporate governance.	Count	6	7	6	100	81	200
		Row N %	3.0%	3.5%	3.0%	50.0%	40.5%	100.0%
CPCLS5	The junior staff know about participating in Audit committees to disclose all data and important decisions contained in the annual report of the company.	Count	20	11	10	79	80	200
		Row N %	10.0%	5.5%	5.0%	39.5%	40.0%	100.0%
CPCLS6	The views of staff by senior management are listened to during regular meetings which are held with staff	Count	33	18	8	81	60	200
		Row N %	16.5%	9.0%	4.0%	40.5%	30.0%	100.0%

Appendix 17: Organisational Performance construct responses

ORGANISATIONAL PERFORMANCE								
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
OP1	The is no interference in the administration of Ithala as an entity by the government	Count	16	12	15	86	71	200
		Row N %	8.0%	6.0%	7.5%	43.0%	35.5%	100.0%
OP2	The government respects corporate governance principles.	Count	1	4	4	114	77	200
		Row N %	0.5%	2.0%	2.0%	57.0%	38.5%	100.0%
OP3	The board is answerable to the MEC and the Portfolio Committee.	Count	4	4	11	111	70	200
		Row N %	2.0%	2.0%	5.5%	55.5%	35.0%	100.0%
OP4	The government is supportive of Ithala .	Count	1	2	9	120	68	200
		Row N %	0.5%	1.0%	4.5%	60.0%	34.0%	100.0%
OP5	The government is confident of the corporate and financial activities of Ithala.	Count	9	2	15	102	72	200
		Row N %	4.5%	1.0%	7.5%	51.0%	36.0%	100.0%
OP6	The community and customers are happy with Ithala.	Count	25	13	19	67	76	200
		Row N %	12.5%	6.5%	9.5%	33.5%	38.0%	100.0%

Appendix 18: Board Diversity construct responses

BOARD DIVERSITY									
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
BD1	The board includes young people and or disabled people	Count	38	54	15	54	39	200
		Row N %	19.0%	27.0%	7.5%	27.0%	19.5%	100.0%
BD2	The board consists of females board members.	Count	1	1	0	105	93	200
		Row N %	0.5%	0.5%	0.0%	52.5%	46.5%	100.0%
BD3	The board has diverse members from different backgrounds.	Count	4	1	3	88	104	200
		Row N %	2.0%	0.5%	1.5%	44.0%	52.0%	100.0%
BD4	The board is inclusive of diverse racial groups	Count	2	4	2	82	110	200
		Row N %	1.0%	2.0%	1.0%	41.0%	55.0%	100.0%

Appendix 19: Construct Reliability and Validity

Construct Reliability and Validity	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Board Committees	0.789	0.802	0.856	0.544
Board Independence	0.688	0.699	0.810	0.517
Board Oversight Responsibility	0.794	0.803	0.858	0.549
CEO People Centred Leadership	0.688	0.688	0.811	0.519
Organisational Performance	0.626	0.637	0.799	0.571

Appendix 20: Cross Loadings

Cross Loadings	Board Committees	Board Independence	Board Oversight Responsibility	CEO People Centred Leadership	Organisational Performance
BC4	0.728	0.303	0.508	0.438	0.433
BC5	0.693	0.245	0.470	0.412	0.367
BC6	0.839	0.389	0.561	0.519	0.464
BC7	0.754	0.275	0.568	0.456	0.349
BC8	0.663	0.323	0.529	0.414	0.327
BI3	0.244	0.654	0.211	0.241	0.237
BI4	0.409	0.680	0.328	0.313	0.275
BI5	0.268	0.767	0.218	0.289	0.334
BI6	0.290	0.768	0.295	0.240	0.275
BOR4	0.555	0.302	0.728	0.507	0.451
BOR5	0.549	0.215	0.760	0.468	0.403
BOR6	0.587	0.269	0.806	0.434	0.494
BOR7	0.464	0.240	0.729	0.361	0.370
BOR8	0.463	0.325	0.673	0.374	0.360
CPCLS2	0.462	0.374	0.415	0.683	0.396
CPCLS3	0.466	0.191	0.446	0.754	0.371
CPCLS4	0.404	0.240	0.381	0.768	0.398
CPCLS5	0.420	0.275	0.434	0.671	0.387
OP3	0.379	0.235	0.415	0.397	0.708
OP4	0.336	0.249	0.403	0.349	0.749
OP5	0.476	0.390	0.463	0.467	0.807

Appendix 21: HTMT –Discriminant Validity

Heterotrait-Monotrait Ratio (HTMT) <0.90 *Discriminant Validity*	Board Committees	Board Independence	Board Oversight Responsibility	CEO People Centred Leadership	Organisational Performance
Board Committees					
Board Independence	**0.569**				
Board Oversight Responsibility	0.897	**0.497**			
CEO People Centred Leadership	**0.825**	**0.545**	**0.783**		
Organisational Performance	**0.739**	**0.582**	**0.793**	**0.813**	

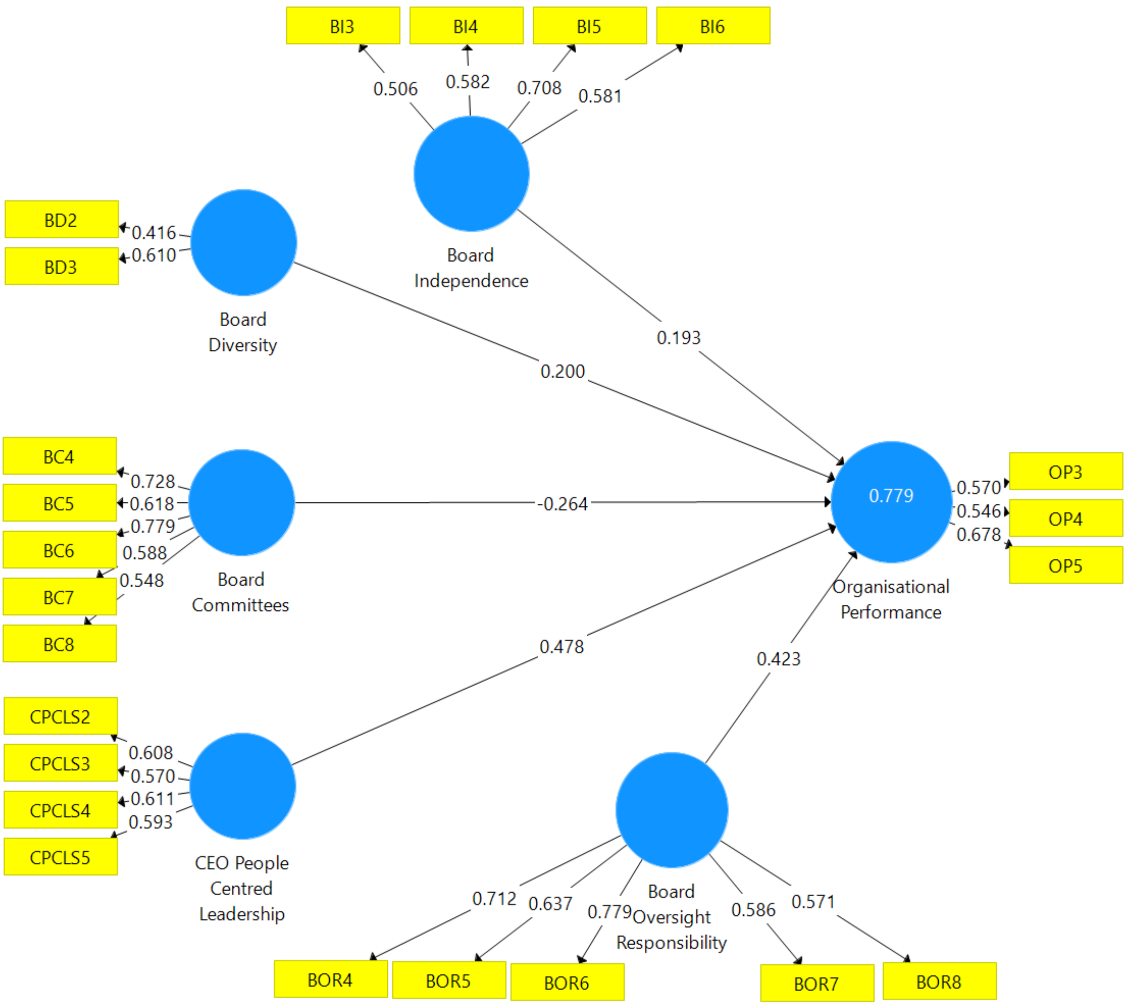
Appendix 22: Fornell-Larcker Criterion –Discriminant Validity

Fornell-Larcker Criterion *Discriminant Validity*	Board Committees	Board Independence	Board Oversight Responsibility	CEO People Centred Leadership	Organisational Performance
Board Committees	0.738				
Board Independence	0.419	0.719			
Board Oversight Responsibility	0.712	0.363	0.741		
CEO People Centred Leadership	0.609	0.378	0.582	0.720	
Organisational Performance	0.533	0.394	0.567	0.540	0.756

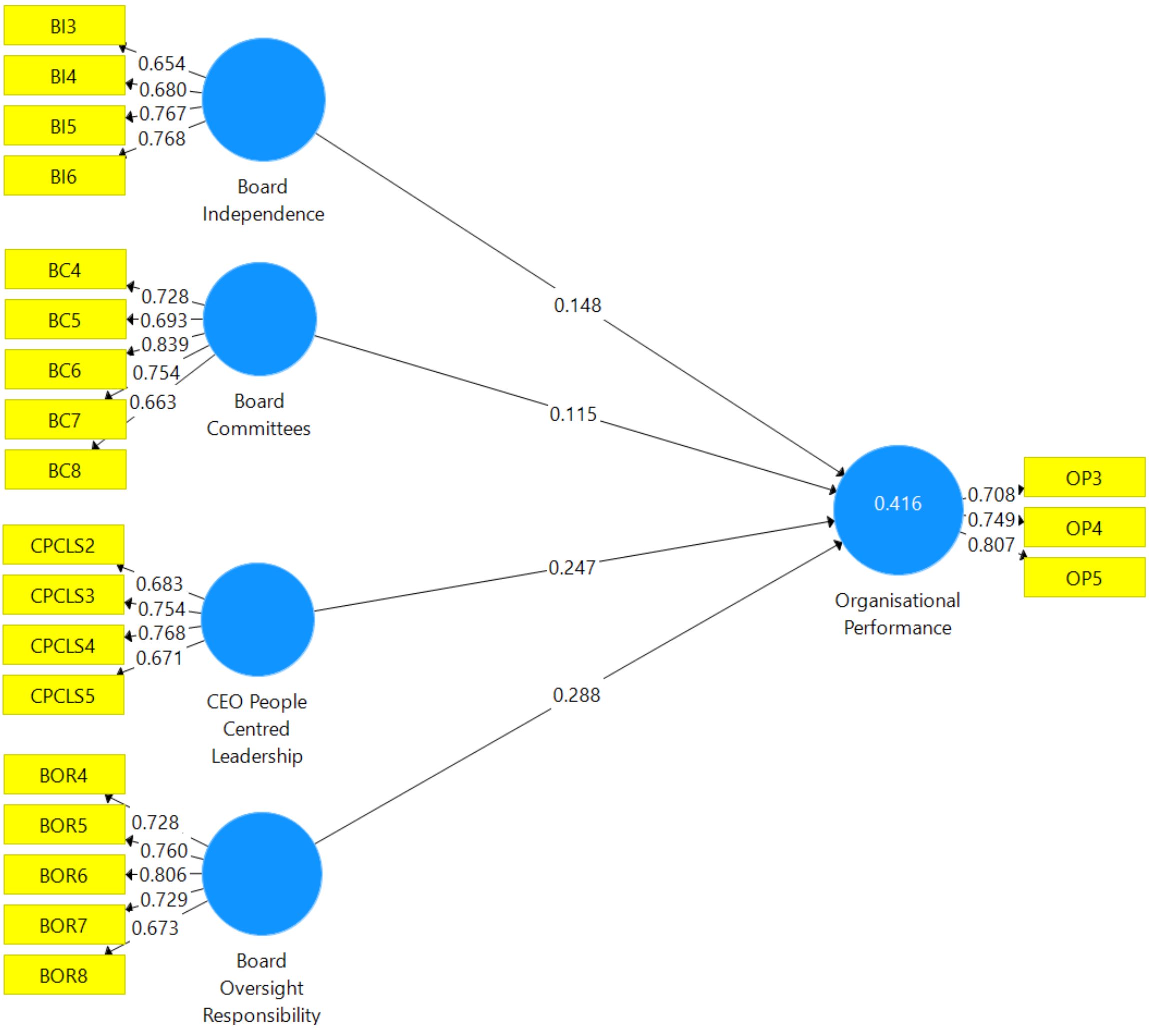
Appendix 23: Summary of Factor Loadings; Cronbach's alpha, Rho_A, composite Reliability and AVE

	Factor Loadings	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Board Committees (BC)		0.789	0.802	0.790	0.544
BC4	0.728				
BC5	0.693				
BC6	0.839				
BC7	0.754				
BC8	0.663				
Board Independence (BI)		0.688	0.699	0.688	0.517
BI3	0.654				
BI4	0.680				
BI5	0.767				
BI6	0.768				
Board Oversight Responsibility (BOR)		0.794	0.803	0.793	0.549
BOR4	0.728				
BOR5	0.760				
BOR6	0.806				
BOR7	0.729				
BOR8	0.673				
CEO People Centred Leadership Skills (CPCLS)		0.688	0.688	0.688	0.519
CPCLS2	0.683				
CPCLS3	0.754				
CPCLS4	0.768				
CPCLS5	0.671				
Organisational Performance		0.626	0.639	0.627	0.571
OP3	0.708				
OP4	0.749				
OP5	0.807				

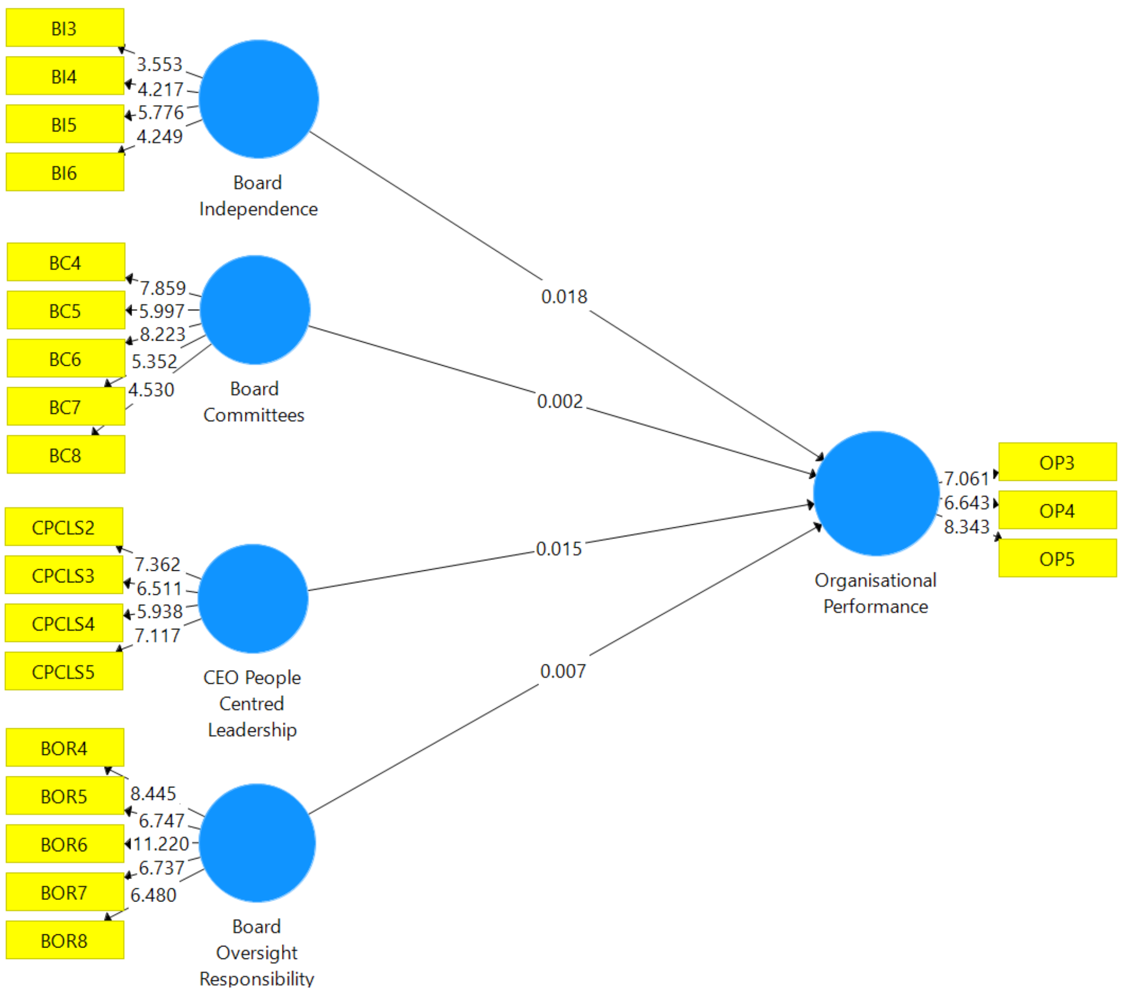
Appendix 24: SEM loadings



Appendix 25: SEM PLS Loadings



Appendix 26: SEM PLS Loadings



Appendix 27: Variables for Model Fit

	RMSE	MAE	R Square	Q²_predict
Organisational Performance	0.812	0.590	0.416	0.363

Appendix 28: Hypothesis Prediction

		R^2	R^2_{adjusted}	f^2	Effect
H	Hypothesis	0.416 (0.650)	0.404 (r=0.636)	$f^2 \geq 0.02$ S $f^2 \geq 0.15$ M $f^2 \geq 0.35$ L	Moderate to Large
H_1	There is a positive correlation between board independence and organisational performance			0.030	Small
H_2	There is a positive correlation between board diversity and organisational performance			Nil	Nil
H_3	There is a positive correlation between board committees and organisational performance			0.010	None
H_4	There is a positive correlation between board oversight responsibility and organisational performance			0.065	Small
H_5	There is a positive correlation between CEO people-centred leadership skills and organisational performance			0.060	Small

Appendix 29: Hypothesis Prediction

	Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values ($p<0.05$)	Result
H_1	There is a positive correlation between board independence and organisational performance	0.148	0.154	0.058	2.534	0.011	H_1 supported Positive association
H_2	There is a positive correlation between board diversity and organisational performance						Fell off
H_3	There is a positive correlation between board committees and organisational performance	0.115	0.121	0.106	1.088	0.277	H_3 Not supported $p>0.05$
H_4	There is a positive correlation between board oversight responsibility and organisational performance	0.288	0.288	0.112	2.565	0.010	H_4 supported Positive association
H_5	There is a positive correlation between CEO people-centred leadership skills and organisational performance	0.247	0.248	0.077	3.188	0.001	H_5 supported Positive association

TRIAGULATION OF THE RESULTS OF THE THESIS

The study sought to understand which aspects of corporate governance made Ithala resilient and successful. In order to address the research questions, a descriptive case study was performed. The study sought to use methodology triangulation. By using quantitative methods, the study collected data, using the same instrument it also collected some qualitative data from the same participants in order to validate and cross-validate responses. The theoretical framework charecterised by mixing of a number of theories from different fields was the second triangulation method used in the study. The use of agency theory as a pivotal theory of corporate governance mixed with resource based-view theory mainly developed in strategic management, supported by leadership theories (participative leadership theory; people centred leadership theory) and the *ubuntu* philosophy created a good theoretical mix to truly triangulate this study.

Through a mutually beneficial combination of approaches, significant attention was made in the research design on assuring the trustworthiness of findings. Through the triangulation, this methodology produced a comprehensive comprehension of this situation. As a result, the triangulation used in this study helped to confirm and complete the dataset. The methodologies' shortcomings and strengths, as well as their suitability to answer the research questions, were examined. The analysis and interpretation of the data were directed by the thorough contextual representation that the convergence of several data sources gave. Additionally, the researcher was able to gather specific instances of professional activity and knowledge of participants' modes of action and routines through triangulation. This allowed the researcher to comprehend a limited participants' social backgrounds and the organisation's level of moral authority as well as participants' understanding, interpretation, and application of corporate governance principles. The study extensively evaluated a variety of validity and reliability tests. These tests passed the validity and reliability requirements for a rigorous scientific investigation by scoring within a respectable and acceptable range.

Using the statistical analyses to arrive at he results. The results showed that there was a positive correlation between board independence and organisational performance. It also showed that there was no correlation between board diversity and organisational performance. The results also refuted any correlation between board committees and organisational performance. The result further confirmed a correlation between board oversight responsibility and organisational performance. Last, the results confirmed a positive correlation between CEO people-centred leadership skills and organisational performance. These correlations can be described as simple linear relationships where if one increases, the other also increases and where if one decreases the other also decreases. The implies that if board committees do well, if board oversight responsibility is effective, and CEO people centred responsibility is performed well, then organisational performance will increase. In short the aim of the study was properly answered. The study revealed that board committees board oversight responsibility is effective, and CEO people centred responsibility have a significant influence and impact on organisational performance.

ETHICAL CLEARANCE LETTER

18 June 2021

Mr Ranson Sifiso Gwala (951051987)
Grad School Of Bus & Leadership
Westville Campus

Dear Mr Gwala,

Protocol reference number: HSSREC/00002863/2021
Project title: Corporate governance and its impact on organisational performance in the fourth Industrial Revolution
Degree: PhD

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 17 May 2021 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 18 June 2022.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,

[redacted]

Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee
Postal Address: Private Bag X54001, Durban, 4000, South Africa
Telephone: +27 (0)31 260 8350/4557/3587 **Email:** hssrec@ukzn.ac.za **Website:** http://research.ukzn.ac.za/Research-Ethics
Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

INSPIRING GREATNESS

ETHICAL CLEARANCE LETTER- AMENDMENT

UNIVERSITY OF KWAZULU-NATAL™
INYUVESI YAKWAZULU-NATALI

31 January 2023

Ranson Sifiso Gwala (951051987)
Grad School Of Bus & Leadership
Westville Campus

Dear RS Gwala,

Protocol reference number: HSSREC/00002863/2021
Project title: Corporate governance and its impact on organisational performance in the fourth Industrial Revolution
Amended title: A framework for corporate governance and organisational performance in the fourth industrial revolution.
Degree: PhD

Approval Notification – Amendment Application

This letter serves to notify you that your application and request for an amendment received on 26 January 2023 has now been approved as follows:

- Change in title

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Best wishes for the successful completion of your research protocol.

Yours faithfully

[redacted]

Professor Dipane Hlalele (Chair)

/dd

Humanities & Social Sciences Research Ethics Committee
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