THE CONTRIBUTION OF CORPORATE COMPLIANCE ON THE PERFORMANCE AND GOVERNANCE OF THE NAMIBIA INSTITUTE OF PATHOLOGY LIMITED

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE MASTER OF BUSINESS ADMINISTRATION IN MANAGEMENT STRATEGY

OF

THE UNIVERSITY OF NAMIBIA

BY

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APRIL 2020

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ABSTRACT

The purpose of this study is to examine the contribution of corporate compliance on the performance and governance of Namibia Institute of Pathology. The research investigated the major corporate and institutional requirements that Namibia Institute of Pathology has to adhere to including identifying compliance techniques and their effects thereof. The research adopted pragmatism worldview, a philosophical assumption that arises out of actions, situations, and consequences rather than post-positivism. The population of the study was 93 respondents. The research used structured questionnaires to collect quantitative primary data and an interview guide to collect qualitative data. Quantitative data were analysed through descriptive and inferential statistics where as chi-square test method was used to test the variables. Qualitative data were analysed through content analysis, in which themes, sub-themes, and patterns that emerged from the study were examined. The findings of the study indicated that National Health Act, 2015 (Act No. 2 of 2015) as a frame of reference for corporate governance has been doubtfully used by Namibia Institute of Pathology to inform the structured uniform health system within Namibia. The findings of this research further showed that there is a certain degree of compliance especially to ISO 15189 with regard to quality standards; however to a certain extent, the research findings did not reveal how the institute has enforced its responsibility with regard to conformity with the codes, laws and rules. The research concludes that Namibia Institute of Pathology has an ambivalent and undetermined approach in its dealings with matters of corporate compliance and does not have a well-defined corporate compliance program and the dedicated compliance department to drive the compliance agenda. Therefore, this research recommends that monitoring and evaluation should be done with the main purpose of compelling the administration to adhere to the set institutional framework for corporate governance, that is the National Health Act, 2015 (Act No. 2 of 2015). It is further recommended that the NIP should establish and strengthen policies and procedures aimed at ensuring compliance with disclosure requirements as well as accountability at senior management level for the National Health Act 2015.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREVATIONS

AC	Audit Committee
AMs	Area Managers
BARQA	British Association of Research Quality Assurance
CDC	Centers for Disease Control and Prevention
CEO	Chief Executive Officer
CG	Corporate Governance
CMTs	Chief Medical Technologists
COO	Chief Operations Officer
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPA	Clinical Pathology Accreditation
DITF	Door-in-the-Face Technique
EQA	External Quality Assurance
FIDT	Foot-in-the-Door Technique
GAAP	Generally Accepted Accounting Principles
GCLP	Good Clinical Laboratory Practice
GCP	Good Clinical Practice
GIPF	Government Institutions Pension Fund
GLP	Good Laboratory Practice
HBV	Hepatitis B Virus
HIV	Human Immunodeficiency Virus
HPCNA	Health Professions Councils of Namibia
HRP	Human Resources Plan

IDSR	Integrated Disease Surveillance and Response
IFRS	International Financial Reporting Standards
INEDs	Independent Non-executive Directors
IoDSA	Institute of Directors in Southern Africa
ISO	International Standard Organisation
IT	Information Technology
JSE	Johannesburg Stock Exchange
KLSE	Kuala Lumpur Stock Exchange
KPMG	Klynveld Peat Marwick Goerdeler
LIMS	Laboratory Information Management Systems
LQMS	Laboratory Quality Management Systems
MoHSS	Ministry of Health and Social Services
MoPE	Ministry of Public Enterprises
MOUs	Memorandum of Understanding
NamCode	Corporate Governance Code for Namibia
NEPAD	New Partnership for Africa's Development
NIP	Namibia Institute of Pathology Limited
NPO's	Net Profit Organisations
NSX	Namibia Stock Exchange
NUST	Namibia University of Science and Technology
ODC	Offshore Development Company
OECD	Organization for Economic Cooperation and Development
PEs	Public Enterprises
PP Act	Public Procurement Act

QMS	Quality Management System
RCC	Roads Contractor Company
SA	South Africa
SADCAS	Southern African Development Community Accreditation System
SANAS	South African National Accreditation System
SLAs	Service Level Agreements
SLIPTA	Stepwise Laboratory Quality Improvement Process towards Accreditation
SLMTA	Strengthening Laboratory Management Towards Accreditation
SME	Small-to-medium Enterprise
SMs	Senior Managers
SOEGC	State-owned Enterprise Governance Council
SOEs	State-owned Enterprises
SOPs	Standard Operating Procedures
SOX	Sarbanes-Oxley
SPSS	Statistical Package for Social Sciences
SSC	Social Security Commission
TB	Tuberculosis
TICs	Technologist-in-charge
UK	United Kingdom
USA	United States of America
USD	United States Dollar
WHO	World Health Organisation

ACKNOWLEDGEMENTS

This research could not have been possible without the daily grace and guidance by the Almighty God, thank you for being the pillar of my strength.

My utmost gratitude goes to my fellow students Ms. Johanna Iitondoka and Alexia Katjivikua, you will not believe the immense change in attitude your consistent encouragement has had on me to strive in completing this paper, many thanks. Exceptional recognition goes to my former CEO, Mr. Augustinus Katiti for the unwavering support, guidance, words of encouragement; these are truly valued.

To my supervisor Dr. Wilhelm Leonard Mafuru for his constant patience and extensive knowledge in research, I am pleased to have been an associate of yours during the time of this project. I am greatly grateful to Dr. Lillian Pazvakawambwa for the assistance in crafting a focus of research point and for assisting with the statistical data analysis. My sincere appreciation goes to Dr Greenfield Mwakipesile for availing his editing services and ensuring that my research paper meets the required standards.

Lastly, I would like to thank my husband, Tuliameni Mao Angula and children, Vino, Uja and Ameni; having you in my life is a true blessing and an incessant inspiration.

DEDICATION

This research is dedicated to my late father, Alfred Kakoverua Hengari, for the trust in my abilities and encouragement to work hard and focus on furthering my studies. The second dedication is towards my late mother, Marianne Nguruha Hengari, for the passionate love and care in my early years of life.

Equally so, this research is dedicated to my brother, Reinhardt Ngavee Hengari and sister Ingrid Jenii Hengari for their role as parents, life coaching and support in all aspects of my life; these cannot go unnoticed and unappreciated, I simply cannot thank you enough.

DECLARATION

I, Nancy Hengari, hereby declares that this study is my own work and is a true reflection of my research, and that this work, or any part thereof has not been submitted for a degree at any other institution.

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CHAPTER 1

INTRODUCTION

1. Introduction

1.1 Background of the Study

Adhering to compliance be it environmental, legal, financial, human resources or others continue to be a challenge in business environment (Aziz, 2013). The regulatory compliance in the pathology industry remains complicated irrespective of set regulations that governs the operations of the industry (WHO, 2010). In Namibia, corporate governance models and tighter internal controls make a daunting challenge in documenting all critical operational controls, assessing the effectiveness of these controls and subjecting the assessment report to the scrutiny of independent auditors, companies spend considerable time in compliance and strive to significantly reduce costs (Matipira, 2013). Besides complying with corporate laws and corporate governance, companies have to comply with several other legal compliances like tax laws, environmental laws, and labour laws amongst others. Compliance, historical add value to any organization, if it is applied consistently. Though embedding a compliance culture throughout the whole organization is definitely a challenge, organisations, which embrace compliance within their business culture, realize the benefits by enhancing the quality of business operations. Therefore, to succeed in compliance management, the compliance department needs to raise awareness on the culture of compliance while embedding compliance controls into the day-to-day business across the Namibia Institute of Pathology. Effective compliance program is important, as there is a need to demonstrate to the stakeholders, including

regulators that a company is making good-faith efforts to follow standards of good business conduct and to justify the costs it incurs in compliance and in this case, the compliance officers are the backbone of any compliance management system to any organisation.

To support the above discussion, the financial crisis around the globe and outrages against individuals, governments and major organisations on issues of failures in compliance remains an issue of concern in business world today, especially after the historical failure of high profiled companies such as Enron, Xerox, Parmalat, Road Construction Company and SME Bank, has drawn the attention of investors to define transparency as one of the deciding factors when choosing their location for investment (Aziz, 2013). This resulted in the Heads of State for the New Partnership for Africa's Development (NEPAD) among others, highlighted the need to improve economic and corporate governance in Africa. They agreed, in 2001, to set up parameters for Good Governance to guide their activities at both the political and economic levels according to Wanyama *et al.,* (2013), who also noted that Uganda experienced financial crises that saw big corporations such as the Co-operative Bank, The Greenland Bank, The Trans-Africa Bank and The Trust Bank collapsing due to lack of compliance resulting in the commissining of a Commission of Inquiry. This was initiated by the government and the findings reveal that poor governance mechanisms, insider lending, lack of transparency and fraud just like similar cases around the world and it also important to note that the catastrophe left by these was huge and affected not only the shareholders but also individual customers with deposits of more than three million Ugandan Shillings missing (Wanyama *et al.*, 2013).

In Kenya, the Uchumi case shed light on corporate governance and weaknesses in compliance gaps in public companies. In this case, directors of Uchumi, were charged with the offence of conspiracy to defraud the supermarket chain and a second charge of breach of public trust. The criminal charges arose from the sale of the Aga Khan Walk branch property, a decision which came from the board even though they knew it was against corporate governance and criminal (Matipira, 2013). In India, Satyam Computers forged accounts and overstated revenues and presented fictitious assets and was uncovered later that $1 billion, or 94% of the cash and bank balances on the company`s books did not exist (Matipira, 2013). According to the author, this resulted in shares plunging by 80%, likewise, investor confidence decreased as a result of weak corporate governance. The positive thing to come out of these incidences is that it resulted in organizations world over recognizing the importance of corporate governance and compliance (Bovens *et al.,* 2014).

A good example, is South Africa (SA) which appears to have a sound and well-developed CG framework in the form of the King Reports, although no study has been done to ascertain the actual levels of compliance among listed firms (Ntim et al, 2012). The King reports, which originated in United Kingdom are also being applied to Namibian organisations in practice as well as NamCode, a corporate governance instrument which is seen as an economic growth driver aimed at making at creating a prosperous Namibia as a result of increasing public enterprises efficience through transparance (Chata, 2010).

With most Namibian enterprises having borrowed the code of best practice from the King III and IV reports by Mervyn King which is self-regulatory and places no enforcement for companies to comply with the legal and ethical standards; this has left many organisations

self-policing (Masunda, 2013). Thus, with the aim of promoting good governance in its institutions, the government established the State-owned Enterprise Governance Council (SOEGC), which has since been replaced by the Ministry of Public Enterprises (MoPE). This body as stated above is responsible for overseeing the smooth running and functioning of Public Enterprises (PEs). In addition, the government enacted the SOE Governance Act (Act no. 2 of 2006), now the Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015) with the aim of ensuring control and guidance of its investments and therefore the importance of CG cannot be underestimated. Having said that, not many public enterprises are adhering to these regulations and thus, this study aims to examine the contribution of corporate compliance on the performance and governance of public health sector in Namibia and this study will focus on Namibia Institute of Pathology as a case study.

1.2 Statement of the Problem

Most countries in the world and so especially in Africa face challenges in strengthening their laboratory systems in term of costs and expertise, which has seen most laboratories in Sub-Saharan Africa not attaining and maintaining accreditation. Apart from the requirement to comply with the Acts and Governance codes, NIP is expected to implement the World Health Organisation (WHO, 2010) guidelines passed through the Ministry of Health and Social Services (MoHSS). Therefore, the organisation is obliged to implement a sound Quality Management System (QMS) that is based on the ISO 15189 that prescribes the requirements for quality as well as the capability that a medical laboratory

must comply with in providing services that are matched to international standards and for the attainment of accreditation status for its laboratories.

The institute plays a pivotal role in health-care service delivery in Namibia as 70% of medical decisions made by doctors are based on laboratory results, and hence the quality accuracy, reliability and timeliness of laboratory results is of critical importance to the NIP and patient care (NIP, 2015). However, the firm faces challenges of inadequate staff to support continuous Quality Management System (QMS) implementation and quality improvement, too few trainers for the Strengthening Laboratory Management towards Accreditation (SLMTA) in the organisation and infrastructure challenges as laboratories not implementing a QMS guarantees undetected errors. According to the National Public Health Laboratory Policy (2012), the MoHSS affirms that NIP operates a good system for specimen referral to ensure countrywide coverage for laboratory services but the referral system faces challenges of specimen collection, transportation and long turn-around times for test results. All these challenges are part of the pre and post analytic process that determines the quality of test result and that form the foundation of compliance to the standard adopted by the institute. Consequently, attaining and maintaining accreditation has been an obstacle and inadequate in assuring operational efficiency at the enterprise as highlighted in the CEO's Operational Report (2015).

Corporate Compliance forms an integral part of good principles for the numerous corporate governance frameworks and can be described as a common plan of how firms will adhere to its policies and procedures, as well as applicable rules and laws. However, NIP does not have a comprehensive program for compliance to rules, codes and regulations. The conduct of compliance audit at Namibia Institute of Pathology provides

a comprehensive insight into the functioning and effectiveness of management process in the institute. It provides an independent assurance to the audit committee of the board, regarding management compliance status (Rossi, 2012). It measures the intensity of the compliance process by focusing on key statutory and internal assessment areas. Efficient compliance enables a company to have benefit in corporate governance to identify the high-risk areas and suggest suitable measures for risk management (Masunda, 2013). It also assists a company to evaluate the adequacy and effectiveness of the internal compliance monitoring mechanism within the company, and to provide an assurance to the audit committee and the board about the policies of the company amongst other compliance rules in Namibia Institute of Pathology.

However, the success of such endeavour at Namibia Institute of Pathology has to incur heavy expenditure, which may find it difficult to cope with. Many questions abound, relates to the impact of compliance to various laws at the Namibia Institute of Pathology. What is the magnitude of corporate compliance in enriching performance and governance in Namibia Institute of Pathology; what significant compliance Namibia Institute of Pathology has achieved; what benefits does compliance serve to Namibia Institute of Pathology; what cost of compliance is the institute experiencing; and what are the alternatives available to Namibia Institute of Pathology for compliance? In light of the above questions, the researcher has framed the objectives of the study.

1.3 Objectives of the Study

The core objective of this study was to investigate the contribution of corporate compliance on the governance and performance of the Namibia Institute of Pathology Limited. The detailed objectives are to explore the following:

- to understand the major legal requirements that Namibia Institute of Pathology have to adhere to
- to bring to light the various methods adapted to compliance by the Namibia Institute of Pathology
- to identify compliance techniques that apply to Namibia Institute of Pathology
- to determine the effects of compliance techniques that apply to Namibia Institute of Pathology
- to make recommendations that will improve compliance and performance at the Namibia Institute of Pathology

1.4 The Significance of the Study

The outcome of the research has enlightened the researcher and future researchers on the baseline data for future similar research investigations. Also, the study estimated the practical application of corporate compliance at NIP to guide those in leadership and management for sound decision making to foster performance and good governance. The outcome of this study will further sensitise central government as a policymaker on the nature of challenges encountered by public enterprises and guide the Ministry of Public

Enterprises to devise interventions strategies to promote the diversity of corporate control and management.

1.5 Limitation of the Study

The focus of the study was on public sector companies specifically NIP, and thus firms in the private sector were not included in the study. While there is extensive literature on corporate compliance, little or none has been documented in Namibia and especially about organisations in the health sector. With the limitation of literature suitability to the Namibian situation, the scope of the study was placed on NIP, which can restrict the extent to which the outcome can be generalised due to the use of a single entity as a case study. Another limitation was that the outcome could be biased and subjective as the participants to the research questionnaire were not always certain in delivering their opinions.

The present study is confined to the Namibia Institute of Pathology only. The study is restricted to a sample size of 56 respondents only. This study excludes private companies. The reference period of the study was confined to a limited period of five years from 2013 to 2017. Besides time and many other constraints, there have been some understandable handicaps, like availability of data or information, responses generated through questionnaire and statistical techniques put into application in the study. As the questionnaire was filled in some of, the respondents never answered to all the questions present in the questionnaire due to personal reasons or official reasons.

1.6 Delimitation of the Study

The research study aimed at probing the compliance techniques that used at the NIP and examined whether there was a relationship between either compliance or non-compliance

and corporate governance as well as assessed the correlation between compliance or non-compliance and corporate performance. In addition, the paper provides recommendations for improving corporate compliance, governance and performance by using NamCode and King IV as yardsticks. The scope of the study was placed on NIP, which can restrict the extent to which the outcome can be generalised due to the use of a single entity as a case study. The present study is confined to the Namibia Institute of Pathology only. The study is restricted to a sample size of 56 respondents only and it excludes private companies.

1.7 Summary

This chapter presented the background of the study and defined the statement of the problem; as a result determining the objectives of the analysis. The chapter outlined the significance, limitations and delimitations of the research study too. The next chapter focuses on the literature review from a theoretical and conceptual framework.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter assesses the theories in corporate governance, codes and compliance techniques that apply to firms and pathological laboratory service providers. It further expresses the effects of compliance or non-compliance on governance and performance by using paradigms of corporate governance and laboratory standards for analysis.

2.2 Theoretical Framework

Since corporate governance can be classified as mandatory and voluntary, it offers firms the option of abiding or being obliged to comply with these principles, which have caused the establishment of prescriptions for the initiation of these criterions. According to Rossouw & van Vuuren (2010) certain factors enhance the present prominence of corporate governance namely:

- Trust in corporations – the Cadbury report of 1992 in the UK was a response to the decline in trust in business that was caused by the Maxwell scandal. Similarly, the Sarbanes–Oxley act in the USA was a response to the shock that was caused by the collapse of WorldCom and Enron in the USA (Cadbury, 2002). There is a relationship between declining trust and corporate governance because compliance with the ideals and values of good corporate governance could reinstate trust in firms and their leaders. The authors also reason that CG restructuring is an effort to assure that corporations manage their firms in a responsible, accountable, fair and transparent manner.

- Investor demand – with the occurrence of globalisation the borders to trading across the globe have declined as investors and those seeking investments can source for investments and investment wherever they can receive the highest investments or returns. Hence, good governance matters in the preservation of investments and sustainability of firms.
- Stakeholder activism – Due to hostile takeovers, Boards have been obliged to improve their management and to provide shareholders and other stakeholders with clear objectives, access to reliable information and the minimisation of risk. These demands by stakeholders have increased the board's responsibility for care and fairness.
- Social power – businesses do not operate in a vacuum, and therefore their operations affect the economy, society and the environment of the communities and countries in which they operate. This has activated the social responsibility of firms, as they are held accountable for their actions and need to tighten the CG standards.
- Risk management – the board of directors have a duty of care and diligence, which is to safeguard the assets of the enterprises they serve; although with the increase in IT developments, firms have adopted more risks in the form of confidentiality breaks, fraud and thus the need to strengthen their systems of governance to protect companies against any losses.
- Sustainability – given the impact of modern corporations on the natural environment, businesses have a huge role to play in making sure of the sustainability of the earth. Businesses produce externalities in the form of resource depletion, and pollution that businesses should bear the responsibility

for as the cost of externalities cannot merely be shifted to the state and society. Failed corporations impose a heavy cost on individuals and society alike (Benn, Dunphy, & Griffiths, 2003). When a company fails and can no longer continue its operations, there are consequences for employees, contracted stakeholders, shareholders and the community in which the company operates. Sustainability does not only depend on the financial performance of a company but other issues such as the ethical, social and environmental performance of a business. If a company does not attend to and govern these aspects, it runs the risks of seriously jeopardising its sustainability. Leading to the current emphasis on triple bottom line reporting that requires companies to report on their economic, social and environmental performance and for boards to direct and control the operations of companies to ensure that corporations play their part in securing the sustainability of our planet and the companies they serve (Rossouw & Van Vuuren, 2010).

It can be disputed that adherence to the prescribed regulations aid organisations to have better relationships with their customers, competitors, suppliers and other stakeholders and thus the onus lie with each corporation to strengthen its compliance function which should support the overall corporate strategy. Since non-compliance to laws and policies is a risk, legal provisions should support and provide a platform that harmonises corporate governance, internal control and risk management standards in organisations (Nagel, 2016). Entities operates within a structure of summarizing a variety of components such as the board, management and the executive, staff, shareholders and other stakeholders. The system of corporate governance give guidelines in terms of transparency, integrity

and accountability where, every element within the firm company has their respective roles and functions as indicated by Aziz, 2013). Aziz (2013) further states that internal control has been considered as a course that delivers "reasonable assurance" in achieving corporate aims which boost the firm's operations, the reliability of financial reporting and compliance with applicable laws and regulations.

As juxtaposed to other Asian states Malaysia had solid governance tenets before being struck by the predicament, which led to a drop in the country,'s currency signalling sharp interest rate on Kuala Lumpur Stock Exchange (KLSE) resulting in sky rocking offshore fund withdrawals. On the other hand, compliance leadership will be ideal if embedded in firm structures to exhibit guidance that those leading organisations in a highly regulated business environment to adjust operations and not overlook compliance as a significant corporate constituent of strategy (Solomon, 2017). Persistence in compliance aid organisations to benefit from proficient business processes that will enrich corporate performance and capabilities, operational management, harmonisation, create firm worth and mostly boost shareholders' wealth.

SA was the first developing country to introduce a code of good governance in the form of the 1994 and 2002 King Reports (Aguilera and Cuervo-Cazurra, 2009), (Ntim, Opong, Danbolt & Thomas (2012, p. 123). Ntim *et al.,* (2012), noted that the King Report expects companies to report past the financial and regulatory aspects of CG and urge them to look at the broader view of stakeholders, such as local communities, employees and customers. The King Reports had adopted the UK's Cadbury Report way of reporting, "Comply or explain" and now recently during the 2016 review; to comply and explain (Ntim, Opong,

Dunbolt, & Thomas, 2012). This has set the compliance and disclosure regime in Namibia and whereby the country has implemented its code of corporate governance, namely: NamCode.

Similar to SA this has brought about changes to firms in Namibia to ascertain that compliance is not only comprehended as duty but also as the foundation for privileges and shield, leading to the necessity for the adoption of continuous monitoring on the part of organisations to assess how valid laws, non-binding rules, codes and rules relates to one another as outlined in the King Report IV (2016). Since independence in 1990, Namibia created several SOEs, aimed at improving service delivery and sustainability and in the health category the Namibia Institute of Pathology Limited. However, after 2005, the reality was contradicting as visible aspects of Public Enterprises showed the characteristic of poor service delivery, mismanagement and a lack of observance of good corporate governance principles and best practices (Domingos, 2017). This according to Domingos (2017) followed "a lack of disclosure, transparency and accountability" named as the "Triangle of PEs' challenges".

2.3 Requirements for National Laboratory Health System

2.3.1 Good Laboratory Patterns

The Clinical Committee of the British Association of Research Quality Assurance (BARQA) serves as a resource for laying the requirements of Good Clinical Practice (GCP) by providing support in classifying the necessary systems and methods to be adopted by laboratory service providers when performing the testing of samples. The GCP further stipulates the agenda for sound quality systems to those managing clinical

testing samples as an objective of ensuring GCP compliance with laboratory processes and outcomes. Good Clinical Practice (GCP) is a global virtue and scientific quality standard for crafting, conducting, recording and reporting experiments that embody the participation of human subjects (Shearn, George, & Mc Graw, 2010). Compliance with this standard furnishes public assurance that the rights, safety and well-being of trial subjects are protected, consistent with the tenets that have their origin in the Declaration of Helsinki (WHO, 2010). Good Laboratory Practice (GLP) is intended to sell the quality and validity of test data (Zeibig & Laseks, 2012). It is a central concept covering the corporate process and the circumstances under which laboratory experiments are planned, executed, monitored, transcribed and reported (OECD GLP Guideline) (WHO, 2010). Good Clinical Laboratory Practice (GCLP) applies those tenets established under GLP for information generation used in legal submissions pertinent to the analysis of samples from a clinical trial. At the same time, it makes sure that the purpose of the GCP principles is carried out. This ensures the consistency and candour of data generated by analytical laboratories.

The WHO (2010) further details the following tenets for GCLP;

- Corporate and staff,
- Assets,
- Equipment, Materials and Reagents,
- Standard Operating Procedures (SOPs),
- Planning of the work,
- Sub-Contracting,

- Trial Materials,
- Conduct of the Work,
- Reporting Results,
- Quality Control,
- Quality Audit,
- Storage and Retention of Records, and
- Confidentiality.

Laboratory services impact on the efficacy of both the clinical and public health functions which comprises of diagnosis, treatment, health promotion, disease prevention, surveillance, response and research as outlined by the WHO (2015); thus, enhancing decision making by clinicians, public health specialists and health policymakers. Laboratories are of the essence as they provide diagnostic testing that aid in the analysis of clinical symptoms to enhance treatment and reduce patient morbidity and mortality; contributing to integrated disease surveillance and response (IDSR) programmes that assist the deterrence and monitoring of priority diseases and handle possible public health emergencies. As part of the national health system, laboratories form an integral component of the health system framework as depicted in figure 2.1:

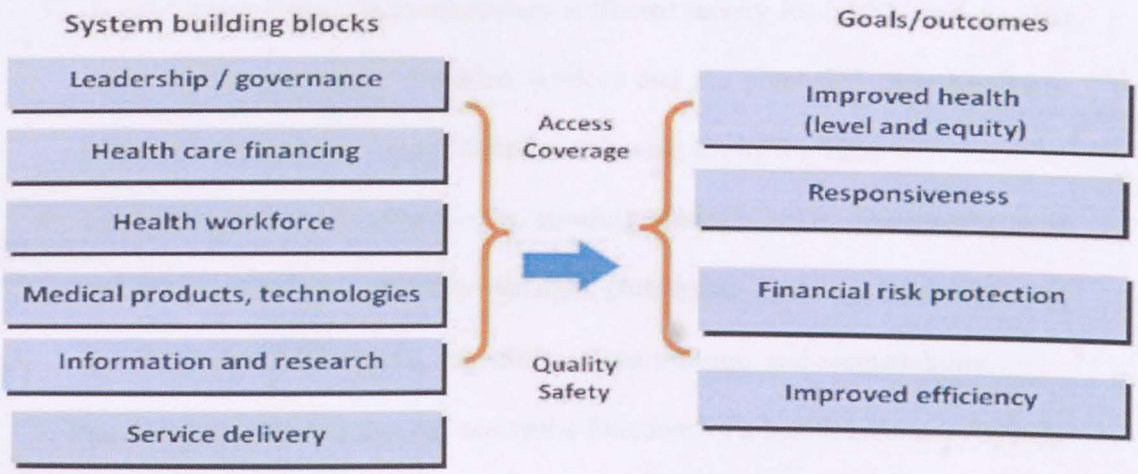

Figure 2.1 WHO Health Systems Framework

Source: WHO (2015)

The six building blocks are elaborated below (WHO, 2015):

- Good health services are those which are executed expertly, safe, a quality individual and non-personal health interventions to those who need them, when and where needed, with minimum waste of resources.
- A well-performing health workforce is one who works in ways that are responsive, fair and efficacious to attain the optimum health results possible, given available resources and circumstances. I.e. there are sufficient numbers and a mix of staff, equitably distributed; they are competent, responsive and productive.
- A well-functioning health data structure is one that ensures the production, analysis, dissemination and use of unequivocal and timely information on health factors, health systems performance and health status.
- A well-functioning health system ensures fair access to crucial medical products, vaccines and technologies of assured quality, safety, efficacy and cost-effectiveness, and their scientifically sound and cost-effective use.

- A good health financing system raises sufficient money for health, in ways that make sure people can use needed services and are precluded from pecuniary catastrophe or underprivileged linked with having to pay for them.
- Leadership and governance involve ensuring strategic policy frameworks exist and are combined with effective oversight, partnership -building, the provision of specific Acts and incentives, attention to system-design, and accountability.

Significant constituents that cut across the functions of a health laboratory system should be sufficient to ascertain laboratories to perform productively to avoid any constraint in quality. These elements are:

1. Fiscal considerations 2. Regulatory framework 3. Corporate of the laboratory system 4. Laboratory standards 5. Laboratory workforce 6. Quality Management System 7. Laboratory infrastructure 8. Equipment and equipment maintenance 9. Supply chain management 10. Laboratory safety and waste management 11. Laboratory Information Management Systems (LIMS) 12. Research and development 13. Public-private partnerships.

2.3.2 Pathology Laboratory Accreditation

Pathology is delineated as a branch of medical expertise that focuses on determining the causes, effects, and behaviour of diseases. Pathology is crucial for the detection and treatment of most medical situations, encapsulating cancer, diabetes, heart disease, infections, allergies, and infertility. Worldwide, about 40% of pathology testing is used for diagnostic purposes, 40% for monitoring and 20% for preventative measures (NIP, 2016).

The execution of laboratory standards is confirmed through the application of accreditation. Gershy-Damet *et al.,* (2010, p.394) found that laboratory accreditation systems measure laboratories by accepted standards, providing external validation that assures clients that laboratory services are accurate, traceable, and reproducible. The authors further indicate that accredited medical laboratories should exhibit a well-functioning quality management system, technical competence, and timely and customer-focused services that contribute to patient care.

Accreditation of laboratories signifies a competent and trustworthy laboratory service which assures users of such services, high-quality testing results that are of the essence for patient care and disease monitoring and prevention. Accreditation requires leadership, time, attention, resources, and continuous commitment to monitoring and evaluation to bring about improvement. Owing to the dire needs of resources for African countries to strengthen their health systems which includes laboratory services, funding partners such as CDC and Global Fund amongst others have assisted most countries to adopt and implement quality standards that are affordable and of ease to monitor; through the WHO. This was declared at the convention for the joint conference on laboratory quality management systems (LQMSs) during April 2008 in Lyon, France by WHO and the US Centers for Disease Control and Prevention (CDC). The approach founded and recognised by the WHO and adopted by NIP is called a stepwise incremental approach which uses a 0- to 5-star scale and which is based on ISO 15189 standard instead of a pass-fail grading. Those laboratories that do not attain an evaluation score of at least 55% will not be granted a star ranking. Laboratories that attain 95% or more will be reckoned a 5-star rating. This stepwise approach acknowledges to laboratories where they stand,

supports them with a series of evaluations to use to demonstrate improvement, and recognises and rewards their progress (Gershy-Damet et al. (2010). The noticeable peculiarity is that the purpose of the stepwise approach is not intended to substitute the ISO 15189 but rather to prepare and provide an inexpensive and sustainable method to guide those laboratories that prove exceptional performance to achieve international accreditation (ISO 15189), leaving laboratories to wander towards the liberty to comply or not to comply with ISO 15189. The approach is shown in figure 2.2:

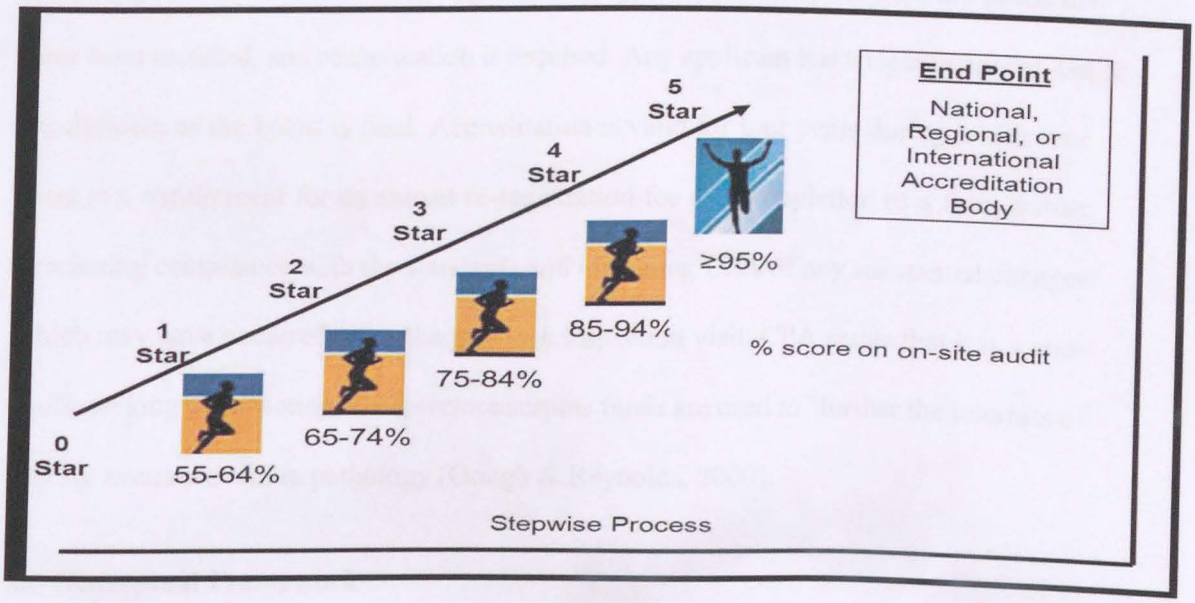

Figure 2.2 SLIPTA Tiers of Recognition of Laboratory Quality Management

Source: WHO AFRO

Similarly, the Clinical Pathology Accreditation Ltd (CPA) is a UK based organisation that accredit laboratories. The process starts when laboratories apply to CPA, and on pre-payment of an enquiry, fee receives the documentation (a handbook and an application form). Laboratories then prepare for inspection by reviewing compliance with the CPA standards. They then send in the application forms with a registration fee of £350. Each form is scrutinised, and if all seems to be in order, provisional approval will be granted at

that stage. At some point, an on-site inspection will be arranged where a team of inspectors will spend a day examining the departments, talking to staff and meeting with managers and user clinicians. There is a one-off charge of around £800-£1,000 (depending on the laboratory size) for the inspection visit. If all is well, full accreditation is given. If any deficiencies are identified, full approval is withheld until these have been resolved to the satisfaction of CPA and reinspection may occasionally be necessary.

If major problems are identified, approval of any sort is withdrawn until the problems have been rectified, and reapplication is required. Any applicant has a right to appeal, but the decision of the board is final. Accreditation is valid for four years during which time there is a requirement for an annual re-registration fee and completion of a form stating continuing compliance with the standards and informing CPA of any substantial changes which may have occurred since the previous inspection visit. CPA states that it is a non-profit seeking organisation and therefore surplus funds are used to `further the interests of quality assurance within pathology (Gough & Reynolds, 2000).

2.4 Conceptual Framework

The conceptual framework is based on WHO (2010) in which the different variables of corporate governance and performance are independent variables while compliance techniques becomes the dependent variable. The data was analysed to find the effect that corporate compliance has on governance and performance at the NIP. The effects of compliance and non -compliance were all reckoned as moderating variables and fully discussed in chapter 4.

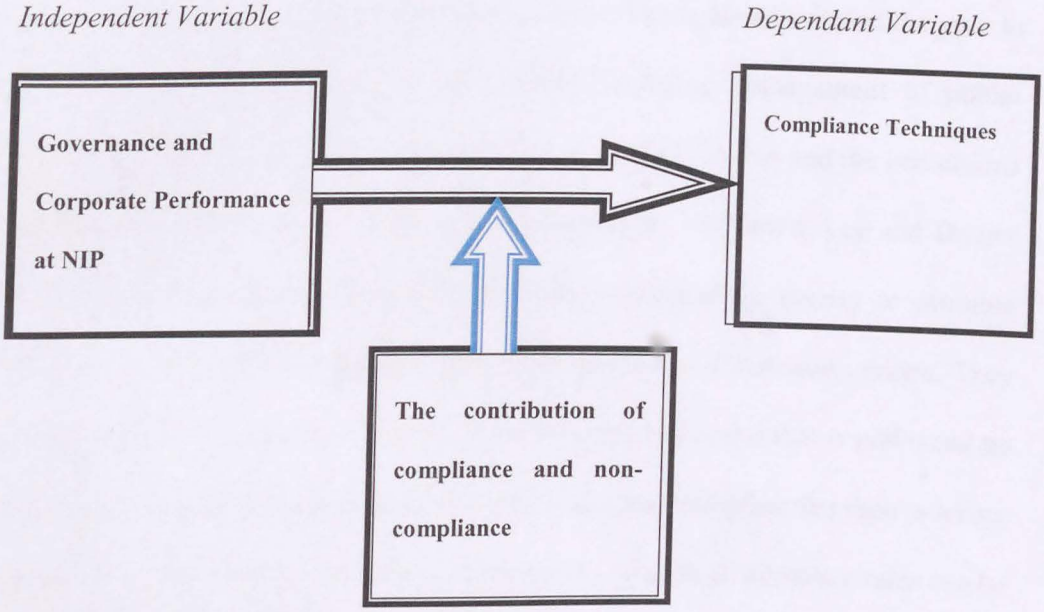

Figure 2.3 Conceptual Framework

Source: Adapted from (WHO, 2010)

2.5 Governance Frameworks

2.5.1 Public Health Governance

Research by Mutale et al. (2013) opines that there are challenges in defining Governance due to the intricate connections throughout the local, national and international governance systems but links the concept to a set of tenets, the exercise of legitimate power through law and regulation, or methods for ensuring accountability and managing risk within organizations. Public health governance has been delineated as 'the means by which society collectively seeks to assure the conditions under which the population can live with the highest possible level of health and wellbeing' (Linda, 2014).

Mutale *et al.,* (2013) outlined three facets of Governance namely, the political, economic and institutional whereby; the political sphere refers to the process by which states are

selected, assessed and replaced. The economic criteria entails the capacity of the state to effectively formulate and execute sound policies, including management of public resources. The institutional dimension includes the respect of citizens and the institutions that govern economic and social interactions among them. Dodgson, Lee and Drager (2002) defines governance as the actions and means adopted by society to promote collective action and deliver common solutions in executing of common visions. They reasoned that Health Governance refers to the behaviours and wants that is embraced by a group of people and who have defined their own rules that will prescribe their working that will guard and support the well-being of its people. Health Governance rules can be formal, for example, health policies, health standards, public health act, accreditation standards, international health regulations etc. and informal, such as ethical and moral standards.

Kickbusch & Gleicher (2012), reveals that the health system which comprises of laboratory services, is a critical macroeconomic factor and a crucial element of business models and strategies; hence organisations should possess strategies that are built on shared value to assure competitiveness while promoting their social agenda. They expressed two views on the challenges of governance: 1. jurisdiction of the health system and reinforcing health structures, which we refer to as health governance; and 2. the co-joint actions of health and non-health stratum, of public and private sectors and of citizens for a shared interest, which is what we call jurisdiction for health (Simos & Leeuw, 2017). Several surveys have indicated that jurisdiction is becoming more fluid, multilevel, multi-stakeholder and adaptive (Kickbusch & Gleicher, 2012). Their study also demonstrates that traditional hierarchical means of governance is gradually supplemented by

instruments of soft power and soft law which expands impact in a co-reliant globe of which their approach encompasses self-regulation, governance by persuasion, alliances, networks and open methods of coordination as well as the new role of citizens in monitory democracy.

At the same time health promotion and on the other hand, growth in regional, international trade and globalisation has increased support on health matters across the world and multiplied structures, rules and mechanisms to guard and foster human health across national borders, and ultimately the need for governance (Agram, 2005). The necessity for more effective collective action by the state, business and civil community to better administer these risks and opportunities is leading us to reevaluate the policies and enterprises that govern health regulation and custom at the subnational, national, regional and international levels. This is precisely so as a range of health determinants are increasingly affected by factors exterior to health sector – trade and investment flow, collective violence and conflict, illicit and criminal activity, environmental change and communication technologies (Coogon, Syrette, & Vienns, 2016). There is an incisive need to broaden the public health agenda to take account of these globalising forces and to ensure that the protection and promotion of human health are placed higher on other policy agendas (Pinto, Ross, & Upshor, 2013).

While disparities and restrictions have been observed in health governance across the globe, the WHO is an advocate of international health regulations and the role of enforcement remains with the states on how they adapt to implement their governance initiatives. Hence Dodgson *et al.,* 2002, cited by Pinto, Ross and Upshor (2013) alleges

in an effort to remedy the challenges it is essential to harmonise the underlying moral and ethical theories that define global health cooperation; as well as a must to outline leadership and authority owing that leadership can provide the foundation for generating public awareness, marshalling resources, using resources efficiently through organised and set objectives. The authors further circumscribe the nonexistence of a 'normative framework for global health cooperation' and 'a single institution' derails the power and ability to assertively right health matters (Pinto, Ross, & Upshor, 2013).

2.5.2 Corporate Governance

Numerous schools of thoughts and codes describes corporate governance based on various approaches. This is so observed based on the different approaches that discern how the subject is comprehended and applied. Rossouw & Van Vuuren (2010) relays that there is two-locus of control over organisations, consisting of the internal corporate governance – which refers to when the locality of control is within the firm and comprising the presence of the board of directors and executive management. According to the authors, internal corporate governance implies on the manner in which the firm directs and controls its business matters, as well as that the board and executives are answerable to the strategic intent of the organisation and performance while the board is moreover accountable to control the firm.

On the other hand, is the external corporate governance – referring that the position of control lies outside the organisation and made up of the government, market conditions and other regulatory institutions centred on laws, regulations, professional standards, listing requirements, etc. that are imposed upon corporations (Rossouw & Van Vuuren,

2010). Moreover, external corporate governance is obligatory and firms that do not comply face penalties for non-compliance; while the subtle approach is based on societal denominations, customs and market behaviour. However, although corporate governance is about ensuring accountability of management to minimise downside shareholder risk, it is also concerned with enabling managerial entrepreneurship so that shareholders benefit from the upside potential of firms (Filatotchev *et al.,* 2006) as quoted by Dedman and Filatotchev (2008). The corporate concentration on the mere means of production and the optimum of gain does not warrant the impetus on governance and along these lines researchers started directing at firm performance behaviour thereby centring on the behaviour of managers and controllers of the firm as well as steering the debate to the separation of control and ownership (Dedman & Filatotchev, 2008).

- ***Delineation of Corporate Governance***

The King Report IV (2016), defines corporate governance as the application of 'ethical and effective leadership' by overseeing an organisation to ensure the attainment of governance outcomes such as ethical culture, good performance, effective control and legitimacy. Manawaduge (2012) describes CG as a set of rules and practices that ensure a corporation is serving all of its stakeholders. Solomon (2017) delineate that CG is the frame of reference in checks and balances, both internal and external to corporates, which ensures that enterprise discharges their accountability to all their shareholders and act in a eugenically way in all areas of their enterprise activity (quoted by Manawaduge, 2012). Blair (1995) from a societal perspective specifies that CG is the comprehensive array of legal, ethos, and institutional preparations that determine what enterprise can do, who controls them. How that control is marshalled, and how the risks and return from the

activities they undertake are allocated (Tricker, 2012) . Tricker (2012) further quotes Monks and Minow (2001) who states that GC is the correlation among a plethora of elements in determining the direction and performance of corporations. The primary participants are the shareholders, the management and the board of directors.

From the various theories, GC can be described from several viewpoints based on the secure milleu and perspective of the framework relevant to a condition; devoid of an exact and all-inclusive delineation being prescribed for all institutions, corporations and states to adopt. Nevertheless, this discourse assumes that CG is the onus that is vested in the board and administration to furnish strategic direction and ensure that objectives are attained by being accountable of their actions to assure returns to the owners of an organisation. Whereas the board and administration are the agents, and precisely so, the board is appointed with the responsibility to furnish oversight. The enterprise through the duty of trust - to demonstrate a fiduciary responsibility to the shareholders and the duty of care - to exercise reasonable care, diligence and skill (Tricker, 2012) to safeguard value creation and thus ensure returns to the owners. Similarly, management is entrusted with the duty to run the firm in a competent way and ethical behaviour on behalf of the owners leading to the principal-agent theory (Tricker, 2012).

- ***Theories***

1. Agency Theory

The principal-agent theory is centred on the principles of ownership and control, hereby referring to when the managers and the board of the firm are not the owners of the entity. Despite that, the current commotion of insider trading, profuse executive recompense,

managerial expropriation of shareholders wealth, creative accounting reporting, non-divulgence of certain accounting and governance customs, self-dealing, and such other customs – all of which are endemic to current corporate governance challenges , are postulated to be coordinated to the school of thought of separation on ownership and control (Bhasa, 2004). However, Dedman and Filatotchev (2008) assert that the agency context stresses mostly on "the monitoring and control dimensions of governance.

Latterly, a weakened public confidence in the corporate governance system brought to the top of the policy agenda the need to reconsider existing corporate governance models to restore this confidence and to address problems associated with management and governance relationships (L'Huillier, 2014). The author noticed that many suggestions had been made deter public and political worries over firm collapses and especially so for private organisations with the implementation aim of recuperating the accountability of firms to the owners and to uphold market share. Therefore, L'Huillier (2014) also found that corporate governance transformed to be the point of control and responsibility; and quoted (Millstein 1993) who wrote from an agency perspective suggesting that corporate governance is the mechanism through which the managers' control is monitored and held to reasonably enhance corporate profit and shareholder gain.

In contrast, Chata (2010) found that the "universal applicability" of the stewardship, stakeholder theory and agency theories may be limited" and "irrelevant and especially if a stronger employee or manager's loyalty to the organisation is sufficient. This is due to that these conceptions are "derived from Western thought, with its views and suppositions of the respective roles of individual, enterprise and the state and correlation between them

(Chata, 2010). The writer further expresses that the goal of CG should focus on finding the connection between the interest of the organisation, persons and societies although the attempt of reaching these objectives brings about conflict of interest. One of the attributing factors to the conflict in corporations is owed to that; management is responsible for making ethical decisions when entering "into transactions of economic exchange for goods and services (Rossouw and Van Vuuren, 2010). Like this, the conversation of the agency dilemma points all to that people are self-interested, not altruistic, that directors will act in their interests and not the best interests of their shareholders as well as at the extremes that essentially people cannot be trusted (Matipira, 2013).

2. Stewardship Theory

On the opposite, the stewardship theory posits that managers are essentially trustworthy individuals and so are good stewards of the assets confided to them (Donaldson, 1990; Donaldson and Davis, 1991, 1994) as recited by (Nicholson & Kiel, 2007). The writers averse that internal executive and directors spend their working lives in the company they govern, they understand the businesses better than outside directors and so can make superior decisions and therefore argued that firm performance would be correlated to internal directors innately work to maximise profit for shareholders (Nicholson & Kiel, 2007).

The basis of stewardship is on that management is inherently truthful, and that agency costs can be reduced due to that senior management will not likely risk their reputes by hindering the owners of firms as stated by (Nicholson & Kiel, 2007). Additionally, the authors support the views of Donaldson and Davis, 1991, 1994 who pointed out that "even if agency costs are a significant concern to a company and monitoring is necessary,

stewardship theorists also hypothesise that outside or independent directors will lack the knowledge, time and resources to monitor management effectively. The argument was supported by L'Huillier (2014) who agreed that stewardship theorists permit for a range of non-pecuniary motives for the administration task, including the need for achievement and recognition, the intrinsic satisfaction achieved from a successful performance and a strong work ethic. Gillan & Chew (2009) noted that stewardship theorists speculate the model of man which specifies management as stewards and members of the team not enthused by individual goals but rather align themselves with the objectives of their principals. This view is the indirect opposite of the agency dilemma that specifies that managers will only maximise their agenda and disregard all other benefits as well as those of the owner (Gillan & Chew, 2009).

Although Masunda (2013) agreed with literature above, the author related his argument more on given the absence of an inner challenge among executives and how far executives can attain the good corporate performance to which they motivate. The author observed that stewardship was more realistic where performance disparities stems from whether the structural circumstance in which the executive is situated facilitates effective action by the executive and questioned if corporate structures provide assistance to senior management in articulating and crafting plans for high corporate performance. As a result, he concluded that the stewardship theory focuses not on the inspiration of the CEO, but, rather facilitative, capacitating structures, and holds that fusion of the incumbency on the roles of chair and CEO that enhance effectiveness and production. Consequently, superior returns to shareholders than the separation of the roles of chair and CEO. In as much as stewardship theory attest that directors having a fiduciary duty, that they can be trusted

and will act as stewards over the assets of the enterprise (L'Huillier, 2014). Enclosing the presumption that management will always pursue the maximisation of firm performance recent times has discovered that shareholders do not appoint the directors, pecuniary reports have become immensely unintelligible multifarious, enterprise lack transparency, directors are not really answerable to shareholders, amalgamated group accounts do not elucidate multifarious groups, inter alia (Matipira, 2013).

Consequently, this affirms that stewardship became the theoretical foundation for corporate governance codes, corporate regulation and companies' legislation. Although various other theoretical perspective has been reckoned and analysed about corporate governance guiding different outcomes for diverse objectives; these are excluded from the discussion in this paper while outlined in table 1 below;

Table 2.1: Theories on Corporate Governance

Perspectives	*Agency theory*	*Stewardship*	*Hegemony*	*Stakeholder*
Origin	*Economics*	*Human relations*	*Organisation theory*	*Management theory*
Role	*Monitoring*	*Empowering systems*	*Independence*	*Interests*

Source: L'Huillier, 2014

Besides and interestingly adding to the general behaviour of firms is Rossouw and Van Vuuren (2010) who describes Becker, 1992; Enderle, 2003; Goodpaster, 1992 three dimensions of corporations, as follow:

- Macro or systemic dimension - referred to as the economic system or socio-political framework governed at the national level by political decisions, laws and norms that govern economic activities.
- Organisational dimension - relates to how a firm interacts with its internal and external stakeholders as well as how its governance systems respond to directing and control its activities.
- Micro-or single dimension - focuses on the economic interest and decisions of stakeholders who interrelates with the firm.

Corporate governance deficiency is any form of coherence, either empirically, methodologically or theoretically with only piecemeal attempts to attempt and appreciate and elucidate how the modern corporation (Matipira, 2013). Moreover, of course, the behavioural perspective is one theoretical framework that brings about the espousing of all elements of corporate governance to intertwine the relationships between the individual (managers and owners), the firm and the state.

- ***Codes***

The rise of the modern corporation has brought a focus of commercial power which can rival on equal terms with the current state - economic power versus political power, each strong in its field. The state seeks in some features to regulate the corporation, while the corporation, steadily becoming more robust, makes every effort to avoid such regulation

Berle and Means 1932, revised 1967 as alluded to by (Matipira, 2013). This, according to the author is the challenges that have led to governance ascendency and corporate collapsing in the 1980s and become the foundation of the evolution of CG as well as the financial reporting of fraudulent activities in firms. The mitigation thereof was the composition of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the United States of America (USA); which is a committee from private sector organisations that set the framework for internal control to urge boards and management to adopt effective business behaviours.

The global response to the downfall of corporations during the 1980s and 1990s affected useful models, for example, the American rule-based mode, United Kingdom (UK)/Commonwealth principles-based model, Continental European two-tier model, Japanese stakeholder-orientated network model and the Asian family-based model. Likewise, the realisation of appropriate governance systems arose in the form of codes from international agencies such as OECD, World Bank and Commonwealth (1999) etc. and from institutional investors. Codes for best practices, such as, the Sarbanes-Oxley (SOX) Act, 2002 in the USA, the British Cadbury Report (1992), Greenbury Report (1995) and the Revised UK Combined Code (2003), the Dutch Tabaksblat Code, the Japanese Governance Code JPX (1998), the Australian Corporate Code of Conduct Act (2000) and the King Report in SA and during the past three years NamCode in Namibia amongst others were also initiated.

Most of the codes were primarily delineated for listed enterprises and their primary objective as averred by Akkermans et al., (2007) is to enhance the quality and transparency

of management, thereby improving company performance and restoring investors' confidence. They are perceived as effective instruments of self-regulation, outlining best practice provisions concerning management, supervision, disclosure and auditing (Wymeersch, 2005; Aguilera and Cuervo-Cazurra, 2004) cited by Werder *et al.,* 2005. Specifically, in Namibia, recent times have noticed many bailouts from Government to Public Enterprises that steered the debate of improving governance at PEs and questioning whether corruption, conflict of interest and poor management are indeed a breed of the secrecy surrounding board appointments.

Responding to SOEs administration which enhances disclosure, accountability and transparency, the Government through established the Ministry of Public Enterprises (MPE) during March 2015 to steer PEs to contribute to their important role for which they have been created. Hence the MPE geared to its mandate and is the process of developing a new governance model preferably a hybrid model; as well as started by categorising and listing all PEs in commercial and non-commercial SOEs of which NIP has been categorised as service rending enterprise and listed as commercial.

Factors highlighted by Nehm (2017) such as the undue hands-on and politically motivated ownership interference, leading to unclear lines of responsibility, a lack of accountability and efficiency losses in the corporate operations. Lack of any oversight due to passive or distant proprietorship by the state can feeble the inspiration of SOEs and their employees to execute in the best interest of the enterprise and the general public who constitute its ultimate shareholders and raise the likelihood of a self-serving behaviour by corporate insiders. SOEs' administration may also be protected from two important disciplining

factors: the possibility of takeover and the possibility of bankruptcy creates the desire for the adoption of governance codes, rules and policies that would guide firms including NIP, namely:

1. NamCode

Namibia enacted a new Companies Act, 2004 (Act No 28 of 2004), and the King Code on Governance (King II) was modified into King III as well as that the South African government instituted a new Companies Act. All these vicissitudes that Namibian firms rely on in conducting their operations necessitated a code on governance that propelled the adoption of best practices that are tied to the national and international codes and legislature, hence the birth of name code. NamCode which came into effect during 2014, is the Corporate Governance Code for Namibia and as is custom to many codes around the world, the code has more bearing on listed firms and "provides a list of best practice principles to assist and guide directors to make the right choice for their entities (Lipman, 2016). Deloitte states that directors have legal duties to exercise their powers and perform their functions in good efficacy and for a proper aim in the optimum interest of the corporate, and with the extent of care, skill and diligence that may reasonably be expected of a director.

Notwithstanding the onus on board of directors being accountable to the shareholders and other stakeholders, the code explicitly advocates in the form of a recommendation that companies should 'apply or explain' and thus directors should explain to the owners in the event of any non-applicability and that there is no obligation (Lipman, 2016). Equally the code cautions that it "requires more consideration – application of the mind - and explanation of what has been done to implement the tenets and best practice

recommendations of governance. Each tenet is of equal essence and together forms a holistic approach to governance. Consequently, 'substantial' application of this NamCode does not achieve compliance" Namibia Stock Exchange (NSX).

NamCode is based on King III with nine guiding principles applicable to all Namibian firms centring on the following several governance facets as indicated and cited from the code (2014):

• *Ethical Leadership and Corporate Citizenship*

The board should provide effective administration incumbent upon an ethical foundation and should make sure that the corporate is and is seen to be a responsible corporate citizen as well as ensure that the company's ethics are managed effectively.

• *Boards and Directors*

The board should act as an epicentre and custodian of corporate governance and should appreciate that strategy; risk, performance and sustainability are jointly upheld. The board should furnish effective leadership based on an ethical foundation and make sure that the corporate is and is seen to be a responsible corporate citizen. The board should ensure that the enterprise's ethics are managed proficiently and make sure that the business has an effective and independent audit committee. The board should be answerable for the governance of risk and is for information technology (IT) governance. The board should ensure that the enterprise complies with applicable laws and considers adherence to non-binding rules, codes and standards as well as make sure that there is an effective risk-based internal audit.

The board should appreciate that stakeholders' perceptions affect the corporate's image and ensure the integrity of the company's integrated report. The board should report on the effectiveness of the enterprise's system of internal controls and act in the best interests of the enterprise and not to those of the nominating shareholder(s). The board should consider turnaround mechanisms as soon as the company is financially distressed. The board should appoint a chairperson of the board who is an autonomous non-executive director. The CEO of the company should not also fulfil the role of chairman of the board, and the board should appoint the chief executive officer and establish a framework for the delegation of authority. The board should comprise an equilibrium of efficacy, with a majority of non-executive directors while most non-executive directors should be independent, and directors should be appointed through a formal process.

The empowering of directors should be conducted through formal processes as well as that the board should be assisted by a person knowing the ropes, suitably qualified and experienced company secretary. The value judgement of the board, its committees and the individual directors, should be performed every year, and the board should delegate certain functions to well-structured committees but without abdicating its responsibilities. A governance frame of reference should be agreed between the group, and its subsidiary boards and firms should remunerate directors and executives fairly and responsibly. Companies should disclose the remuneration of each director and shareholders should approve the company's remuneration policy.

• *Audit Committees*

The board should ensure that the enterprise has an efficacious and independent audit committee and audit committee members should be suitably dexterous and experienced

independent nonexecutive directors. An independent non-executive director should chair the audit committee, and the audit committee should oversee integrated reporting as well as ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities. The audit committee should fill the bill itself of the expertise, resources and experience of the enterprise finance function and be responsible for overseeing of internal audit. The audit committee should be an integral element of the risk management process and is accountable for recommending the engagement of the external auditor and overseeing the external audit process and hence report to the board and stakeholders on how it has executed its duties (KPMG, 2017).

• *Governance of Risk*

The board should be accountable for the governance of risk and recognise the levels of risk tolerance. The risk committee or audit committee should help the board in carrying out its risk responsibilities. The board should empower management the responsibility to craft, execute and monitor the risk management plan; and the board should ensure that risk assessments are executed on a continual basis as well as that frameworks and methodologies are executed to increase the probability of anticipating random risks. The board should ensure that management reckons and execute appropriate risk responses and ensure recurrent risk monitoring by management. The board should receive assurance regarding the proficiency of the risk management process and ensure that there are processes in place empowering complete, timely, relevant, precise and accessible risk disclosure to stakeholders.

• *Governance of Information Technology*

The board should be accountable for information technology (IT) governance, and IT should be coordinated with the performance and sustainability purpose of the company.

The board should delegate to management which is answerable to the implementation of an IT governance framework and board should monitor and evaluate significant IT investments and expenditure. IT should form conjoint part of the company's risk management, and the board should ensure that information assets are managed effectively.

• *Compliance with Laws, Codes, Rules and Standards*

The board should ensure that the corporate complies with applicable laws and considers adherence to non-binding rules, codes and standards. The board, each director and the company secretary, should have a working discernment of the effect of the applicable laws, rules, codes and standards on the company and its business. Compliance risk should form a unified part of the corporate's risk administration process, and the board should delegate to management the execution of an effective compliance framework and processes.

- *Internal Audit*

The board should make sure that there is an efficacious risk-based internal audit that follows a risk-based approach to its plan. Internal audit should furnish a written assessment of the effectiveness of the corporate's system of internal control and risk management. The audit committee should be accountable for overseeing the internal audit and be strategically positioned to achieve its objectives.

- *Governing Stakeholder Relationships*

The board should appreciate that stakeholders' views affect a corporation's reputation and delegate to management to proactively deal with stakeholder relationships. The board should strive to attain the specific equilibrium between its various stakeholder groupings in the best interests of the corporation should ensure the equitable treatment of

shareholders. Transparent and efficacious communication with stakeholders is essential for building and preserving their trust and confidence, and thus the board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.

- *Integrated Reporting and Disclosure*

The board should make sure the integrity of the corporate's unified report and ensure that sustainability reporting and divulgence should be unified with the corporate 's economic reporting as well as be independently assured.

2. King IV

King Reports on Corporate Governance are "ground-breaking codes of corporate jurisdiction in South Africa disseminated by the King Committee on Corporate Governance. Three communique were published in 1994 (King I), 2002 (King II), and 2009 (King III) respectively" (Masunda, 2013) and the latest King IV that was made public during 2016. "Compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange but not for Namibian companies listed on the Namibian Stock Exchange (Masunda, 2013). He also affirms that the King Report on Corporate Governance has been quoted as "the most proficient summary of the best international customs in corporate governance.

As per the Institute of Directors in Southern Africa (IoDSA), the current King IV report is grounded on the philosophies of integrated thinking, corporate citizenship, stakeholder exclusivity and the organisation as an integral part of society. The King IV shifts away from King III in regard to the 'apply or explain' to rather 'apply and explain' which is an outcome-based approach in order for firms to give an explanation of the accomplishments

of the principles applied and practices that have been implemented in the case of adopting the guidelines. At the same time, the application of the code/guidelines remained voluntary except in some cases where it is a listing requirement from the stock exchange and depending on the business environment of each firm. One of the modifications is that the other 75 principles have now been lessened to only 17 principles in King IV which guide general applicability to any firm although the 17th principle is more geared toward institutional investors and has 6 added recommended practices. Another change is regarding the systemised "separate sector supplements for Small and Medium Enterprises (SME's), Net Profit Organisations (NPO's), State-Owned Entities (SOEs), Municipalities and Retirement Funds. While the King III has an emphasis on the Audit Committee, the King IV swift to prominence of various committees, for example, risk committee and the corporate governance committee amongst others. Below is the list of the 17 principles concurrently with its recommended practices as outlined and quoted by KPMG:

- *Leadership*

The governing body should lead morally and proficiently by cultivating and exhibiting collectively and individually, features of integrity, know the ropes, responsibility, accountability, fairness and transparency. Offer leadership that results in attainment of strategy and outcomes over time; as well as divulge how they are being held to chronicle their leadership capabilities.

- *Organisational Ethics*

Govern the ethics of the enterprise in a way that advocates the establishment of an ethical culture through setting the direction for ethics in the organisation. Approving codes of conduct and ethics policies as well as ensure that they include all stakeholders and critical

ethical risks (Rossouw & Van Vuuren, 2010). Make sure that there are approaches for stakeholders to be acquainted with the codes of conduct and ethics policies. Delegate execution of codes of conduct and ethics policies to administer and furnish ongoing oversight of this management, encapsulating results in such matters as recruitment, employee compensation, supplier selection, breach management, whistleblowing and independent assessments. Divulge how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed (Fernando, 2010).

- *Responsible Corporate Citizenship*

Ensure that the enterprise is and is seen to be an accountable corporate citizen using setting the direction for good corporate citizenship, embracing concordance with the constitution, laws, standards and own policies and procedures, as well as in tandem with the organisation's purpose, strategy and conduct. Supervisor and monitor the corporation status as an excellent corporate citizen in such areas as the work milleu, pecuniary behaviours and results, public and environmental impacts. Divulge how corporate citizenship is managed, current and future focus areas, monitoring measures and how corporate citizenship outcomes are addressed (Rezaee, 2014).

- *Strategy and Performance*

The jurisdictional body should appreciate that the enterprise's nucleus, its risks and opportunities, strategy, business model, performance and sustainable development are all integral elements of the value creation process through steering and setting the direction, purpose and strategy of the organisation. Approve policies and operational plans, including key performance measures and target and empower the execution of policy and plans to management. Oversee execution of the strategy and plans by management against

the agreed performance measures and targets. Be alert to the corporation's general viability, reliance and effect on its capitals, solvency and liquidity and its going concern status (Hotzinger & Richter, 2014).

- *Reporting*

The governing body should make sure that reports issued by the corporation facilitate stakeholders to make an informed evaluation of the corporate's performance, and its short, medium and long-term prospects by way of setting the direction, approach and conduct for the organisation's reporting. Approve the reporting frameworks to be used and oversee that the various reports are compliant with legal reporting requirement and meet the practical and legitimate needs of material shareholders.

- *Primary Roles and Accountability of the Governing Body*

The jurisdictional body should be an epicentre point and custodian of the corporate governance in the enterprise by exercising its leadership role; have a charter; ratify a protocol for it, its committees and elements to get professional advice; sanction a protocol for non-executive members to get jottings and meetings with management. Disclose the number of its meetings and attendance thereof, whether it is satisfied that it has discharged its responsibilities about its charter.

- *The constitution of the Governing Body*

The governing body should embrace the proper equilibrium of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively (Wanyama et al., 2013). Composition of the governing body by directing and approving the processes for attaining an appropriate composition. Consider an appropriate size for itself, concerning the optimal mix of

knowledge, skills, experience, and diversity, independence (i.e. executive, nonexecutive and independent non-executive members), (Bhasa, 2004). Promote plurality in its membership and set targets for demographic variables representation in its elements. Arrange for periodic and staggered rotation of its elements and establish a succession plan for its participants. Nomination, Election and Appointment of participants to the governing body by approving submissions as a whole and make sure that the process for nomination, election and appointment is formal and open. Consider the common attributes and diversity needed, as well as whether the candidate is 'fit and proper' before potential member nomination.

After the election of an incoming member, issue a letter of appointment, provide induction and for inexperienced members a mentor and training and obtain ongoing professional development. Independence and conflicts by obtaining annually (or whenever there is significant change) from each member a declaration of all interests and related parties. Obtain declarations from each member before any meeting of the jurisdictional body or its committees, any clashing of interest and proactively manage them. Categorise non-executive members as autonomous if when judged by a reasonable and informed third-party they would put a lid that there are no factors which could cause undue influence or biased decision-making (Dedman & Filatotchev, 2008). Evaluate a member for autonomy every year after nine years of serving as a member, and allow continuance as an autonomous member if a reasonable and informed third party would judge the same. Divulge satisfaction with the constitution of a mix of governing body; gender and race targets and progress made; categorisation of each director (including more information on directors serving longer than nine years); member's qualifications, experience, age, a

period of service, other governing body and positions held and reasons for departing members. Chair of the governing body by electing an autonomous member as chair and a lead independent non-executive member. Document the role, accountable and term of the chair and lead independent non-executive member and not permit the CEO to be the chair, nor allow (until after three years) a retired CEO to become the chair (Aziz, 2013).

- *Governing Committee*

The jurisdiction body should make sure that its choice for empowering structures promote independent judgement, and assist with the equilibrium of power and the effective discharge of its duties by recognising delegation to selected elements, groups of participants individual or ad-hoc committees (Tricker, 2012).

Audit Committee must regard law establish an audit committee for specific corporate that has as its role to furnish autonomous administration of the assurance elements and on the consolidated annual pecuniary statements and other external reports (ABA Coordinating Committee, 2014).

Committee accountable for nominations of members of the jurisdictional body should reckon disseminating, nomination, election and recruitment process of members, succession planning and performance evaluations to a dedicated committee or another appropriate committee. Ensure that nominations committee are all nonexecutive members of the governing body with the majority being independent (Lowry, 2014).

Committee responsible for risk governance should reckon to disseminate the supervision of risk governance to a dedicated committee. Reckon one or more participants to have

joint membership if the audit and risk committees are separate. Make sure that the risk committee has executive and non-executive participants of the jurisdiction body with a majority being non-executive and divulge the role and accountable, elements, advisors and attendees, areas of focus, number of and attendance at discussions, whether it is satisfied that the risk committee has fulfilled its responsibilities (Cadbury, 2002).

Committee responsible for remuneration should reckon to disseminate supervision of remuneration jurisdiction to a dedicated committee or another specific committee (Tricker, 2012).

Social and ethics committee must be lawful moot a social and ethics committee for a specific enterprise and should reckon mooting, to have supervision of and report on corporate ethics, corporate citizenship, sustainable development and stakeholder correlation or add this to another specific committee. Divulge the constitution, consultancy and attendees, areas of focus, quantum of attendance at meetings, whether it is satisfied or not that the social and ethics committee has fulfilled its accountabilities (Spira, 2014).

- *Evaluation of the Performance of the Governing Body*

The jurisdiction body should ensure that the evaluation of its performance and that of its committees, its chair and its members, support continued improvement in its performance and effectiveness through assuming answerable for performance evaluations of itself, its committees, its chair and individual members (Shearn, George, & Mc Graw, 2010). Appoint an autonomous lead director if there is not one to lead the evaluation of the chair. Make sure that every two years an externally facilitated performance evaluation (or one not by the approval methodology of the governing body) is conducted on itself, its

committees, its chair and individual members; and every alternate year reflect on the performance of itself, its committee, its chair and its members as a whole. Divulge a portrayal of the performance evaluations, modus operandi, formality, whether or not externally facilitated, a summary of results and remedial actions, whether it is satisfied that it is improving its performance and effectiveness (Bhasa, 2004).

- *Appointment and Delegation to Management*

The supervisory body should ensure that the appointment of, and delegation, management contribute to role clarity and useful exercise of authority and responsibilities by CEO Appointment and role, appoint the CEO who should be responsible for leading strategy implementation, report to the governing body and agree on membership of other governing bodies (Hotzinger & Richter, 2014). Satisfy itself on CEO succession planning. Delegation through reserving specific authority and matters to itself and set that capability and matters to be designated to management via the CEO. Approve a delegation of authority framework, including specifically having the authority to appoint ex-officio executive members and management. Oversee that essential management functions are led by a competent and appropriately authorised individual and are adequately resourced (Heller, 2010). Placate itself on succession planning for executive management and key positions and disclose whether it is satisfied with the delegation of authority framework.

- *Risk Governance*

The governing body should govern risk in a way that supports the organisation in setting and achieving its long-term objectives using setting the tactic for risk governance, encapsulating opportunities and risks when mooting a strategy and the potential positive and negative effect of the same risk on the achievement of objectives (Renn, 2017). Treat

risk as a unified part of decision making and sticking to tasks, approve risk policy, assess and agree on the risks it is prepared to take (Poli & Beccalli, 2017). Delegate to management risk management implementation and oversee risk management. Consider receiving periodic, independent assurance on the effectiveness of risk management and disclose the physiognomies and extent of risks and opportunities; summary of the risk management arrangement; areas of concentration; key risks, unexpected risks, risks taken outside tolerance levels; and actions to monitor and address risk management (Urbano, 2014).

- *Technology and Information Governance*

The governing arm should oversee technology and data in a way that advocate the enterprise setting and attaining its strategic objectives by way of setting the approach and approve the policy for technology and information governance (including the adoption of appropriate frameworks and standards) (Small, 2014). Delegate to management useful technology and information implementation and oversee results of managements' implementation (including integration, business resilience, monitoring for responsiveness to cybersecurity and social media risks, third-party and outsourced service provider risks, value emanated from technology portfolio and projects, disposal of obsolete technology and information, morality and responsible use and compliance with laws) (Small, 2014). Divulge summary of jurisdiction and administration areas of current and predictor focus; significant variances, acquisitions, incident management; monitoring and response to it (Grembergn, 2014).

- *Compliance Governance*

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen by directing the governance of compliance to laws adopted non-binding rules, codes and standards (Charan, 2011). Approve policy that directs compliance and empower to management the accountability for executing compliance management. Oversee compliance management so that it is comprehended, relates holistically and is responsive to changes and developments following the continuous monitoring of the regulatory environment (Steinberg, 2011). Disclose an overview of compliance management; areas of current and future focus; actions to monitor and address compliance management; material or repeated sanctions, fines and penalties on the organisation, its officers and members; environment regulator inspections and incidents of noncompliance and the consequences (Khan & King, 2012).

2.6 Corporate Compliance

Elgammal et al (2014), defines compliance as the process of establishing the adherence of business processes and submission to applicable compliance requirements relating to laws, legislation, regulations, standards and code of practices (such as ISO 9001), internal policies, and business partner contracts (such as service level agreements—SLAs). Corporate compliance forms an integral part of good principles for the numerous corporate governance frameworks and can be described as a common plan of how firms will adhere to its policies and procedures, as well as applicable rules and laws. Starting with a good debate is Miller (2017) who raises the following questions. "Why do companies continue to misbehave, notwithstanding the strides we have made in improving the techniques of

risk management and compliance? Are we placing too much emphasis on reforming corporate culture, an undefined and potentially undefinable concept without clear or objective metrics for analysis? Will risk management achieve the expectations set for it by its proponents—and does it perversely increase risk in some cases because the risk assessments on which it is based may be inaccurate? Has the administrative state become too powerful and have courts been awkwardly marginalised in the process?"

However, public enterprises in Namibia has been characterised as having no regard for accountability, transparency and sound governance principles, with secrecies and collusion surrounding tender contracts; in the meanwhile, where all SOEs are expected to comply with the new Public Procurement Act, 2015 (Act No. 15 of 2015) that became effective on 1 April 2017. This shortfall could be attributed to the fact that the Government as shareholders lacks setting boundaries for expectations and the approval of clear goals that will command SOEs to comply and contribute to the national developmental objectives.

Additionally, and according to Baer (2009), the Sarbanes-Oxley bill in 2002 rose the call "for increased regulation and transparency" whereby analyst squabbled for "stronger pressure on corporate entities to monitor their employees for violations of criminal law". This meant basic considerations for reforms that will inflict severe penalties for commercial crimes against both firms and individual offenders, as argued that chastising firms for transgressions conducted by organisational employees erroneous. Therefore, the author refers that corporate compliance has developed into a universal corporate governance activity because public and private institutions are the subject of plethora

statutes and legislature administrations that directly and indirectly necessitate them to espouse programs crafted, to ward off internal misconduct, and threaten highly punitive consequences for their failure to do so. Miller (2017) supports this by maintaining that "compliance was a bit of a backwater" and even though the "check-the-box quality to the compliance function" that will always subsist "the job of concordance has incrementally moved away from a mechanical strategy to a risk-based approach". Whereby resources of business units are recognised by the evaluations of essential compliance risks and meaning that the compliance function should report and be perceptive to the basic business pressures facing their organisations (Miller, 2017). The author maintains that the "assortment of risk assessment and risk-based strategies has drastically varied the perspective and the performance of compliance departments in many sectors.

Yet, Rossi (2010) impugns the agency perspective and how it impact on the ethical deficit of the trusted partners of firms such as the compliance, legal, audit, and risk functions. Thus the author noted that the continous necessity to increase agency costs and enhancing monitoring and control through risk functions is an indication that organisations are failing to comprehend ethical dilemmas due to misunderstood regulation. The author contends that these functions were seen, and still are, as supporting functions, rather than managers of core activities of the companies whose behaviours, opportunities, contracts, and threats they are commissioned to know inside out. Therefore, in general, the heads of assurance functions cannot force other heads of function to follow their recommendations, unless there is a proven breach of the law, or less seriously due to some degree of flexibility, of company policy. Rossi (2010) explore more that despite the "impressive mission statements, governance codes, and the inclusion of ethical values in the corporate

documents of investment banks, brokers, traders, and insurers, the realities of what was going on behind closed doors are still sending shock after shock to the financial markets, and the impact of these business cultures eventually proved to destroy value in the long-term causing harm to shareholders and stakeholders alike". She links the source for non-compliance failures to challenges in leadership and strategy instead of the ethical awareness of the chief executive officer. Infinitely so as the author found that the moral maturity index has the advantage of incorporating the core elements of several prevailing global and regional jurisdiction codes, and its application can communicate to us as much about the long-term prospects of a corporate as its current share price or dividend policy.

It is equally true that unless the compliance leaders are first perceived as first-choice industry leaders inside the closed doors of the boards of directors, this will be a difficult opportunity to seize to the detriment of the firm. Hence, Rossi (2010) raised the questioned on why organisations are disinclined to devise and adopt a stance to become compliance leaders and use this as a strategy for competition instead of shaping corporate strategy towards the market, cost and product position. Her study concluded that the "normal controls and checks and balances" from the agency perspective will not dissuade the principles (management) from running firms in a way that breaches on owner's interest except in cases where the compliance function has an instrument that will measure the impact and standards of the behaviour of those trusted with leading the firms. One such vital tool is an ethical code because it adds value to an organisation. It is not only a deterrent of incorrect behaviour but also an enabler for all members of the organisation to become custodians of the ethical legacy of the firm (Rossi, 2010).

Supporting the agency problem is Chan *et al.,* (2011) who stressed by quoting (Brennan, 2003) that without proper monitoring mechanisms in place, the board of directors tends to act for their self-interest and rarely looks after the needs of the stakeholders. Nevertheless, the authors counter the reproach regarding the efficiency of corporate governance by focusing on the composition of the board of directors thereby encouraging reforms in terms of the "increase in the number of independent non-executive directors (INEDs), the segregation of board chairs and CEOs, and the mandatory establishment of Audit Committee (AC). They found and agree with other researchers of the agency theory that an effective AC could enhance the credibility of announced financial statements, perform a crucial role as the ultimate monitoring mechanism in the corporate financial reporting assurance process and enhances the independence of the external auditor and the effectiveness of the audit (Charan, 2011).

Thus, instituting the compulsory requirements for forming an AC as a sub-committee of the board of directors who are qualified, committed, independent, and sound-minded to ask probing questions and ultimately guarding shareholder and public interest. It remains questionable as to whether firms and public enterprises and especially in Namibia complies with these requirements when deciding on board composition.

2.6.1 Compliance Techniques

Compliance also known as *déontologie* in French is explicitly moral in character, being the logic of obligation and permissibility (Clarke, 1995) who quoted Adams (1994). McLeod (2014) from the social perspective refers to deference as submissiveness with the absence of instruction but rather a request as well as a "type of social impetus where a

person does what someone else wants them to do, following his or her request or proposal. The author then quotes Breckler, Olson, and Wiggins (2006) stating that compliance refers to varied in behaviour that is requested by another person or group; the person acted in some way because others interrogated him or her to do so (but it was possible to refuse or decline.) The publisher further outlines the following compliance techniques:

- *Foot-in-the-Door Technique (FIDT)*

Assumes that agreeing to a small request incremental the probability of consenting to a second, larger request. So, originally you make a petite request, and once the person consents to this, they find it vaguer to refuse a bigger one. The foot-in-the-door dexterity works on the principle of consistency (Linehan, 1993). This means that if the request inconsistent with or like the original small request, the technique will work.

- *Door-in-the-Face Technique (DITF)*

Refusing a large request increments the probability of consenting to a second, smaller request. Initially, you make a gigantic request which a person can be anticipated to refuse. Then you make a smaller request which the person finds complex to refuse because they feel they should not always say no. It has been found the door-in-the-face technique generate high levels of submission only when the same person makes the recourse, and the requests are analogous. This technique works due to the concept of reciprocity (Cialdini et al., 1975). Saying "no" in no small request may make the person feel they owe the other person who made the request favour.

- *The Low-Ball Technique*

Initially, you get the person to consent to a request, and then afterwards you increase the original terms. Trick then into agreeing more than they intended. The success of this

technique works on the principle of commitment. Because the person has said "yes" or agreed to an initial request, the commitment has been given. When the request variables or becomes capricious the person will (to a degree), find it multifarious to say "no" because of having committed themselves initially.

Accordingly, Rodafinos, Vucevic & Sideridis (2005) summarises the FITD as a gradual-persuasion technique in which an initial, modest request precedes a larger request. In contrast, the DITF technique involves (a) making a costly, large first request that the recipient will probably refuse and then (b) making a second, less costly, and more realistic request.

2.6.2 Compliance Systems

Compliance systems refer to a defined set of prerequisites that firms are expected to follow and can be classified as organisation compliance and statutory compliance. Within the firm internal environment organisational compliance can be attained by ascertaining those processes that can recognize relevant obligations in terms of the necessary legislation, standard operating procedures, policies and strategies so that the firm can project the risks, level of compliance and penalties non-compliance as well as accordingly adjust their responses to compliance practices including corrective actions. On the other hand, statutory compliance should be a priority concern for a firm due to the many regulations that aim to improve governance and Namibia is no exception and thus firm ought to try to understand the laws that require their conformity (Oded, 2013).

Parker & Nielsen (2009) found that an upright technique of compliance is not based on a typical declaration of the firm specifying its duty with the law but instead "a set of

management controls calculated to identify, correct, and prevent wrongdoing throughout the organization" and likewise be followed "by a corporate "culture" that values compliance. The authors state that legislation and government regulatory bodies are enhancing the need for firms to adopt internal techniques of compliance to the degree that regulatory compliance methods weigh the firms' level of its liability for any penalties incurred, the settlement of enforcement action, the grant of regulatory license and permissions, and/ or its eligibility for beyond compliance rewards. Therefore they established that the main purpose of corporate compliance structures was to manage compliance customs in order to warrant the level of concessions and/or violations by firms.

Parker & Gilad (2014), borrowed their discussion from Parker (2002) who categorised voluntary compliance as meta-regulation because it attempts to regulate self-regulation which is further known as enforced self-regulation (Ayres and Braithwaite, 1992), 'management-based regimentation (Coglianese and Lazer, 2003; Coglianese and Nash, 2006; May, 2007), systems-based precepts (Kagan and Scholz, 1984; Gunningham and Johnstone, 1999), principles-based legislature (Black, 2008; Ford, 2008) or, more broadly, 'process regulation'. They also further observed that the aim of legislation and voluntary compliance is an effort to "...'moralize,' 'responsibilize' or 'socialize' (Shamir, 2008; 2010) commercial actors by requiring them to implement internal compliance systems and these were clear in the regulation for health and safety, food safety, financial markets, environmental protection and even airport security as the authors stressed.

Also, Parker & Nielsen (2009) opined that it is not the components of a compliance system that effects actual compliance but rather the level of compliance methods that the firms have adopted to manage its compliance customs and how it is embedded in ordinary operational decision-making. Compliance techniques are not sufficient on their own, and thus the researchers assumed that the execution of an effective compliance management systems will only have a bearing on compliance management practices and hence ultimately indirectly influence compliance. We can highlight compliance systems and methods as sociological concepts (Parker & Gilad, 2014), as follow:

- *Structure*

The node of board and management oversight is essential as it depicts the extent to which top management pay greater attention to the issue of compliance with regulation, and so make internal policies about compliance and commit to their implementation. Many empirical studies of corporate compliance and policy prescriptions on compliance suggest 'management commitment' is important to the success of corporate compliance systems. The authors also point to that "compliance management systems that are implemented thoroughly by competent management with plentiful resources, and combined with management commitment to the value of compliance, might make a difference to compliance" but stresses that "good management and good values are likely to be more important than formal systems at influencing compliance management in practice and, ultimately, actual compliance." Another essential .part is the "formal structure of a corporation—the allocation of tasks, authority and means of coordination and control within organizations" according to Parker & Gilad (2014) who cited (Mintzberg, 1983). They emphasised on that a formal compliance system is an integral part of the more prominent internal structure of the firm which in turn form part of a 'broader social

structures' thereby arguing that a compliance system is not discrete and does not direct and communicate in isolation.

- *Culture*

In this context, culture serves as a medium for interaction between agency and structure and is a shorthand way of referring to social processes that have been the subject of considerable refined sociological attention. Again, the authors mention Vaughan (1998) who delineated culture as the tacit norms, habits, assumptions, routines, and customs that constitute a repository of unarticulated source material from which more self-conscious thought and action emerge" – and much compliance management literature adopts a similar conception of compliance culture. Corporate compliance culture thus mediates between structure and agency, that is, between formal compliance system and strategic action, by providing a repertoire of filters through which individuals perceive the compliance system and other aspects of social structure, and through which they conceive possible responses (Oded, 2013). However, they found that a compliance culture is not given and neither inert but an idea that is constructed, variably performed and maintained and sometimes, disrupted by those words and actions of individuals that bear on compliance structures and behaviours. Culture must be understood as 'emergent,' and as 'an indissoluble dialectic of system and practice [behaviour], both a product and context of social action. A general perception is that legislation will activate a 'culture' of compliance' and that reviews of compliance policy will measure the level of compliance. However, the authors observed that it takes the effort of corporate leaders to construct a 'compliance culture' across their firms and thus motivating a good culture into being.

The node of a compliance program about development of professional compliance management, relates to the nature and existence of specialised or professional skills, knowledge, commitment and techniques within the organisation to respond to regulation. Parker & Gilad (2014) states that "empirical studies and policy literature see the existence of an internal constituency advocating and working for compliance, as the lynchpin of successful implementation and diffusion of corporate compliance systems". Other 'policy-oriented literature' that the authors recommends is that designated employees, for example, compliance professionals, be recruited and then entrusted to lead the agenda of compliance and enact the associated policies and procedures; to respond to the need for a designated professional who takes ownership for the progression and execution of the compliance technique. Because and according to the authors if there is no internal constituency, then it will remain a symbolic top-level commitment only. To the extent that an internal constituency does take carriage of compliance, or indeed that different constituencies contest for it, it becomes important to understand what values, skills and politics they bring to their task.

- *Agency*

The scope of this agency will depend on an individual's place within the formal structure: the agency of senior management includes decisions about adopting formal compliance systems in the first place, the agency of compliance professionals involves strategies regarding its internalization, while lower-level employees will generally only have agency to influence its implementation in practice. It is the agency (i.e. the cognition, motivations, skills, strategies and so on) of individual managers that are engaged to create compliance system structures (Parker & Gilad, 2014). According to the researchers, understanding

how management' agency is moulded "by the structures of competition, networking and resource exchange in the external environment in which they and their corporation operate, and the cultures that mediate between those structures and individual CEOs and other top managers" is of importance to ensure compliance systems. This relate mostly to the behaviours, awareness and tactics of employees which could embroil in defiance and/or 'creative compliance' and consequently contradict the procedures and standards required by the formal compliance system, violate legal and regulatory requirements (noncompliance) or otherwise frustrate the policy goals of particular regulation, the writers maintain.

2.6.3 Legislation

Hörisch et al. (2017) assert that the state regulates firms through policies and control but due to risks of corporate penalties and reputational damage, firms must comply with national laws and regulations; therefore, to ensure corporate sustainability. Furthermore, firms consist of legal attributes based on their foundation of origin which causes legal challenges in their sphere of operation. Armour, Hansmann & Kraakman (2009) identified these legal attributes as 'legal personality, limited liability and transferable shares' that are delegated to management under a board structure, and investor ownership and prescribe that corporate legislation must and is a necessity to support these legal characteristics. The MPE in Namibia has the responsibility to provide oversight of compliance reporting and performance of PEs and the statutory laws that NIP is required to comply with are as detailed below:

- *Allied Health Professions Act, 2004 (Act No. 7 of 2004)*

The act articulates the professional morals and conduct, evaluates the educational qualifications, registration to custom and requirements, the scope of customs of medical professionals in Namibia.

- *National Health Act, 2015 (Act No. 2 of 2015)*

NIP forms an interior part of the Namibian health architecture and a participant of the Technical Committee as well as that its laboratories are mandated by the Ministry of Health and Social Services which is the authority of this act; thus, NIP is expected to oblige to specific provisions within this act.

- *Public and Environmental Health Act, 2015 (Act No. 1 of 2015)*

The act purposes to "furnish a frame of reference by the book similar public and milleu health system in Namibia and to articulate incidental matters" (Act No. 1 of 2015). NIP generates much waste from its laboratories and receives many samples for testing about remarkable infectious diseases and public health diseases where the corporate plays a vital role in the notification and treatment of these cases; hence the need for compliance.

- *Radiation Protection and Waste Disposal Regulations: Atomic Energy and Radiation Protection Act, 2005 (Act No. 5 of 2005)*

To garner for the control of toxins which may cause injury or ill-health to or death of human beings because of their toxic, corrosive, irritant, robustly warning or flammable nature or the arousal of pressure thereby in a certain situation. To furnish for the division

of such substances into groups in relation to the extent of danger; to furnish the prohibition and control of the importation, manufacture, sale, use, operation, application, modification, disposal or dumping of such substances; and to furnish matters connected therewith" (Ordinance No. 4 of 1974). NIP procure and uses various reagents and chemicals in its daily operations, and the disposal thereof should follow the guidelines as provided.

- *Public Procurement Act, 2015 (Act No. 15 of 2015)*

As a public enterprise, NIP is anticipated to yield to the requirements of this act in the conduct of all its procurement tasks as the act specifies to put things together the procurement of goods, works and services, the letting or hiring of anything or the purchase. Bestowing of rights for or on behalf of, and the disposal of assets, public entities. To moot the Procurement Policy Unit and the Central Procurement Board of Namibia and furnish their powers and functions; to unpack the procurement committees and procurement administration units and their powers and functions (Act No. 15 of 2015).

- *Public Enterprises Governance Act, 2006 (Act No. 2 of 2006)*

The objective of the act is "to promote the efficient governance of parastatals and the monitoring of their performances; to promote re-engineering of parastatals; to establish the State-owned enterprises Governance Council and delineate its powers, duties and functions; and to make provision for supplementary matters (Act No. 2 of 2006). As a public entity, the corporation's obligation toward this rule is of essence.

- *Companies Act, 2004 (Act No. 28 of 2004)*

NIP is an entity form by this act, which aims "to furnish the incorporation, administration and liquidation of corporates; and to furnish for related matters" (Act No. 28 of 2004).

- *Whistle-blower Protection Act, 2017 (Act No. 10 of 2017)*

Although Parliament has promulgated this Act, it has not yet been brought into force. It will come into fruition on a date set by the Minister in the Government Gazette. The purpose of the ACT is to furnish the mooting of a Whistleblower Protection Office; to reinforce procedures for articulating disclosures of acrimonious conduct; to furnish the investigation of disclosures of indecorous conduct and protection of whistleblowers; to make accessible investigation of grievances of detrimental action; to furnish for the review of personnel decisions; to provide remedies for persons against whom detrimental action is taken; and to deal with accompanying matters. NIP will be obliged to adhere to the provisions in the Act.

- *Namibia Institute of Pathology Act, 1999 (Act No. 15 of 1999)*

This Act was promulgated by Parliament, but it has not been fully operation. It came into fruition on a date set by the Minister in the State Gazette. The Act furnishes guidance on the proponent of the Namibia Institute of Pathology Limited; to regulate its powers, duties and functions; and to provide for incidental matters. It is of essence that management and the board of directors comprehend the foundation and purpose of the institute and ensure the intended economic benefits to the shareholder.

- *Anatomical Donations and Post-Mortem Examinations Ordinance 12 of 1977*

The legislature came into force on 17 June 1977; with effect from that Act's date of publication: 30 December 1988. The purpose was for the donation of human bodies and

human tissue for therapeutic or scientific purposes, for eradication of such tissue and the use thereof in living persons, for the preservation and use of such tissue, and for the post-mortem examination of individual human bodies; and to provide for matters incidental to it. NIP must be compliant with this ordinance as the institute receive human tissue and body parts to the testing and diagnosis of disease and the conduct of post-mortems.

- *Labour Act, 2007 (Act No. 11 of 2007)*

The purpose of the instrument was to "consolidate and amend the labour law; to ground a comprehensive labour law for all proprietors and staff ; to entrench fundamental labour rights and protections; to control rudimentary terms and conditions of employment; to make sure the health, safety and welfare of staff; to protect employees from prejudicial labour customs; to regulate the registration of trade unions and employers' enterprise . To regulate collective labour relations; to provide for the systematic prevention and resolution of labour disputes; to lay a foundation on the Labour Advisory Council, Labour Court, Wages Commission and the labour inspectorate; for the appointment of the Labour Commissioner and the Deputy Labour Commissioner; and to provide for incidental matters (Act No. 11 of 2007).

- *Other Guidelines for the Namibia Institute of Pathology*

Corporations can adopt global standards to assist in improving systems, processes and as an aid to the enforcement of best practices to structure an enhancement in their operations and governance principles; these are namely.

- Guidelines on HIV Testing Services (December 2016)
- National TB guidelines
- National Guidelines on Post-Exposure Prophylaxis for HIV, HBV and Tetanus

- Health Strategic Guidelines
- National Public Health Laboratory -Strategic Plan and Policy (Establishing a robust Public Health Laboratory System) October 2012
- National Health Policy Framework 2010-2020

2.7 Corporate Performance

Ho (2008) cited by Strecker (2009) established that traditional organisational management is no longer reckoned an appropriate blueprint in this highly rival global market. Consequently, the enterprise must compete for their survival through continuous improvement and innovation to maintain or gain market advantages. Moreover, as a result, firms need to be the pioneers in their area of functionality to maintain their survival although "resistance to innovation is likely to result in crumbled enterprises according to the author. Ho (2008) goes further to cite (Venkatraman and Ramanujam, 1986; Hamon, 2003) who defined Organisational Performance as "an indicator which evaluates how well an enterprise attain their objectives as well as Schermerhorn et al. (2002) who agrees that performance refers to the quality and quantity of individual or group work achievement. Masunda (2013) in contrast cited Namisi (2002) and defined performance of the organisation as the extent to which a corporate receives a return on investment on its capital invested". Although the terms 'Organisational Performance and Corporate Performance are used interchangeably in most of the literature, they seem to have the same semantics and can be classified as the assessment of a firm's conduct in pursuit of its effectiveness and efficiency in realising its intended outcomes (Strecker, 2009).

The Namibian government initiative to regulate its PEs is supported by Qi et al. (2000), that the ownership structure elements and relative dominance by various classes of shareholders can affect the performance of state-owned enterprise SOEs. The authors indicate that reformation of PEs became the attainment of the Chinese economy when the Chinese adopted a market-oriented approach. The results are competitive markets created for products and factors of production, leading to SOEs that can be successfully transformed from loss-making cost centres into profitable, return-oriented investment centres without radical changes in ownership structure. However, the Chinese methodology worked in significantly improving the growth of its economy but still failed to enhance the performance of SOEs, the writers found.

2.8 Summary

Deducing from the literature review is that good governance is not 'a one size, fits all' but it takes different stakeholder with one goal in achieving the common good for an organisation to strive together to intensify all the facets of governance. Moreover, the duty lingers on the board and managers as agents of shareholders to define the detailed programmes of compliance and designate responsibilities and resources to achieve incentives for the owners in as much as for themselves. This study reveals that there is a positive association between effective corporate governance and corporate performance. The literature inadequacies is that it has limited prescription on certain methods for corporate compliance for firms to adopt but rather a guide for institutions to select what is applicable to their environment as well as that the compliance techniques were only reviewed from psychological perspective. The current study reviewed compliance in the perspective of operation activities at NIP. The fact that most studies reviewed in this

research focused on the review based on psychological perspective brings in the gap of the study. Nevertheless, this indicates an addition for further examinations to be studied. The current research therefore seek to fill in the gap of a study of compliance and its effects to corporate governance and company performance.

The next chapter features the methodology used in collecting and analysing the data for the research investigation. It provides the blue print for the research.

CHAPTER 3

RESEARCH METHODS

3.1 Introduction

To obtain meaning from the data collected, research methodologies need to be applied. This chapter describes the research methods used regarding design, population, sampling, instruments, and procedures as well as describes how data was analysed and how the researcher dealt with ethical considerations.

3.2 Research Philosophy

Watkins (2016) states that a research design is an action plan from getting here to there of which there is the set of questions to be answered and there, the set of conclusions from the research questions. This study took on the descriptive and exploratory research design followed by both the quantitative and qualitative research approach used to examine the research problem. In essence, the study adopted convergent mixed approach in which two data set was collected and analysed at the same time. The research adopted pragmatism worldview, a philosophical assumption that arises out of actions, situations, and consequences rather than post-positivism. By adopting the mixed method approach, the assumptions are that it seeks to address the root causes of the problem. It conveys attention on focusing attention on the research problem is social science research and then using pluralistic approaches to drive knowledge about the problem. Thus, providing the philosophical basis for the research. Pragmatists do not see the world as an absolute unity-consider many approaches. It opens the door to multiple methods, different worldviews, and different assumptions as well as different forms of data collection and analysis. The aim with this was to test the validity and assess the reliability of the current systematic

description of how NIP adhere to corporate compliance and how this interacts with organisational performance and governance.

3.3 Research Design

This study took on the descriptive and exploratory research design followed by both the quantitative and qualitative research approach used to examine the research problem. The research instruments exercised were questionnaires and structured interviews to derive the data as collection techniques while secondary data was obtained from the Ministry of Public Enterprises, MoHSS and the WHO for analysis.

3.4 Population

The population of the study comprised 1 Chief Executive Officer, 1 Chief Internal Auditor and one staff member in the audit unit, the Company Secretary and Chief of Strategy and Business Development. Implementers such as the Senior Manager: Quality Assurance, 2 CMTs (quality officers) were also engaged to examine why a framework was needed to enhance standards at NIP and to ensure proper recommendations. Others consisted of forty employees in the Technical Unit, 5 Area Managers and forty Administration staff. The total population was estimated at 93, which included employees from the peripheral laboratories, as well as employees based at the NIP Head Office in Windhoek and laboratories in Windhoek.

3.5 Sample

According to Watkins (2016), sampling refers to a process of selecting a representative subset of observations from a population to determine the characteristics of the random

variable under study; Watkins borrowed the definition from Wegner (2003). This suggests that a sample is a unit chosen from the population under investigation. The researcher used the simple random sampling technique from which a sample size of approximately fifty six (56) respondents was obtained from a population of 93 that were randomly selected. The population consisted of 1 Chief Executive Officer, 1 Chief Internal Auditor, Company Secretary, Chief of Strategy and Business Development and the Senior Manager: Quality Assurance was interviewed while the rest of the population (70) received questionnaires.

Table 3.1 Population and Sample

Variables	Sample	Population	Percentage of sample to the population
Office of the CEO	11	12	91.7%
Finance	12	15	80%
Technical Operations	20	45	44.4%
Strategy and development	3	5	60%
Human Capital	8	10	80%
ICT	2	6	33.3%
Total	**56**	**93**	**60.2%**

Source: Researcher's Construct (2018)

The sample size was computed using Slovin's formula because of its easiness as averred by Tejad & Punzalan (2012) with a confidence level of 95% and a margin of error of 5%, as below:

n = N/ (1+N (e^2))

n = 93/ (1+93(0.05^2))

n = 56

This technique was chosen due to the fact that the non-probability sampling technique presents more possible errors because of the high population involved; as well as that the random sampling technique will provide a fair chance for each element of the population to be selected. Additionally, the simple random sampling technique eliminates narrowmindedness as each element in the population had a greater chance of presentation (Woodfield, 2017).

3.6 Research Instruments

The study conducted a research survey where questionnaires were used as a research instrument with the aim of seeking an opinion from the participants. This was so as it was easier and faster to cover a dispersed population as well as to guarantee reliable and standardised responses. Questionnaires ensure anonymity that enhances the quality of the data, as the members of the population in some way are free to express themselves without intimidation. The shortcoming in this instrument is the minimal chance the researcher had to explain the questions in detail, and the respondents might have hesitated to answer to personal or sensitive issues (Saunders et al, 2012). The questionnaires were designed for the sample frame and distributed through electronic mail as well as personally to the respondents while a 5-point Likert-type scale was used. To confirm consistency and authenticity, the questionnaires were pilot tested among few business experts. The questionnaire tackled compliance matters regarding corporate governance at the NIP mostly focussing on assessing the commitment of senior management to compliance principles, functioning of the board of directors, transparency and disclosures as well as compliance enforcement. Another instrument used in the data collection was an interview guide. Use of this consisted of a process whereby the interviewer asked questions to the

interviewee(s). Although this instrument was time-consuming, it assisted the researcher to clarify issues and obtain observational data such as facial expressions and to notice sensitive areas of operations; which could explain why one participant was hesitant to take part in the research study. Secondary data was also reviewed in the form of annual reports, hard data from the WHO and the MoPE.

3.7 Procedure

The researcher of this study drafted structured interview questions and questionnaires that were delivered through e-mail to the respondents; as well as conducting interviews and handing out of questionnaires to respondents who did not have e-mail facilities. A brief explanation of the objectives of the study was given to the respondents, and the researcher conducted follow-ups regarding questionnaires that were not received within six (6) weeks.

3.8 Data Analysis

Data analysis involves the reducing of accumulated data to a manageable size to allow summarising, comparisons and synthesis as well as the application of statistical techniques, to interpret the results regarding the research problem. The data preparation process, from capturing, editing and output of data were done using SPSS. This package was particularly useful in providing frequency distributions, as well as mean, median, mode, standard deviation, standard error, variance, range, and other summarising measures for each variable. In assessing data, descriptive and inferential statistics such as percentages and averages were used to test the hypothesis by comparing variables using the chi-square test method and outlining pie charts, tables and bar graphs to give meaning

to the data depicted the data. The data was analysed to find the effect that corporate compliance has on governance and performance at the NIP; whereby compliance was considered as the independent variable and governance and performance as the dependent variables. Specific constituents were designated to all variables as a correlation measurement, and a code was allocated to each of these constituents to test if a relationship existed between the variables as contained in Chapter 4.

3.9 Research Ethics

Research ethics denotes the governing standards that a researcher should adhere to when conducting a research study, much so as there exists human interaction between the researcher and participants to the study. The researcher for this study upheld ethical behaviour always by being professional and respecting the right to privacy, ensuring protection from any harm through well-structured data collection methods as well as by requesting informed consent and maintaining the dignity and confidentiality of the respondents. Carte blanche to conduct the survey was obtained from the NIP, and informed consent from participants was also achieved, and clear information was shared with the participants for both instruments regarding the purpose, possible risks; and explanations of methods to be used to avoid any harm and therefore to guarantee voluntary participation in the research study. Further, the researcher ensured the anonymity of the participants and secured the confidentiality of their responses by not sharing the data (Wiles, 2012). The data is being stored securely in a locked filing cabinet where the researcher has sole access, and a computer file was stored in one folder to be accessed with a password; the data is being stored for at least ten years before being disposed of by

shredding and burning, with the data on the computer being securely deleted from the computer bios.

3.10 Summary

This study used NIP as a case study to examine how corporate compliance impacts corporate governance and performance from both the quantitative and qualitative approach. Questionnaires and structured interviews were the means of collecting the data while SPSS was the instrument used to analyse the data. Secondary data was reviewed from different platforms that influences the operations of the institute. The next chapter presents the results and discusses the findings as revealed by the investigation.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results that were analysed descriptively, commencing with demographics then followed by the different attributes of each variable in the study. Furthermore, the chapter concludes with the discussion of the findings as supported by the literature review in Chapter 2 and as revealed by the research study.

4.2 Demographic Characteristics of the Respondents

The background characteristics of the sample are summarised in Table 1. The composition of the sample by sex was 51% male and 49% female. The ages of the respondents in years were 20-30 (25.0%), 31-40 (28.8%), 41-50 (23.1%), and 51-60 (23.1%). Most of the respondents were married (52.8%) while 43% were single, and the remaining 3.8% were widowed. About the educational qualifications of the respondents, all the respondents had educational qualifications above the primary level of education, whereas 3.8% of the respondents had a secondary education; 7.5% had a technical education and the majority 88.7% had University education.

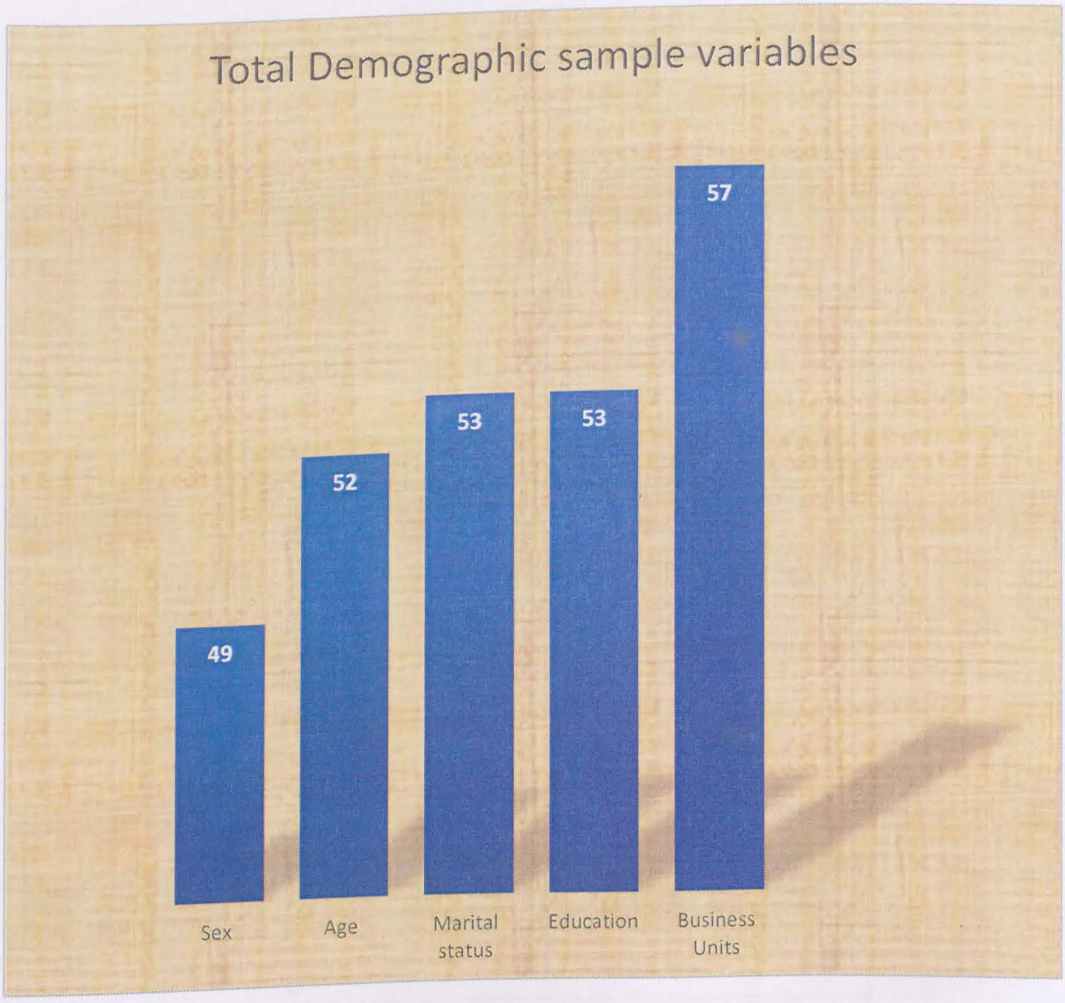

Figure 4.1 Total Demographic Sample Variables

Source: Researcher (2018)

The composition of the sample based on the business units provided the following results: 19.6% from the Office of the CEO, 21.4% from Finance unit, 35.7% from the Technical Operations unit, 5.4% from the Strategy and Business Development unit, Human Capital unit had 14.3%, and ICT unit had 3.6%.

Table 4.1 Frequency Distribution of the background Characteristics of the Sample

Variable	Frequency	Percentage
Sex		
Male	25	51.0
Female	24	49.0
Not Indicated	7	12.5
Age		
20-30	13	25.0
31-40	15	28.8
41-50	12	23.1
51-60	12	23.1
Not Indicated	4	7.1
Marital Status		
Single	23	43.4
Married	28	52.8
Widowed	2	3.8
Not Indicated	3	5.4
Education Level		
No Formal Education	0	0
Primary Education	0	0
Secondary	2	3.8
Technical	4	7.5
University	47	88.7

Not Indicated	3	5.4
Business Unit		
Office of the CEO	11	19.6
Finance	12	21.4
Technical Operations	20	35.7
Strategy and Business Development	3	5.4
Human Capital	8	14.3
ICT	2	3.6

Source: Field Data 2017

4.3 NIP Compliance Techniques

The compliance techniques applicable at NIP as cited by the participants included the following:

- *Laws (Labour Act)*
- *Acts (PE Act, Public Procurement Act)*
- *Regulated environment (medical field) such as practising certificate needed from the MoHSS through the Act for NIP to practice*
- *HPCNA that register the employees for their professions*
- *Companies Act, NIP Act.*
- *Internal Audits as prescribed by ISO.*
- *Recommended good governance (King IV)*
- *NIP Framework and policies (NIP Charters)*
- *MoHSS Act – detailing the establishment of NIP Act*

- *Policy and Guidelines – Organogram*
- *Governance codes – that can be adopted*
- *Constitution and National Development Plans*

The Labour act is being enforced at NIP as expected as the firm has adopted, developed and implemented approved Human Capital baseline policies that serve as a guideline to all labour practices. The challenge is mainly the level of monitoring and evaluation to compel management to follow the guidelines thoroughly. The institution seems aware of the PE and PP Acts, but implementation has not been fully realised as no specific champion has been identified to drive this process and management appears to do this at their own will regarding the PE Act. However, the PP Act has been enforced fully, and the firm was busy reviewing their procurement policy to bring it in tandem with the new PP Act, the study showed.

The research study failed to ascertain if the institution was complying with the *National Health Act, 2015 (Act No. 2 of 2015)* which specifies the framework for a structured uniform health system within Namibia and/or any other regulations under the MoHSS due to that receiving and/or application of timely operational laboratory licenses appeared to be an issue. The institution complies fully with the HPCNA regulation, and all technical employees are required to provide their registration certificate at the recruitment stage. The investigation also showed compliance to a certain extent regarding the Companies and NIP acts but could not reveal the extent of how the firm has enforced its obligation.

The NIP enforces compliance by having adopted ISO 15189, and all internal audits were conducted in line with these requirements and then verified and certified accordingly by SANAS. Principles of good governance were not enforced as there is no driving champion and checklist to monitor these, but management and the board of directors seem to be aware and enforces this technique at will. The charters were developed and enforced as and when the need arises; not every respondent appeared to know their existence though. Regarding the Constitution and National Development Plans the participants were aware that these regulations exist but the study did not prove the level of enforcement in any regard.

The majority of the respondents noted that the NIP had a Certificate of Incorporation and it drew its legitimacy from the NIP Act which is regarded as the Company's Act. Likewise, these respondents generally felt that the competence of the board and senior management was relatively good as:

- The Board split responsibilities regarding committees, chairpersons, functions of committees and NIP provides some training to board members.
- Management functions were split and had an area of expertise and training provided.
- The skill composition of the board was perfect.
- Senior Management competently ran the company for a year without a board.
- Board is competent, as no violations have been raised; NIP is a responsible citizen and has been financially sustainable from inception.

However, a respondent had different views regarding the competence of the board and senior management and argued that their interaction within NIP was low and this respondent judged this to signify that the board was not competent:

> "Board - They are not competent, they are adhering to the governance codes, but need training as they interfere in operations and due to a lack of fiduciary responsibility. Misguided conduct".

4.3.1 Challenges Encountered in Applying Compliance Techniques

Challenges encountered or likely to be encountered were:

- Lack of awareness of the Acts – the research survey indicated that there was no central function to drive this activity and thus no concerted effort to pinpoint legal basis applicable to the firm.
- Lack of understanding and knowledge of Acts and laws – this study revealed that the institute did not understand and have the knowledge of the requirements in the acts and its applicability.
- Lack of accurate implementation – compliance was not adequately practised and implanted at the institute and focus was partly on quality compliance but not across the firm.
- No compliance audits being carried out – the respondents seem not sure apart from the audits in the laboratories only, and hence stated a 70% partial compliance regarding policies.

- Gaps in the structure of the organogram – the organisational structure was not complete to cover for the compliance function, and thus most of the participants suggested for the strengthening of the organogram.
- About the NIP Act - there was a shortage of human capacity regarding professional skills and especially in research, which is one of the provisions in the NIP Act.
- Issuance of Certificates - most facilities/laboratories were inherited from the MoHSS (which at times is a one-room facility). Therefore this hampered complying with health and safety requirements leading to laboratory licenses not to be renewed. The investigation found this a critical issue in achieving and maintaining accreditation as some tests were prescribed to be conducted separate rooms.
- Regarding HPCNA – this investigating found that NIP was importing skills from across the globe due to a lack of technical skills in Namibia, but the HPCNA required these prospects to sit for board exams. Conversely, there was in certain instances no willingness and hesitation from the professionals to sit for these exams which led losing critical skills for the firm.

4.3.2 Compliance versus Non-compliance

The respondents had divided feelings regarding compliance issues as presented in Table 2, Figure 1 and Figure 2. The range of strongly agree on the compliance issues was between 23.2% and 51.8% and that of the agreement was between 26.8% and 60.7%. Most

of the respondents generally were in no small extent positive about all compliance issues. However, when comparing the nine attributes regarding the feelings towards compliance, averaging the views on strongly agree and agree, the level of agreement was relatively lower for the statement "NIP has protocols, policies and checklist for procurement", "NIP has MOUs to address shared tasks, ownership and protection of specimen" and "NIP has regulations for compliance with national and international standard for occupational health and safety". The commitment of NIP to establish and maintain a Quality Management System (QMS) was rated both highly at 41.1% and very high at 48.2% as indicated in Figure 2.

Table 4.2 Feelings of Respondents regarding Compliance Issues

Compliance Attributes	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
NIP Certificate of Incorporation is based on applicable legislation	39.3	46.4	12.5	1.8	0
NIP has corrected and safe procedures for safe collection and secure transport of infectious and potentially infectious specimens	51.8	37.5	10.7	0	0
NIP has a comprehensive laboratory HRP	32.1	60.7	7.1	0	0
NIP has protocols, policies and checklist for procurement	25.0	48.2	23.2	3.6	0
NIP has MOUs to address shared tasks, ownership and protection of specimen	23.2	42.9	25.0	5.4	3.6
NIP Compliance with Internationally recognised EQA schemes	69.6	26.8	3.6	0	0
NIP has a tiered laboratory organisational structure	50.0	42.9	7.1	0	0
NIP has regulations for compliance with the national and international standard for occupational health and safety	37.5	55.4	5.4	1.8	0
	Very High	**High**	**Moderate**	**Low**	**Very Low**
Commitment of NIP to establish and maintain Quality Management System	48.2	41.1	10.7	0	0

Source: Field Data 2017

Corroborating quantitative data through a qualitative interview regarding the compliance issues, it was noted that one respondent was not sure while the other said they did not know the roles of protocols, policies and checklists for the procurement, acquisition, distribution; installation and disposition of laboratory equipment. Contrary to their acknowledgement that they were either not sure or did not know, however, one of the respondents responded that the roles were:

- "to ensure adherence to the effective and efficient functioning of NIP "and
- "to describe the policies and procedures and ensure uniformity in financial procedures and provide guidance."

This respondent further indicated that these roles, protocols, policies, and checklists were in line with the National Medical Equipment Management System. Regarding the effectiveness of the regulations and policies on laboratory safety and waste management for NIP compliance with national or international occupational health and safety, even though one of the respondents was not sure, most of the respondents generally felt that they were useful as evidenced by the following statements:

- "Good according to reports."
- "Effective as derived from the national policy and international standards."
- "90%, Compliant to ISO 15189, National Labour Act and medical waste to municipality regulations and the environment".

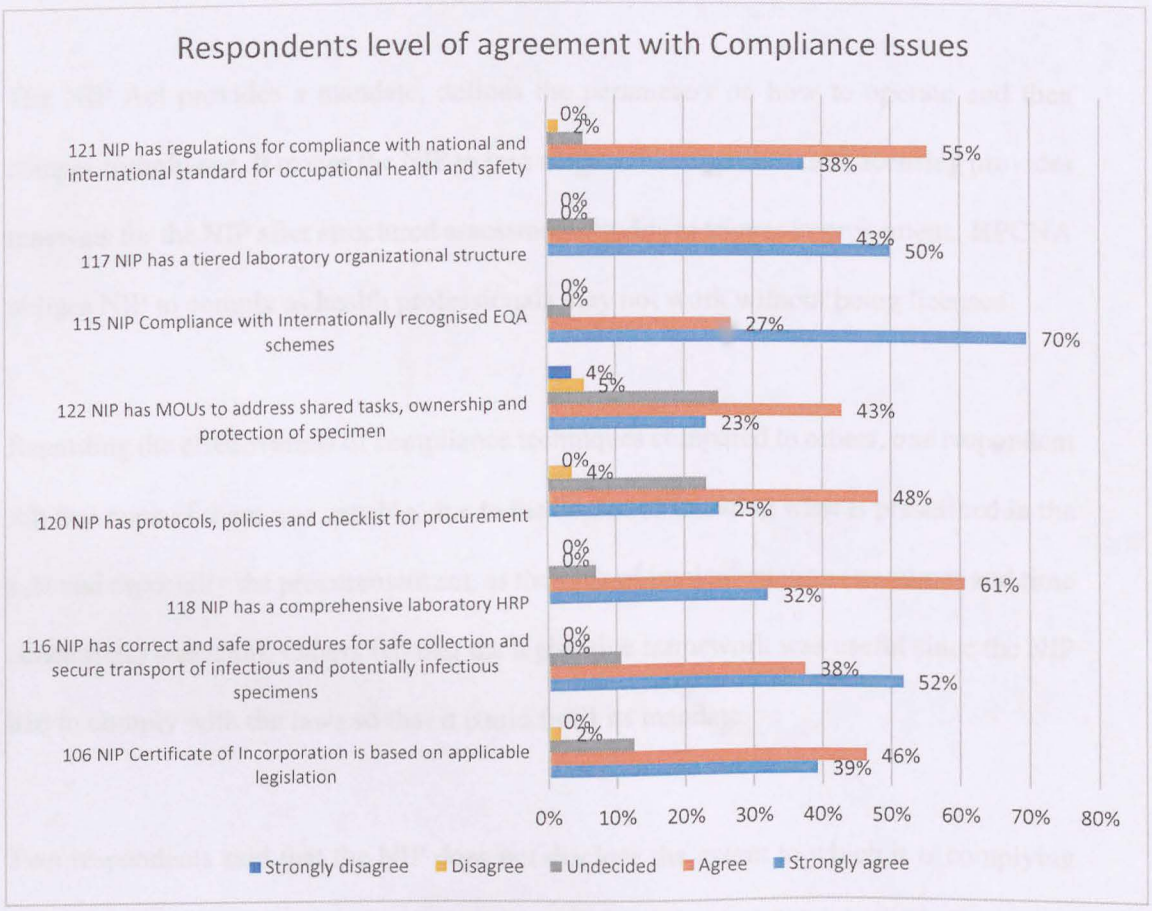

Figure 4.2 Respondents' levels of Agreement with Compliance Issues

Source: Field Data 2017

4.4 Compliance versus Non-compliance on Governance

During the qualitative interviews, as far as governance was concerned, most of the respondents indicated that the compliance techniques assisted NIP not to be sued as well as enabling the institute to streamline its operations, being transparent and provide guidance. Legislation paved the mandate for NIP, and it was regarded as the guide to critical strategic thrusts, objectives and plans. For instance, one of the interviewed respondents comprehensively explained as follows:

The NIP Act provides a mandate, defines the parameters on how to operate and then compel compliance. It makes the NIP to be a responsible organisation. Licensing provides renewals for the NIP after structured assessments/audits to trigger improvement. HPCNA obliges NIP to comply as health professionals may not work without being licensed.

Regarding the effectiveness of compliance techniques compared to others, one respondent felt that none of them was capable, due to the degree of knowing what is prescribed in the acts and especially the procurement act, as the time of implementation (resources and time constraints) was short. Others felt that the legislative framework was useful since the NIP had to comply with the laws so that it could fulfil its mandate.

Two respondents said that the NIP does not disclose the extent to which it is complying with corporate governance policies and procedures while one of them stated, "No, as no compliance audits are ever done". The other two respondents reported that NIP discloses the extent to which it is complying with corporate governance policies and procedures in a limited way through the Annual report (Financial Statements), with one of the respondents estimated the level of disclosure at 80%.

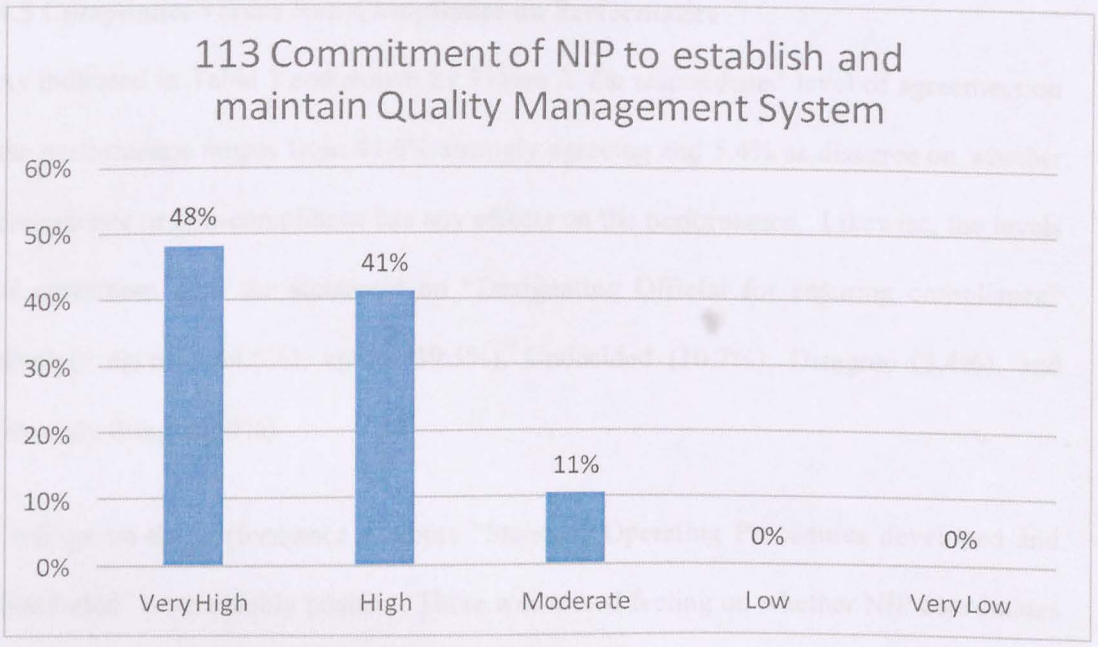

Figure 4.3 Commitment of the NIP to establish and maintain Quality Management Systems

Source: Field Data 2017

As to whether the financial statements were prepared in keeping with internationally recognised accounting standards, all respondents said "yes" even though they were either not sure or did not know which standards. Only one respondent said, "Yes, IFRS and GAAP.

According to all the respondents, the company did not have a written information disclosure policy that seeks to make all material information thoroughly, timely and equally available to all stakeholders, or if there was then, they were not aware of it. No policy was enunciated. One respondent said information disclosure was "done as per the will of business function/unit.

4.5 Compliance versus Non-Compliance on Performance

As indicated in Table 3 and shown by Figure 3, the respondents' level of agreement on the performance ranges from 44.6% strongly agreeing and 5.4% as disagree on whether compliance or non-compliance has any effects on the performance. Likewise, the levels of agreement with the statement on "Designating Official for ensuring compliance" strongly agreed (44.6%), agree (39.3%), Undecided (10.7%), Disagree (5.4%), and (strongly disagree (0%).

Feelings on the performance attribute "Standard Operating Procedures developed and distributed" were notably positive. There was mixed feeling on whether NIP coordinates with education institutions to establish continuing professional development with only 28.6% of the respondents strongly agreeing to that statement.

The respondents' ratings on the statement "The extent the designated official performs responsibilities" was generally positive with the breakdown as follows: excellent (17.9%), good (42.9%), Average (26.8%), Poor (5.4%) and Not clear at all (7.1%). Respondents generally felt that the "Effectiveness of Quality Management Systems at NIP" was substantial (53.6%) or solid (37.5%) with very few giving negative ratings (See Figure 5).

Table 4.3 Respondents level of agreement on Performance

Performance Attributes	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Designating Official for ensuring compliance	44.6	39.3	10.7	5.4	0
Standard Operating Procedures developed and distributed	71.4	28.6	0	0	0
NIP coordinates with education institutions to establish continuing professional development	28.6	42.9	21.4	3.6	3.6
	Excellent	**Good**	**Average**	**Poor**	**Not Clear at all**
The extent the designated official performs responsibilities	17.9	42.9	26.8	5.4	7.1
	Very Strong	**Strong**	**Undecided**	**Weak**	**Very Weak**
Effectiveness of Quality Management System at NIP	37.5	53.6	7.1	1.8	0

Source: Field Data 2017

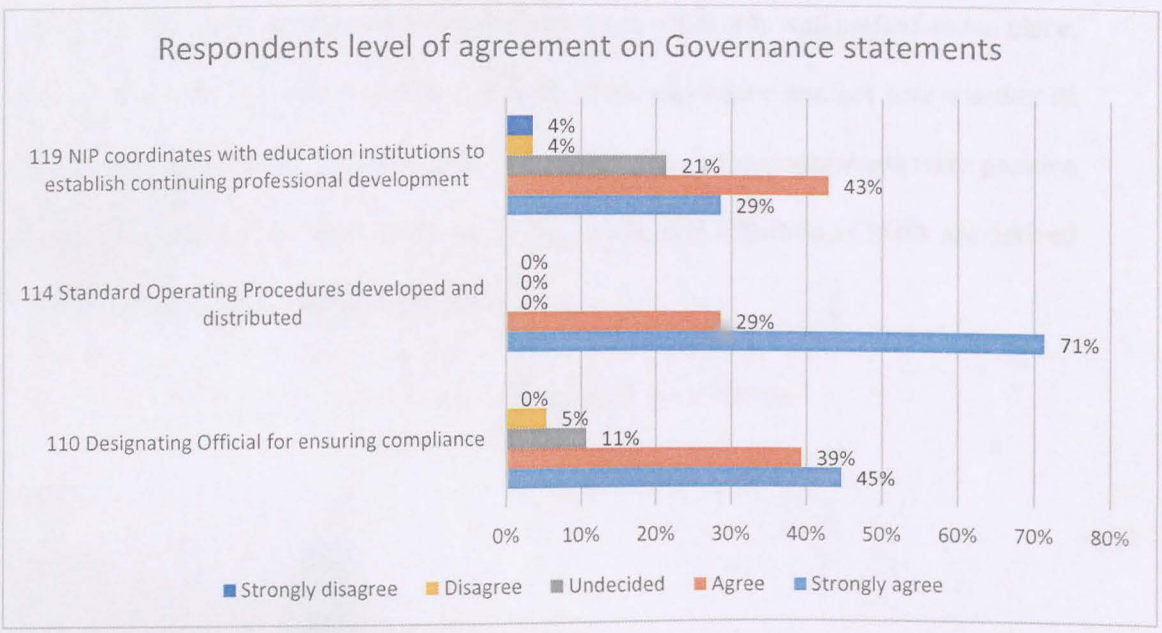

Figure 4.4 Respondents level of Agreement on Governance Statements

Source: Field Data 2017

About the management/ board of directors' approval of the annual calendar for corporate events, respondents had mixed feelings. They felt that only some of the events were on the calendar as evidenced by the following statements:

- Yes and no, limited to board meetings and verbally communicated,
- Partly only the meeting dates, management proposes to the board and board approves,
- No calendar in place, but seek notice and approved", and
- Yes, regarding board meetings only.

There were mixed feelings regarding the existence of the NIP Code of Ethics with one respondent putting it as, "No views, it was in the process of being drafted but not implemented and not aware. Not effective and not made known to NIP employees". Another respondent said that the NIP code of ethics was not effective and not prioritised.

Another respondent said that even though the code of ethics was well crafted and in place, there was a lack of awareness among all staff. This respondent was not sure whether its effectiveness, due to lack of awareness". However, one of the respondents were positive about the NIP Code of Ethics with one saying, good, it is effective as SOPs are derived from the codes but no evaluation in place.

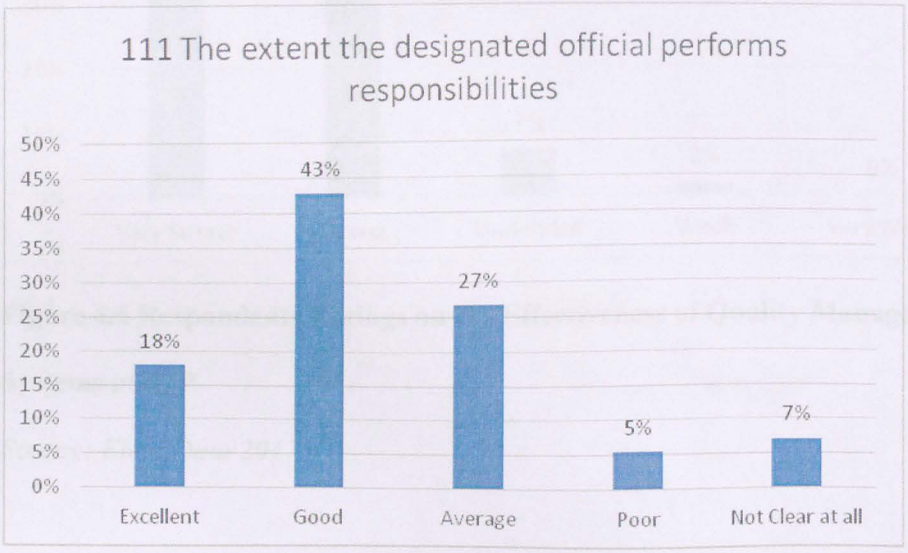

Figure 4.5 Respondents Ratings on the extent the designated official performs responsibilities

Source: Field Data 2017

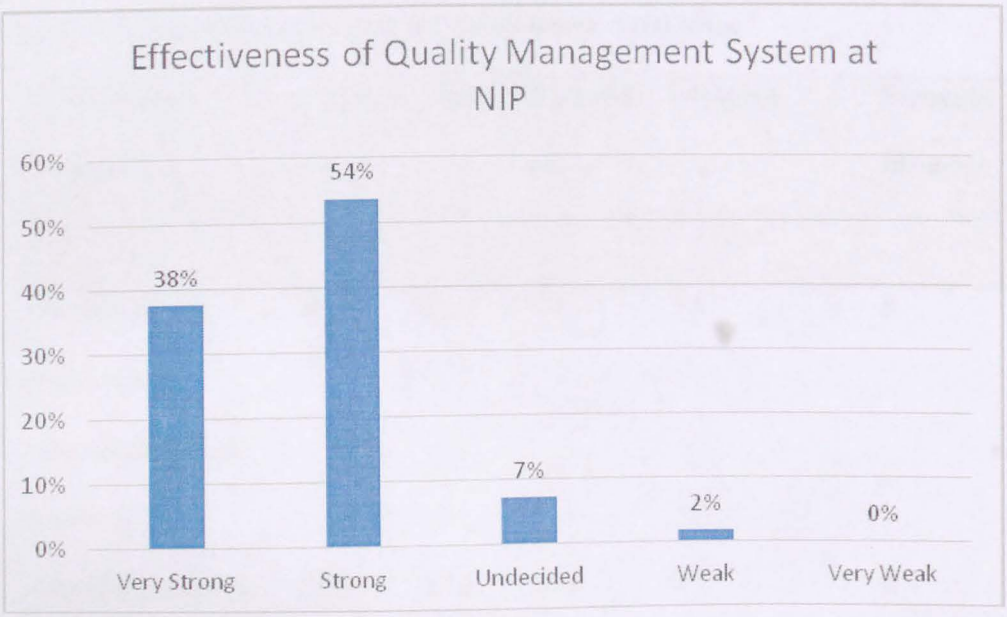

Figure 4.6 Respondents Ratings on the Effectiveness of Quality Management Systems at NIP

Source: Field Data 2017

The respondents' ratings on governance statements are presented in Table 4.4, Figure 4.6 and Figure 4.7. Most respondents either consented or vehemently agreed that there was the availability of Corporate Governance codes and policies and that the board of directors and senior management were conversant with the code on governance. Most respondent's ratings on the statement "The extent of Governance Code and Policies to ensure monitoring and disclosing compliance" were positive as the ratings were either Excellent" or "Good" (61.1% +13.3%).

Table 4.4 Respondents Ratings on Governance Attributes

Governance Attributes	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Availability of Corporate Governance Code and Policies	39.3	50.0	7.1	3.6	0
Board of Directors and Senior Management being conversant with Code on Governance	26.8	57.1	16.1	0	0
	Excellent	**Good**	**Average**	**Poor**	**Not Clear at all**
The extent of Governance Code and Policies to ensure monitoring and disclosing compliance	13.0	61.1	18.5	3.7	3.7

Source: Field Data 2017

Regarding coordination with universities, colleges and laboratory training institutions, one respondent said they had a collaborative partnership in place while the other one said collaboration was "only starting now". Another respondent reported that "NIP provide training to students in training (internships and work integrated learning) from NUST, there were no laboratory training institutions in existence", while the other responded that they were not sure.

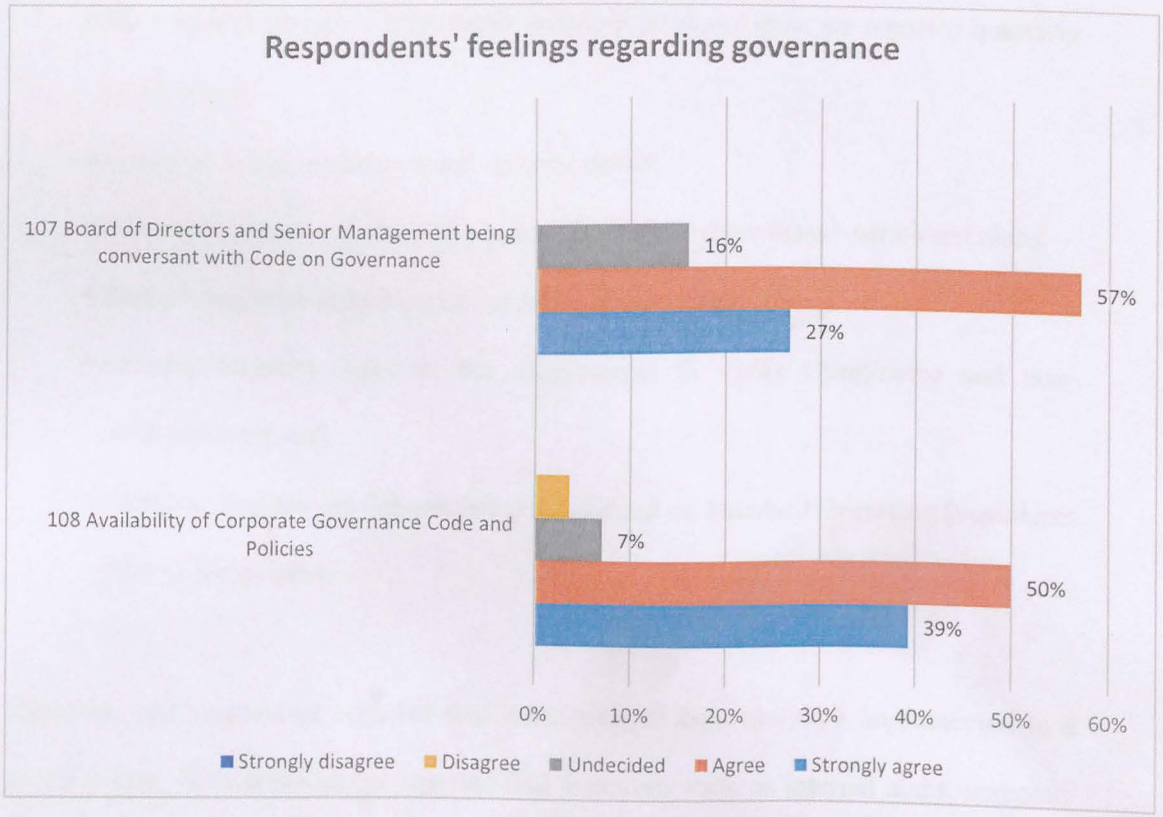

Figure 4.7 Respondents Feelings regarding Governance

Source: Field Data 2017

All respondents reported that there was no official designated for compliance as there was no structure in place and no department in place affecting adherence. One respondent

reported that the compliance function was shared among the units of internal audit, quality assurance and company secretarial.

To ensure that internal controls are preserved, risks are managed, and that the company follows all relevant laws and regulations, the respondents indicated that NIP has internal audit functions in place which:

- Report quarterly to the Board Audit, Risk and ICT Committee;
- Have agenda points on compliance at board level and risks are reported quarterly to the board;
- Oversees quality assurance and internal audits;
- Corporate risks are assessed from the corporate and business/operational plans;
- The risk registers in place with activities to mitigate;
- External auditors come in for assessments to verify compliance and non-conformances; and
- Technical Operations (laboratories) are audited on Standard Operating Procedures (SOPs) compliance.

However, one respondent reported that these internal controls were implemented to a lesser extent. The respondents reported that functions such as internal audit, company secretarial and risk management were responsible for ensuring that internal controls are maintained, risks are managed and that the company follows all relevant laws and regulations, but some were not sure how.

Views of the respondents regarding NIP from the perspective of Quality Management System were all positive as evidenced by the reasons given in the following statements:

- Good, it is discussed at meetings especially technical issues but not at the other functions,
- Outstanding, assessments and auditing reports are in place,
- Yes, committed due to a committed team, reviews and training in place, and
- Very committed, pro-actively adopted ISO standard 15189, and implemented across all the laboratories. Quality is the key operational principles/strategic thrust in NIP with clear strategic goals. Identified laboratories for accreditation based corporate plan. Training on quality (SLMTA) being provided".

All respondents felt that NIP complies with both international and national standards in its operations citing the following examples: On technical (SANAS, ISO 15189) and inter audit (Institute of Internal Auditors), 90% and 70% and 90% for finance respectively. There were SOPs in every laboratory, and six laboratories out 40 were accredited.

Three out of 4 respondents reported that NIP is a safety-oriented institution even though one of them said that, "Yes, 80% but once off incidents do happen". However, the respondents were not sure as to what extent NIP adheres to the established legal requirement, both national and international.

Regarding the description of the laboratory organisational structure, the following responses were given:

- "Not sure, Chief Operations Officer, Senior Managers, Area Managers, Chief Medical Technologists/Technologists in Charge, Medical Technologists/Medical Technicians and laboratory aids",

- Don't know but at the top is management, e.g. the Chief Operations Office,
- Pyramid Tiered with a Board, CEO, COO, Area Managers, and Chief Medical Technologists/Technologists in Charge, and
- Hierarchical, CEO, COO, SMs, AMs, CMT/TICs

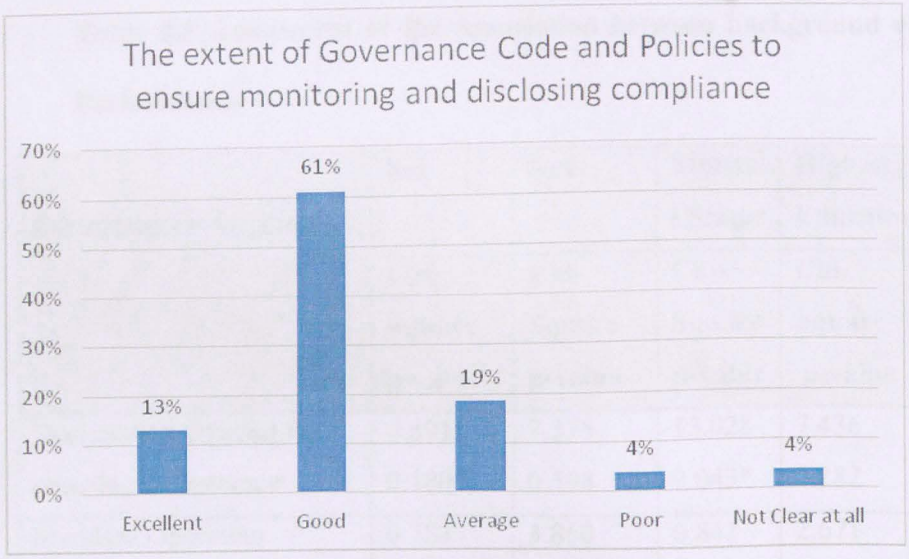

Figure 4.8 Governance code and Policies to ensure monitoring and disclosure compliance

Source: Field Data 2017

4.6 Chi-square Tests of Association Results

Results Chi-square tests of association to establish whether significant linkages exist between background variables and performance are presented in Table 5. The "Designation of the official for ensuring compliance" was significantly associated with the marital status of the respondent (Chi-square =13.028, p=0.043). "The effectiveness of quality management systems at NIP was significantly linked to the respondent's highest

educational level (Chi-square =19.115, p=0.004). The business unit of the respondent was linked to the extent that the designated official performed responsibilities (Chi-square =31.713, p=0.0.046); and the effectiveness of the quality management system at NIP (Chi-square =25.907, p=0.039). The sex and gender of the respondent did not significantly influence the performance.

Table 4.5 Assessment of the Association between background variables and Performance

Performance Attributes	Sex	Age	Marital Status	Highest Education	Business Unit
	Chi-Square p-value	Chi-Square p-value	Chi-Square p-value	Chi-Square p-value	Chi-Square p-value
Designating Official for ensuring compliance	4.891 0.180	7.375 0.598	13.028 0.043*	7.436 0.282	23.007 0.084
Standard Operating Procedures developed and distributed	0.783 0.376	3.860 0.277	0.842 0.656	2.671 0.263	9.613 0.087
NIP coordinates with education institutions to establish continuing professional development	6.286 0.179	13.111 0.361	9.898 0.272	7.530 0.481	28.620 0.096
The extent the designated official performs responsibilities	6.077 0.193	15.006 0.241	6.420 0.600	15.417 0.052	31.713 0.046*
Effectiveness of Quality Management System at NIP	7.770 0.051	11.536 0.241	5.254 0.512	19.115 0.004**	25.907 0.039*

Source: Field Data 2017

4.6.1 Assessment of the Association between Compliance and Performance

Table 4.5 gives the results of the tests of association between compliance and performance. Whether the NIP Certificate of Incorporation is based on applicable legislation was not significantly associated with performance. The issue of NIP having correct and safe procedures for safe collection and secure transport of infectious and potentially infectious specimen was linked with the standard operating procedures developed and distributed (Chi-square =14.471, p=0.001); and the effectiveness of the quality system management at NIP (Chi-square =17.519, p=0.008). Whether the NIP had a comprehensive laboratory Human Resources Plan (HRP) did not significantly influence performance.

The aspect of NIP having protocols, policies and checklist for procurement was associated with the coordination with education institutions to establish continuing professional development (Chi-square =30.895, p=0.002); and the extent the designated official performs responsibilities (Chi-square =35.043, p<0.001). The issue of NIP having MOUs to address shared tasks, ownership and protection of specimen was coupled to almost all aspects of performance except the effectiveness of the quality management system at NIP (Chi-square =18.203, p=0.110).

The commitment of NIP to establish and maintain a quality management system was significantly linked to the standard operating procedures developed and distributed (Chi-square =7.888, p=0.019) and the effectiveness of the quality management system at NIP (Chi-square =28.668, p<0.001). NIP's compliance with internationally recognised EQA influenced the standard operating procedures developed and distributed (Chi-square

=9.563, p=0.008) and the extent of designated official performance responsibilities (Chi-square =18.448, p=0.002). The issue of NIP having a tiered laboratory organisational structure was linked to "The designating official for ensuring compliance" (Chi-square =18.248, p=0.006); the NIP's coordination with education institutions to establish continuous professional development (Chi-square =38.056, p<0.001); and the extent the designated official performs responsibilities (Chi-square =24.325, p=0.002). The issue of whether NIP has regulations for compliance with national and international standards for occupational health and safety was linked with NIP's coordination with education institutions to establish continuous professional development (Chi-square =38.337, p<0.001); and the effectiveness of the quality management system at NIP (Chi-square =26.914, p=0.001).

Table 4.6 Chi-square Tests of Association to Establish linkages between compliance and performance

Compliance Attributes	**Performance Attributes (***p<0.001, **p<0.01, *p<0.05)**				
	Designating Official for ensuring compliance	**Standard Operating Procedures developed and distributed**	**NIP coordinates with education institutions to establish continuing professional development**	**The extent the designated official performs responsibilities**	**The effectiveness of Quality Management System at NIP**
	Chi-Square, p-value	**Chi-Square, p-value**	**Chi-Square p-value,**	**Chi-Square, p-value**	**Chi-Square, p-value**
NIP Certificate of Incorporation is based on applicable legislation	7.190 0.617	0.548 0.908	14.274 0.284	14.190 0.246	5.389 0.799
NIP has corrected and safe procedures	5.747 0.452	14.471 0.001**	10.328 0.243	12.175 0.144	17.519 0.008**

for safe collection and secure transport of infectious and potentially infectious specimens					
NIP has a comprehensive laboratory HRP	8.178 0.225	2.028 0.363	9.998 0.265	7.716 0.462	5.779 0.448
NIP has protocols, policies and checklist for procurement	11.564 0.239	6.453 0.092	30.895 0.002**	26.521 0.009**	35.043 P<0.001 ***
NIP has MOUs to address shared tasks, ownership and protection of specimen	31.558 0.002**	14.117 0.007**	102.539 p<0.001***	42.063 p<0.001** *	18.203 0.110
Commitment of NIP to establish and maintain Quality Management System	8.651 0.194	7.888 0.019*	9.784 0.280	14.678 0.066	28.668 P<0.001 **
NIP Compliance with Internationally recognised EQA schemes	9.963 0.126	9.563 0.008**	5.624 0.689	18.448 0.018*	3.793 0.705
NIP has a tiered laboratory organisational structure	18.248 0.006**	1.662 0.436	38.056 P<0.001***	24.325 0.002**	3.840 0.698
NIP has regulations for compliance with national and international standard for occupational health and safety	9.346 0.406	5.359 0.147	38.337 P<0.001***	7.220 0.843	26.914 0.001**

Source: Field Data 2017

4.6.2 Assessment of the Relationship between Background Variables and Governance

Table 4.7 gives the results of tests of association among background variables and governance. Sex, age, marital status, and the highest educational qualification were not

significantly linked to governance at NIP. However, the extent of governance codes and policies to ensure monitoring and disclosing compliance was significantly linked to the business unit (Chi-square =40.038, p=0.005).

Table 4.7 Assessment of the Relationship between background Variables and Governance

Governance Attributes	Sex	Age	Marital Status	Highest Education	Business Unit
	Chi-Square, p-value	Chi-Square, p-value	Chi-Square, p-value	Chi-Square, p-value	Chi-Square, p-value
Availability of Corporate Governance Code and Policies	1.353 0.716	5.808 0.759	3.835 0.699	4.093 0.664	12.668 0.628
Board of Directors and Senior Management being conversant with Code on Governance	0.514 0.773	6.354 0.385	8.978 0.062	3.191 0.526	8.525 0.578
The extent of Governance Code and Policies to ensure monitoring and disclosing compliance	6.191 0.185	14.293 0.282	5.009 0.757	3.089 0.929	40.038 0.005**

Source: Field Data 2017

4.6.3 Assessment of the Relationship between Compliance and Governance

Table 4.8 shows the results of the assessment of the link between compliance and governance. Whether the NIP certificate of incorporation was based on applicable registration; whether NIP has a comprehensive laboratory HRP; and NIP's compliance with internationally recognised EQA did not significantly influence governance. NIP is having or not having correct and safe procedures for safe procedures for safe collection and secure transport of infectious and potentially infectious specimen was coupled to the availability of corporate governance codes and policies (Chi-square =13.336, p=0.038). All aspects of governance were significantly linked to NIP having or not having protocols, policies and checklists for procurement.

The issue of the NIP having MOUs to address shared tasks, ownership and protection of specimens was linked to the availability of corporate governance codes and policies (Chi-square =26.149, p=0.006); and the board of directors and senior management being conversant with codes on governance (Chi-square =10.141, p=0.038). The issue of NIP having regulations for compliance with national and international standards for occupational health and safety was also linked to the availability of corporate governance codes and policies (Chi-square =37.894, p<0.001) and the board of directors and senior management being conversant with codes on governance (Chi-square =17.526, p=0.008).

Table 4.8 Governance Attributes and Compliance Attributes

Compliance Attributes	Governance Attributes (***p<0.001, **p<0.01, *p<0.05)		
	Availability of Corporate Governance Code and Policies	Board of Directors and Senior Management being conversant with Code on Governance	The extent of Governance Code and Policies to ensure monitoring and disclosing compliance
	Chi-Square, p-value	Chi-Square, p-value	Chi-Square, p-value
NIP Certificate of Incorporation is based on applicable legislation	16.892 0.050	10.675 0.099	8.514 0.744
NIP has corrected and safe procedures for safe collection and secure transport of infectious and potentially infectious specimens	13.336 0.038*	2.765 0.598	11.119 0.195
NIP has a comprehensive laboratory HRP	6.048 0.418	8.658 0.070	10.155 0.254
NIP has protocols, policies and checklist for procurement	23.481 0.005**	16.873 0.010*	36.432 P<0.001***
NIP has MOUs to address shared tasks, ownership and protection of specimen	26.149 0.01*	23.052 0.003**	23.833 0.093
Commitment of NIP to establish and maintain Quality Management System	17.998 0.006**	10.141 0.038*	10.268 0.247
NIP Compliance with Internationally recognised EQA schemes	12.207 0.058	7.327 0.120	10.247 0.248
NIP has a tiered laboratory organisational structure	11.147 0.084	3.551 0.470	1.186 0.997
NIP has regulations for compliance with the national and international standard for occupational health and safety	37.894 P<0.001***	17.526 0.008**	12.229 0.427

Source: Field Data 2017

Three out of the four respondents said there was no compliance program or procedures that include the training of workers, auditing and monitoring systems, and a company "hotline" for reporting violations with one respondent saying that there was "none in place but from a quality perspective. However, one respondent revealed that there was a compliance program or procedures, the respondent explained that "Yes, code of ethics policy but no one to drive it.

4.7 Improvement in the Areas of Corporate Compliance at NIP

To ensure that there is an improvement in the areas of corporate compliance at NIP, the respondents made the following suggestions/ recommendations:

- Create more awareness – there is no comprehensive knowledge of compliance activities at the firm but on an individual basis. Knowledge sharing is essential at different levels, all areas of compliance should be explicit and clear to all employees (documented and known such as policies and procedures), and a need was evident for training and discussion sessions to drive the agenda of compliance at NIP.
- Streamline disclosure of information by creating the functions to establish compliance at NIP – there is no formal function of compliance, and a need existed to improve compliance processes and to restructure the organogram to fit the commitment of the institute toward the compliance programme.
- Coordinate better/without isolation and to be pro-active – activities should be coordinated inclusively across the firm with clear compliance initiatives.
- Do compliance audits by an independent body then NIP can implement the recommendations - no audits ever conducted and hence a need to do so through an

independent body. Need for a structured plan with action points to ensure the identified gaps are addressed.

- Need a department and capacitate with the right skilled candidate – there is no business unit and function for compliance, and a need exist.
- Designation - appoint a person responsible for compliance with clear functions (define roles and assign or create a position) to pursue the agenda of compliance.

4.8 Discussion of Findings

The research problem that initiated this survey was that the NIP had challenges in attaining and maintaining accreditation due to that accreditation has been an obstacle and inadequate in assuring operational efficiency. In so far as the findings reveal that the institute has a commitment towards establishing and maintaining a QMS, and the absolute fact that participants felt that the quality system was active. The question remains on why the firm only has ten laboratories out of 41 that are accredited; was it a matter of compliance that hampers the low accreditation of laboratories?

Ho (2008) alluded that Organisation Performance "can be evaluated by an organisation's efficiency and effectiveness of goal achievement" of which NIP had embedded Quality as a key objective in its corporate strategy and went further by adopting ISO 15189 to ensure that the firm meets these objectives. Albeit the achievement of an effective QMS, the study confirms the research problem and indicate that there are other forces/causes in the background that hampers the accreditation of laboratories.

One such cause is the facilities/laboratories that were inherited from the MoHSS (which at times is a one-room facility), and that does not comply with health and safety requirements leading to laboratory licenses not to be renewed. This cause is critical in achieving and maintaining accreditation as some tests were prescribed to be conducted in separate rooms. Facilities have been listed as one of the tenets of GCLP by WHO but to establish state-of-art facilities that can assure accreditation "requires leadership, time, attention, resources, and continuous commitment to evaluation and improvement" (Gershy-Damet et al., 2010). Moreover, with limited resources being allocated by the Namibian treasury to the Health sector through the MoHSS, these results indorse why NIP has adopted the stepwise approach of star ratings to some of its laboratories, which is a mitigating plan regarding achieving and maintain accreditation.

Armour *et al.,* (2009) in analysing the elements of corporate law found that corporate regulation forms the necessary legal form of an organisation and it allows for the ease of trading thereby reducing "the costs of conducting business". The authors determined these elements as 1) legal personality, 2) limited liability, 3) transferable shares, 4) delegated management under a board structure, 5) and investor ownership.

The survey revealed that the NIP meets the elements of corporate law by having a Certificate of Incorporation as per the provisions of the Company's Act and drawing its legitimacy from the NIP Act. These acts provide the firm with a legal entity and outline the basis for share ownership, investor ownership and delegated powers of management under the oversight of a board of directors. However, NIP is not a limited liability firm,

but a public enterprise that does not issue shares as the ownership of the institute belongs to the Namibian Government.

Overall, the results revealed that the NIP has an ambivalent and undetermined approach in its dealings with matters of corporate compliance; the study did not disclose a specific convergence and divergence about the literature under review. As much as the firm show some familiarity or understanding to compliance issues, NIP does not have a well-defined corporate compliance program as an organisation, but more focus is placed on quality management where compliance was rather enforced on an adopted standard and thorough audits of internal controls under the auspices of the internal audit and quality assurance functions.

This could be attributed to the fact that the execution of compliance management systems often does not and cannot achieve idealistic policy purposes because corporate managements implement them partially and half-heartedly for external impression management or 'window dressing' without making the necessary substantive changes to achieve external policy goals (Krawiec, 2003)". The author found this practice leads to two problems: "(1) an under-deterrence of corporate misconduct, and (2) propagation of costly— ineffective—internal compliance structures.

A problem that confirms the challenges at NIP and equally so for the costly structures; as the findings indicate the shared responsibility of compliance under the internal audit, company secretarial and quality assurance with separate goals to be achieved by each these functions. Another deterring gap is that none of the respondents could tell with

certainty the compliance techniques/systems that applied to NIP, therefore confirming that there was no structured compliance programme with detailed policy (s), procedures and standards. No compliance committee at board level to drive oversight on compliance issues and no designated function or an official response for driving compliance activities such as training, communication and monitoring to ensure that NIP adheres to the established legal requirement, both national and international.

This gap informs this research to agree that "all people are self-interested, not altruistic, that directors will act in their interests and not the best interests of their shareholders" (Matipira, 2013). Even if NIP Management and the Board "genuinely want to prevent noncompliance, it may be just too difficult and resource intensive for most managers to work out what effective compliance requires in every set of circumstances" (Parker & Gilad, 2014) and in this instance the contexts of the company secretary, internal audit and quality assurance. As per the provisions of Namcode and King IV discussed in the literature, corporate compliance should be on the agenda of an organisation that has adopted good governance. The codes prescribes that the "board should ensure that the corporate complies with applicable laws and considers adherence to non-binding rules, codes and standards as well as ensure that there is an effective risk-based internal audit".

The codes further outline that the board should "approve a policy that directs compliance and delegate to management the responsibility for executing compliance administration. Oversee compliance management so that it is appreciated, relates holistically and is responsive to changes and developments following recurrence monitoring of the regulatory environment. Divulge a summary of compliance management; areas of current

and future focus; actions to monitor and address concordance management; material or repeated sanctions, fines and penalties on the corporate its officers and members; milieu regulator inspections and incidents of noncompliance and the consequences (KPMG, 2017).

Only one respondent felt that the board was misguided in their conduct and despite the fact that this survey signifies that most respondents generally felt that senior management and the board were competent; with regard to that the board and management responsibilities were split, the skill composition of the board was excellent, management ran the company for a year without a board, and no violations have been raised at the firm. It is interesting to note that regarding compliance the board and management have not applied concerted efforts in their agency role to drive compliance regarding the provisions of good governance and hence the operationalisation of compliance has not been active at the firm.

It is remarkable that many respondents either agreed or strongly agreed that there was the availability of a Corporate Governance Code and Policies but without being able to state the exact policies available. The participants also stated that the Board of directors and senior management were conversant with the code of governance with a positive rating on the extent of Governance Code and Policies to ensure monitoring and disclosing compliance; as well as that the company through its internal audit function reports quarterly to the board on issues of compliance and risks.

Krawiec (2003) discovered that "although negotiated jurisdiction may well have the capacity to improve regulatory efficaciousness under some situations it does not currently achieve that goal in broad and important areas of the law that govern organisational conduct". According to the author negotiated governance refers to the use of internal compliance structures as a liability determinant, whereby an organisation only treats its internal structures as a means of compliance and does not have an action plan to mitigate legal liabilities (KPMG, 2017). This brings this researcher to presume that the inefficient internal compliance system at NIP could also be epitomised as negotiated governance and cosmetic compliance as Krawiec found.

This is so as the study revealed that issues of governance and compliance were selectively being applied at the enterprise such as the roles of protocols, policies and checklist for the procurement, acquisition, distribution; installation and disposition of laboratory equipment were vague. This is also evident as the respondents shared that the company did not have a written information divulgence policy that seeks to make all material information entirely, timely and equally available to all stakeholders, or they were not aware of it; leaving the application of compliance disclosure at the firm to the 'will of the business function/unit' as mentioned by one of the participants.

There is the main convergence for the widespread use of financial performance measure as a tool to measure corporate performance. The first rationale is profit because profit articulates directly with the organisation's long-term objectives which are almost always purely financial. The second reason is that properly chosen pecuniary performance measures provide an aggregate view of an organisation's performance. The discourse

revealed divergence from the concept without the specific pecuniary targets the respondents' level of agreement on the performance to range from 44.6% strongly agreeing and 5.4% as disagreeing on whether compliance or non-compliance has any effects on the performance, this relates to the literature of Qi *et al.,* (2000) that the performance of PEs are not based on the method of shareholding and strict regulation alone. This is so because "severe agency problems arising from the separation of ownership and control continue to exist in these SOE-transformed corporates if the state remains the controlling shareholder. As the state and its agencies have inadequate resources and expertise in monitoring and disciplining the management, the clash of interests between the state and the management persists.

Findings from literature review by Ho (2008) highlighted a few convergences of attributes for measuring performance, for example, service quality, employee attraction and retention and these are also supported by the WHO in their guide for accreditation. The findings of this study revealed divergence and converge of views, they portray mixed feeling on whether NIP coordinates with education institutions to establish continuing professional development with only 28.6% of the respondents strongly agreeing to that statement, this low outcome appears to be a possible setback about employee retention and quality service at the firm.

Another respondent reported that "NIP provide training laboratories for students in training (internships and work integrated learning) NUST, no lab training institutions in existence, while the other respondent was not sure. Chata (2010) also states that the "process of control involves setting a performance target, measuring performance,

comparing performance against that target, constituting the difference (variance) between measured performance and the target, and taking action in feedback to the variance". This is supported by Namcode that prescribes that PEs should implement the "execution of performance agreement of management staff and to monitor their performances".

Although there was a general positive feeling on the performance attribute Standard Operating Procedures developed and distributed, the study expresses a 'not so clear' response in terms of the compliance function and the extent the designated official performs their responsibilities with a breakdown as follows: excellent (17.9%), good (42.9%), Average (26.8%), Poor (5.4%) and Not clear at all (7.1%). Leaving this researcher in awe as to whether there are compliance measures, targets and remedies in place at the institute apart from ISO compliance which has a significant awareness and that the" Effectiveness of Quality Management System at NIP" was substantial (53.6%) or solid (37.5%) with very few giving negative ratings.

Regarding corporate events, the respondents had mixed feelings and imparted 'Yes and no, limited to board meetings and verbally communicated'. Also, good governance prescribes that organisations should review their attitude towards ethical behaviour as suggested by Tricker (2012). However, there were mixed feeling regarding the existence of the NIP code of ethics and although in place some of the respondents were not sure of its existence while others stated that it was not effective; therefore, providing a clear impression that ethics was not a priority on the governance agenda at the institute. The investigation hence relates the governance methods at NIP to those described by Dodgson *et al.,* (2002), "activities backed by shared goals that may or may not derive from legal

and formally prescribed accountabilities and that do not automatically rely on police powers to overcome defiance and attain compliance" and therefore be deduced as a neutral approach.

- *NIP Corporate Performance*

In as much as there is no single set of performance measuring system in firms, Chata (2010) stresses that a measuring "system should show a clear cause and effect control loop to provide accountability and usefulness" as well as "fulfils best customs having targets in place to evaluate progress against articulated action plans in order to achieve goals and to sustain the target levels. The author emphasised on this by citing Hoffman *et al.,* (2001) who articulated that the performance evaluation system should be recurrently evaluated, modified, evolved and implemented in every planning period.

On the other hand, Maher & Andersson (1999) expressed that the commitment and trust for firm performance can also differ by industry sector or type of productive activity" and hence "ownership patterns are also relevant to activities that may require firm-specific investments by employees in training and acquisition of skills to safeguard performance. Apart from the aforesaid, Aziz (2013) appends that internal control has been concerned as a process to furnish "reasonable assurance" in ensuring achievement of the company's objectives relating to effectiveness and efficiency of its operations, the reliability of financial reporting and compliance with applicable laws and regulations.

The literature fails to provide a comprehensive checklist and evaluation of the specification of corporate performance measures; this implies that the onus lies on firms

to set the targets and determine the variables for measuring their financial and non-financial performance; based on their market requirements and business objectives. Therefore, to regulate public enterprises in Namibia, the MoPE has established a performance measurement system regarding the 1. financial performance (Quarterly/biannual reports, annual balance sheet, profit and loss account), 2. Annual external Auditing report, 3. Standardised shareholdings monitoring, 4. Monitoring compliance with Public Corporate Governance Code, 5. Risk report and 6. Compliance report, which forms the prime indication in this paper.

- *NIP Corporate Governance*

Professional corporate governance services to the governing body in ensuring that it has access to professional and autonomous guidance on legal and corporate governance matters and for the functioning of it and its committees. Unless mandatory, consider appointing a company secretary/ other appropriate professional (Beghe, 2012).

Approve the corporate governance services (and ensure this function has authority), the appointment of company secretary/ another professional, contract, remuneration and necessary qualities. Remove the company secretary/other professional and make sure the company secretary/other professional has access to and reports to the jurisdiction body via the chair for legal matters and jurisdiction to an appropriate executive on other matters. Evaluate annually the performance and independence of the company secretary/other professional and divulge the access to educational, corporate governance services and the perception of proficiency thereof (Kuchal, 2016).

- *Compliance Techniques*

NIP has an ambivalent and undetermined approach in its dealings with matters of corporate compliance; the study did not disclose a specific convergence and divergence about the literature under review. As much as the firm show some familiarity or understanding to compliance issues, NIP does not have a well-delineated corporate compliance program as an organisation, but more focus is placed on quality management where compliance was rather enforced on an adopted standard and thorough audits of internal controls under the auspices of the internal audit and quality assurance functions. This could be attributed to that "the execution of compliance management. It is essential to highlight that some results or outcomes are not correct because they do not meet quality standards. The compliance tools applicable at NIP as cited by the participants included the following: Laws (Labour Act), (PE Act, Public Procurement Act) Regulated environment (medical field) such as practising certificate needed from the MoHSS through the Act for NIP to practice, HPCNA that register the employees for their professions and others.

- *The effects of Compliance and Non-compliance*

It is worth noting that with the current call for transparency and loads of rules, laws and codes that have been adopted and implemented in various countries and firms along with appointments of corporate legal advisers, auditors and risks and ethics officers, among other things; corporation still face obstacles of corporate scandals and financial risks. Baer (2009) questions the significance and fruitfulness of corporate compliance regarding the internal plans that firms implement in an effort to educate employees, improve ethical norms, and detect and prevent violations of law. Baer (2009) further raises the argument

that alongside the various job posting of public and private influence came the disregard for "internal company policies, twisted regulatory requirements, or perpetrated outright violations of the law which the author calls the application of "cosmetic compliance" that firms put into operation; therefore implementing "programs solely for the sake of appearing, but not actually being, compliant (Baer, 2009).

A good example will be the Namibian SOEs that have been classified as a hindrance to the local economy although they personate a vital role in dispensing developmental goals by generating sufficient revenue for the government through dividends that could spearhead the implementation of developmental activities. NIP details professional development as one of its guiding business standards in the firm's corporate strategy, and it is of importance that the firm coordinate with universities, colleges and laboratory training institutions; however, one respondent said they had a collaborative partnership in place while the other one said collaboration was "only starting now.

4.9 Summary

This chapter focused on the result of the study and the findings revealed that there is a great awareness of corporate compliance at the NIP and that the firm has a quality framework in place that serves as a major compliance program in terms of health governance. There are some corporate governance framework too but contrariwise, the institute lacks clear and defined compliance techniques and a designated function that speaks to corporate governance principles to enhance its performance. The next chapter deals with the conclusion of the research and provides recommendations for improving compliance at the NIP.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The primary purpose of exploring was to fulfil the requirements of the study objectives, namely: to identify and examine the compliance techniques and methods that apply to NIP; to determine the effects of compliance techniques that apply to Namibia Institute of Pathology and to offer suggestions to overcome the challenges faced in the process of compliance at Namibia Institute of Pathology Limited. This section summarises the research findings, specifies conclusions and provides recommendations as indicated by the research analysis.

5.2 Research Summary

Findings from data analysis show that the compliance techniques applicable at the NIP encapsulated the following:

- In line with the understanding of the major legal requirements that Namibia Institute of Pathology have to adhere to, the research found that the institute is governed by the Namibian Labour Act; Public Procurement Act; Regulated Environment Act; and Companies Act. In addition, the research further showed that Namibia Institute of Pathology Act; Internal and External Audits as prescribed by ISO; King III and IV; NIP Charters; Ministry of Health and Social Services Act. The results showed that the Namibia Institute of Pathology is

exposed an array of Acts and policies that enables good governance of the institution when applied correctly. The results further showed that the Labour Act technique is applied at the NIP as anticipated as the corporation has adopted, progressed and executed approved Human Capital baseline policies that serve as a guideline to all labour practices. The problem is chiefly the level of monitoring and assessment to compel the administration to adhere to the strategies fully. This research study failed to authenticate if the corporate was complying with the National Health Act, 2015 (Act No. 2 of 2015) which postulates the frame of reference for a structured uniform health system within Namibia. The corporation complies fully with the HPCNA instruction, and all technical staff are needed to furnish their registration certificate at the recruitment stage. The investigation also showed compliance to a certain degree with the different NIP legislation but could not reveal the degree of how the corporate has enforced its responsibility. This finding is supported by Baer (2009) who raised the argument of cosmetic compliance that organisations put into operation; thus only adopting programs for the sake of appearing compliant. NIP enforces compliance by having adopted ISO 15189, and all internal audits were being carried out in line with these necessities and then confirmed and certified accordingly by SANAS. Most of the participants highlighted that the NIP had a certificate of Incorporation and it drew its legitimacy from the NIP Act, which is regarded as the Companies Act. Likewise, these respondents generally felt that the competence of the board and top management was relatively good as the Board split responsibilities regarding committees,

chairpersons, functions of the committees and that the NIP provides some training to board members.

- The second research findings were based on the objective that determined the effects of compliance techniques that apply to Namibia Institute of Pathology. The results showed that Level of conformance on the performance, range from 51.8% of the participants who strongly agree on the compliance issues whilst 48.2% disagreed. The results showed that NIP has protocols, policies and checklist for procurement and the MOUs to address shared tasks, ownership and protection of specimen. The results further showed that NIP has regulations for compliance with national and international standard for occupational health and safety. The commitment of NIP to establish and maintain a Quality Management System (QMS) emerged as one of the major findings of the study. The results further showed that the institute does not have a Designating Officer who oversees compliance in the institute as the compliance function is shared between Internal Audit for overseeing compliance to policies, Quality Assurance for complying with QMS and standards as well as the Company Secretary for ensuring compliance to regulations. In addition, the institute uses Standard Operating Procedures developed and distributed to all staff members as guidance of their daily activities. The SOPs has improved the performance of the institute and strengthens its technical processes with regard to compliance with the ISO standard. This improvement at the institute can be asserted by the study carried out by Parker & Nielsen (2009) confirms that it is not the components of a compliance system that effects actual compliance but rather the

level of compliance methods that the firms have adopted to manage its compliance customs and how it is embedded in ordinary operational decision-making.

- The research objective that determine the alternatives available to Namibia Institute of Pathology for compliance suggested the creation of more cognisance all-inclusive human capital compliance activities at corporate level than at individual basis. Literature reviewed suggests that human capital is vital at various levels, all areas of acquiescence should be explicit and clear to all employees, and a need is evident for training and discussion sessions to drive the impetus of complaisance at the NIP. Set guidelines on disclosure of information by mooting the functions to verify concession at the NIP – there is no formal operation of conformity, and a need existed to enhance the concession processes and to re-engineer the organogram to fit the commitment of the corporate towards the compliance programme. The results further showed that an autonomous body at NIP conducted no compliance audits. The research suggests that compliance audit need to be carried by an independent body. This finding indicates that compliance techniques are not sufficient on their own as highlighted by Parker & Nielsen (2009) and a comprehensive compliance management system will be effective in influencing compliance methods at the NIP.

- The results further showed that NIP health system building blocks which encapsulate service delivery, human resources, health information, medical

supplies, pecuniary and governance as per the WHO is crucial for good governance and vital for reinforcing in health system. The WHO admits that governance is one of the most challenging building blocks. It encapsulates management and superintends the whole health system, private as well as public, to protect the public interests. This needs both political and technical action because it encapsulates reconciling competing demands for inadequate resources. With the upsurge of demands for transparency and accountability, the role of health system governance has become even more vital.

5.3 Conclusions

5.3.1 Research objective to identify and determine compliance techniques that apply to the NIP

The research concludes by stating that tractability techniques applicable at the NIP as cited by the respondents embrace the Namibian Labour Act; Public Procurement Act; Regulated environment Act; Companies Act; and the NIP Act. Internal and external audits as prescribed by ISO were cited as very important in this research. The Labour act technique prescribed at the NIP. As anticipated, the corporate has adopted, progressed and executed approved human capital baseline policies that serve as a guideline to all labour practices that would enhance compliance with the National Health Act, 2015 (Act No. 2 of 2015) which postulates the frame of reference for a structured uniform health system within Namibia. The study concluded that the corporation complies fully with the HPCNA instruction, and all technical staff need to furnish their registration certificate at the recruitment stage.

On the other hand, most of the participants highlighted that the NIP had a certificate of Incorporation, and it drew its legitimacy from the NIP Act, which is viewed as the Companies Act. The study show ambiguity in terms of comprehensive compliance techniques that applies to the corporate as the respondents only noted those techniques that was relevant to their business functions. As stated by Baer (2009) corporate compliance has developed into a universal corporate governance activity because of the various regulations, codes and standards that firms has to comply with and therefore NIP should not operate in isolation from the aspect of compliance.

5.3.2 Research objective that determined the effects of compliance techniques that apply to Namibia Institute of Pathology.

The research concluded that compliance plays a duty in identifying the laws and traditions that the corporate needs to abide by as well as the necessary reporting disclosure, except that positive effects will not be realised with compliance alone and neither can this function be liable for non-adherence of units across the entities. NIP in its quest to achieve its Vision, Mission and Strategic objects has identified TQM as one of its Critical Success Factors (CSFs) whereby compliance to the quality standard has portrayed a positive impact on the operations of the institute. Although and surprisingly, only six out of forty laboratories are accredited at the institute. No objective is highlighted in the corporate plan for an attempt for the institute to achieve compliance to all relevant frameworks albeit the fact that health care is a heavily regulated industry.

Literature in the King IV Report specifies for firms through their governing bodies to govern compliance with laws and to ensure adherence to non-binding rules, codes and standards. The inequality exist from the responses of the research as the levels of concord

with the statement on "Designating an Official for confirming compliance" was forty-four per cent strongly agreed, while thirty-nine agreed, ten per cent were undecided, and five per cent disagreed. The study indicated that NIP code of ethics was not efficacious and not prioritized as well as there was a deficiency on the awareness of the code.

5.3.3 Research objective that determine the alternatives available to Namibia Institute of Pathology for compliance

The research concluded that there was an enhancement in the realm of corporate acquiescence at the NIP, the participants made the following vital suggestions: Create more cognisance of compliance activities at the corporate but not on an individual basis. Set strategies on disclosure for compliance and carry out compliance audits by an autonomous body then the NIP can execute the recommendation. No designated function or an official response for driving compliance activities such as training, communication and monitoring to ensure that NIP adheres to the established legal requirement, both national and international was noted by the respondents as hampering effective compliance. Awareness was another challenge cited by the respondents indicating that the compliance function at NIP is not instrument that will measure the impact and standards of the behaviour of those trusted with leading the firms as highlighted by Rossi (2010) in the literature review.

NIP needs to predict the risks, level of compliance and penalties for non-compliance as well as accordingly adjust their responses to compliance practices including corrective actions. Statutory compliance should be a priority concern for a firm due to the many regulations that aim to improve governance and to understand the laws that require their

conformity (Oded, 2013) and hence and the need for NIP employees should be made aware of the NIP code of ethics to educate and train staff on ethics and good corporate governance principles.

5.4 Recommendations

- The research recommend that monitoring and evaluation should be done to compel the administration to adhere to the set strategies fully. The institute should comply with the National Health Act, 2015 (Act No. 2 of 2015) which postulates the frame of reference for a structured uniform health system within Namibia.
- It is recommended that the NIP should establish strengthen written policies and procedures crafted to ensure compliance with disclosure requirements and ensure accountability at senior management level for the National Health Act 2015 compliance.
- It is recommended that the NIP should establish and disclose a code of conduct to guide concurrence with the legislature and other obligations to legitimate stakeholders. Compliance on the following codes should be monitored and evaluated; tractability techniques applicable at the NIP as cited by the respondents to embrace the Namibian Labour Act, Public Procurement Act, Regulated environment, Companies Act, the NIP Act. Internal and External Audits as prescribed by ISO, NamCode, King III and IV, NIP Charters, MoHSS Act, Policy and Guidelines.
- To guarantee an all-inclusive approach to corporate compliance in terms of laws, rules, codes and standards at the NIP, it is recommended that the firm identify

and/or appoint a designated official as well as a distinct business department that will be solely responsible for the compliance program across the institute and therefore amend the NIP organizational structure to cover for the compliance function at senior management level.

5.5 Areas for further Research

Research is a continuous activity that has to be carried out all the time. This study has fulfilled its part in carrying out this research, and further recommends that other researches be carried out in order to incorporate a wider scope and other variables, which were not considered in this study.

There will be need to carry out a comprehensive study with a larger population size and sample size covering the entire PEs sector in the country in order to produce replicable results due to that the literature failed to indicate all the perspectives of corporate compliance in Namibia.

Carrying out of a complimentary study that builds up on the existing study would be highly encouraged as this would add value to the study and help solve the compliance and governance problems faced by the Namibia Institute of Pathology Limited.

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7. APPENDICES

7.1 Appendix 1: Brief Consent Form

Informed Consent Form for employees of Namibia Institute of Pathology (NIP) Limited

Name of Principle Investigator:	Nancy Hengari
Name of Organization:	University of Namibia
Name of Sponsor:	None
Name of Project and Version:	An investigation of corporate compliance in augmenting performance and governance at the Namibia Institute of Pathology Limited

Introduction

I am currently doing a research project focusing on the aforementioned study and wish to invite you to participate as a respondent to the study. You have been selected as a participant due to that you are a current employee of NIP as well as that you are considered an expert to the subject matter based on your work position. The decision to participate in this research study is totally up to you and therefore you are at liberty to consult the researcher at any point in time and/or any of your friends or family before deciding to take part. Should you agree to participate, you will be requested to give your signature and may be recorded by means of an audio recorder.

I have read the above information and have had the liberty to ask questions accordingly. Explanations to my queries has been responded to and I am satisfied and understand the content of this study. I hereby consent to freely participate in this study and to be audio recorded if necessary.

Print Name of Participant: _____

Signature of Participant: _____

Date : _____

Statement by the Researcher/Person taking Consent

I confirm that the participant was given an opportunity to ask questions about the study, and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm that the individual has not been coerced into giving consent, and the consent has been given freely and voluntarily.

Print Name of Researcher: _____

Signature of Researcher: _____

Date: _____

7.2 Appendix 2: Research Questionnaire

RESEARCH QUESTIONAIRE

AN INVESTIGATION OF CORPORATE COMPLIANCE IN AUGMENTING PERFORMANCE AND GOVERNANCE AT THE NAMIBIA INSTITUTE OF PATHOLOGY (NIP) LIMITED

QUESTIONAIRE FOR DATA COLLECTION: EMPLOYEES OF NAMIBIA INSTITUTE OF PATHOLOGY LIMITED

Dear Participant

My name is Nancy Hengari and I am a student at the University of Namibia (UNAM) pursuing a Master of Business Administration (Management Strategy) through Namibia Business School. It is the intention of the researcher to distinguish and outline compliance methods that applies to NIP in order to estimate how compliance and non-compliance impacts on the governance and performance of the institute; hence this invitation for you to participate as a respondent to the study. Kindly note that your decision to participate is voluntary and all your comments will be treated with stringent confidentiality; and only used for the purpose of this study.

SECTION 1 (PERSONAL INFORMATION)

Please tick the appropriate box.

1. Gender

Female	
Male	

2. Marital Status

Single	
Married	
Divorced	
Widow/er	

3. Business Unit

Office of the CEO	
Finance	
Technical Operations	
Strategy and Business Development	
Human Capital	
Information Communication Technology	

4. Age

20 - 30	
31 -40	
41 - 50	
50 - 60	

5. Level of Education

Never attended school	
Primary	
Secondary	
Technical	
University	

SECTION 2 (SPECIFIC INFORMATION)

Please tick the appropriate box.

6. NIP have a Certificate of Incorporation based on the provision of the applicable legislation.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

7. NIP Board of Directors and Senior Management are conversant with the Namibian Code on Governance and the company has adopted these provisions.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

8. NIP has a Corporate Governance Code and/or Policies that stipulates the procedures for monitoring and disclosing compliance issues.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

9. NIP has a Code of Ethics in place.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

10. NIP has a designated official who is responsible for ensuring compliance with respect to regulations, policies and the Code of Ethics.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

11. How do you rate the effectiveness of the Quality Management System (Standards) that NIP has adopted? On a scale of 1-5 (1- weak 5 - Very Strong).

Very Strong	
Strong	
Undecided	
Weak	
Very Weak	

12. NIP is committed to establishing and maintaining quality management systems across its laboratories by providing adequate support in terms of workforce, logistical and financial resources?

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

13. Standard Operating Procedures (SOPs) has been developed and distributes across all laboratories to support quality services and internal quality controls?

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

14. NIP complies to internationally recognised quality standards thereby participating in internationally recognised External Quality Assessment (EQA) schemes?

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

15. Procedures for correct and safe collection and safe and secure transport of infectious and potentially infectious specimens and materials in accordance with national and international legal requirements for the transport of dangerous good are in place and in line with the United Nations (UN) and International Air Transport Association (IATA) recommendations for Transport of Dangerous Goods.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

16. NIP has a tiered laboratory organizational structure with clear leadership roles including a laboratory workforce with a range of professionals.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

17. NIP has a comprehensive laboratory human resources plan and appoints trained and qualified workers at all laboratory levels.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

18. NIP coordinates with universities, colleges and laboratory training institutions and has established continuing professional development programmes to address special training needs of laboratory staff.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

19. Protocols, policies and checklist for the procurement, acquisition, distribution, installation and disposition of laboratory equipment are in line with the National Medical Equipment Management System at NIP?

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

20. Regulations has been adopted and included in the policies on laboratory safety and waste management in compliance to national or international occupational health, safety and environmental standards using a consultative process with the national environmental authority.

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

21. NIP has Memorandum of Understandings (MOUs) with research partners that addresses shared tasks, ownership and the protection of specimen data and intellectual property rights, as well as a laboratory research database to track on-

going research thereby fostering the application of research results into policy and practice?

Strongly Agree	
Agree	
Undecided	
Disagree	
Strongly Disagree	

End of Questionnaire!

Thank you very much for your participation, truly valued.

7.3 Appendix 3: Research Interview Guide

INTERVIEW QUESTIONS

STRUCTURED INTERVIEW GUIDE

1. Briefly explain the compliance techniques applicable at NIP.
    - *Probe: How do they apply to enhance compliance?*
    - *Probe: What challenges are encountered or are likely to be encountered in their application*
    - *Probe: Which one of the explained compliance techniques seem to be effective compared to others?*
    - *Probe: Why do you think so?*
2. Does NIP have a Certificate of Incorporation?
    - *Probe: Where does the certificate draw its legitimacy?*
3. What is your view regarding the competence of the board of directors and senior management regarding code on governance?
    - *Probe: Why do you view it that way?*
4. How do you view the effectiveness of NIP corporate governance code and policies for monitoring and disclosing compliance issues?
    - *Probe: Why does it happen that way?*
5. Does NIP have special official designated person for compliance? How does this individual work?
6. What views do you have about NIP code of ethics? How effective is it in ensuring compliance to the standard operating procedures?

7. Does NIP disclose the extent to which it is complying with its corporate governance policies and procedures?
    - *Probe: How does the company disclose?*
8. Does management/Board of Directors approve the annual calendar of corporate events (Board meetings, General Shareholder Meeting) etc.
    - *Probe: When does approval take place, and how?*
9. How does NIP ensure that internal controls are maintained, risks are managed and that the company is in compliance with all relevant laws and regulations?
    - *Probe: Who is responsible and how is it carried out.*
10. Is there a compliance program or procedures that include the training of employees, auditing and monitoring systems, and a company "hotline" for reporting violations"?
    - *Probe: Where is this documented and who drives the process?*
11. How do you see NIP in the perspective of Quality Management System?
    - *Probe: Is NIP committed to Quality Management System? Why?*
12. To what extent can you say that NIP complies with both international and national standards in its operations? What examples can you provide?
13. Is the NIP a safety-oriented institution? What is the general level of compliance as opposed to non-compliance?
    - *Probe: How does NIP perform its duties?*
    - *Probe: To what extent does NIP adhere to the established legal requirement, both national and international? Can you provide some empirical examples?*

14. Describe laboratory organisational structure. What roles are performed by its leadership including those of the laboratory workforce with a range of professionals?
15. How does NIP coordinate with universities, colleges and laboratory training institutions?
16. What do you consider to be the roles of protocols, policies and checklist for the procurement, acquisition, distribution; installation and disposition of laboratory equipment?
    - *Probe: To what extent are they are in line with the National Medical Equipment Management System at NIP?*
17. How effective are the regulations and policies on laboratory safety and waste management for NIP compliance with national or international occupational health, safety?
18. How the MOU positions NIP with research partners to address shared tasks, ownership and the protection of specimen data and intellectual property rights, as well as a laboratory research database to track on-going research thereby fostering the application of research results into policy and practice?
19. Are the financial statements prepared in keeping with internationally recognized accounting standards?
    - *Probe: Which standard?*
20. Does the company have a written information disclosure policy that seeks to make all material information (financial and non-financial) fully, timely and equally available to all stakeholders?

Probe: Which policy?

How?

21. What should be done to ensure that there is improvement in the areas of corporate compliance at NIP?

End of Interview!

Thank you very much for your participation, it is truly valued.

7.4 Appendix 4: Language Editing Certificate

Dr.GM

The Rev. Dr. Greenfield Mwakipesile

ThD, MBA, HBS | mwakipg@outlook.com

CONTACT

PO Box 40529,
Ausspannplatz,
Windhoek,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

10th November 2018

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF NANCY HENGARI's THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **NANCY HENGARI's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN INVESTIGATION INTO THE EFFECTS OF CORPORATE COMPLIANCE ON AUGMENTING PERFORMANCE AND GOVERNANCE AT THE NAMIBIA INSTITUTE OF PATHOLOGY LIMITED**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, eSwatini, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

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