

**AN INVESTIGATION INTO THE APPLICATION OF CORPORATE
GOVERNANCE PRINCIPLES AT SELECTED PUBLIC ENTERPRISES
IN NAMIBIA**

**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
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BY

FILLEMON WISE IMMANUEL

200304081

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SUPERVISOR: PROF. LOVEMORE MATIPIRA (NUST)

ABSTRACT

This thesis investigated the application of corporate governance principles at selected Public Enterprises in Namibia, with a specific focus on Risk Management, IT governance as well as Board Performance and Effectiveness. These three aspects are focal areas at the core of corporate governance and are determinants of corporate success of an institution. The thesis highlighted the Namibian perspective on corporate governance in terms of the domestication of the King III and the development of other codes aimed at improving corporate governance space in the country. The thesis would serve as a resourceful guide to future researches and the general practice of corporate governance both in Namibia and beyond.

The thesis adopted a qualitative methodology research approach and followed an explorative research philosophy. The population of this thesis was 80, comprising of NAMFISA Board of Directors, UNAM Council Members and their respective committees, and the owners of the two institutions. By use of interviews and survey questionnaires, data was collected through a convergent method. Through ATLAS.ti data was analysed using a content analysis.

The thesis found that both NamCode and King III have influence on corporate governance practices in Namibia. Furthermore, both NAMFISA and UNAM, although at varying degrees, apply corporate governance principles in terms of risk management and IT governance. The thesis could however not make a clear cut finding on whether the two institution have adopted the Board/Council Performance Evaluation principle. In addition it established that board and council's constitution and appointment were informed by specific theories based on the institutional needs. This approach is often pursued in ensuring the Board/Council effectiveness.

The thesis recommended *inter alia*, the amendments of the enabling Acts of the two institution to align them with the Public Enterprises Governance Act and bring clear separation of powers, introduction of Board/Council Performance appraisals, auditing of the exercise of delegated powers, future investigation of the concept of reversed governance and the relationship between political correctness and corporate governance.

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Name of student

Signature

Date

DECLARATIONS

I, Fillemon Wise Immanuel, hereby declares that this thesis is a product of both my own hands and intellectual factory. Further that it 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 ONE

INTRODUCTION

1.1 ORIENTATION OF THE THESIS

The world has been experiencing an enormous expansion of businesses and high volume of industrialisation over the years. Such a situation did not only create an improved social and economic state for the people of the world, but has significantly triggered their interests in the quest for the expansion of personal capital bases (Mongol, 2003). Corporate governance has received much attention in recent years and has been a growing topic for debate in the public domain in both developed and developing countries (Otman, 2014). It is because of the need to protect the interests of the shareholders that corporate governance has become a dominant agenda in the 21st century and beyond. Accordingly, as more persons seek to grow their capital and ultimately yield greater profits, so do they seek assurances and securities over their investments? Such securities are often best attained through available regulatory frameworks, governance and management structures of various institutions with which the investments are made.

Financial scandals reported around the world, resulted in the demands for improved corporate governance practices (Baydoun, Maguire, Ryan, Willett, 2013). Since then good corporate governance has become essential for improving firm performance, ensuring investor rights, enhancing the investment atmosphere and encouraging economic development (Braga-Alves & Shastri, 2011; Price, Roman & Rountree, 2010). Corporate governance distributes the rights and responsibilities among the various player in a company, namely the board, management, shareholders and other stakeholders while at the same time it ensures that rules and procedures for making decisions regarding corporate affairs are clear (Feleaga, 2011). Corporate

governance practice is considered an internal mechanism for monitoring management (Otman, 2014).

Recent world history has shown that corporate governance is inherent to the organisational performance of any given corporate entity. According to Ghabayen (2012) good corporate governance is an effective tool for helping a firm to attain better performance. Through this social art called corporate governance, companies are better managed, directed and controlled to the benefit of all stakeholders. The above is despite the belief by some sections of the global population that corporate governance is a new development. The truth however is that the concept of corporate governance has been in existence for as long as the word company has existed, except that it has never been well documented (Mongal, 2003). However, despite limited documentation of the concept of corporate governance, legal personality is regarded as a sister concept to the former and it has been authored extensively. The concept of legal personality was given prominence from 1897 following the ruling in the case of *Salomon v Salomon & Co Ltd [1897]* and corporate governance started featuring in the 1970s.

Corporate governance is concerned with how well the affairs of corporate entities are managed in pursuance of the shareholders' interests. According to the Cadbury Report (1992), corporate governance can be defined as "the system by which companies are directed and controlled". Furthermore, the systems of corporate governance exist for the purpose of effectively restricting and monitoring the powers vested in decision-makers (Mongal, 2003). Central to the Board's responsibility in any corporate entity are the Risk Management and IT Governance roles. In addition, corporations should conduct Board Performance Evaluation to ensure organisational effectiveness. According to Ward (2003) a corporate board is the one entity within a corporation expected to take an interested, long term view of what's best for the company and its shareholders to maintain the sacredness of accounting rules. It is also supposed to pressure management to keep the current stock price up and tends to look the other way on accounting tricks needed to achieve that goal (Ward, 2003).

This research paper looked at the extent to which the Namibia corporate landscape has been influenced by the King Reports (I, II and III) viewed in the lenses of NamCode, by investigating the application of corporate governance principles, with a specific focus on the institutionalization of Risk Management, IT Governance and Board Performance Evaluation at Namibia Financial Institutions Supervisory Authority (Namfisa) and the University of Namibia (UNAM).

1.2 STATEMENT OF THE PROBLEM

Pursuant to the South African sponsored colonial era in Namibia, most of the systems became dependent on the former's arrangements. This was not only limited to the political and legal systems, but was also extended to the economic transactions and all other corporate practices in general. The foregoing is the best explanation there is, as to why all King Codes (I, II and III) had or still have impacts on the corporate landscape in Namibia. Furthermore, as previously stated, it was on the premises and the strengths of the existence of the King Reports that NamCode was drafted.

Namibia used the King III Code for nearly three (3) years before the introduction of NamCode. The constituting principles of NamCode, are exactly the same as those in King III with some others being adopted from international codes of best practices such as the Cadbury Report and the Sarbanes Oxley Act, but also tailor-made to respond to Namibia specific governance challenges. Evidently, corporate governance is quite broad and it is not a one size fits all. The governance of corporations can either be on a statutory basis, or as a code of principles and practices, or a combination of the two (NamCode, 2013).

In some countries, compliance with the principles of corporate governance is legislated while in others it is a matter of choice. Where compliance is legislated, it has been argued to cost some both in terms of time and direct cost and further that Boards and organisational management become pre-occupied with the compliance question, at the expense of their

primary functions of governing and managing in pursuit of compliance (NamCode , 2013). The United States of America is an example of a legislated compliance regime, through a principle of “comply or else”. On the other hand, where compliance is a matter of choice, companies turn out to do well as they have latitude to prosper on their own terms. NamCode is formulated and adopted on a non-legislated basis and compliance to it therefore is strictly on a voluntary basis. The code opted for the flexible approach, embodying the principle of “apply or explain” as contained in the King III Report. The essence of the above principle is that it is not always the question of whether one has complied or not, but rather the question of whether one has considered how the principles and recommendations of the Code can be applied in the advancement of the institutional goals.

On a global scale, whether principles of corporate governance are applied in the public enterprises is a matter of academic settlement. In Namibia, however, Weylandt (2016) expounded that:

“State Owned Enterprises (SOEs) have acquired a hard-earned reputation for mismanagement. Outright theft and misappropriation of funds do occur, and in several high-profile cases money has mysteriously gone missing after being invested with other companies (the notorious Avid, Offshore Development Corporation (ODC) and Government Institutions Pension Fund's (GIPF) scandals alone add up to almost N\$700 million lost). More common is simple incompetence and mismanagement.....”

Further that *“SOEs have also been characterized by board dysfunction and infighting among senior leadership. For example, at one point, the Social Security Commission (SCC) board went to war with the company's CEO, because he refused to spoil them with luxuries such as Apple Ipads.....”*

“State Owned Enterprises in Namibia have lost the public's trust. Namibians think SOEs are mismanaged or neglected at best, or vehicles for corruption and self-enrichment at worst”.

In support of the above conclusion are cases of high-volume of forensic investigations and a sizeable number of managing directors or chief executive officers having been suspended and/or dismissed owing to their dishonest acts and unethical deeds. Most of the forensic investigations found a sorry state of affairs regarding management and governance at the investigated entities. However, despite the dumping findings most of the chief executive officer or managing directors parted ways with institutions smiling all the ways to the bank as a result of the “golden handshake” such as the N\$ 3 million payout received by Theo Namases from Air Namibia and N\$ 2 million payout received by Ben Biwa from Namibia Airports Company, respectively (Kahiurika, 2015 & Mongudhi, 2013). Other public enterprises that also had their shares of corporate scandals include TransNamib, Namibia Training Authority (NTA), Roads Construction Company Pty Ltd (RCC), Small to Medium Enterprises Bank (SME), City of Windhoek and Namibia Students Financial Assistance Funds (NSFAF). The unfortunate incidences of corporate scandals are evidence of poor governance or result of having ineffective governance architectures at various levels of different organisations. This state of affairs therefore justify the need for studies looking at the attitudes of the Public Enterprises towards corporate governance and its principles, in pursuance of a maximised shareholder’s value. In the premises, this thesis is specifically based on the above problem statement.

Although empirical evidence exists that NamCode has been influenced by King III Report, there seems to be a knowledge gap as to the extent that Namibian Corporations, especially State Public Enterprises (PEs) are applying the corporate governance principles. Given the broadness of the subject matter (corporate governance), this thesis has exclusively investigated application of corporate governance principles regarding the institutionalisation of Risk Management, IT Governance and Board Performance Evaluation at selected public enterprises in Namibia, in light of reported poor governance at some PEs as earlier alluded.

1.3 RESEARCH QUESTION(S)

This thesis has investigated the application of corporate governance principles (NamCode) at selected Namibian Public Enterprises, in relation to the institutionalization of Risk Management, IT Governance and Board Performance and Effectiveness Evaluation. The researcher identified NAMFISA and UNAM and as case studies for the purpose of this research. In more specific terms therefore, this thesis attempted to answers the following questions:

- How have NAMFISA and UNAM applied the corporate governance principles, with regard to the institutionalization of Risk Management, IT Governance and Board Performance Evaluation (tool for determining Board Performance and Effectiveness) as recommended by both the NamCode and King III Report?
- To what extent the NamCode an extension of the King III Report has influenced Corporate Governance at NAMFISA & UNAM?

1.4 SIGNIFICANCE OF THE THESIS

This thesis represents yet another milestone in the development of corporate governance literature in the world, but more specifically in Namibia. The thesis brings to the fore the Namibian perspective on corporate governance in as far as the domestication of the King III has been. As earlier stated, the thesis revolves around the institutionalisation of the Risk Management Framework, IT Governance Strategy and Board Evaluation Practices at selected Namibian Public Enterprises *in lieu* of the recommendation of the King III and later transmitted onto the NamCode.

Although there are numerous studies conducted in Namibia on corporate governance and its various principles, there is none that has analysed the interface between Risk Management, IT Governance and Board Performance Evaluation in the quest of anchoring a robust corporate

governance culture and eventuate in the desired strategic delivery. Also while there are studies that had looked at the corporate governance culture at NAMFISA, there is no single thesis that looked at how corporate governance is practiced at the public academic institutions, such as UNAM. Moreover, most of the earlier studies have not fall short of stressing that there is a positive relationship between the theories relied upon during the appointment of the board members and the board effectiveness.

In the premise, this thesis has looked into the interface of Risk Management, IT Governance and Board Performance Evaluation both in a regulatory and developmental space. It further looked at the attitude of the two public enterprises towards the culture of corporate governance and analysed the theories that were dominant in the appointment of the board and council members and how this has contributed to the board effectiveness. The thesis has also introduced a concept of “reversed of governance” and proceeded to problematize the effect of such a practice. This is how the thesis has contributed to the body of knowledge.

In addition, with the publication of this thesis or its findings in particular, various governance practitioners, boards and senior management teams of different companies, institutions, researchers, scholars and policymakers both in Namibia and beyond, are expected to benefit from this research. Furthermore, this thesis is timely for the sustainability of corporate governance amidst modern challenges.

1.5 LIMITATION OF THE THESIS

The conclusion of this thesis is based on the responses provided by the respondents and/or interviewees during the thesis. Therefore, there is a possibility that in some instances respondents and/or interviewees did not provide sufficient responses to the questionnaires, withheld information, did not return the questionnaires and/or were unwilling to participate in the thesis. All these circumstances have been regarded as limiting factors in the undertaking of this thesis and as a result may have influenced the findings of the thesis in one way or the other.

In addition, the respondents and/or interviewees are scattered across the width and breadth of Namibia, resulting in challenges to the researcher in getting hold of some of them. Given the seniority and responsibilities of the respondents and/or interviewees, fixing appointments with them has been another limitation in the conducting and completion of this thesis.

In the instances, where there were insufficient information provided or clear withholding of information or non-return of questionnaires by the respondents, the researcher attempted to follow up with the respondents in order to fill up the information gap and/or have the questionnaires returned before the data analysis could be completed. The unwillingness to participate in the thesis by some of the respondents and participants was addressed through a concise and consistent explanation of the objectives of the thesis and the confidentiality accompanying the information gathered during the thesis and its ultimate findings. The geographical limitation was addressed through use of e-mail as well as courier services depending on the individual respondent or participant preferred method of communication. The letter from the Minister of Public Enterprises endorsing the thesis and requesting Board and Council members to participate in the thesis along with the letters from the Board and Council Chairperson, respectively, equally made it easier for the respondents and participants to partake in the thesis and confirm the appointments for interviews. The foregoing efforts were employed in order to ameliorate limitations to the thesis and as a result, this thesis generated useful knowledge in the space of corporate governance literature.

1.6 DELIMITATION OF THE THESIS

This is a thesis of corporate governance. It looked at the application of corporate governance principles at selected public institutions, with the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the University of Namibia (UNAM) used as case studies. In order to meet the aforementioned objective, the thesis is delimited to three areas of corporate governance, namely: Risk Management, IT Governance and Board Performance Evaluation.

The thesis was further delimited to Council and Board members, Council Committees and Board Committees members as well as owners in respect of each institution as respondents and/or interviewees.

In a fourth industrial revolution, businesses are globally interconnected through IT, making the latter an important component of governance. Equally, any crack in corporate governance processes and systems enhances the exposure of a given institution to reputational risk. It is boards' responsibility to ensure that institutions are having sound and effective IT governance as well as risk management framework. Whether boards are living up to their fiduciary duties in this regard, this can be ascertained through Board Performance and Effectiveness evaluation. The foregoing interface is the basis for the choice of the three principles. NAMFISA and UNAM were similarly chosen as case thesis because of their institutional uniqueness and structural arrangements, one being regulatory to the financial industry and the other being public training institution.

1.7 OUTLINE OF THE THESIS

This thesis is divided into five chapters in the following order: Chapter One covers the introduction to the thesis, outlines the problem statement, sets out the research questions, talks of the significance of the thesis, and presents an overview on both delimitations and limitations of the thesis.

Chapter Two discusses the literature reviewed in accordance with the research questions. Thereunder, various conceptual and theoretical frameworks are identified and discussed.

Chapter Three, covers the methodology of the thesis, including discussing the research approach, research design, population and sampling size as well as research instruments used. It further discussed data collection procedures, data analysis, validity and reliability of data as well as research ethics.

Chapter Four presents the data, analysis and discussions in relation to the findings.

Chapter Five, which is the final chapter covers the conclusion of the thesis and recommendations for possible actions and future academic work or research.

1.8 SUMMARY

This Chapter started with the introduction. It then proceeded to discuss the orientation of the thesis, statement of the problem, research questions, and the significance of the thesis, delimitation of the thesis, limitation of the thesis and then ended with the outline of the thesis. The next chapter review the literature: theoretical and empirical relating to the thesis.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Since the 1970s, corporate governance became a widely authored subject, both within the African region and beyond. This concept is on a reform agenda all over the world (Gordon & Roe, 2004). However, although the subject has been authored for the past four (4) decades, Risk Management, IT Governance and Board Evaluation have been recently discovered. Numerous best practices and corporate governance codes stressed the need for corporate leadership to have the abilities and necessary know-how, in order to anticipate and manage risks their companies and organisations are faced with. In order for corporate leadership to effectively manage the risks within their organisation, they need to understand the significance of Information Technology in the governance spectrum. Any corporate leadership therefore, needs to create a synergy between the risk management strategy and IT Governance. In this regard, the emphasis is really on the management of risk through the IT Governance Framework. Fundamentally, the board is responsible for ensuring that corporate risks are identified, evaluated, exposed and managed. According to Ward (2003) the board is the final firewall against corporate mischief, but this role is not as noble as it sounds. It means that all internal controls, all management's smoke and mirrors, and every attempt to salvage the situation will have to be broken down before the disaster makes its way into the boardroom (Ward, 2003). Thus, the duty of managing risk has become a very important integrated part of corporate governance in the contemporary governance environment. If this is conducted well, it determines the effectiveness and efficiency of the corporate leadership, which more often than not is assessed through Board Performance Evaluation.

According to Deloitte & Touche (2016) in its Article entitled NamCode – the Corporate Governance Code of Namibia, risk management should be seen as an integral part of the

company's strategic and business processes. The Board remains responsible for risk management and should pay particular attention to a number of specific risks, including reputational risk, sustainability risk, IT risk and the risk of the unknown". According to Mongal (2003) the board of directors is almost invariably entrusted with all aspects of company governance and therefore exercise all the powers of the company unless such powers are required to be exercised by the company in a general meeting.

In this literature review, definitions relating to Corporate Governance, Risk Management, Information Technology and Board Performance Evaluation are provided. The chapter proceeds to discuss at a greater length the Evolution of Corporate Governance around the world using the Theoretical Framework that covers various theories such as Agency Theory, Stakeholder Theory, Stewardship Theory, Institutional Theory, Resource-Dependency Theory, Managerial Hegemony Theory and Convergence Theory as a frame of reference. The chapter also discusses the legislative framework at the global front, with emphasis on the Sarbanes-Oxley Act in the United States of America, which has become influential in the corporate governance space.

From a Namibian perspective, the chapter unpacks the legislative framework that has bearing on the Namibian corporate governance landscape. This includes the Public Enterprises Governance Act 2 of 2006 as amended, Companies Act 28 of 2004, Anti-Corruption Act 8 of 2003 and the Public Procurement Act 15 of 2015. The chapter further discusses codes on corporate governance that have influence on corporate governance practices on Public Enterprises in Namibia. These include the King Reports (I, II, III and IV) and NamCode.

The chapter also discusses the Essentiality of Corporate Governance in Public Enterprises, with specific focus on clarity of roles separation, CEO duality and reversed governance. It further covers risk management as a way of guaranteeing institutional sustainability, along with sub-themes such as the evolution of risk management premised on traditional risk management,

enterprises risk management, the COSO Framework, the ISO 31000 Framework, the COBIT 5 Framework, strategies for risk management – managerial responses and risk management as a strategic opportunity are also discussed.

Moreover, the chapter covers discussions on IT as a risk factor, IT governance and its strategic centrality as well as whether the COBIT 5 Framework enables effective IT Governance. The appointment of board members and their roles in governance, factors that influence board performance (board size, board composition, board diversity, CEO duality, importance of board committees in supporting boards, board human capital, board processes (entailing board cohesiveness, board decision making and board operations) and time requirements are equally discussed under this chapter. The board performance evaluation as a barometer for determining board effectiveness with specific concentration on the control role, service role and strategic role are similarly discussed, before the conclusion of this chapter.

2.2 DEFINITIONS

A definition fundamentally relates to the epistemological assumptions involved (Gillian, 2006). Although Risk Management, IT governance and Board Performance Evaluation, strictly speaking are integral components of Corporate Governance, the three concepts are defined independently of Corporate Governance for the purposes of this thesis.

2.2.1 Corporate Governance

According to Düztaş (2008) the collapse of Enron in the USA in December 2001 has had a particularly significant role in increasing the importance of corporate governance both in the USA and in other parts of the world. Further that the collapse of Enron underpinned three major issues. Firstly, the company had a corporate culture that encouraged its staff to influence public policy-makers with respect to the deregulation or privatization of the USA energy sector. Secondly, the company both instructed and led its accounting firm to carry out ‘dubious’

financial transactions, which ultimately led to the collapse of Enron and may have ended Andersen as an independent firm, especially regarding its core business of accounting. Thirdly, the outcome of the Enron debacle is the most significant. The Enron collapse had plunged the USA financial markets into chaos and brought to light the need for drastic reforms that most certainly would not have been made had the company continued to operate. It was this tragedy gave a rise to the prominence of corporate governance in the contemporary discourses.

There is a considerable lack of consensus on the common definition of corporate governance amongst scholars and researchers around the world (Abid, Khan, Rafiq, Ahmad, 2014). This leaves room for further research-based innovation in search of a simpler and universally accepted definition. According to Düztaş (2008) different definitions more or less have the same meaning even though they emphasise different aspects of corporate governance. Below is how various authors have attempted to define the concept of corporate governance. According to Marashdeh (2014) various researchers and scholars classify corporate governance definitions in either a narrow or broad sense. The former includes definitions that are based on satisfying the interests of the shareholders while the latter contains extended definitions, which are based on satisfying the interests of the stakeholders (i.e., employees, customers, suppliers and government) (Gillian, 2006; Letza, Sun and Kirkbride, 2004).

Daily, Dalton & Cannella (2003) referred to corporate governance as a process that entails determining how various organisational resources are utilised in the most sustainable way. Further that it centers on how the conflicts amongst the stakeholders in and/or of the organisation are resolved. According to the OECD (2008) the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. Further that the board is one group sharing common objectives that reviews how the business is run, but does not run the business itself by:

- Agreeing on the strategic framework and keeping it under vigorous review;
- Monitoring the implementation of strategy through the operational plans;
- Focusing on long-term sustainable value creation;

- Safeguarding the longer-term values of the company, which include the brand and corporate reputation;
- Overseeing the quality of management and how it is maintained at world class levels; and
- Maintaining a governance framework that facilitates substance and not merely form.

The overriding theme of the board should be profitable growth within an acceptable risk profile (OECD, 2008).

Ibrahimpasić (2012) from his perspective, the role of corporate governance in modern economies comprises the following:

- To facilitate and stimulate the performance of corporations by creating and maintaining incentives that motivate corporate insiders to maximize firms' operational efficiency, return on assets and long-term productivity growth;
- To limit insiders' abuse of power over corporate resources – whether such abuse takes the form of insiders' asset stripping or otherwise siphoning off corporate resources for their private use, and/or their causing significant wastage of corporate-controlled resources (the so-called agency problems) – which are otherwise likely to result from insiders' self-serving behaviour;
- To provide means to monitor managers' behaviour to ensure corporate accountability and provide for reasonably cost-effective protection of investors' and society's interests vis-à-vis corporate insiders).

Solomon (2007) described corporate governance to be a process of supervision and control which would ensure that actions of the enterprises' executives are in the best interests of the shareholder. This definition has been criticised as being very limited because it only concerns the shareholder (Mubwandarikwa, 2013). The corporate governance processes enable the boards to perform oversight function, demand for accountability from management, make

decisions, approve policies and keep the interests of those serving the company under the watch so as not to exceed that of the company.

The above is in sync with the postulation of Düztaş (2008) such that good corporate governance structure is a working system for principled goal setting, effective decision-making and appropriate monitoring of compliance and performance. Through such a vibrant and responsive structure, the CEO, the management team and the board of directors can interact effectively and respond quickly to changing circumstances within a framework of solid corporate values, to provide enduring value to the stockholders who invest in the enterprise.

King Report (IoDA, 2009) defines Corporate Governance as a system that is concerned with holding the balance between economic and social goals and between individual and communal goals. Shifidi (2014) elaborated on the foregoing by indicating that for the alignment between the interests of individuals, corporations and society to exist a good and sound Corporate Governance Framework is needed (Shifidi, 2014).

On the other hand, Shleifer & Vishny (1997) defined corporate governance as a way in which suppliers of finance to corporations assure themselves of getting returns on their investment. It is normally difficult if not at all impossible for a shareholder to carry out the responsibility of managing corporations or institutions themselves. As a result, they often delegate such responsibilities by appointing management teams which oversee the day-to-day operations of the institutions. The shareholders then only provide the oversight over the business operations of the institutions, by way of ensuring that there is a governance framework in place and this is what is often referred to as corporate governance.

In addition Keasey *et al.*, (2005) defined corporate governance as a set of mechanisms – both institutional and market based – that induce the self-interested controllers of a company (those that make decisions regarding how the company will be operated) to make decisions that maximise the value of the company to its owners (the suppliers of capital).

The OECD (1998) defines corporate governance to be “a system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. Corporate governance becomes the channel through which the company objectives are set, and the means through which those objectives and monitoring performance are attained.

In its updated version, OECD (2004) however described the corporate governance to be involving and providing “a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders.

Such architecture must enable effective monitoring and accountability. The presence of an effective corporate governance system, within a company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy, with a lower cost of capital and optimal resources utilisation.

Echanis (2002) expanded that corporate governance refers to both the structure and process by which the public enterprise deals with or controls the agency problem. It is centrally about the question of how the outside investors can be protected against possible fraud by the insiders (La Porta, Lopez-de-Silanes, Shleifer and Vishny, 2000). Generally, corporate governance is associated with values that include; accountability, discipline, fairness, independence, transparency, responsibility and social responsibility (IoDSA, 2009). According to Bhasin (2013) accountability, transparency, fairness and disclosure are the four pillars of corporate governance.

Given the lack of consensus on the definition of corporate governance, the two definitions, namely by Echanis (2002) and OECD (2008) underpin this thesis.

In addition, this thesis adds to the literature by defining corporate governance as security that shield off the investment decisions and the fertile ground on which the investors' or shareholders' confidence grows and flourishes in anticipation of a maximised returns. Alternatively, it is the oil that smoothen the processes of decision-making and fast tracks the attainment of the strategic deliverables. Through its existence, there is clarity in the delineation of roles and where accountability lies with the end result that the oversight function is optimized.

2.2.2 Risk management

Risk is unescapable. It transcends nearly every human situation and it is present in our daily lives, be it social, political and professional/corporate. It is within the public and private sectors. While there are many acceptable definitions of risk in use across various industries and organisations, the most common concept in all definitions is the uncertainty of outcomes (Treasury Board of Canada Secretariat, 2001). Risk refers to the uncertainty that surrounds future events and outcomes. It is the expression of the likelihood and impact of an event with the potential to influence the achievement of an organisation's objectives (Treasury Board of Canada Secretariat, 2001) and (Hardy, 2010).

There are various definitions of what Risk is. However, relying on the Oxford Dictionary Soanes (2010) defines risk as 'danger of damage or loss'. On the other hand, Lhabitant & Tinguely (2001) look at risk as the exposure to uncertainty. They added that uncertainty is defined as the possibility of occurrence of one or several events. Kaplan & Garrick (1981) amplified the foregoing by reasoning that risk is not only uncertainty, but it includes the consequences that such uncertainty could have on the concerned environment.

The varying definitions of risk also depend on how outcomes are characterized. According to Hardy (2010) for some entities, risk has been affiliated only with adverse consequences without taking into consideration the upside (or opportunities) to risk. She further postulated that there continues to be a debate and discussion on what would be an acceptable generic definition of risk that captures both the associated consequences and opportunities. In addition to consequences, one school of thought asserts that, when assessed and managed properly, risk can lead to innovation as well.

Hardy (2010) continued to state that risk management is a tool for assessing risks, evaluating alternatives, making decisions, and implementing and monitoring protective measures. It is the continuous process of assessing risks, reducing the potential that an adverse event will occur, and putting steps in place to deal with any event that does occur (Treasury Board of Canada Secretariat, 2001). Further that it involves a continuous process of managing through a series of mitigating actions that permeate the Public Enterprise's activities, the likelihood of an adverse event and its negative impact. It also addresses risk before mitigating an action, as well as the risk that remains after countermeasures have been taken (Hardy, 2010).

Also, according to Hillson (2002) the concept of risk has two sides (varieties), one being the side associated with opportunities which is the risk with positive effects and the other, being the side associated with threat which is the risk with negative effects. The common characteristics of downside risk (threat) and upside risk (opportunities) is that they are both uncertain and potentially affects objectives (Dang, 2015).

Therefore, the main purpose of risk governance or management is to reduce the volatility of firm value (Nance, Smith, & Smithson, 1993) and to eliminate the lower-tail outcomes (Stulz, 1996). This reduces the expected costs of financial distress, while enabling the Public Enterprise to gain a competitive advantage in risk-bearing.

2.2.3 Information Communications Technology

A common and universal definition of IT governance seems not to exist (Simonson & Johnson 2006). According to Luftman (1996) IT governance is the degree to which the authority for making IT decisions is defined and shared among management, and the processes managers in both IT and business organisations apply in setting IT priorities and the allocation of IT resources. In addition, BearingPoint (2003) also came to the fore defining IT governance as structures and processes that ensure that IT supports the organisation's mission. Its purpose is to align IT with enterprise, maximise the benefits of IT resources responsibly and manage IT risk.

IT governance can also be defined as organisational capacity exercised by the board, executive management and IT management to control the formulation and implementation of IT strategy and in the way, ensure the fusion of business and IT (Van Grembergen & De Haes, 2003). Weill and Ross (2006) defined IT governance to mean specifying the decision rights and accountability frameworks to encourage desirable behaviour in using IT.

According to Information Technology Governance Industry (2003) IT governance can be defined as an integral part of enterprise governance and consist of the leadership, organisational structures and processes that ensure that the organisational IT sustains and extends the organisation's strategies and objectives. In the academic space, most definitions of IT governance clearly point to a combination of both structural, procedural and relational mechanisms employed by organisations to guarantee proper stewardship and an oversight of IT activities and investments (Brown 2015). According to Perko (2008) IT governance aims at assuring that IT is used effectively for company growth, costs' reduction, raising business flexibility level and the wise asset allocation.

Looked at from the risk perspective, IT governance would entail the framework and processes of managing the IT related risk. IT risk would be that element of the business risk fraternity,

specifically, the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within the corporate entity. It consists of IT-related events that could potentially impact the business. It can occur with both uncertain frequency and magnitude, and it creates challenges in meeting strategic goals and objectives.

2.2.4 Board Performance Evaluation/Assessment

According to Nicholson and Keil (2004) the Board or otherwise the Board of Directors is an organ of company vested with the complex task and power of overseeing a company's strategy and leadership, monitoring its financial results and ensuring compliance with regulations. It has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company. How Boards of Directors interpret their roles and how they operate are key to their effectiveness (Ashburner, 1997; Carter and Lorsch, 2004). Board Performance Evaluation therefore is nothing else than the assessment of the Boards of Directors' performance in relation to fulfilment of their fiduciary duties.

2.3 THEORETICAL FRAMEWORK

Over the years, various researchers and scholars have developed several theories in an attempt to explain how the roles of boards, their performance and the behaviour of individual directors impact on organisational performance. The corporate theories facilitate the interpretation of the role that directors may play in achieving the performance goals of the firm that they govern (Nicholson, Kiel, 2007). These theories help us to understand the role and preferences of the different stakeholders (Abid et al, 2014). Part of what the role that the board may perform is ensuring both the risk management and ensure IT governance, rendering the theories suited and appropriate to explain these two principles of corporate governance too. Alternatively put, risk management and IT governance are inherent to the board's role, hence to be discussed in

the same context of the board performance and effectiveness. Below are some of the theories developed over time.

2.3.1.1 Agency Theory

The dawn of Modern Corporation necessitated a separation between ownership and control of wealth (Berle and Means, 1932). This separation implies that the professional executives manage the corporation on behalf of the corporation owner (Keil & Nicholson, 2003). The more the corporation grows beyond the means of a single owner, who may be incapable of meeting the rapidly increasing obligations of the corporation, the more pressure on the ownership structure of the business to expand with the attraction of new investors.

As the corporation continues to grow, the owners of the corporation employ some professional executives to help them run the entity efficiently on a day to day basis. This arrangement creates a relationship in which the owners of the business become the principals and the professional executives, whom they contracted to help manage their corporation(s), are agents. Conflicts or challenges may arise between the owner and agents if in the perception of the corporation's owner, the professional executive(s) are not managing the corporation affairs in the best interest of the owner (Davis, Schoorman & Donaldson, 1997). This relationship between the business owners (principal) and their managers (agents) has been described as Pure Agency Relationship because it is associated with separation of ownership from control (Jensen and Meckling, 1976).

Generally, agency theory argues that as corporations grow in size the shareholders (principals) lose effective control, leaving professional executives (agents) who possess specialized knowledge and expertise to manage the affairs of the business. In the long-run and on a gradual basis, the agents start gaining effective control over the business (Mizrachi, 1983). Through this transfer of control over the corporation, with time the agents may often

find luxury and relaxation to pursue their own selfish interests to the detriment of the principals. This situation creates a fertile ground for managerial mischief (Dalton, Hitt, Certo and Dalton, 2007).

When the interests and utility functions of the self-serving agents coincide with those of the principals, the agency problem will be said not to exist. However, when there is divergence, agency costs are incurred by the principals because the agents will want to maximize their own utility at the expense of the principals.

The primary objective of agency theory is therefore to reduce the agency costs incurred by the principals by imposing internal control measures to keep these self-serving agents in check (Jensen and Meckling, 1976). To this end, proponents of the agency theory have suggested some internal and external control mechanisms that will help check the excesses of the agents, among is having boards of directors independent of management in place.

According Fama and Jensen (1983) this helps in the separation of the decision management decisions (initiation and implementation of decisions) from decision control (ratification and monitoring decisions). While the decision management is the role of the professional executives (agents), decision control is a board's role. The application of these control mechanisms does not imply that all executive management's decisions will result in increased wealth for the principal rather it implies that the executive management will strive to attain outcome that are favourable to the principals.

Historically, Agency theory, emphasised monitoring and control of management as an oversight function by boards. A monitory function is effectively performed by having a board chair that is independent of the CEO, number of outside directors being more than inside directors and using incentives to bind CEO and executive management team's interests to those of shareholders. How effective boards are in the performance of their oversight function

over the executive management would determine the survival of the corporations (Fama and Jensen, 1983).

Furthermore, Dalton *et al.*, (2007) summarised the three-essential means of minimising agency problems and in order to effectively monitor and control management as: firstly, is having board independence (when board consist of more members from outside than inside directors as well when the chairperson and CEO is not the same person (discouraging duality)). Secondly, external control could be achieved through merger and acquisition (this bring some mischievous professional executives under discipline as they stand the risk of losing their jobs). Thirdly, agent equity ownership (professional executives who share ownership of their firm work towards protecting shareholder's interests and creating value for them).

Exclusive reliance on agency theory is however discouraged as it may ignore the complexities of organisational life. This according to Doucouliagos (1994) given rise other additional theories in order to explain the agent-principal relationship based on other non-economic assumptions.

2.3.1.2 Stakeholder Theory

According to Gay (2002) the Stakeholder Theory emerged as a result of a growing recognition by boards of the need to take account of the wider interest of the society. Jones and Wicks (1999) concluded that there are essential premises upon which the stakeholder theory rests, being: that the corporation has relationships with many constituent groups (stakeholders) that affect and are affected by its decisions; that the theory is concerned with the nature of these relationships in terms of both processes and outcomes and focuses on managerial decision making ; that the interest of all legitimate stakeholders have intrinsic value and no set of intrinsic value is assumed to dominate the other.

Hutton (1995) expounded further that the stakeholder approach holds that a range of corporate constituencies which include customers, employees, suppliers, creditors, communities should have a say in the running of the corporation. A stakeholder is subsequently defined to be anyone who has an interest in the corporation and is at risk if it (corporation) fails. A given corporation serves a broader social purpose than merely maximising the Shareholder's wealth (Clarkson, 1995). For example, an employee who may find it difficult to secure another employment if the corporation closes; a creditor whose claims will not be met in full if the company enters insolvency; suppliers with close ties to a particular producer; and a community which has come to depend upon a large local employer, are all in a position where they have a stake in the corporation 's sustainability.

The corporate entity cannot be maintained without the inputs of a series of constituencies; investors, lenders, suppliers, managers, workers, unions and communities. Thus, corporate governance is an exercise in team production, in which the issue is how voluntary cooperation between the different stakeholder groups is to be achieved (Blair and Stout, 1999).

This theory maintains that the objectives of any given corporation should be derived by balancing the conflicting aims of the various stakeholders in the corporation: executive team, workers, stockholders, suppliers and vendors. This theory implies that boards will be mainly interested in performance of the enterprises in terms of meeting expectations of stakeholders. Such a board should be made up of directors with the right background and experience for effectiveness of their service function. Board human and social capitals become important with the stakeholders 'theory approach to corporate governance.

Some authors have criticised the stakeholders' theory on certain grounds. For instance, Slinger (1998) posited in his work that, Stakeholder theory discards the objective basis for evaluating business action, it provides no guidance at all as to how competing interests, are

to be ranked or reconciled. It consequently provides no effective standard against which business can be judged.

2.3.1.3 Stewardship Theory

Stewardship theory was introduced as a means of defining the principal-agent relationships based upon other behavioural premises (Donaldson and Davis, 1989) than the economic confines. The theory defines situations in which professional executives are not motivated by individual goals but rather see themselves as stewards whose motives are aligned with the objectives of the principals, owners of the business.

It is primarily designed to examine the situations in which executives, as stewards, are motivated to work in the best interest of their principals, the shareholders (Donaldson and Davis, 1991). In stewardship theory, the steward seeks to attain the objectives of the enterprise which will in turn benefit all the other stakeholders in the business. This is because the steward believes that his interests are aligned with those of his principals, thus he maximizes his personal interests by ensuring that he protects and maximises the shareholders' wealth through excellent performance (Davis, *et al.*, 1991). This creates the perception that utility gained from collective and pro-organisational behaviours of the professional executive is higher than the utility that can be gained from individualistic and self-serving behaviours.

While agency theory advocates independent board leadership that discourages duality role of the chief executive officer (CEO), (Gillian, 2006; Rhoades *et al.*, 2001 and Weir and Laing, 2001), stewardship leadership favours duality role for the CEO in which the steward/executive also chairs the board (Ju and Zhao, 2009; Peng, Zhang, and Li 2007; Adams, Almeida, and Ferreira, 2005; Shen, 2003; Tian and Lau 2001; Finkelstein and D'Aveni, 1994 and Donaldson and Davis, 1991). The theory posits that the delegation of corporate control by owners to professional executive may be a positive development towards

managing the complexity of modern corporations. Having control empowers professional executives to maximize corporate goals (Mallin, 2010). Stewardship theory is therefore not favoured in modern corporate governance practices where CEO duality is being denounced.

2.3.1.4 Institutional Theory

According to Scott (2001) institutional theory runs through the formative years of the social sciences. The theory enlists and incorporates the insight of earlier scholars such as Marx & Weber, Cooley & Mead, Veblen and Commons (Mubwandarikwa, 2013). Alexander (1983) had earlier postulated that this theory reflects the pattern in theorising the social action, structure and formation. It speaks of processes through which structures, including but not limited to schemas, rules, norms and routines become authoritative guidelines to social conduct. Furthermore, the theory interrogates how the aforementioned elements are formed, diffused, adopted and adapted over time.

2.3.1.5 Resource - Dependency Theory

This theory underscores the resources co-opting strategy by an enterprise as a way of enabling it to exert control over its environment and to continue to survive. Quite often this strategy entails appointing directors that can bring their social capital and competences to the enterprise, as this is one of the most valuable attributes that a director can bring to a board (D'Aveni, 1990; Hillman, 2005; Stevenson and Radin, 2009). According to Pfeffer (2003) this theory was developed in pursuance of alternative perspective to economic theories of mergers and board interlocks and to understand the inter-organisational relations that have played a bigger role in recent market failures.

Social capital may be defined as a person's socially valuable personal attributes and network connections (Nahapiet and Ghoshal, 1998; Lester, Hillman, Zardkoohi, and Cannella, 2008). The enterprise should be able to benefit from these attributes and connections (Haunschild,

1993; Lester *et al.*, 2008; Payne, Benson and Finegold, 2009). By way of an example, an enterprise stands to gain if it has a director on its board who is revered and considered as a role model in his profession or community.

This type of personality can serve as a source of information to and/or for the professional executives in their management of the enterprise business affairs. Further such a director becomes actively involved in changing the societal perceptions toward the enterprise that s/he is serving as a director (Price, 1963). When an individual is appointed as a member of the board at a particular enterprise, s/he is expected through application of one's own expertise and business contacts to help the enterprise in the creation of new business opportunities and commercial networks (Pfeffer & Salancik, 1978). So, it is widely believed that the resource-dependency theory helps in enhancing the enterprise productivity and in turn improve returns to shareholders.

The proponents of this theory argue further that an enterprise's survival is dependent on the ability to access critical resources from the environment or community (Casciaro and Piskorski, 2005; Pfeffer and Salancik, 1978). Enterprises actively manage their resource environments by maintaining external linkages to organisations on which they depend for critical resources (Hillman, 2005; Westphal, Boivie and Ching, 2006). Further that directors with high social capital can bring information about the external environment, other enterprises' strategies, and prospective managerial talent to the enterprise (Certo, 2003; Davis, 1991; Haunschild, 1993).

Another aspect of the resource dependency theory is the level and use of human capital on the board. The level of human capital on the board is also a resource that is available to the enterprise. Boards use their human capital to perform their roles of monitoring and resource provision. The resource provision role includes a variety of activities such as providing advice to executive management on major strategic actions.

The theory also takes a broader view of organisational resources focusing on the enterprise's competencies and capabilities of coordinating productive resources that are not transaction specific (McWilliams and Gray, 1995; Poppo and Zenger, 1998). The theory further implies that the skills and knowledge of directors are resources that could be used to help the enterprise perform better and by extension impacting on the effectiveness of the board.

2.3.1.6 Managerial Hegemony Theory

This theory describes the board as a legal entity: a co-opted appendage institution that, despite its formal governing power over management, is in fact dominated by corporate management, hence ineffective in alleviating conflict of interest between management and shareholders (Galbraith, 1967; Mace, 1971; Herman, 1981; Vance, 1983; Wolfson, 1984). As a result of the above, the board's role in corporate governance is seen as a passive and compliant, rubber stamp for management's proposals and decisions (Herman, 1981). This view about corporate boards is consistent with the traditional managerialist theory of corporate control, which emphasises management's growing control of corporate affairs as corporate ownership becomes more dispersed among many small shareholders (Berle and Means, 1932; Williamson, 1964; Winter, 1964).

Under this theory, management even goes to the extent of identifying and selecting outside board members (Mace, 1971; Williams, 1979), leading to the constitution of the board with directors that are loyal to management and therefore mere rubber-stamping authorities of policies and proposals by management (Herman, 1981; Wolfson, 1984). The lack of relative knowledge about the company affairs was also found to be contributing to the board of directors' passive behaviour or close association with management (Estes, 1980). The board's exclusive dependence on information and insights that are provided by the company's top management is another cause of board of directors' passiveness (Bacon and Brown, 1975;

Wolfson, 1984). It has therefore become generally accepted that this theory implies that for a board to be effective in its oversight function and control of management, the board must be made up of directors that are independent and beyond the control of management.

2.3.1.7 Convergence Theory

According to Kefas (2014) this theory merely assumes that with an increase in globalization and multi-national corporations, international boundaries and borders are becoming irrelevant as investment capital seek out new markets and profit centres. The theory essentially implies that there is a convergence towards a model of corporate governance that is universally accepted (Kefas, 2014). Clarke (2004) postulated that the agency theory that underscores shareholders’ value is not only necessary, but also practical for how the interests of the shareholders who are scattered all over the world may be effectively protected as global corporations continue to invest in the economies of the developing nations. It is globalisation or internationalisation of business or investments that is justifying the need for the convergence theory. Below is the globally accepted Corporate Governance Framework:



Figure 2.1: Corporate Governance Frameworks

Source: Deloitte and Touché (2013)

The table shows the infrastructural elements of the Universally Accepted Corporate Governance Model. The top half of the model shows that Board Governance revolves around performance, strategy, governance, talent, integrity. At the centre of the model is the risk management appetite which revolves around the organisational culture. At the bottom half of the model is the Corporate Governance Infrastructure, which includes planning, operations, reporting and compliance.

2.3.2 Global Legislative Framework

The concept of Corporate Governance started gaining momentum following various financial scandals around the world, in respect of which the investors or shareholders felt that more control was necessary in order to maximise the shareholders' returns or interests. Cadbury Report (1992), highlight the general principles of corporate governance and it later became a frame of reference for all corporate governance practitioners and scholars of governance. As a result of this ground breaking report, various countries and jurisdictions had to apply their minds on how best they can domesticate the corporate governance principles.

2.3.2.1 Sarbanes-Oxley Act of 2002

A high volume of corporate fraud were reported around the world between 2000 –2002, including but not limited to Enron, WorldCom and Tyco scandals. These necessitated the enactment of the Sarbanes-Oxley Act of 2002. The Act is also known as the Public Company Accounting Reform and Investor Protection Act or Corporate and Auditing Accountability, Responsibility and Transparency Act. Incidents at the aforementioned enterprises or companies exposed significant problems of conflict of interest and irregularity in incentive compensation practices. It was then the analysis of the complex and contentious root causes of these incidents that contributed to the passage of the Sarbanes Oxley Act. Specifically, the analysis of the

primary cause of the corporate scandals highlighted the following deficiencies: inadequate oversight of accountants, lack of auditor independence, weak corporate governance procedures, stock analysts' conflict of interest, inadequate disclosure provisions, and grossly inadequate funding of the Securities and Exchange Commission. In the view of the legislators, the Sarbanes-Oxley Act was then passed to address amongst others the aforementioned deficiencies and cause the entrenchment of sound corporate governance principles in both the private and public companies across the United States of America.

2.4 FRAMEWORK FOR CORPORATE GOVERNANCE IN NAMIBIA

The sources of corporate governance in Namibia include both the legislation, codes of governance as well as the best practices coming from elsewhere in the world. Below is the brief description of various tools that have influence on the Namibian corporate governance landscape.

2.4.1 Legislative Framework

There is always a link between good governance and compliance with law (NamCode, 2013). Good governance is not something existing separately from the law and it is entirely inappropriate to unhinge governance from the law (NamCode, 2013). Therefore, there are about four legislation that have bearing on corporate governance in Namibia and a brief discussion of each follows hereunder:

2.4.1.1 Public Enterprises Governance Act 2 of 2006 as amended

This Act is the legislative backbone for corporate governance principles. It establishes the Ministry of Public Enterprises, set procedures for the appointment of board members (Section 15 and 16), make it mandatory for the board members of the Public Enterprises to enter into both the governance and performance agreements with their respective portfolio minister(s)

(Section 17 and 18). The same Act compels public enterprises to submit business and financial plans at least 90 days before the commencement of each financial year (Section 19) and that public enterprises are only allowed to incur expenditure if such expenditures are in accordance with the budget approved by the portfolio minister (Section 20). It also incumbents upon the boards of directors to enter into performance agreements with management staff of their respective public enterprises (Section 21). In addition this Act provides for a framework that govern the remuneration of board members and senior management staff (Section 22), furnishing of information to the Ministry of Public Enterprises (Section 24), payment of dividends (Section 25), submission of annual reports (Section 26), investments (Section 27) and special investigations (Section 29) at public enterprises amongst other things.

Mainly, this Act although its applicability is only limited to the public enterprises, aims to promote the principles of corporate governance in the management and administration of the public enterprises in Namibia.

2.4.1.2 Companies Act 28 of 2004

The Companies Act, Act. No. 28 of 2004, is also one of the legislative instruments that is engrained in the promotion of corporate governance. This Act applies to every company incorporated in terms of the same Act every external company and, save as is otherwise provided in this Act, to every existing company.

The Act does not apply to any company the formation, registration and management of which is governed by any law relating to building societies, friendly societies, including pension funds, within the meaning of the Pension Funds Act, 1956 (Act No. 24 of 1956), trade unions and employers' organisations, or co-operative societies or companies, save in so far as may be otherwise provided in that law. Furthermore, it does not apply to any company or external

company or society which is subject to any law relating to banks or insurance companies or societies in so far as that law is inconsistent with this Act.

Notwithstanding, the Act provides for various aspects in pursuance of the corporate governance principles. These include, but not limited to administration of companies, encompassing the meetings of company, voting rights and voting, special resolutions, minutes, minute's books and reports of meeting. The types and form of companies that may be formed under this Act, coupled with conditions and procedures for companies' conversion as well as limitations on the partnership and associations are clearly outlined in this Act. The Act further spell out the mode of forming companies, objects, capacity, powers, names, registration and incorporation of companies, appointment of auditors, removal & resignation of auditors, rights, duties and remuneration of auditors. It also provides for procedural requirements regarding directors in as far they relate to number and appointment, register of director and officers, disqualification of directors, restrictions on directors, their powers and certain acts, interests of and dealings by directors and others in share of company, interest of directors and officers in contracts, proceedings at meetings of directors and managers, indemnity and relief of and offences by directors and others. This Act also provide for accounting and disclosure as well as well winding up procedures. All the above mentioned provisions, amongst others, which are too many to mention are ingredients of corporate governance.

2.4.1.3 Anti-Corruption Act 8 of 2003

Corruption is a destructive social element that feeds on public trust and institutional confidence. It destroys international markets, national economies and both medium and small companies. The investment confidence is always affected by the existence of evidence of systemic corruption. Lack of transparency is the fertile ground for corruption. It is thus becoming

increasingly necessary for both the international and national enterprises to instil procedures that would enhance transparency in their dealings as one way of fighting or preventing corruption. Transparency and thereafter the reduced corruption rate will be obtained through having robust internal measures or corporate governance architecture in place. This may include development of Code of Ethics, Conflict of Interest Management Policy as well as Whistle Blowers Protection Policy. Through the development of the said policies amongst others, spaces are created that enable ethical conducts and through which management of conflicts and/or reporting of corrupt practices or activities without fear or favour, can be procured. Once the governance environment is intolerable of any corrupt or unethical behaviour, then sound corporate governance will maximally be achieved.

The Anti-Corruption Act, Act No. 28 of 2003, although its main purpose is to prevent corruption, through this it is promoting ethical standards and behaviour which is the epitome of corporate governance. The Act specifically provides for powers and procedures to investigate corrupt practices, nature and forms of corrupt practices as well as penalties to be meted out to anyone convicted of corruption. In terms of Section 43, corruptly using office or position for gratification is prohibited. Also, in terms of Section 48, the Act further imposes a duty on any public officer to report corrupt transactions as and when it happens.

Individual board members, executive professionals or ordinary employees in various enterprises either public or private are compelled to champion to the principles of corporate governance because of fear to face the law in the form of Anti-Corruption Act. This to an extent contribute to the solidification of corporate governance on a national scale.

2.4.1.4 Public Procurement Act 15 of 2015

The Public Procurement Act, Act. No. 15 of 2015 and its Regulations are promulgated to regulate the procurement of goods, works, services, the letting or hiring of, and the disposal of assets of public enterprises, establish organs (such as Procurement Policy Unit, Central

Procurement Board of Namibia, Review Panel, Procurement Committees and Bid Evaluation Committees and Procurement Management Units) as well as their respective powers and functions in the procurement processes. The Act further provides for bidding process, challenge and/or review processes, in addition to the preferences to categories of persons, goods manufactured, mined, extracted, produced or grown in Namibia as well as to Namibian registered small and medium enterprises, joint venture business, local suppliers, contractors and service providers.

All the above provisions of the Public Procurement Act read with the Regulations of the Public Procurement Act, aim at promoting and engraining the principles of corporate governance in the national and institutional procurement spaces or systems.

2.4.2 Code of Best Practices

Hereunder the best practices as codified in various Codes that are used in the Namibia are briefly discussed.

2.4.2.1 King Reports

These reports were compiled by a committee known as the King Committee, named after its chairperson, a retired Judge in South Africa, Mervyn King. The first King Report (King I Report) was published in 1992 and was succeeded by the second edition in 2002 (King II Report), before the release of King III Report in 2009. Compliance to King Report(s) is recommended for all companies listed under Johannesburg Stock Exchange. Although various King reports are not enforced through any legislation, many of their principles are enshrined in the Companies Act of South Africa of 2008 (Shifidi, 2014).

King I Report attempted to establish principles for boards and directors of JSE listed companies, financial institutions and certain public enterprises. This report was however

criticised for falling short on the inclusion of the auditing function, risk management and integrated sustainability reporting (IoDSA, 2006).

King II Report as published in 2002, it stressed the concept of sustainability and the integrated reporting thereon. It additionally defined the roles of board members and function of risk management. Also, despite the companies listed on JSE, it also applies to department of state or national, provincial and local authorities' administration falling under the Local Government: Municipal Finance Management Act, as well as public enterprises (IoDSA, 2016).

King III Report was then published in 2009, although only became fully functional in 2010. The report main purpose was to address the deficiencies of the two preceding King Reports. It stresses that instead of regular annual reports, institutions need to produce integrated reports which should include sustainability reports. The sustainability reports must be based on Global Reporting Initiatives (GRI) and Sustainability Reporting Guidelines (SRG). This report applies to all entities, be it public or private, profit or non-profit as well as regulatory institutions (IoDSA, 2009).

According to Shifidi (2014), however, the unique aspect of King III is that it applies to all kinds of entities regardless of the manner and form of incorporation or establishment and to all public, private and non-profit sectors. It further encompasses alternative dispute resolutions mechanism, risk-based internal audits, remuneration for boards of directors and evaluations for board performance in order to determine effectiveness.

Undeniably the report sets an international benchmark for "apply or explain" as a ground for pardoning the non-compliance when and where same is justified. Where an enterprise subscribes to King Reports (I – III), a positive statement in this regard should be made to the stakeholders.

After nearly eight or nine years of existence as Governance Codes for companies, mostly in South Africa and bordering countries, King III, has since be substituted by the fourth (4th) version of King Report, to be called King IV. This new version was release on 01 November 2016 and became effective on 01 April 2017. The notable difference between King III and IV is that the latter is outcome oriented, placing accountability on boards in as far as pursuance of ethical culture, good performance, effective control within the organisations and legitimacy with stakeholders are concerned. The King IV Report brings a shift from the tick the box-mentality to a core compliance culture.

While disclosure in terms of King III is premised on the “apply or explain” principle, King IV adopted a more radical attitude to disclosure as it requires a combination of an “application and explanation” in the form of “apply and explain”. The latest King Report also provides guidance on how various sectors can use this Code. These sectors include; Municipalities, Non-Profit Organisations, Retirement Funds, Small Medium Enterprises and State-Owned Enterprises or Public Enterprises in the case of Namibia.

2.4.2.2 NamCode

Just like most African countries, Namibia is faced with the same challenges of corporate governance which are compounded by inadequate administrative systems, weak human resource capacity, infrastructure and financial resources (Boamah, 2003). According to Mubwandarikwa (2013) because Namibia is inextricably linked historically, geographically and economically to South Africa and the fact that the Namibian dollar (NAD) is pegged to the South African Rand, all King Reports, past and present, as well as all associated with Guidelines on Corporate Governance have influence on the Namibian governance environment.

The philosophy of NamCode revolves around leadership and corporate citizenship with sustainability goal. Such leadership calls for modern governance that which is premised on the

ethical values of responsibility, accountability, fairness, transparency and moral duties which find expression in the universal concept of Ubuntu (NamCode, 2013). According to NamCode (2013) responsible leaders in the modern governance should direct the company's strategies and operations with the view of achieving sustainable economic, social and environmental performance.

Deloitte and Touche (2013) conducted a survey on Corporate Governance in Namibia and concluded that Namibia needs an improved and expanded corporate governance. The survey specifically highlighted selection and induction of board members, remuneration and performance review of both board members and executive professionals as governance areas that need urgent attention.

On the strengths of the foregoing, in or around 2013, the Namibia Stock Exchange (NSX), in collaboration with First National Bank (FNB), compiled and published a localised governance code entitled "The Corporate Governance Code of NamCode". This Corporate Governance Code, which is also affectionately known as NamCode is by breadth and length influenced by the King III Report. According to Shifidi (2014), the code is based on international best practices, especially on South Africa's King III Report. The Code uses the 'apply or explain' principle.

2.5 ESSENTIALITY OF CORPORATE GOVERNANCE IN PUBLIC ENTERPRISES

It remains indisputable that corporate governance underscores the need for effective and sustainable ways through which companies are directed and controlled. It essentially aims at safe guarding the interest of the owner or shareholder, who is the government in the case of Public Enterprises. In other words, corporate governance deals with a fundamental question of what mechanisms are in place to ensure that investments of the shareholders are protected from sometimes reckless executive decisions by the agents (La Porta *et al.*, 2000).

Good corporate governance is not necessarily a guarantee against an organisational failure, but it ensures that there is an adequate disclosure of risk exposure and that where and when an organisation runs into difficulties, these are handled with wisdom and integrity in the best interest of the organisation, with communications to the stakeholders (Shifidi, 2014). Corporate governance guarantees sound standard of conduct by the directors (NamCode, 2013).

Through corporate governance outside investors are protecting themselves against possible exploitation by the insiders (La Porta *et al.*, 2000). This promote transparency and encourages the efficient use of resources and equally to report accountability for the stewardship of those resources (Shifidi, 2014).

Corporate governance are the lenses through which the shareholder monitors the company's performance. The clearer or more transparent these lenses are the higher the investment confidence of the shareholder in wanting to continue investing. Further, the stronger or doubled-edged these lenses are the greater the assurance that the company is effectively ring-fenced against risks of all kinds, which in absence of sound corporate governance can threaten the sustainability of any entity. Therefore, Public Enterprises need sound and effective corporate governance infrastructure for the shareholder's confidence, public trust and business continuity.

2.5.1 Clarity of Roles Separation

Having boards of directors independent from management at public enterprises is one way of ensuring that there is an internal control over the conducts and behaviours of the professional executives. According Fama and Jensen (1983), this helps in the separation of the management decisions (initiation and implementation of decisions) from decisions control (ratification and monitoring decisions). Ideally there should be no ambiguity that board's role should be that of decisions control while decisions management should squarely be in the hands of the professional executives.

2.5.1.1 Chief Executive Officer (CEO) Duality

For some companies the roles of the Board Chairperson and the Chief Executive Officer are combined into one and are effectively executed by one person. The situation is known as CEO duality. The proponents of this arrangement argue that it provides the CEO with a wide spectrum of power base and locus of control (Boyd, 1994). According to Anderson & Anthony, (1986) and Harrison, Torres, and Kukalis (1988) CEO duality provides some benefits. This is for instance the levels of information and knowledge that may be in dualism will enable the incumbent to better manage and direct the board's businesses (Lorsch and Mclover, 1989). Mintzberg and Waters (1982) argued that the ambiguous leadership associated with CEO duality can help the corporate entity to easily adapt to changes in environmental demands. Williamson (1985) while agreeing has amplified that dualism is more efficient making it a sensible form of governance.

However, the critics of CEO duality contested that in moments of ever-increasing corporate scandals, the demand is enormous that the role of the CEO be separated from that of the chairperson (Wilson, 2008; Lorsch and Zelleke, 2005). Although the demand for separation has been ongoing, it has not been dominant until Cadbury Report in 1992, which recommended a clear division. Jensen (1993) in support of Cadbury's recommendation advanced that for the effectiveness of the board and in avoidance of CEO entrenchment, duality should be discouraged.

In support of the foregoing, Finkelstein and D'Aveni (1994), Wilson (2008) endorsed that without an independent chair, board cannot perform its monitoring function effectively. Sanders and Carpenter (1998) amplified that division of the chairperson's role from that of the CEO enhances the board's monitoring and control ability and improves its information procession capacities. CEO duality minimises the board effectiveness and ability to exercise governance function (Solomon, 2007). Corporate entities with clarity on role division tend to

perform far much better than those with CEO duality (Balsam and Upadhyay, 2009). However, Palmon and Wald (2002) appear to suggest that the above only true for large entities as opposed to small ones, which stand to benefit from clarity and decisiveness of decision-making process under a single executive (CEO duality). Put differently, the foregoing implies that checks and balances of having Chair's role separated from that of the CEO/MD only works for the large firms.

It is clear that most of the reviewed literature view the combination of the role of the chairperson with that of the CEO as a grave threat to effective governance. However, for literature that supports combination, they also emphasise that such a person (fulfilling two roles) must be of a strong and independent character, in order not to compromise the board oversight functions.

2.5.1.2 Reversed Governance

This situation occurs when roles separation in an organisation is not clearly defined and as a result governance players are consistently encroaching into the space of others. By way of an example, if an organisation has CEO or Managing Director, who is dominant in character, such person would passively assume the role of the board and become a *de facto* board, setting the board agenda and telling the board members what to do and how to do it, without any notice by the board of directors that governance has been seized. Also, sometimes boards start assuming operational roles on the dictates of the CEO/MD. Conversely, one may as well find a situation where a board on its own accord is involved in the day-to-day activities of the organisation, making it focused on operational requirements (usually delegated to the CEO/MD and Executive Management) as opposed to strategic and governance requirements (never delegated) of the business. Whichever form it takes, this situation leads to a “*reversed governance*”, in which roles are exchanged, with the “governor” becoming the “governed” and vice-versa.

The existence of corporate governance in Public Enterprises is therefore essential to enable role clarity, both in instances of clear duality and reversed governance (the governor becoming the governed and the governed becoming the governor).

2.5.2 Risk management as a way guaranteeing institutional sustainability

According to Geessink (2012) although the consequences of uncertainty could also be beneficial, it is more important for companies to take the possible negative outcomes into account. Further that when uncertainties become reality, the outcomes could harm the Public Enterprise. Although there may be many different kinds of risk, institutions often face two risk categories, namely financial and non-financial risk (Ai & Brockett, 2008). These categories of risk, affect all types of Public Enterprises, hence NAMFISA and UNAM which are the focal point of this thesis are no exception.

As far as the financial risk is concerned, it consists mainly of the market risk, credit risk and liquidity risk (McNeil, Frey & Embrechts, 2005). These categories of risk are most common at banks and other financial institutions. Market risk is 'the risk of change in the value of a financial position due to a change in the value of the underlying components of which that position depends' (McNeil *et al.*, 2005) like for example commodity prices and interest rates. On the other hand, credit risk is 'the risk of not receiving the promised repayments on outstanding investments, because of default of the borrower' (McNeil *et al.*, 2005). As for liquidity risk, it is caused by a lack of marketability of an investment, in order to prevent or minimize a loss (Geessink, 2012).

Regarding the non-financial risk, Ai & Brocket (2008) observed that it can be categorized into hazard risk, operational risk and strategic risk. Hazard risks are external risks, which include but not limited to natural disasters, theft and liability claims. These risks could best be managed by buying insurances. Further that operational risks are caused by failing of internal processes, people and systems.

Strategic risks are directly related to the institutions' overall strategy and includes among others reputational risk. These risks are difficult to insure or hedge, and should be minimized using qualitative information (Geessink, 2012). The above discussed risks can be prevented or remedied through an effective risk governance framework, which institutions need to formulate and institutionalize.

2.5.2.1 Evolution of Risk Management

In the past, risk management was mainly looked at as a matter of safety and a concern of insurance industry. Historical practices viewed risks as threats and focused on avoidance of negative events, treated risk as a separate function, and continuously managed risk independently within silos. Over time the organisations start realising that effective risk management cannot be practiced in isolation, as it requires strategic inputs and needs to be built into existing decision-making structures and processes (Peter, Gjerdrum & Peeling, 2009). As a result of this systematic approach risk management has since evolved from a transactional function to that of a strategic nature (Peter, *et al.*).

It further followed that organisations gradually began to integrate risk by accepting risk as an expense, shifting their focus to managing risk, and recognizing risk managers as risk owners (Hardy, 2010). To date, corporate entities are strategically working towards a broader view of risk, understanding that risk is an uncertainty, shifting the focus to optimizing risk and advocating risk managers as risk facilitators and leaders. According to Geessink (2012) there are two basic approaches to risk management, namely Traditional Risk Management (TRM) and Enterprise Risk Management (ERM). Below are brief descriptions of the two approaches.

2.5.2.1.1 Traditional Risk Management

Traditionally, risk management happened in a silo-based way, where each risk was hedged or insured separately (Geessink, 2012). Also, it only focused on financial risks, such as credit,

market and liquidity risks (McShane *et al.*, 2011). Geessink (2012) stressed that this kind of approach leads to inefficiencies when relations between risks are not seen. This approach uses five steps in its risk management process, namely; (1) risk identification, (2) risk evaluation, (3) risk control, (4) risk financing and (5) risk monitoring and reporting (Anderson and Terp, 2006).

A number of recent studies have however shown that the traditional approach to risk management is no longer appropriate in providing a conceptual view towards risk management (Dang, 2015). Viewing risk management as “social constructions” instead of “objective reality of risk” points out the limitations of the traditional approach and suggest a new approach of risk management, which offers a strategic management in dealing with the positive as well as the negative aspects of risk (Stahl et al, 2003; Dang, 2015).

2.5.2.1.2 Enterprises Risk Management

According to Beasley, Branson & Hancock (2008) providing clear definitions of risk terms (including discussion of whether ‘risk’ represents both risk opportunities and risk threats) is often the first step required in establishing an Enterprise Risk Management (ERM) process. ERM transformed risk management from a silo approach to a holistic approach that is coordinated at the highest level within the organisation. It recognizes the value of both the tangible and intangible assets within the organisation for the purposes of risk management. The practices today are more encompassing, covering operational, strategic, financial, and reputation risks (Hardy, 2010) as opposed to the past when organisations only focused on hazard risk management and insurable financial risks.

Furthermore, ERM provides the solution that the traditional risk management could not offer (Geessink, 2012). This portfolio approach will decrease risk, when the modern portfolio theory is used. Another significant difference between traditional risk management and ERM is that ERM also focuses on operational and strategic risks (Geessink, 2012).

2.5.3.1.2.1 COSO Framework

According to the Committee of the Sponsoring Organisations of the Treadway Commission (COSO), ERM could best be defined as follows (COSO, 2004):

‘Enterprise risk management is a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives’.

The COSO ERM – Integrated Framework provide companies or institutions with guidelines on how to implement Enterprises Risk Management (Geessink, 2012). Below is an illustration of the COSO ERM Integrated Framework.

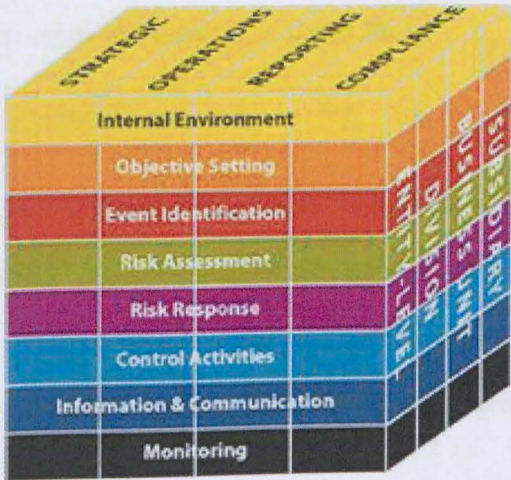


Figure 2.2: COSO ERM - Integrated Framework (COSO, 2004)

The ultimate goal of ERM is to help an institution in achieving its objectives, namely, Strategic, Operations, Reporting and Compliance (COSO, 2004). Geessink (2012) argued that through a holistic approach, ERM offers opportunities for institutions to be able respond to their risks in alignment with their corporate strategy. Geessink (2012) added that that the above four objectives (strategic, operational, reporting and compliance) are overlapping, which shows the holistic approach to risks by this framework. The four levels on the right-hand side of the cube

show the levels in which ERM should be present. The front face of the cube shows the eight interrelated components of ERM, namely: (1) internal environment; (2) objective setting; (3) event identification; (4) risk Assessment; (5) risk response; (6) control activities; (7) information & communication and (8) monitoring (COSO 2004, Dang, 2015). Therefore, it can be argued that for institutions that face one category of risk, it could be helpful to integrate all the risks into one portfolio, instead of hedging each different class separately. This could solve the possible of inefficiencies in risk management (Geessink, 2012).

Furthermore, since the different risks are aggregated into a portfolio, it is possible to see interdependencies between risks, which leads to a better comprehension of risk (Nicco & Stulz, 2006). Therefore, institutional management is better able to objectively allocate resources because there is a higher risk-adjusted rate (Millbrook, 2002), which enhances capital efficiency and return on equity (Liebenberg & Hoyt, 2003).

2.5.3.1.2.2 ISO 31000 Framework

Under ISO 31 000 framework risk management, framework and risk management process expands from the traditional five steps to eight sequence steps (Dang, 2015). Furthermore, the use of unique concept such “establish contexts” and “communicate” and “consult” differentiate the ISO standard risk management process from the traditional process of risk management.

Table 1.1: Risk Management Process and Tools under ISO 31000 Framework

Establish the Context	
Tasks	Suggested Tools
Internal & External factors	SWOT Analysis
Objectives	PEST Analysis
Appetite for risk	



Risk Identification	
Tasks	Suggested tools
Describe the risk	Brainstorming
Find risk source or trigger	Interviews, DELPHI method
Potential consequence	Check-list, annual reports



Risk Analysis	
Tasks	Suggested Tools
Understand the risk	Risk matrix
Determine level of risk	Bow Tie Analysis
	Work Process Flow Chart



Risk Treatment	
Tasks	Suggested Tools
Treat	Insurance
Share	Finance options
Retain	Diversified portfolio
Avoid	



Risk Evaluation	
Tasks	Suggested tools
Consider risk v appetite	
Determine acceptability	

2.5.3 Strategies for Risk Management Managerial Responses

Designing the risk management framework as well as approving of policies related thereto is a governance role vested in the governance bodies. Once the board or governing council has set the governance tone in relation to risk management by defining the appropriate framework and/or approving policies, executive management is expected to implement such instruments with the intention of addressing uncertainties. According to Dang (2015) identification and analysis of the institutional risk in the risk management process lead to the call for managerial responses in order to manage those risks. Miller (1992) postulated that potential managerial responses include both financial responses and strategic responses. Further that financial risk management technique reduces corporate exposures to particular risks without changing institutional strategy. Strategic responses on the other hand, impact the institutional exposure across a wide range of environmental uncertainties.

Miller (1992) identified five categories of managerial responses that are considered convenient and capable of dealing with environmental uncertainties. These include:

Avoidance strategy: refers to a business decision not to implement a particular strategic project or activity due to a possibility of high, severe and disruptive consequences which may result from the envisaged implementation. This strategy is often opted for when the likely consequence is unacceptable. The likely consequence would be made impossible because of the choice of this strategy (Dang, 2015). While this strategy is considered effective for risk

elimination, sometimes it may result in an institution missing on a beneficial opportunity (Dang, 2015). According to Gregorio (2005) environment change should be a factor to consider when an institution decides to avoid a certain risk, because “avoidance strategy” highlights the risk of inaction. Because avoidance strategy highlights the risk of inaction, an institution that chose to avoid a certain risk, should always consider environmental change.

Control strategy: involves conducting political activities, gaining market power or exchanging of threats (Miller, 1992). Therefore, when an institution is operating in space with high possibility of political and policy instability, it is imperative that it has knowledge of such risk in order to design appropriate responses in thereto. According Dang (2015) to political activities entail lobbying and networking, while gaining market power is a strategic move aimed at controlling competitors by turning the risks into predictable and expected behaviours. Gregorio (2005) seems to be suggesting that “bribery” is also part of this strategy. Furthermore, unlike avoidance strategy, controlling strategy seeks for actions, which directly reduce the risks (Dang, 2015). This strategy may not be feasible for small and medium sized enterprises because of its demand for adequate resources and market power.

Cooperation strategy: thrives on the exploitation of potential opportunities. According to Miller (1992) this strategy involves multilateral agreements as opposed to unilateral control as a means of uncertainty reduction. Specifically, the strategy may include entering into long-term partnership agreements and participating in the business associations for the purposes of networking, information sharing and establishment of norms and regulations undertakings which would result in the risk reduction (Dang, 2015).

Imitation strategy: According Miller (1992) implies the “copy and paste” approach by an institution from its rival, particularly the market leader, as a means of dealing with risks. Miller (1992) postulated that imitation strategy is common in the price-settling and product diversification space.

Flexibility strategy: for the institution to survive any era of uncertainty, it needs flexibility in order to be able to adapt to fast-changing circumstances or environments. According to Dang (2015) the adaption strategies in pursuance of survival include, product diversification, options for input or geographic markets. By being flexible institutions gain more competitive advantages enabling them to exploit and take advantage of opportunities resulting from diversification (Dang, 2015).

2.5.4 Risk Management as a Strategic Opportunity

Although risk management includes both the downside and upside aspects, modifications may be required from the standard risk management approach in order to deal effectively with opportunities (Hillson, 2002). Dang (2015) expounded that risk management appears to recognise negative outcomes only and fails to cope with exploiting opportunities. By integrating risk management process and opportunity management process, shows an effective approach to minimise negative effects and at the same time maximise opportunities to gain positive effects. According to Gregorio (2005) opportunities side of risk, would for instance be an entrepreneurial action that is leading to discovery or unveiling of new knowledge regarding the specifics of time and place. Dang (2015) amplified the foregoing by stressing that executive management can learn from entrepreneurial mindsets to deal with uncertainties to adapt and benefit from uncertain changes. Further since external environment can be so volatile and unpredictable, a risky condition may turn out to be an opportunity (Dang, 2015).

Therefore, what may appear to a risky situation and/or undertaking, can be an invisible opportunity, which once discovered and exploited meaningfully would exponentially grow the business or help to strategically position the institution in an unimagined advancement.

2.5.5 Information Technology as a risk factor

From the risk perspective, IT has become an increasingly demanded commodity within the governance environment. According to Brown Grant (2005) interest in IT governance has been driven by an increased focus on risk mitigation, financial accountability control as well as a desire to ensure prudent and value-based investment in information technology (IT) assets. Further that the ever presence of risk and the need to mitigate same, justifies the need for the ongoing demand of IT governance. The complexity of IT systems does create operational risks. There is ever a high potential of increase in theses because of outsourcing of IT services which result in the confidential information stored outside the organisation and its direct control (NamCode, 2013).

Given the growing strategic importance of properly managing IT assets, combined with the fact that a high percentage of an organization's capital investment budget is spent annually on IT related investment (Lunardi, Becker & Macada, 2009; Gartner (2010), IT governance has taken prominence. IT is therefore an integral and inseparable aspect of most operations in almost any organisation and as such are the management, oversights and control of this important, ubiquitous and considerably costly assets (ITGI, 2003).

Beyond the size of IT investments, the increase in the demand of IT governance is resultant from a number of internal and external pressures facing most of the modern organisations. From the external pressure point of view this includes, an increasing focus and corporate control and reporting requirements for corporations, e.g. demanding real-time alignment between IT and business strategy. On the other hand internal pressures are perceived to include, increasing need to prudently and proactively monitor the return on IT investment and demonstrate the value of IT on organisational performance, ongoing pressure to improve the success rate of IT investments, austerity measures driving IT groups to provide more with less

duty of care, directors should ensure that prudent and reasonable steps are taken regarding IT governance. This should include ensuring proper IT investment prioritisation and project portfolio management approaches (Sherer, 2004; Bouraad, 2010; Frey and Buxmann, 2011; Rodriguez and Juiz, 2014).

It should also include alignment of organisational activities with the IT Governance strategies (Leung 2004; Lewis, 2004; Johnson, 2004; Fonstad & Subraman, 2009; Williams and Karahanna, 2013). Also, the connection between IT governance practices and organisational or financial performance, 2001; Weill & Ross, 2004 ; Boritz & Lim, 2007; Gu, Xue and Ray, 2008; Lundardi, Becker and Macada, 2009; Smith, Bradley, Bichescu and Trebmlay, 2013; Heroux and Fortin, 2014).

The aforementioned scholars echoed the expression by Henderson and Venkertraman (1999), who called for an alignment between Business Strategy and IT Strategy of any organisation in order to yield benefit of information communication technology. This led to a development of the Strategic Alignment Model (SAM) (Henderson and Venkertraman, 1999).

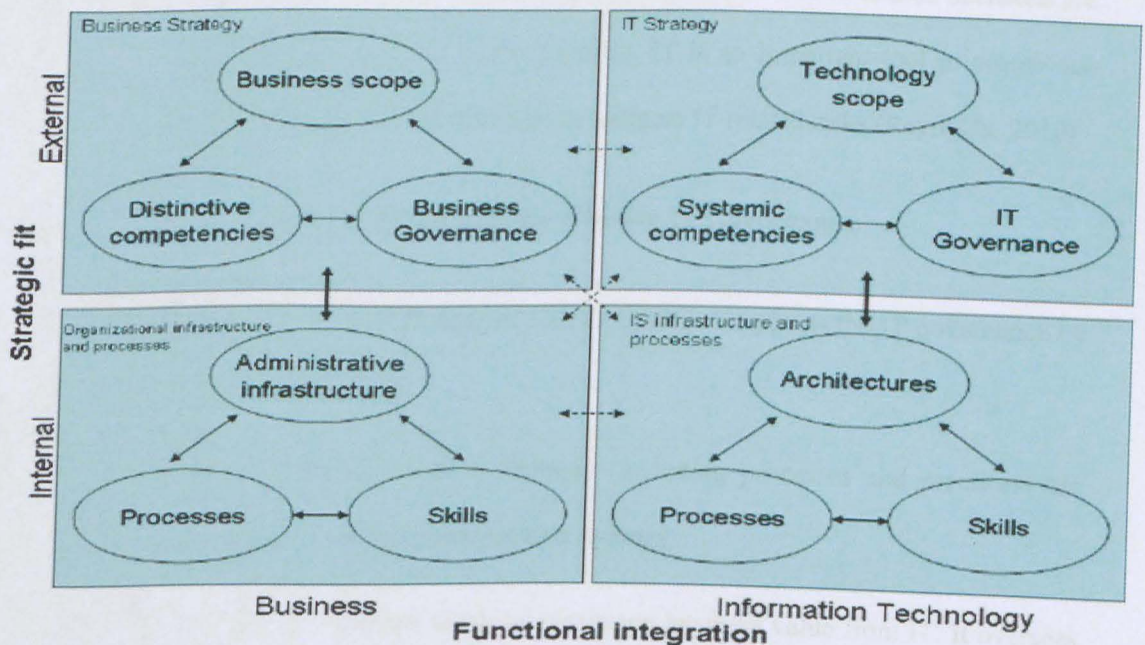


Figure 2.3: IT Business Strategic Alignment Model

Source: Henderson and Venkatraman, 1993

The model shows the interface between the functional domain (functional fit) to the strategic space (strategic fit). It further depicts that the alignment between organisational structure and processes and IT infrastructure is practically important for the attainment of organisational strategic objectives. The IT practices and process should be integrated into the organisation's business processes through the expansion of corporate governance policies and controls (Whitman and Mattord, 2006). The alignment in terms of the SAM is important to the improvement of the organisation's business performance (Sabherwal and Chan, 2001). Business strategy concerns the mission, vision and strategic objectives of the organisation, while IT strategy has to do with the use of application or software and other IT means that support the organisation business objectives (Chew and Gottschalk, 2009).

According to Olundegun (2018) organisations that have good IT Governance better aligned and integrated with their businesses, risks and costs in those organisations are reduced. Further that in organisations where IT governance is not prioritised inadequate direction and leadership, lack of accountability and absence of measurement on the outcome of IT related decisions are order of the day (Olundegun, 2018). In the premise, IT is an important tool to ensure the delivery of real value from IT expenditures and to mitigate IT related risks (Reynolds, 2010).

2.5.7 Whether COBIT 5 Framework enables effective IT Governance

According to ISACA (2012) and Olundegun (2018) COBIT 5 supports the IT governance by providing a framework that ensure:

Strategic Alignment: Through which It Strategy (including processes and practices) are integrated with overall the organisational business strategy.

Value Delivery: A domain designed to derive maximum business value from IT. It oversees how IT delivers value to the business.

Resource Management: A domain which provides a high-level direction on the sourcing and use of IT resources. It oversees the aggregate funding of IT at enterprise level. It further ensures that there is an adequate IT capability and infrastructure to support current and expected future business requirements.

Risk Management: A domain which ascertain that the processes are in place to identify and effectively manage risks. It includes assessment of all risk aspects of IT investments.

Performance Measurement: A domain which verifies strategic compliance, e.g. achievement of strategic IT objectives. It reviews the measurement of IT performance and the contribution of IT to the business (delivery of promised business value).

According to Olundegun (2018) COBIT 5 is in addition premised on five (5) principles, namely:

- Principle 1: Meeting stakeholders' needs
- Principle 2: Covering the enterprise end-to-end
- Principle 3: Applying a Single Integrated Framework
- Principle 4: Enabling a holistic approach
- Principle 5: Separating governance from management

It is apparent from the above that COBIT is an enabler for effective IT governance through its framework and five principles.

2.6 APPOINTMENT OF BOARD MEMBERS AND THEIR ROLES IN GOVERNANCE

In different jurisdictions there are varying processes and procedures for appointment of boards. Board of directors are appointed in order to ensure that organisations are governed and managed on the corporate governance principles. In actual fact, the success of any organisation

depends on the calibre of the board of directors charged with the responsibility of overseeing the governance of that particular organisation. According to Ogbechie (2012) governance issues arise whenever ownership of an entity is separated from its management and this became foundational basis of Agency theory. The agency problem arises when the principal (shareholder) lacks the necessary power or information to monitor and control the agent (managers). It can also exist because the interests of the shareholder and that of the agent are divergent (Dalton *et al.*, 2007). This has a potential of leading to managerial mischief (Ogbechie, 2012).

Burlaka (2006) warned shareholders of three types of problems that they are likely to encounter in their endeavours to exercise control over managers, namely:

- Firstly, small shareholders often lack expertise and funds to enable the monitoring and assessment of the work of managers who have enormous information at their discretion.
- Secondly, large shareholders may have a conflict of interest, which can undermine their incentive to maximise firm value.
- Thirdly, large shareholders may themselves be part of organisations that face governance problems.

As discussed earlier, different theoretical perspectives have impact on the processes of board of directors' appointment. If the overall desire is to have a board that is squarely and centrally about the shareholder's value and by extension having the agents that are fulfilling that role without tolerance of sub-standard performance, then the agency theory would be the gauge for the appointment of board of directors for such an organisation (Dalton *et al.*, 2007; Ogbechie, 2012).

Equally, if the shareholders feel that the agents are confident enough and proud of being stewards, to an extent that they are managing the affairs of the organisation responsibly, prudently and in a way that improved organisational performance is evident (Donaldson and

Davis, 1991), then the stewardship would be the yardstick for the appointment of directors for such an organisation. Moreover, if boards of directors are expected to bring social and business networks in order to influence the environment in favour of the organisation (Pfeffer and Salancik, 1978; Pearce and Zahra, 1992; Johnson, Daily and Ellstrand, 1996; Carpenter and Westphal, 2001), then the resource dependency theory should be the barometer for appointment of the board of directors for such an organisation.

Similarly, if interest of diverse constituent groups is of a central concern to the organisation, then the stakeholder theory will have influence on the appointment of the board of directors, while if social action, structure and formation is of any consideration, then the institutional theory will come into being. Should the organisation however wish to have a board that is passive and compliant, rubber stamp for management's proposals and decisions (Herman, 1981), then the managerial hegemony theory will inform the appointment. For an organisation that seeks to grow its investment capital in the global and at multi-national front, hence see no international boundaries and borders as limitation, then the convergence theory would be central in the appointment of that organisation's board of directors.

It is clear from the above, that different theoretical perspectives provided the basis for the appointment of board of directors for various organisations. According to Ogbechie (2012), these perspectives provide better insights into what contribution boards bring to the organisations they govern or appointed to. He further amplified that good boards can play a significant role in ensuring good organisational performance.

Boards can provide a link between the organisation and its environment (Ogbechie, 2012), help in maximising shareholder's value by ensuring that managers are acting in the best interest of the shareholders and secure critical resources (Williamson, 1996, Hillman et., 2000). The boards also have an important role in helping the managers make strategic decisions (Fama and Jensen, 1983; Davies, 1999; Kemp, 2006). They are equally expected to act as a mechanism of

internal governance and monitoring of management (Barnhart, Marr and Resenstein, 1994; Shleifer and Vishny, 1997).

Boards should set the governance tone through adoption of framework, enactment of policies, formulation and development of organisational strategic plan, appointment of CEOs/MDs and other executive positions as well as governance officers, conducting of performance assessment of its appointees, approval of annual budgets and insurance of compliance with statutes and of governance best practices. In the fulfilment of the above roles, boards are likely to help their organisations to achieve their strategic targets (Gompers, Ishii and Metrick, 2003).

According to NamCode (2013) the board of directors, amongst other things is responsible for:

- Organisational strategic direction and control;
- Cultivation of the ethical culture and conduct;
- Entrenchment of integrity;
- Alignment of conducts to the organisational values;
- Stakeholder management (considering stakeholders' interests and expectations in the decision-making processes);
- Ensure that the organisation is seen as a corporate citizen;
- Governance of risk as well as IT governance;
- Keeping the separation between the office of the chairperson and that one the CEO;
- Appointment of the CEO as well as Company Secretary;
- Compliance.

2.7 FACTORS THAT INFLUENCE BOARD PERFORMANCE

Numerous studies over the years, have demonstrated how characteristics of boards impact and influence their performance. These characteristics include, but are not limited to:

2.7.1 Board Size

According to Ogbechie (2012) board size refers to the total number of directors on the board of any corporate organisation. Determining the ideal board size for organisations is very important because the number and quality of the directors on a board are some of the determining factors for effective board performance. However, the correlation between board size and corporate performance is still unclear as conflicting results have been found by various researchers (Yermack, 1996; Haniffa and Hudaib, 2006). While Yermack (1996); Anderson, Mansi and Reeb (2004); Coles, Daniel, and Naveen (2008); Guest (2008) found a positive relationship between board size and an organisation's market value, Randoy and Jensen (2004) and Zahra and Stanton (1988), could not confirm such a positive relationship. Singh and Davidson III (2003) also found out that larger boards are inversely related to the organisation's performance. A positive relationship is found to be existing between the organisation with small boards and its market value.

The proponents of large boards however argue that such boards provide an increased pool of expertise because they are likely to have more knowledge and skills at their disposal (Ogbechie, 2012). They are also capable of reducing the dominance of an overbearing CEO (Forbes and Milliken, 1999). The board's monitoring and supervising capacity is increased as more and more directors join the board (Jensen, 1993). These proponents also find support from stakeholder theory which suggests a positive association between larger boards and effective decision making. Furthermore, a larger board may enhance the quality of advice

given to corporate management (Forbes and Milliken, 1999; Cohen, Krishnamoorthy, and Wright, 2002; Haniffa and Hudaib, 2006).

Other researchers however are convinced that large boards negatively impact the performance and survival of any firm. These boards come with coordination and are very prone to fractionalization and coalitions that will delay strategic decision-making processes (Forbes and Milliken, 1999). This proposition enjoy support from agency theory, and proponents argue that as board size increases, control and monitoring functions of the board are diminished or impaired (Yermack, 1996), cohesion and coordination deteriorates (Jensen, 1993; Forbes and Milliken, 1999), decision making suffers (Lipton and Lorsch, 1992), and discussions of managerial performance become less frank (Vafeas, 1999). In the final analysis, empirical evidence underpin that larger boards are less effective and easily become subject to the control of a CEO. Also, the cost of coordination and processing problems is high in large boards and this makes decision making difficult even more (Ogbechie, 2012).

2.7.2 Board Composition

Very often when people refer to board composition, is a way of distinguishing between the inside and outside directors (Goergen and Renneboog, 2000). According to Baysinger and Butler (1985) composition may be easily differentiated into inside directors, affiliated directors and outside directors. This distinction is derived from the extent of their participation in the organisational management (Ogbechie, 2012). Further that inside directors are also managers and/or current officers in the organisation while outside directors are non-manager directors. Also, among the outside directors, otherwise known as external or non-executive directors, there are directors who are affiliated, and others that are independent. The affiliated directors are not employees, but have private or business relationship with the company and the independent directors have neither private relationship nor business association with the company.

The majority of studies favour boards that are dominated by outside directors (Andres, Azofra and Lopez, 2005). It is believed that outside directors bring the benefit of positive performance to the organisation because of their independence from the entity's management (Baysinger and Butler, 1985). They also come with a wealth of knowledge, experience and network, which the corporate entity's own management may not have. This enhance the element of independence and objectivity in the decision-making, while ensuring that executive management of the organisation is independently supervised (Fama and Jensen, 1983). According to NamCode (2013) the board should comprise of a balance of power, with a majority of directors being non-executive and independent.

The proponents of inside directors dominated boards have argued that such boards have access to important and relevant information about the operational activities of the organisation and industry environments in which the entity operates (Ogbechie, 2012). Bhagat and Black (1998) believe that the inside knowledge and industry experience by inside directors can help organisational performance. Although independence of the board is viewed as an important criterion in the governance, there is no clear evidence that it improves the organisational performance (Adams, Hermalin and Weisbach, 2010). The above conclusion was confirmed by Randoy and Jenssen (2004) who concluded that board independence is not associated with organisational performance based on accounting measures.

On the other hand, Duchin, Matsusaka and Ozbas (2010) in their difference-in-differences estimation found that increases in director independence improve performance in those corporate entities in which the costs of obtaining information are low, while performance worsens in corporate entity in which information costs are high. Recent studies also highlight that increased board independence also comes at a cost, because of the possibility of breakdowns in communication between the CEOs and directors (Adams and Ferreira (2009). The critics of the board independence highlights that a mere existence of a document reflecting

that a board is independent cannot guarantee independence of the directors, as this cannot effectively monitor when the directors are socially or professionally connected to the CEO (Hwang and Kim (2010); Dey and Liu (2011)).

Some of the earlier studies also confirmed the influence of CEO bargaining power over board independence. According to Baker and Gompers (2003), Ryan and Wiggins (2004) and Boone, Field, Karpoff, and Raheja (2007) controlling CEOs are able to bargain for less independent boards. There is still lacks a reliable and effective tool with which to determine the independence of any given board, otherwise it remains a guess game. Ogbechie (2012) concluded that a percentage of external directors on the board may only be a proxy for independence.

2.7.3 Board Diversity

According to Ogbechie (2012) a board should be large enough to include a diversity of the competencies it needs to exercise its responsibilities but small enough to engage in active strategic discussion, make timely strategic decisions that will move the organisation forward. There should always be a balance between the board size and its diversity. According to Hilb (2004) a small, legally accountable, and well-diversified board comprising a maximum of seven members (including an independent chairman, independent members and the CEO, in *ex officio* capacity) is a recommended and ideal board size.

Prior studies, although primarily focused on observable or demographic diversity suggested that diversity inconveniently impacts team dynamics, but improve the process of decision making by a given team. According to Ogbechie (2012) diversity can either take observable form such as gender, age, race and ethnicity, or non-observable form, which include knowledge, skills, experience, education, values, perception, affection and personality. Board diversity would therefore mean that the aforementioned characteristics are evident in the group.

The existence of such characteristics gives a team a competitive advantage (Watson *et al.*, 1993; Bilimoria and Wheeler, 2000).

It was established that both educational level and cognitive diversity have a positive effect on the organisational performance (Simons and Pelled, 1999). Further, they concluded that there was a relationship between experience diversity and return on investment as well as overall organisational performance because of informal communication among top teams. Also, in his analysis of the top-management teams Hambrick, Cho, and Chen (1996) found that homogeneous teams actually outperformed heterogeneous ones. This symptom is attributable to disagreements that are likely to permeate the heterogeneous teams, disabling the capacity to reach consensus, as it would be in the homogeneous teams. Whether this is good for effective governance that is another question. However, Ogbechie (2012) concluded that a highly diverse board might not lead to better board effectiveness.

Erhardt, Werbel, and Shrader (2003) in their research conducted amongst Fortune 1000 companies in USA, concluded that there is an association between diversity and effectiveness in the oversight function of boards. They opined that the oversight function improves in moment of conflict allowing for a wide range of views to be considered. On the other hand, Milliken and Martins (1996) noted that diversity is a double-edged sword for teams, because although it increases the summative level of resources at the team's disposal, it is also associated with higher levels of conflict interaction difficulties, and lower levels of interaction.

2.7.4 Importance of Board Committees in Supporting Boards

Notwithstanding the central role of the board in corporate governance, there is limited understanding of internal organisation of boards, especially the structure of the board committees (Chen and Wu, 2016). According to Ogbechie (2012) the effectiveness of boards also depends on the quality of board committees that are operational and/or functional. Most of the board activities take place at committee's levels, particularly during their meetings

(Kesner, 1988 and Klein, 1998). According to Chen and Wu (2016) there are specific tasks that the board committees ought to be performing, namely “monitoring” tasks and “advising” tasks. Further the understanding how board committees are structured and function is important to gain insight into the role of the boards and their optimal design.

According to Chen and Wu (2016) there are three benefits that are afforded by the board committees. Firstly, committees represent a process of decentralisation through which knowledge specialisation (De Kluyver, 2009) is enabled. This is because the monitoring and advising tasks of the board is intricate, hence required specific knowledge (Kim, Mauldin, and Patro, 2014). Secondly, specialisation through committees also allow for a more efficient task allocation, resulting in task division efficiency. Thirdly, committees can enhance the board accountability to the organisation by reducing individual free-riding and allowing external directors to perform their monitoring role effectively through great separation from management. There is likely cost associated with board committees, such as the information exclusion to the directors not on specific committee (Reeb and Upadhyay, 2010 and Chen and Wu, 2016).

In terms of NamCode and other corporate governance best practices, the following committees are recommended, namely: the audit, risk, remuneration and nomination committee as standing committees annually. In addition, the board may also consider establishing governance, IT steering and sustainability committees (NamCode). Beside and beyond, the mandatory board committees, boards may implement other non-required committees in assisting them with the strategic delivery. Earlier studies animated that larger firms turn to face more complex issues than smaller firms (Linck, Netter, and Yang, 2008; Lehn, Patro, and Zhao, 2009).

According to Chen and Wu (2016) we cannot expect a positive relationship between firm size and the activity of the committee, because the need for specialised knowledge is dependent on

the organisational complexity. The directors that turn to serve on a board of a particular entity for a longer period turn to gain firm-specific knowledge (Kim *et al.*, 2014). According to Chen and Wu (2016) as specialisation occurs within the organisation, information becomes more segregated.

The trend of increased delegated responsibilities from boards to board committees, has a potential of leading to communication barriers in the board and by extension limiting the board effectiveness in decision making (Adams, Raghunathan, Tamarkin, 2015). However, Chen and Wu (2016) argued that this potential challenge can be overcome by assigning directors to multiple committees of the board. Through this arrangement the directors gain both the individual and collective information on the firm.

2.7.6 Board Human Capital as a way of ensuring Board Effectiveness

According to Yusoff and Fauzia (2010) human capital is the individual knowledge and skills that ordinarily develops through investments in education, trainings and various exposures and experiences. Board capital would therefore represent the collective human and social capital of board members (Hillman and Dalziel, 2003). Further, it is an intangible asset of the corporation, which comprises of individuals' knowledge, skills and expertise, including intuitions, rules of thumbs and unconscious values (Hitt, Bierman, Shimizu and Kochhar, 2001) experience, reputation and expertise (Hillman and Dalziel, 2003). Upon reliance of the board human capital, that which is put at good use, the corporation will be able to realise strategic objectives.

The knowledge and experience of board of directors is therefore essential for the effectiveness of the boards and corporation's performance (Hansell, 2003). For instance, (Huse 2007; Kroll, Walters and Le Son, 2007; Arthurs, Hoskisson, Busenitz and Johnson, 2008) stated that board members contribute to effective governance primarily by utilizing information and expertise

that can be used to enhance creativity and coherence in the decision-making process. This calls for any corporation seeking to be effective to have a board made up of members who possess functional or corporation-specific knowledge and skills, in accordance with the corporations 'objectives (Milliken and Martins, 1996; Forbes and Milliken, 1999).

According to Ogbechie (2012) and Stewart (1997) the greater the human-capital intensity of the board members, the higher the percentage of high value-added performance contributed by the board to the success of corporation strategy. This is because the directors who possesses relevant knowledge and skills are often effective, in analysing different viewpoints of other directors (Kiel and Nicholson 2003) and engaging in strategic processes (Offstein and Gnyawali, 2006). It follows therefore that an effective board is one that comprises of directors who possess expertise, knowledge and skills, which are relevant to the industry under the corporation falls.

2.7.7 Board Processes as a guarantee of Board Effectiveness

How boards commonly organise themselves to work together effectively, how directors relate to one another, how the board interacts with management, and how decisions actually get made both inside and outside of the boardroom, constitute board processes (Leblanc and Schwartz, 2007). Quite often Board processes and procedures are contained in a document called Board Manual/Charter/ToRs. In addition to the foregoing, as a way of coordination it is also recommended that each board has annual workplan executed by means of Board meetings. Board processes are detailed per discussions below:

2.7.7.1 Board Cohesiveness

Board Cohesiveness refers to the degree to which board members are attracted to each other and are motivated to stay on the board working together (Summers, Coffelt, and Horton, 1988). Board members with a strong bond are likely appreciate coming together for board meetings,

have fruitful and healthy discussions leading to an overall good atmosphere at board meetings Ogbechie (2012). Cohesiveness also implies cooperation and creating a good atmosphere at board meetings. Governance requires that board members work together as a team by mutual interaction, sharing information, resources and decisions (Siegel and Hambrick, 1996; Hambrick, 2007). Only when boards of directors are collegial bodies, with united board members can collective judgments emerge (Charan, 1998).

Kemp (2010) stressed the importance of teamwork in board processes. The extent of interpersonal attraction among members influence the effectiveness with which the board functions are executed (Williams and O'Reilly, 1998). According to Finkelstein and Mooney (2003) as well as Van den Bergh and Levrau (2004) concluded that directors' value the chemistry of the board and the team spirit of their colleagues. This underpin the importance of cohesiveness as a grease to the decision-making processes.

2.7.7.2 Board Decision-Making

According to Ogbechie (2012) almost all works of boards involve making decisions on policies, strategies, goals, choice of projects, and recruitment of members of senior management. How boards make decision and process inputs is central to the success of a corporate entity. Process of board decision making should entail rigorous and robust debates at both board and board committee meetings preceding board meetings. Accordingly, cognitive conflicts might arise during these debates.

Forbes and Milliken (1999) defined *Cognitive conflict* as task-oriented differences in judgement among group members. This situation is often likely to arise in a team with independent individuals and which face a complex issue require a decision. Given the nature of boards' businesses, board members often hold different opinions about what the appropriate responses to these issues are (Dutton and Duncan, 1987). Cognitive conflict affords the team

more options whilst enabling proper assess of same. This contributes to the quality of strategic decision-making in boards (Eisenhardt, Kahwajy and Bourgeois, 1997; Jackson, 1992; Milliken and Vollrath, 1991).

The complexity of board issues may be overwhelming if to be dealt with by one person, hence imperative for the members to share their own, unique experiences or perspectives via discussions or other forms of interaction (Schweiger *et al.*, 1986). The board of directors need to be able to air their viewpoint and challenge one another without harming congeniality (Ogbechie, 2012). It is through debates that new ideas are generated, alternative options assessed and false assumptions questioned (Eisenhardt *et al.*, 1997). Objective debates are one of the key criteria for board effectiveness (Levrau and Van den Bergh, 2006).

2.7.7.3 Board Operations

These refer to various administrative activities that will enhance the smooth running of boards and render the directors effective and efficient. According Ogbechie (2012) the board operational issues include amongst others, number and schedule (frequency) of board and board committee meetings (where issues are discussed in depth & dissent views raised); structure and complexity of agendas; quality, timeliness, time management at meetings, sufficiency and accuracy of board information, quality presentation and communication (Levrau and Van den Bergh, 2006).

At a meeting specifically, it crucial that discussions are not monopolised (Ogbechie, 2012). Furthermore, the directors through the chairperson must take full control and ownership of the board agenda and not merely coming to meetings to discuss management-decided agenda. The operations also include processes for ensuring that implementation of board decisions is monitored and there are consequences for non-implementation thereof or non-compliance with overall board decisions.

2.7.7.4 Time Requirements in conducting Board Businesses

According to Ogbechie (2012) the limited time that board of directors spent in the boardroom is not sufficient for personal contact. Because of little time at formal board meetings, there is not enough opportunity to build strong working relationships (Forbes and Milliken, 1999; and Nadler, Behan and Nadler, 2006). The time factor is also important in terms of the delivery of the board packs and other information as well as consideration of same thereof. According to Lorsh and MacIver (1989) external directors have limited time to dedicate to board-related functions as they have other full-time jobs that take up much of their time. Nadler *et al.*, (2006) concluded that external directors are limited in their ability to become deeply familiar with the corporate entity, its people and its business because of dependence on the information provided by the executive management. Bob Garratt (2005) further found that many boards of directors do not budget time for, nor have little sustained interest in thinking frequently about the future health of their businesses. The implication of the above is that boards which strive to be effective have to set aside time for review of strategic issues or projects, in addition to making decisions concerning the hiring and firing of CEOs (Felton and Watson, 2002; Useem, 2003).

2.7.7.5 Board Evaluation as a barometer for determining the Board Effectiveness

Prior studies suggested that there are multiple approaches that can lead to determination of board effectiveness (Kuo, 2004; and Van den Bergh and Levrau, 2004). Board effectiveness concerns itself with the fulfilment of a particular assignment or role set and the outcome thereof (Nicholson and Kiel 2004). Ogbechie (2012) suggested that the role set is often defined as an integrated set of activities. Johnson, Daily and Ellstrand (1996) and Hung (1998) contested that based on diverging theoretical assumptions, the role of the board is conceptualized in a multiple, and in some cases, contradictory way.

The roles of boards of directors are commonly classified as: *control (oversight)*, *service (advisory)* and *strategic role* (Zahra and Pearce, 1989; and Maassen, 1999). It suffices stating that it is the fulfilment of the board oversight, advisory and strategic functions that would determine whether the board is effective or not. This determination is often and easily made through a process called board performance assessment or evaluation.

2.7.7.5.1 Board Control Role (Oversight or Monitoring)

This is also referred to as oversight or monitoring role, which entails the controlling the managerial behaviour in order to safe guard the investors from expropriation (Fama and Jensen, 1983). This role is vested in the boards of directors, who exercise it on behalf of the shareholders and with diligence, loyalty and care. Lorsch and Maclover (1989) stressed that board has a fiduciary duty to oversee the operations and monitor the performance of top management in the organisation as a way of protecting the shareholders' interests. Boards should ensure that managers conducts are in sync with organisational objectives. They must put in place the mechanism of selecting, evaluating and if necessary, removing a poorly performing CE/MD (Ogbechie, 2012), let alone the selfish and greedy one.

Boards should also put in place the performance incentives system for management and thereafter monitor the organisational performance. Boards are guardian of the shareholders' welfares (Fama and Jensen, 1983). The more independent the board is, the more effective will be its monitoring role (Lehn et al, 2009; Guest, 2008; and Raheja, 2005). However, Adams (2009) found that intense monitoring can result in poor strategic leadership since directors will be over burdened with excessive compliance and monitoring responsibilities. Such directors also receive less strategic information from management, limiting the involvement in strategic issues (Adams, 2009).

2.7.7.5.2 Board Service Role (Advisory)

The service role is also referred to as an advisory role in other literatures. It consists of providing the CEOs or MDs as well as top management teams with expert counsel and access to information and resources at the disposal of directors (Ogbechie, 2012). From stewardship perspective, boards of directors are seen, as means for co-opting important external organisations with which the organisation is interdependent (Pfeffer and Salancik, 1978).

According to Mintzberg (1983) there are at least four service roles that boards of directors can perform, namely:

- a) *co-opting* external influencers;
- b) *establishing* contacts (and raising funds) for the organisation;
- c) *enhancing* the organisation's reputation; and
- d) *giving* advice and counsel to the organisation.

Further that board of directors can serve the CEO and management with their expertise through their active involvement in the strategic decision-making process, particularly by advising top management on the initiation, formulation and implementation of strategy (Johnson *et al.*, 1996; and Carpenter and Westphal, 2001; Ogbechie, 2012). Like in the case of oversight role, the service role, is more efficiently performed by a larger and more independent board which can provide important connections and greater information, knowledge, and expertise to the CEO and top management team (Fama and Jensen, 1983; Guest, 2008; Ogbechie, 2012). Results of studies done amongst non-financial firms show that advisory needs are positively related to organisational size and complexity (Baker and Gompers, 2003; Guest, 2008; Iwasaki, 2008; Coles *et al.*, 2008; Linck *et al.*, 2008; Fahlenbrach, 2009; Lehn *et al.*, 2009). The effective carrying out of the advisory role directors need to have a good knowledge of the firm's operations and industry it plays in as well as regular, yet timely and quality information.

2.7.7.5.3 Board Strategic Role

The responsibility and accountability of ensuring that organisations have long term plans and that such plans are realised rest with boards. Earlier studies identified two schools of thoughts, with which boards' involvement in the strategy formulation is explained, namely; 'passive' and 'active' (Golden and Zajac, 2001). The passive school views the board of directors as a rubber stamp of management's decision, with little or no impact on the organisational strategy and its formulation process.

In contrast, the active school looks at the board of directors as an independent body which can contribute to the strategic course of the organisation and is able to guide management in achieving organisational mission and objectives (Hung, 1998; and Maassen, 1999). Multiple ways exist through which boards can render their contributions, including but not limited to providing of advice, refinement of processes, initiating strategic changes, suggesting alternative options and probing managerial (Zahra and Pearce, 1989; and Zahra, 1990).

Existing studies advanced that because board activities tend to be confidential in form, it is not easy to measure boards' performance, in ways that are both reliable and comprehensive (Ogbechie, 2012). Because of this difficulties, Forbes and Milliken (1999) suggested some indicators, such as certain publicly announced board decisions, including, but not limited to the appointment of the CEO/MD or replacement thereof as proxy for performance of the oversight functions. The big challenge remains the difficulty of separating the impact of board performance from that of management.

2.8 SUMMARY

This chapter looked at what other researchers and scholars have written and said about corporate governance principles in relation to Risk Management, Information Technology Governance, Board Performance and Effectiveness and/or the corporate governance in general.

Apart from the introduction, the chapter covered the definitions of key concepts in corporate governance and proceeded to consider how corporate governance has evolved over the years and around the world. It expounded the analysis on the theories that are applicable to board functions and the environment. It further looked at some of the legislation and codes of best practice that influence corporate governance in one way or the other, both at global and national levels.

The chapter further considered the importance of corporate governance in public enterprises, with emphasis on the need for clarity on role separation, stressing on CEO duality as well as reversed governance. The chapter also looked at why risk management is important for an institution's sustainability and also various frameworks and strategies used in risk management processes.

The chapter further covered discussions on IT as a risk factor, IT governance and its strategic centrality as well as the COBIT 5 Framework as an IT Governance Framework. Finally the researcher looked at the appointment of board members and their roles in governance, factors that influence board performance as well as board performance evaluation as a barometer for determining board effectiveness specific focus on the board control role, board service role and board strategic role as three mainly roles constituting fiduciary functions of any board of directors.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

In this Chapter, the analytical tools and techniques which are the prerequisites for the satisfaction of the research question were discussed. More specifically, the Chapter covered the research approach, research design, population, sample, research instruments, data collection procedures, data analysis (including description collected data – type & nature), validity and reliability of data as well as research ethics.

3.2 RESEARCH APPROACH

The quality of the outcome of any thesis depends heavily on the manner in which the thesis is designed as well as the reliability of the methods used in the data collection process. The choice for data collection methods is also largely influenced and determined by the nature and form of the problem under investigation, the research question as well as the type of data to be collected in pursuance of meeting the research objectives and/or as the case may be.

This thesis chose and applied a qualitative methodology research approach alongside an explorative research philosophy. This is on the basis of that the respondents and participants had to express their personal perceptions, ideas and feelings on and towards the application of the corporate governance principles at the two institutions, respectively. Interviews and open ended survey questionnaires were used in a convergent way as means of collecting data for this thesis. The research approach herein was chosen and found appropriate for the collection of data in the thesis of this nature because such an approach is explorative, descriptive and analytical and in the process shed more light on the limitations of the thesis (Welman, Kruger & Mitchell, 2005). The approach constitute techniques often used to structure a thesis, gather and analyse information in a systematic way (Polit & Beck, 2004).

The population of this thesis was 80, comprising of NAMFISA Board of Directors, UNAM Council Members and their respective committees, and the owners of the two institutions. Data was analysed using a content analysis.

3.3 RESEARCH DESIGN

According to Bhatia (2009) a research design is the overall plan or programme of the thesis. It is an outline of the milestones that the researcher will have to fulfil in the conduct of the research. This may range from writing of hypotheses to the end of data analysis. In addition, a research design may be defined as a logic that links the data to be collected (conclusion) to the research questions (Yin, 2009). It follows therefore that research the design for this thesis was based on a logical flow that linked the empirical data to the research questions detailed in chapter one and the conclusion thereto (Yin, 2009). McMillan & Schumacher (2006) amplified that the research design covers the procedures for conducting the thesis with specific reference to how the participants are treated and the methods of data collection used.

Welman, Kruger and Mitchell (2005) stated that research design is a plan according to which one obtains research participants and collects information from them. Information on the research design is based on symbol selection and science, data collection methods, data analysis procedure, research instruments and ethical considerations.

Creswell (2003) further asserted that the research design can be categorised into three wide categories, namely: the quantitative, qualitative, and mixed or combined approach. Welman, Kruger and Mitchell (2007) affirmed that quantitative approach to research is informed by a positivist outlook, which in the final analysis is premises on an assumption that there exists an objective reality in respect of which a thesis needs to be undertaken using the objective techniques or methods. Creswell (2003) on the other hand argued in favour of the qualitative approach and concluded that it deals with the socially constructed nature of reality, in terms of which the relationship between the researcher and the objectives of the thesis is underpinned.

An interface between the two approaches would constitute what is called a mixed or combined research approach.

In the selection of the research design for this thesis, the researcher adopted a qualitative method research approach. The thesis made use of semi-structured interviews (through interview guide) and survey questionnaires as a form of data collection. The above instruments were chosen because they provide an advantage of a rendering of a complete description of the situation by mitigating possible bias in a collection of data and finding out the what, where and how of a phenomenon (Kotler, 2010). The use of interviews and survey questionnaires enabled an easier explorative and systematic description of the extent to which the two institutions observe and apply corporate governance principles.

The semi-structured interviews were intended for the owners, who are the permanent secretaries of the ministry of finance and education respectively, NAMFISA board chairperson and UNAM council chairperson as well as NAMFISA CEO and UNAM VC. The foregoing participants were key informants and were purposively arranged in this manner because of the level of authority they exercise or ought to be exercising in ensuring that the corporate governance principles are observed at the two institutions, respectively. Furthermore, open ended survey questionnaires were distributed to other members NAMFISA's board and UNAM council as well as members of their respective board/council committees and governance officers (registrar/company secretary, compliance or risk officer).

3.4 DATA COLLECTION

The thesis used the semi-structured interviews and open-ended survey questionnaires to collect the data. Interviews were held through a face-to-face approach and made use of interview guide containing semi-structured questions. The permanent secretary of the ministry of finance (on behalf of the owner/shareholder), permanent secretary of the ministry of high education (on behalf of the owner/shareholder in respect of UNAM), NAMFISA's board chairperson,

NAMFISA's CEO, UNAM council's chairperson and the Vice-Chancellor were ought to have been participants in interviews. In the end however, NAMFISA board chairperson, permanent secretary of the ministry of finance and UNAM Vice Chancellor (retired) did not participate. On the other hand and in a convergent manner, open-ended survey questionnaires were distributed to the participants, who were made up of members of the board/council as well as members of the board/council committee's members (including the governance officers).

3.5 RESEARCH INSTRUMENTS

Semi-structured interviews were held to gather data and obtain more information from the key informants, which ordinarily could not have been obtained through the use of questionnaire. For this purpose, a set of three interview guides was developed in accordance with the recommendations of the earlier studies (Welman, Kruger & Mitchel, 2007). One interview guide was used on both the permanent secretary of the ministry of finance and the permanent secretary of education. The second interview guide was designed and administered on NAMFISA board chairperson as well as UNAM council chairperson. The last interview guide was intended for and administered on the NAMFISA's CEO and UNAM's VC. The interview guides are attached to this thesis and marked as annexure six (6) up to eight (8).

The thesis also made use of open-ended survey questionnaires based on a Likert-type Scale and non-structured questions. There were two sets of survey questionnaires. The first set was distributed to NAMFISA's board members and UNAM council members, respectively. The second set was distributed amongst NAMFISA board committee members and UNAM council committee members, respectively. For all institutions, their governance officers (company secretary/registrar and internal auditors) were included as participants. The questionnaires are included and marked as annexure nine (9) to ten (10). Both the questionnaires and the interview guide consisted of five (5) sections, from A up to E.

While remaining within the qualitative research approach, open-ended survey questionnaires were specifically used as research instruments because they were more economical and convenient for the participants to answer the questions. Secondly, they encouraged the provision of true and honest responses on sensitive issues. Thirdly, they afforded the researcher an opportunity to collect information that would have not be readily available, which in turn enriched the answers and eventually enhanced the end results of the thesis.

Variables that were indicative of the institutional compliance with the corporate governance principles in relation to risk management (looking at whether both NAMFISA and UNAM have in place basic ingredients to enable an effective risk management process), IT governance (looking at whether the two Public Enterprises have IT governance concerns coming out of their strategic agenda) and board/council performance evaluation (looking at whether the two Public Enterprises have put in place frameworks, procedures and structural arrangements that support how they go about their businesses with the ultimate goals to obtain effectiveness) were examined. A close analysis was made on whether there were risk management policy & guidelines, board/council risk committees, risk registers, internal auditors/external auditors and standard operating procedures on risk identification.

Also, whether there was an IT strategy, IT governance policy & guidelines, board/council charters, board/council charters, chairperson-CEO/VC's relationship, board/council composition (size and diversity). Furthermore an analysis was made on board/council roles (strategic (plan), advisory, oversight), board/council standard operating procedures on strategy review and the existence of board/council decisiveness at the two institutions.

On the basis of the above, it is safe to state that the thesis used both primary and secondary data. Primary data was acquired by means of questionnaires with structured and non-structured questions and an interview guide. The questionnaires were self-administered and analysed (via

content analysis). The secondary data for this thesis was collected from texts books, governance codes (King III & NamCode), published articles and studies, journals, reports and newspapers.

3.6 POPULATION

A research population is a total group of people on whom the research relies for information that is required to meet the objectives of the thesis (Lou *et al.*, 2007). Moreover, it consists of the universe of people or things from which a sample is selected (Saunders, Lewis, & Thornhill, 2003). Akpo (2006) postulated further that a research population is an entire group of people or a given set of objects or events of interest to the researcher. In the selection of a population, the researcher should be convinced that each member thereof is able to answer questions associated with the thesis. Blanche *et al.*, (2006) advanced that the population selected should be that to whom the research question applies.

As far as this thesis is concerned, the population consisted of the permanent secretary of the ministry of finance (as the owner in respect of NAMFISA), the permanent secretary of the ministry of higher education, training and innovation (as the owner in respect of UNAM), NAMFISA board Chairperson, UNAM council chairperson, members of NAMFISA board committees as well as governance officers, one per institution.

The NAMFISA has a five (5) member board and three (3) board committees each with two members. NAMFISA participants also included the owner as well as the governance who doubles up as a company secretary (compliance) and head of internal audit. The CEO participated in interviews. However, the board chairperson and the owner who could not confirm appointments, therefore did not participate. Survey questionnaires were distributed for the rest of the participants. Each participant, with an exception of the company secretary who only had one survey questionnaire, was given two questionnaires, one in respect of the board membership and the other in respect of board committee membership. Therefore a total of eleven (11) questionnaires were administered to participants from NAMFISA. Also, a total of

three (3) interview guides were administered CEO, board chairperson and permanent secretary of the ministry of finance (on behalf of owner). The participants from NAMFISA altogether were nineteen (14).

On the other hand, UNAM has a twenty-four (24) member council. However, this composition includes the owners (two permanent secretaries, one of the ministry of higher education and the other for the ministry of finance) as well as internal directors (including governance officers i.e. registrar/bursar and librarian) and the members of the student representative council. There are eight (8) committees of council, with the smallest having four (4) members and the largest being an eleven-member Committee. A total of three (3) interview guides were administered VC (retired), council chairperson and permanent secretary of the ministry of education (on behalf of owner) leaving only twenty (20) candidates for the enrolment of survey questionnaires. However, only the owner (permanent secretary of ministry of education) and the council chairperson could be interviewed as the VC could not confirm the appointment. A total of sixty (63) survey questionnaires were administered to the participants, one (1) per member in respect of the board membership and two (2) per member in respect of the committee's membership. Two survey questionnaires in respect of council committee membership, because each council was a member to atleast two committees of council. About nine (9) survey questionnaires were not returned, leaving only fifty (54) survey questionnaires that were successfully returned. The participants from UNAM altogether were sixty six (66).

The population of this thesis was 80 participants.

3.7 SAMPLING SIZE

According to Leedy and Ormrod (2010) there are two main types of sampling methods which include probability and non-probability sampling. A sample size is entirely dependent of the population upon which the research thesis is based. Leedy and Ormrod (2010) concluded that if the population is less than 100, do not sample, but rather survey the entire population, while

if the population size is or around 500, sample 100. Mostafa (2005) argued that a sample is part of the target population that has been procedurally selected to represent it. The researcher only goes to those subjects whom he believes to have the required information and be willing to share such information (Horn, 2009, Kumar, 1999).

If n is less than 100, there should be no sample to be drawn for the purpose of the thesis (Leedy and Ormrod 2010). The population of this thesis was $n=80$ which is less than 100, therefore there was no sample drawn for the purpose of this thesis.

3.8 DATA COLLECTION PROCEDURE

This research thesis mainly made use of the primary data. The primary data was collected using structured and non-structured questionnaires administered to NAMFISA's board members and board committee members as well as UNAM council members and UNAM council Committee members, respectively. In both instances, the governance officers (company secretary/registrar and internal auditors) of the two institutions were included. There was an insignificant reliance on secondary data and therefore had little influence on the findings of this thesis. The tertiary data which is mainly drawn from text books, governance codes (King III & NamCode), published articles/studies, case studies, journals, reports, newspapers and websites was solely relied on for the fulfilment of research requirements, especially for the formation of literature review, research method and design amongst others things and such sources as used were accordingly referenced.

An interview guide was used on both the permanent secretary of the ministry of finance, the NAMFISA board chairperson and chief executive officer as well as the permanent secretary of the ministry of higher education, training and innovation, UNAM council chairperson and vice chancellor, in order to obtain views, opinions, extended comments and general responses on the application of corporate governance principles at their respective enterprises, in as far as risk management, IT governance and board performance evaluation were concerned. Most of

the interviews were arranged telephonically or by e-mails and were mainly held at the participants' place of work during lunch time or after hours.

The survey questionnaires were either hand delivered or sent by way of e-mails to the participants, most of which then completed them in their free time at the residential places or restaurants as and when they were off duty. The researcher also sought permission from the minister of public enterprises and through the latter sought permission from both NAMFISA board and UNAM council chairperson to conduct this research among the board and council members of their respective institutions. The permission was granted in each instance. In addition, the researcher also sought for ethical clearance from the UNAM ethical clearance committee, a certificate of which was duly issued.

The method as described above enabled the collection of a large amount of data on the variables relevant to the thesis. The participants were afforded some anonymity from both the way the questionnaires and interviews were administered. In all instances, the researcher assured the participants for that their participation was voluntary and that results would be used exclusively for academic purposes. Furthermore, participants were assured that all their responses to questions would be kept confidential, during and after the completion of the thesis in as far as the identities of the respondents were concerned.

3.9 DATA ANALYSIS

According to Patrick (2009) data analysis is a process of grouping raw data together and processing it in a variety of ways to show what it means and to facilitate its interpretation. Furthermore, De Vos, Strydom, Fouche & Delport (2005) collectively argued that data analysis refers to the systemic organisation and synthesis of research data and the testing of research hypotheses. It is data analysis that render a meaning to the data collected during any given thesis (Buns & Grove, 2005).

Out of seventy seven (77) survey questionnaires administered to the combined participants only sixty three (63) were received back and were accordingly coded. Each survey questionnaire was closely scrutinised in order to examine the response pattern and identify anomalies if any in the process of completing them. According to Yen (2003) searching the data for “patterns” may help explain or identify causal links in the database. While the concentration was first on the whole data, with time the researcher attempted to take it apart and re-construct it again more meaningfully. Bogdan and Biklen (2003) postulated that qualitative data analysis is a process of “working with data, organising it, breaking it into manageable units, coding it, synthesising it and searching for patterns”. For this thesis, through ATLAS.ti, the data was analysed on the basis of content analysis. According Hesse-Biber & Leavy (2011) content analysis is the analysis strategy of choice in qualitative descriptive studies. Rosengen (1981) in addition described it as a family of analytic approaches ranging from impressionistic, intuitive analyses by systematic and strict textual analyses. It is any techniques for making inferences by objectivity and systematically identifying specified characteristics of messages (Holsti, 1969). Content analysis helped to interpret data on and/or to assess the perceptions and views of the participants on the application of corporate governance principles at their respective enterprises. This approach of analysis assisted the researcher to eventually obtained a useful meaning from the collected data.

3.10 VALIDITY AND RELIABILITY OF THE RESEARCH INSTRUMENTS

Validity implies that the measuring instruments should measure what they ought to measure. It was again Maree (2009) who described validity as the extent to which a research instrument covers the complete content of the particular construct that it is destined to measure.

On the other hand reliability denotes that the measuring instruments should yield comparable results in the same or similar circumstances using the same or similar thesis groups (McAuley, 2009). Maree (2009) amplified the foregoing by describing reliability as the extent to which

the measuring instrument is consistent and repeatable over and over again, but still produces the same outcome. Accordingly, if the research findings can be repeated, and it still yields the same result, then it is reliable (Welman *et al.*, 2005).

The research instruments of this thesis were tested for validity and reliability by conducting a pilot thesis amongst ten (10) voluntary participants, who are not part of the population of the formal thesis. The pre-piloting phase of the thesis helped to ascertain the feasibility of the proposed thesis, prospective of meeting the intended research objectives or questions and also to detect possible flaws in conducting the thesis such as ambiguity of questions and inadequacy of time. The pilot-testing enables the researcher to make sure that all aspects as intended in the main thesis are indeed observed and in place (Gillham, 2005).

Gillham (2005) further argued that pilot testing demands careful planning in the identification of those on whom the researcher will be experimenting. Participants in the pre-piloting phase needs to be the same kind as the research group but not the same persons, briefing them as to the purpose of the experiment and asking them to make any proposal.

3.11 RESEARCH ETHICS

Ethical behaviour is an important component in the undertaking of any thesis, as it is in any other human engagement (Welman, Kruger and Mitchell, 2005). The above scholars also argued that principles underlying research ethics, are universal and concern issues such as honesty and respect for fundamental human rights. According to De Vos *et al.*, (2005), the term ethics means preferences that influence people's behaviours in human relations. Quite often ethics is associated with moral imperatives, hence deals with the question of what is right and wrong amongst groups, family, society or communities. Adherence to ethical considerations ensures that participants in a research thesis are not exposed to prejudice. Leedy and Ormrod (2010) also qualified the foregoing view by stating that researchers should not expose the research participants to unnecessary physical, psychological or any other harm during and after

the thesis. It was further amplified that researchers must keep identities, nature and quality of participants' performance strictly confidential (Leedy and Ormrod, 2010). Awareness by any researcher of the ethical concerns is the cornerstone of a successful and informative thesis (Babbie, 2005).

In order to avoid a situation that could lead to physical or emotional harm of the participants this research thesis held in high regard the issues of ethical considerations. The participation of the participants in interviews and survey of this thesis was on a voluntary basis or consent, coupled with the right to withdraw from the thesis at any time should they find it a worthwhile thing to do. According to Kumar (2005) informed consent implies that subjects will be made adequately aware of the type of information that will be solicited from them, why the information will be sought, what purpose it will be put to, how they are expected to participate in the thesis, and how it directly or indirectly affects them. The researcher further assured the participants of the confidentiality, privacy and anonymity in respect of the information provided as part of the thesis as well as their identities. At all times, survey questionnaires were accompanied by an explanatory note stating the purpose of the thesis and that data provided will exclusively be used for academic purposes. Further that in future for anyone who may want to use the data for a purpose other than the stated one, permission would be sought from the participants. Moreover, and throughout the thesis, where and when it was justified to use information from other sources, proper referencing was done, to avoid plagiarism. The data collected during the thesis is being kept in a secure cabinet at the researcher's home, accessible only to him and will be destroyed by shredding and burning five years from the conclusion of the thesis.

3.12 SUMMARY

This chapter provided full accounts of the research methodology used in undertaking the thesis. Specifically, the chapter accounted for the research design, research population, sampling, research instruments, data collection procedure, data analysis, validity and reliability of the instruments as well as the sum of ethics that were considered in undertaking this research.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This thesis in its totality was about an investigation of the application of corporate governance principles at selected Namibian Public Enterprises, of which NAMFISA and UNAM were identified as case studies. The central focus of this chapter was therefore the analysis of the results of the thesis and discussions of the same at length. Specifically, this chapter will measure and examine the extent of awareness on corporate governance principles, systems, frameworks, policies and structure in order to ensure the embedding of risk management, IT governance and Board/Council performance assessment at the selected public enterprises.

The results would further unpack the frequency of reporting as well the extent of priority that Risk Management, IT governance and Board/Council performance assessment enjoy in the agenda of board/council and their respective committees. The results also revealed whether the selected public enterprises have strategic plans approved by the owner(s) or not and whether or not they do submit their annual reports and financial statements in accordance with the provisions of the Public Enterprises Governance Act. They also revealed board composition with reference to marginalised representation, separation between the Chairperson and CEO or VC and appointment of each respectively. Furthermore, the results analysed the system of remunerating board or council members, elements of cohesion amongst the members, modality of evaluating the performance of the board or council members as well as their level of independence.

Board / Council Members Questionnaire (X)

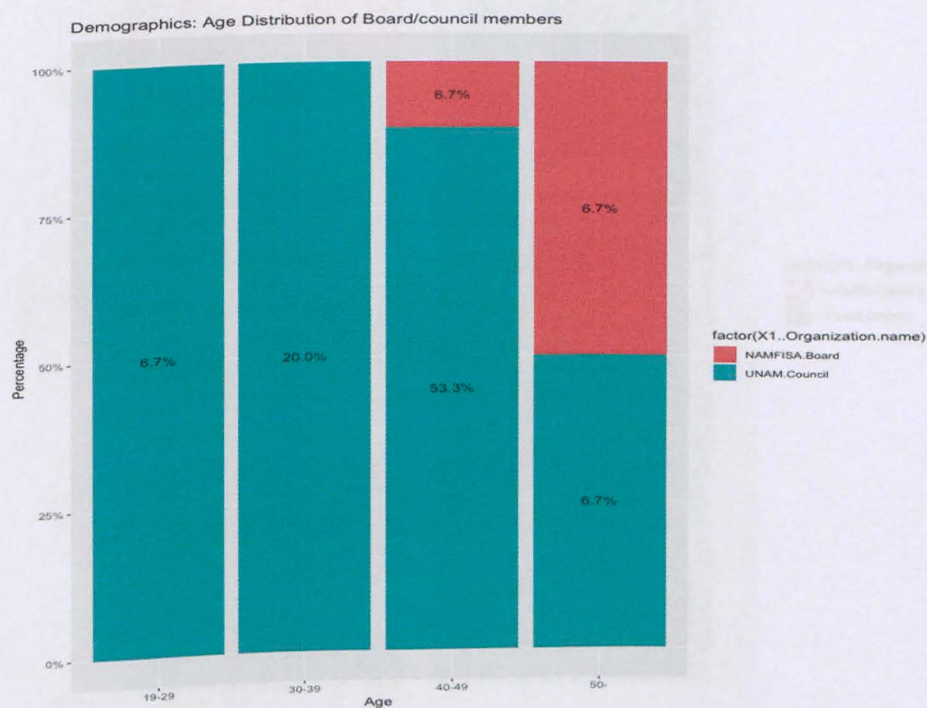


Figure 4.1: Age Distribution of board/council members

The graph shows that 50% of the NAMFISA Board members was above 50 years of age while the rest (50%) were between 40 – 49 years of age. From the UNAM Council's side, 53.3% of the members were between the ages of 40-49, 20% between 30-39 years of age, 6.7% between 19-29 years of age and another 6.7% above 50 years of age.

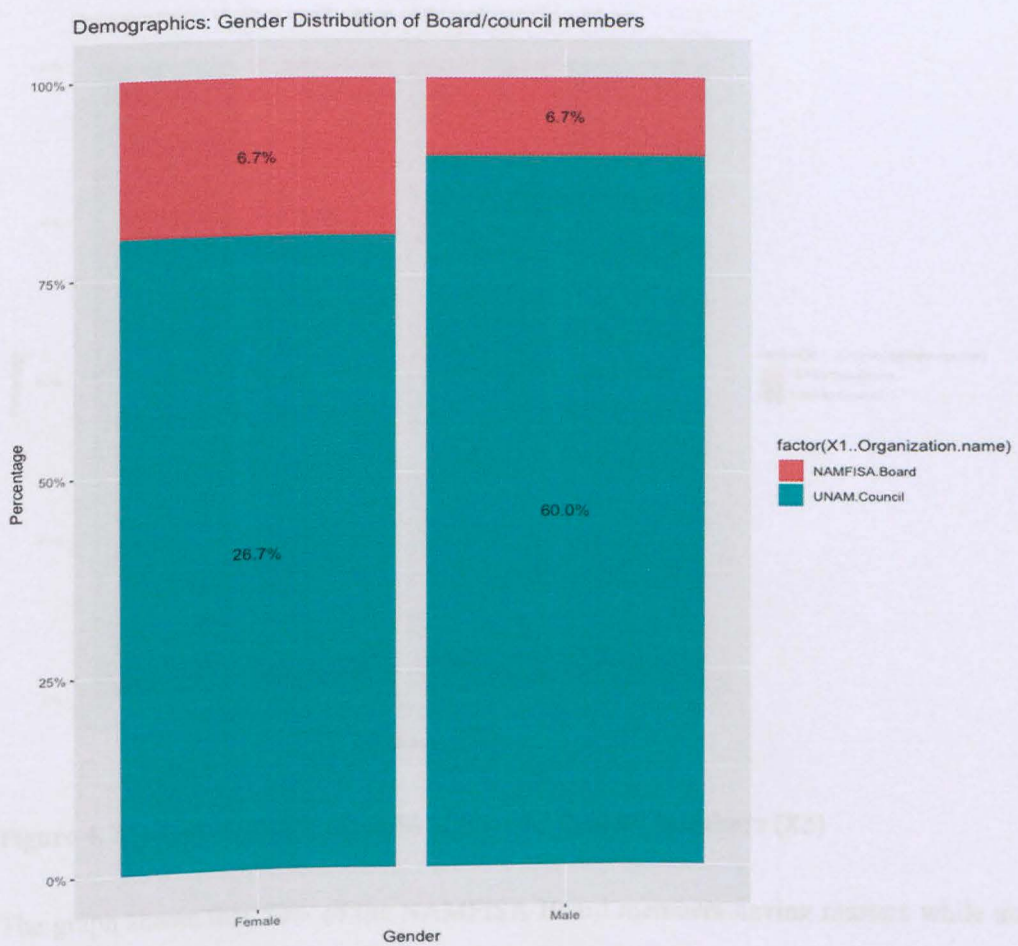


Figure 4. 2: Gender distribution % of Board / Council Members (X2)

The graph shows how the participants were distributed in terms of gender. About 50% of female and 50% of male from NAMFISA Board members participated. From UNAM Council committees' side, 60% of participants were male while 26.5% represents female.

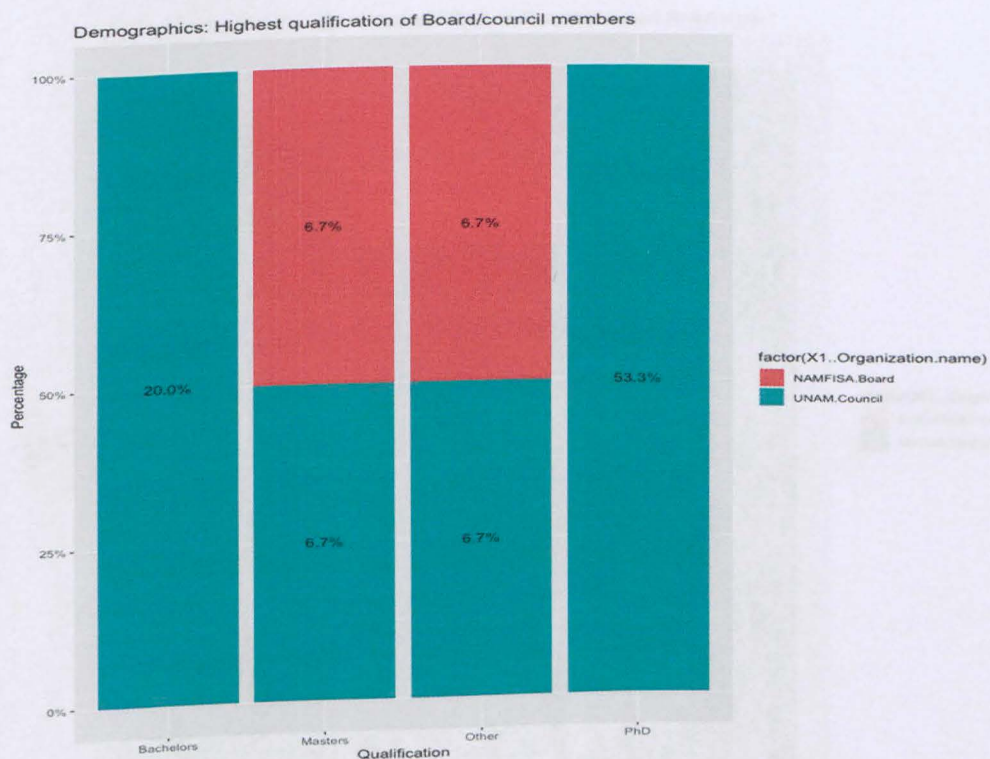


Figure 4. 3: Highest qualification % of Board / Council Members (X3)

The graph shows that 50% of the NAMFISA Board members having masters while another 50% indicated other as highest qualification. About 53.3% of UNAM Council members have PHD and 20% bachelors, 6.7% masters and another 6.7% have indicated other as their highest qualification.

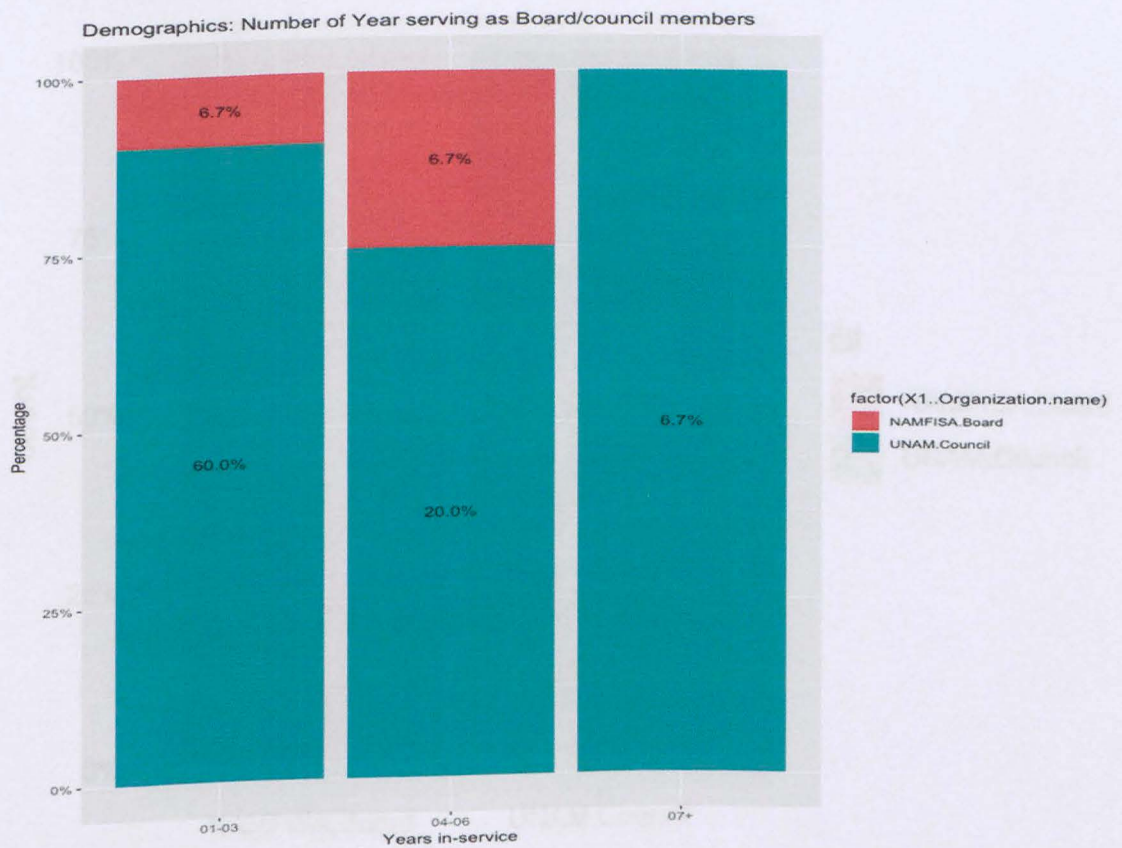


Figure 4. 4: Number of years % serving as Board / Council Members (X4)

The graph shows that 50% of the NAMFISA Board members having served between 1 -3 years and another 50% between 4-6 years. About 60% have served as council members between 1 – 3 years, 20% between 4 - 6 years, 6.7% between over 7 years.

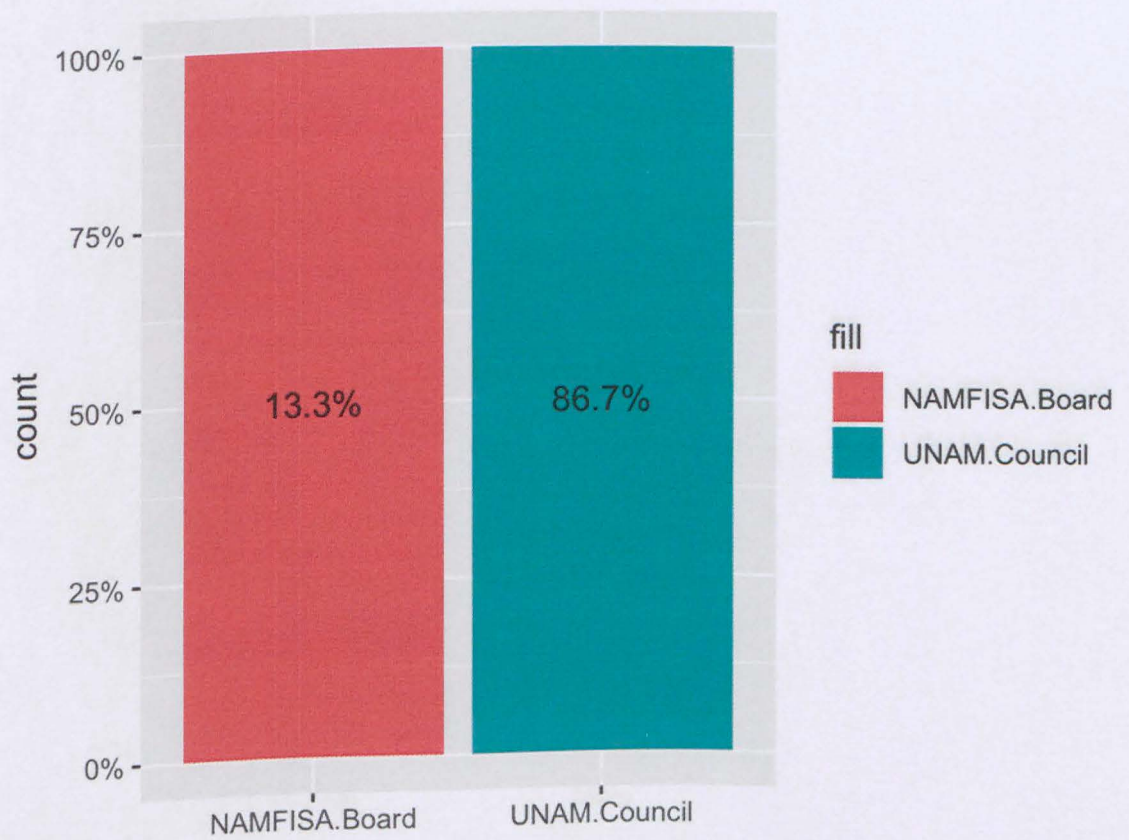


Figure 4. 5: Sample Size % of Board / Council Members (X5)

This graph shows that members of the NAMFISA Board that participated in the thesis represented 100% while the members of UNAM Council represented 86.7% of the sample size.

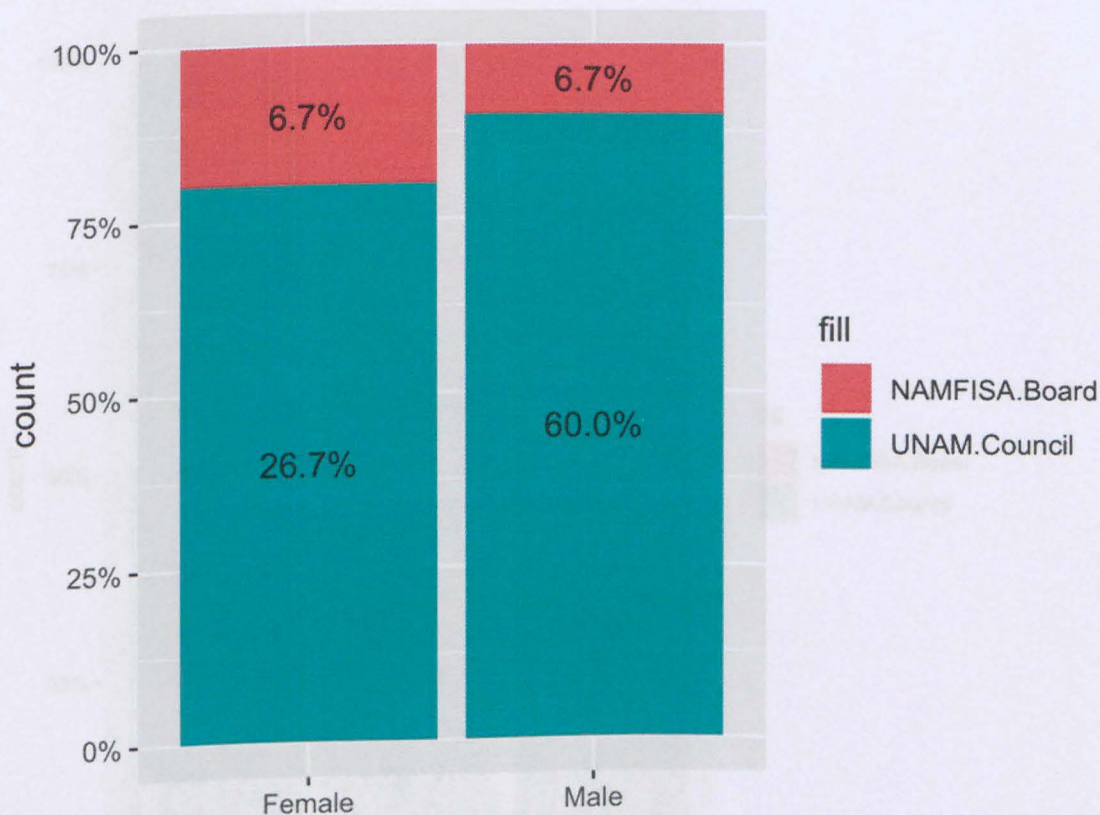


Figure 4. 6: Gender of Board / Council Members in %. (X6)

The graph shows how the participants were distributed in terms of gender. An equivalent number of male (50%) and female (50%) from the NAMFISA Board participated. From UNAM side, 60% of participants were male while 26.7% represents female.

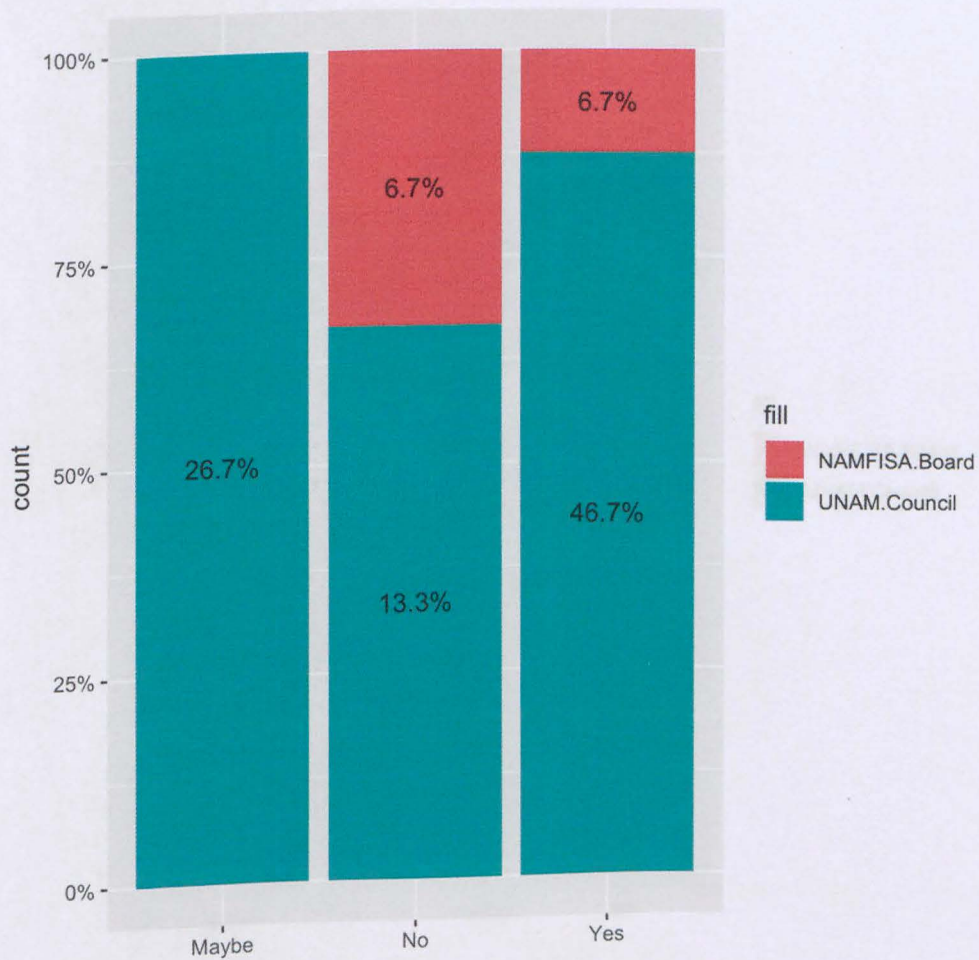


Figure 4. 7: Adaptation of NamCode by Board / Council Members (X7)

The graph shows 50% of NAMFISA board members agreeing that NAMFISA has adopted NamCode in its operations and another 50% saying no. It further shows about 46.7% of UNAM Council members agreeing that UNAM has adopted NamCode, while 13.3% said no and 26.7% saying maybe.

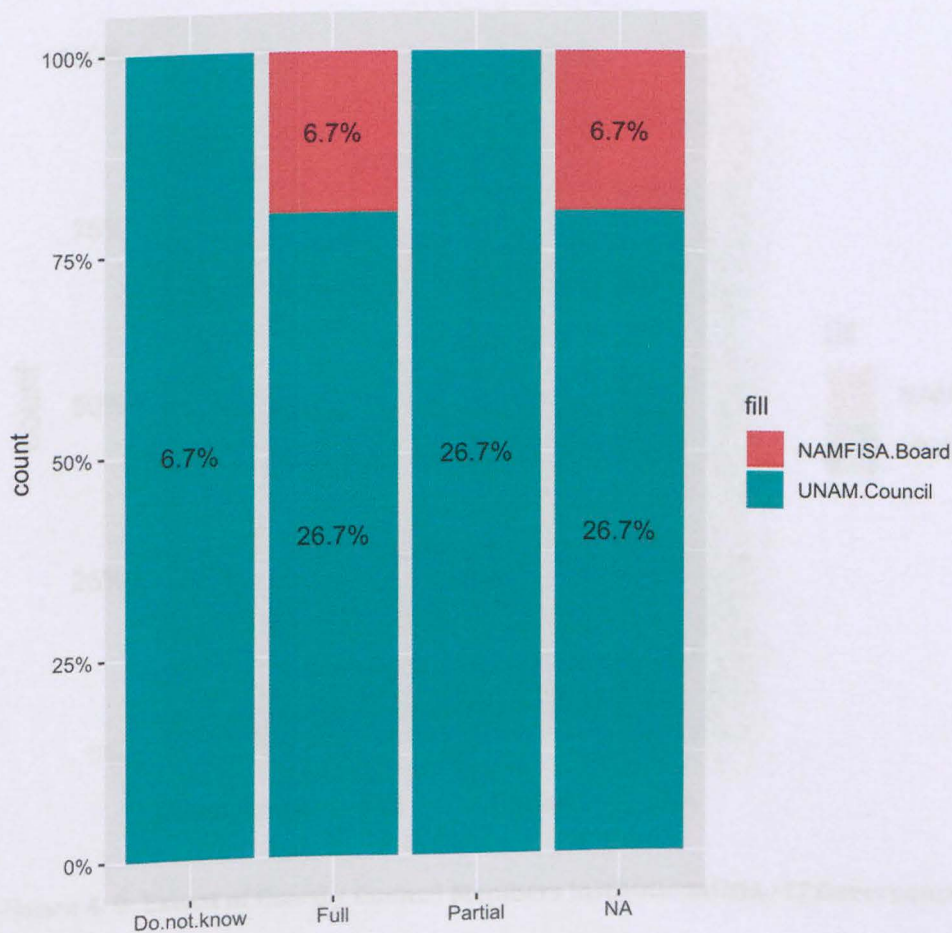


Figure 4. 8: Extent of Board/Council Members institutionalising Risk Management (X8)

The graph shows 50% of NAMFISA board members saying that NAMFISA has institutionalised risk management fully and another 50% saying it is not applicable. It further shows about 26.7% of UNAM Council members saying risk management is fully institutionalised, another 26.7% that it is partially institutionalised, another 26.7% saying it is not applicable and 6.7% saying it does not know.

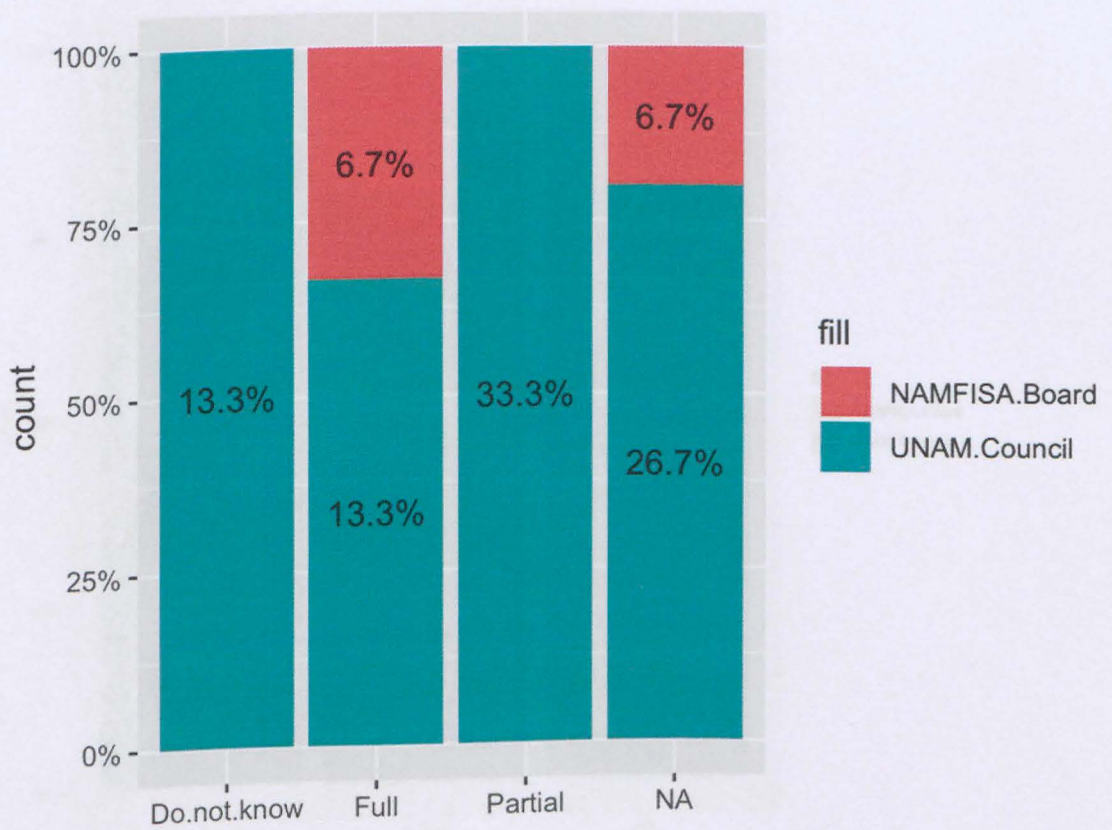


Figure 4. 9: Extent of Board / Council Members institutionalizing IT Governance (X9)

The graph shows 50% of NAMFISA board members saying that NAMFISA has institutionalised IT governance fully, and another 50% saying it is not applicable. It further shows about 13.3% of UNAM Council members saying IT governance is fully institutionalised, 33.3% saying that it is partially institutionalised, another 26.7% saying it is not applicable and 13.3% saying it does not know.

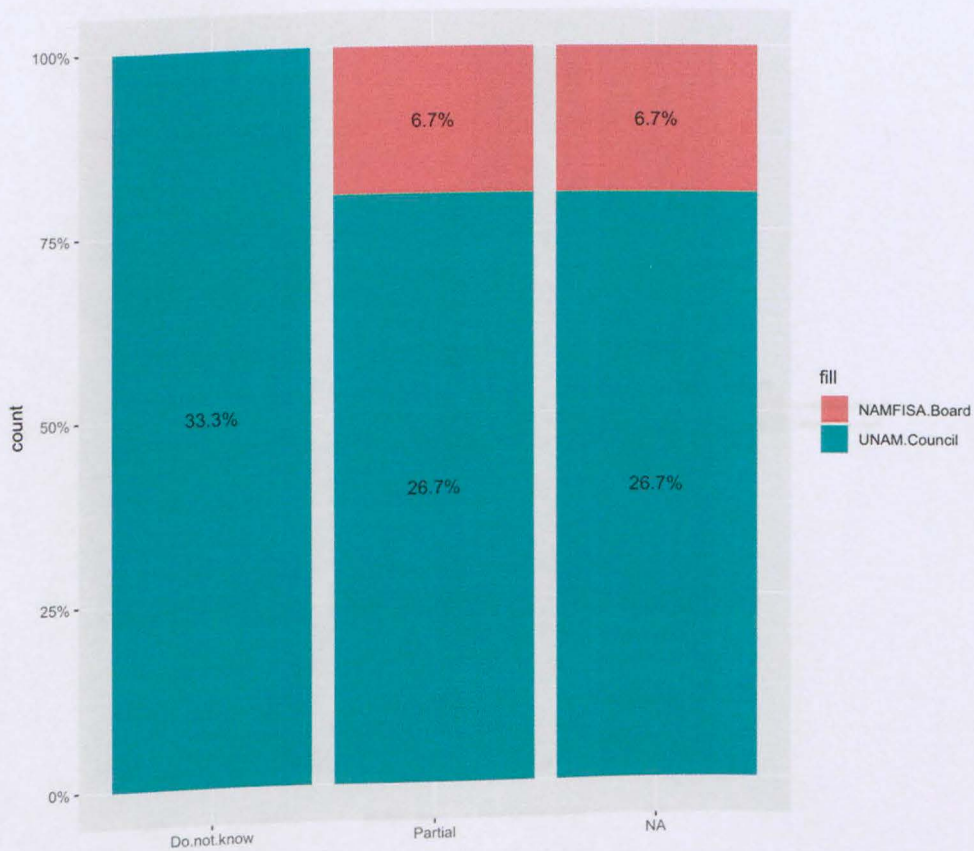


Figure 4. 10: Extent of Board / Council Members institutionalizing Board / Council Performance Appraisal / Assessment (X10)

The graph shows 50% of NAMFISA board members saying that NAMFISA has institutionalised Board/Council performance assessment fully, while another 50% says it is not applicable. It further shows about 26.7% of UNAM Council members saying Council performance assessment is partially institutionalised, 33.3% saying that they do not know, another 26.7% saying it is not applicable.

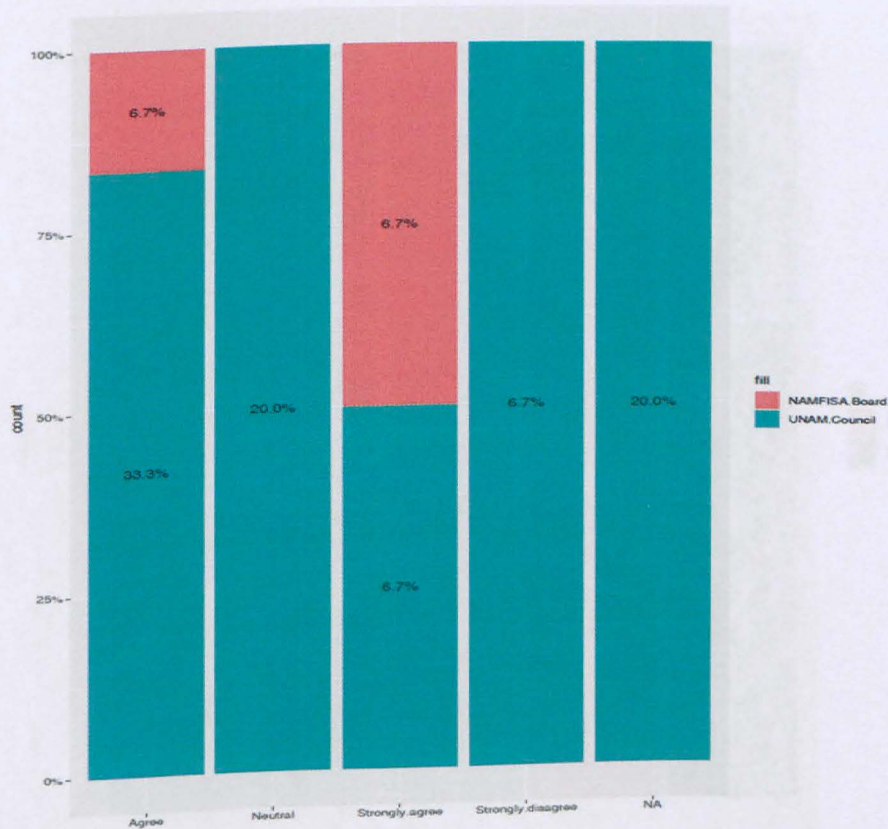


Figure 4. 11: Sound & Effective Risk Management Framework Approved by Board / Council (X11)

The graph shows 50% of NAMFISA board members agreeing that NAMFISA has a sound and effective risk management framework approved by board and another 50% strongly agreeing. It further shows about 33% of UNAM Council members agreeing that UNAM has a sound and effective risk management framework, 20% is neutral, another 20% says it is not applicable, 6.7% strongly agreeing and another 6.7% strongly disagreeing.

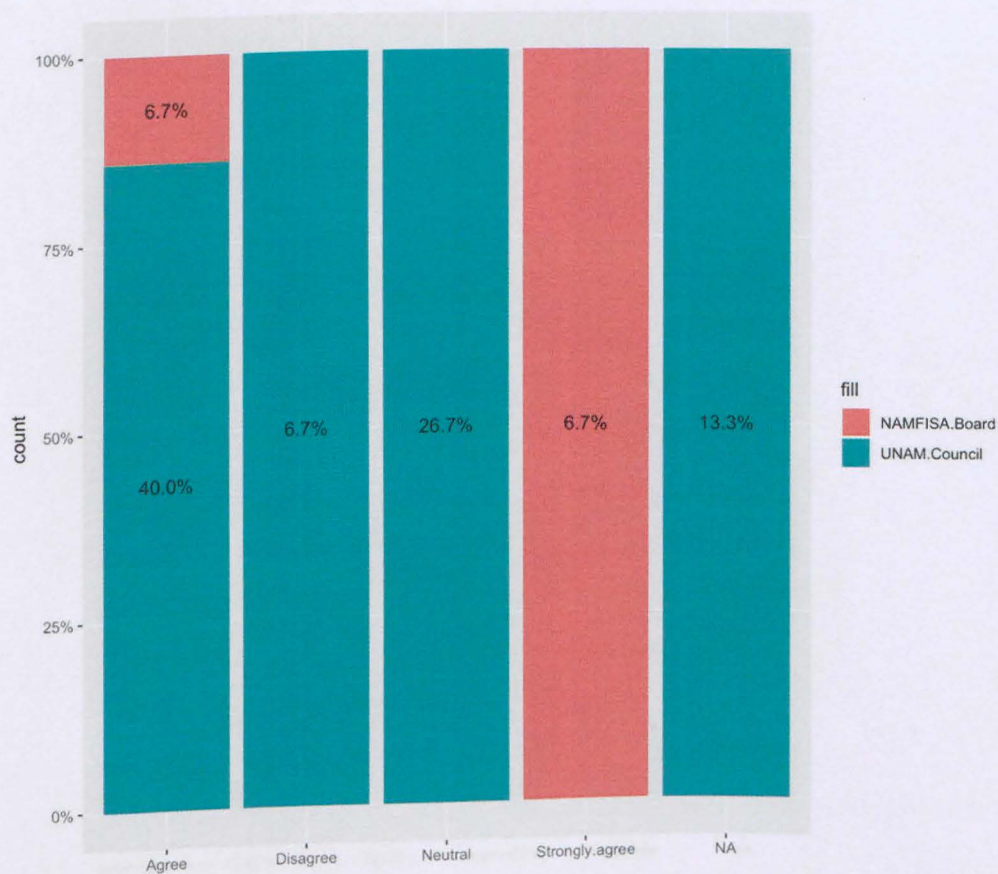


Figure 4. 12: Risk Management Policy approved by the Board / Council (X12)

The graph shows 50% of NAMFISA board members agreeing that NAMFISA has a risk management policy approved by board and another 50% strongly agreeing. It further shows about 40% of UNAM Council members agreeing that UNAM has a risk management policy, 26.7% is neutral, 13.3% says it is not applicable and 6.7% disagreeing.

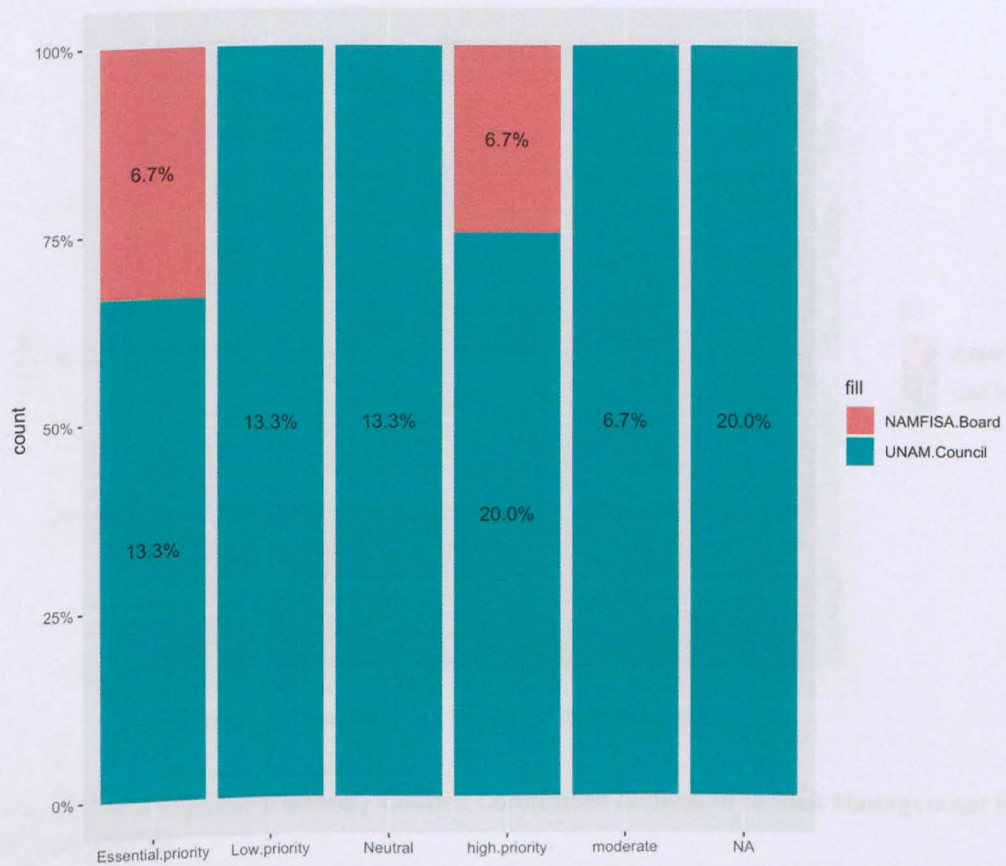


Figure 4. 13: Risk Management a Priority on the Board / Council Agenda (X13)

The graph shows 50% of NAMFISA board members saying that a risk management is high priority and another 50% saying it is an essential priority at NAMFISA. It further shows about 20% of UNAM Council members saying that risk management is high priority at UNAM, another 20% saying it is not applicable, 13.3% saying it is an essential priority, 13.3% low priority, 13.3% neutral and 6.7% moderate.

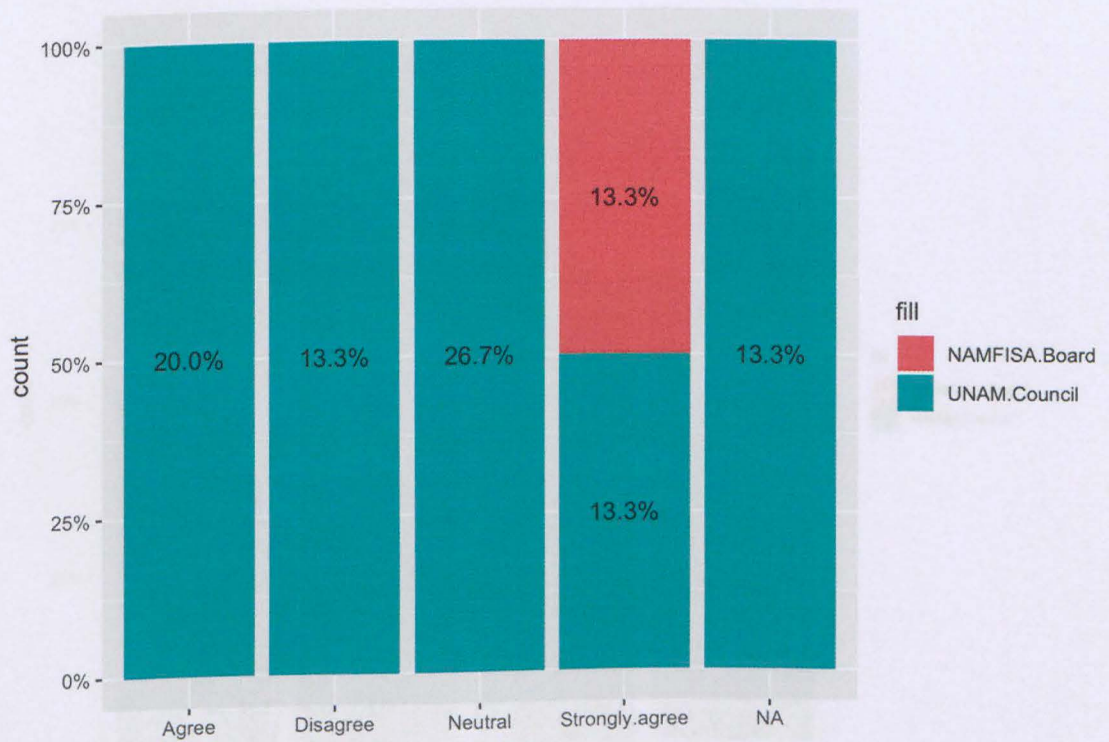


Figure 4. 14: There is a Board / Council Committee dedicated to Risk Management issues in place (X14)

The graph shows 100% of NAMFISA board members strongly agreeing that there is a board committee dedicated to risk management issues. It further shows about 26.7% of UNAM Council members being neutral about the existence of this committee at UNAM, 20% agreeing, 13.3% strongly agreeing, 13.3% disagreeing and another 13.3% saying it is not applicable.

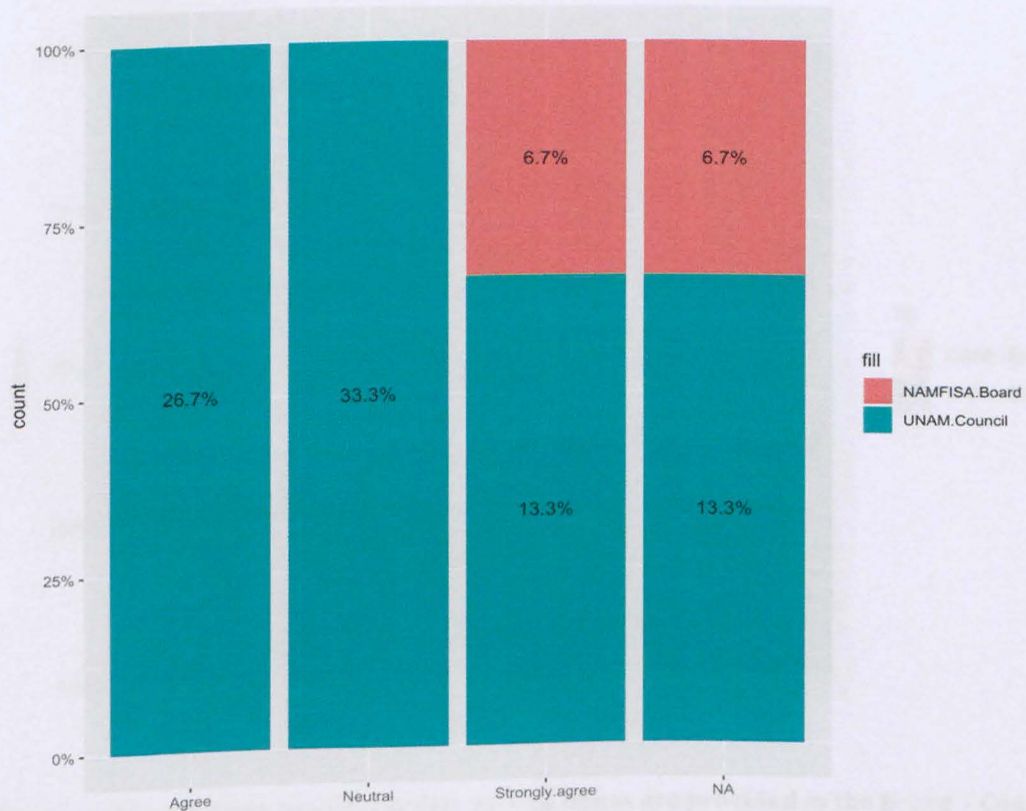


Figure 4. 15: Entity has an institutional Risk register in place approved by the Board / Council (X15)

The graph shows 50% of the NAMFISA board members strongly agreeing that there is an institutional risk approved by the board in place and another 50% saying it is not applicable. It further shows about 33.3% of UNAM council members being neutral about the existence of the institutional risk register approved by council at UNAM, 26.7% agreeing, 13.3% strongly agreeing and another 13.3% saying it is not applicable.

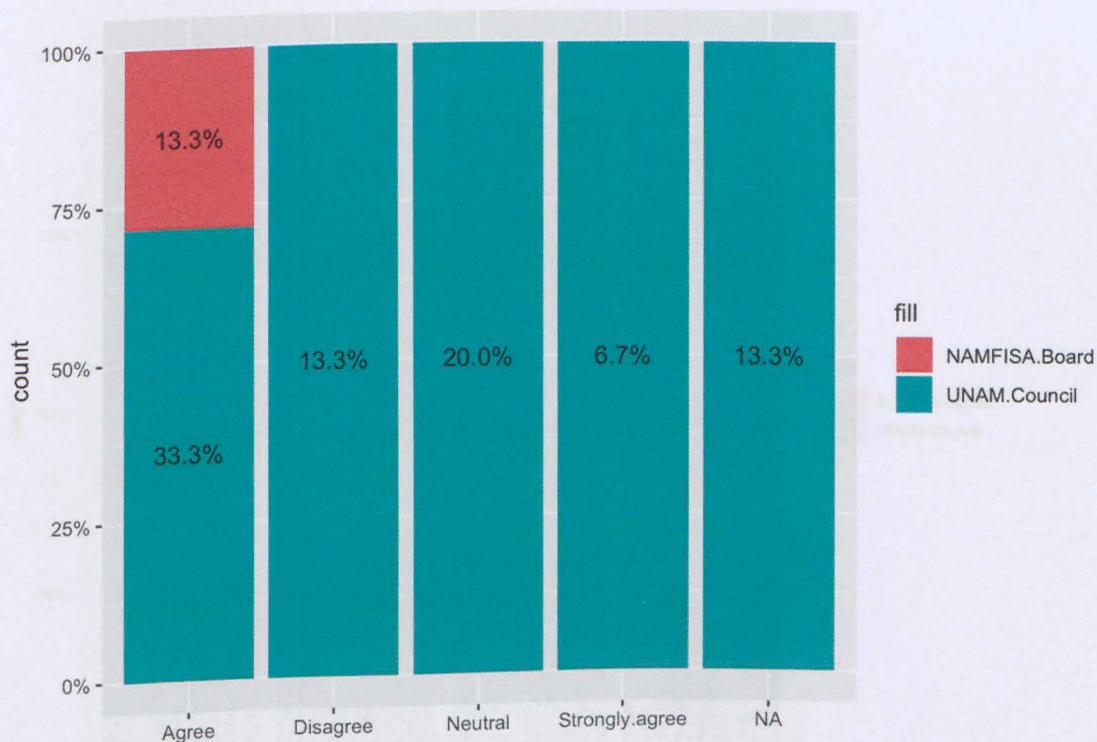


Figure 4. 16: Quarterly reports/update on risk issues are provided to the Board / Council (X16)

The graph shows 100% of NAMFISA board members agreeing that there are quarterly reports/update on risk issues provided to the board. It further shows about 33.3% of UNAM council members agreeing about the provision of such reports/update on risk issues to council, 20% being neutral, 13.3% disagreeing, 13.3% saying it is not applicable and 6.7% strongly agreeing.

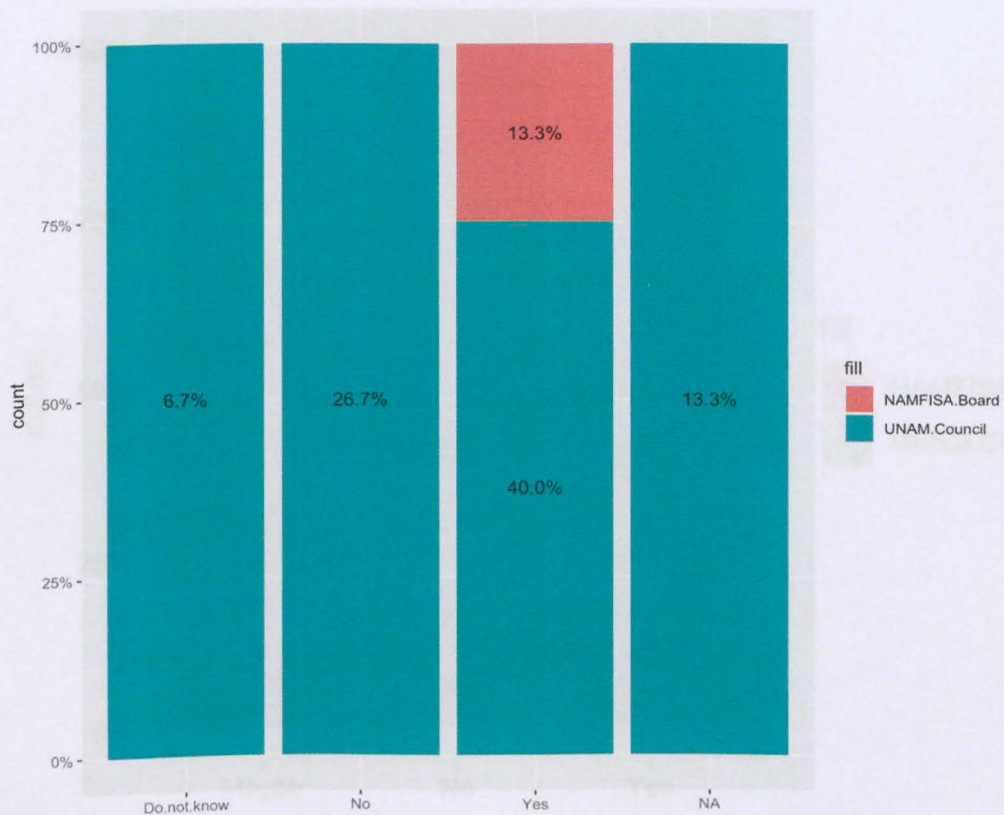


Figure 4. 17: The Institutional Stricture provides for a Chief Risk Officer Position (X17)

The graph shows 100% of NAMFISA board members saying yes to the fact that NAMFISA's organisational structure provides for the position of Chief Risk Officer. It further shows about 40% of UNAM council members saying yes to the fact that UNAM's organisational structure provides for the position of Chief Risk Officer, 26.7% saying no, 13.3% saying it is not applicable and 6.7% saying they do not know.

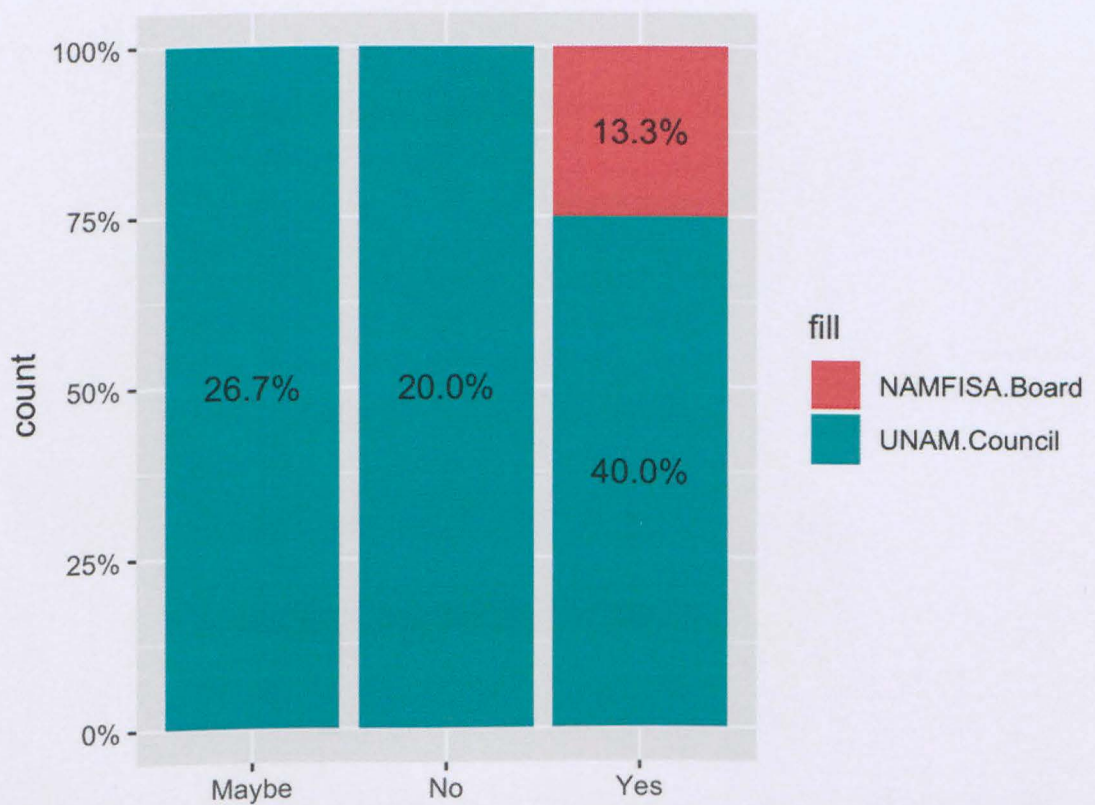


Figure 4. 18: Entity has an Information Technology (IT) Governance Framework in place approved by the Board / Council (X18)

The graph shows 100% of NAMFISA board members saying yes to the fact that NAMFISA has an IT Governance Framework approved by board in place. It further shows about 40% of UNAM council members saying yes to the fact that UNAM an IT Governance Framework approved by council in place, 26.7% saying maybe, 20% saying no.

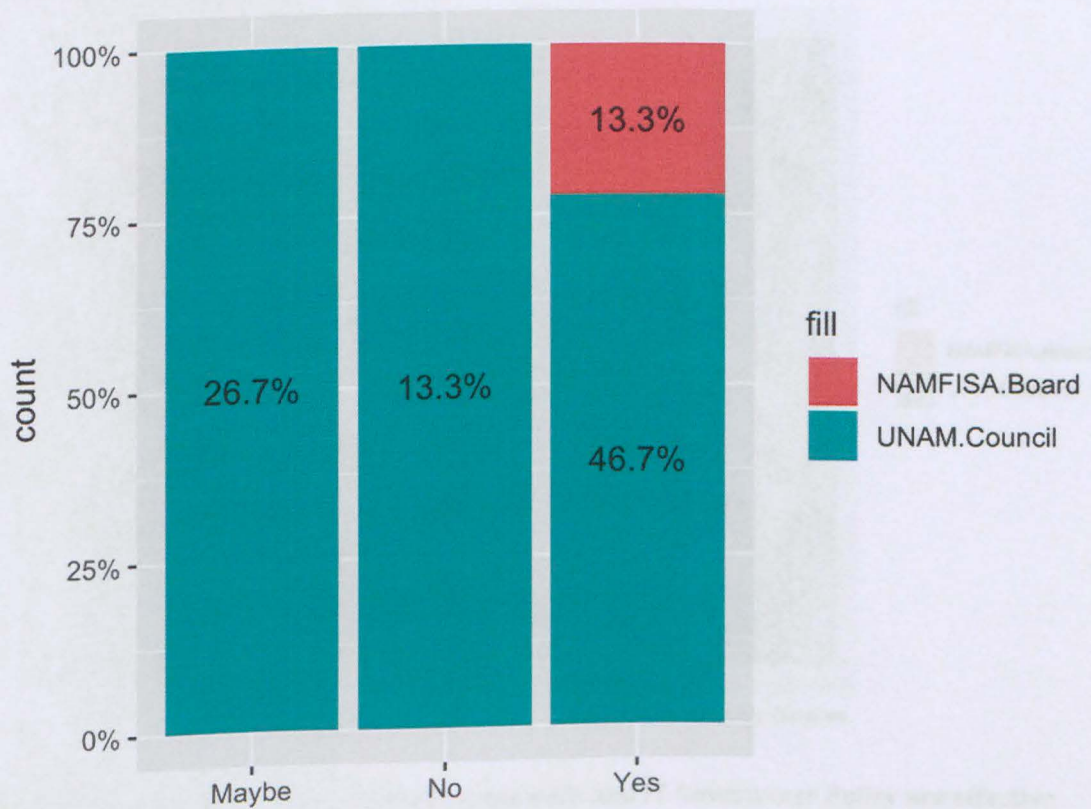


Figure 4. 19: Entity has an IT Governance Policy in place approved by the Board / Council (X19)

The graph shows 100% of NAMFISA board members saying yes to the fact that NAMFISA has an IT Governance Policy approved by board in place. It further shows about 46.7% of UNAM council members saying yes to the fact that UNAM an IT Governance Policy approved by council in place, 26.7% saying maybe, 13.3% saying no.

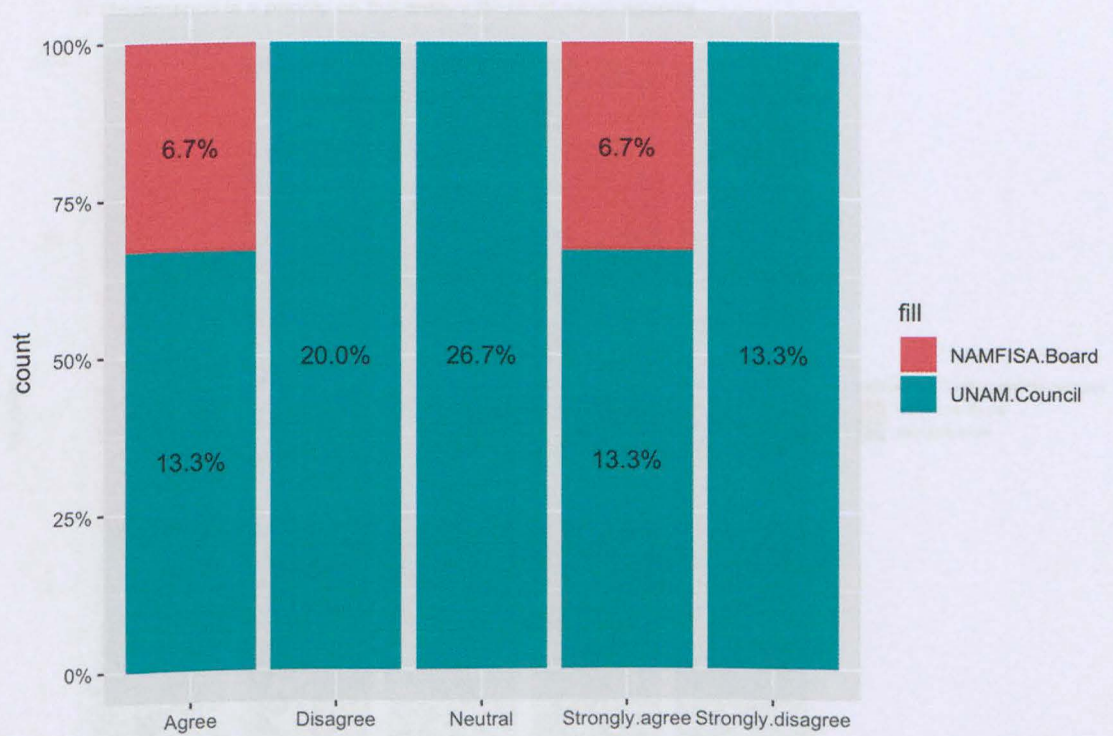


Figure 4. 20: Both the IT Governance Framework and IT Governance Policy are effective (X20)

The graph shows 50% of NAMFISA board members agreeing that both the IT Governance Framework and Policy at NAMFISA are effective and another 50% strongly agreeing. It further shows about 26.7% of UNAM council members being neutral about the effectiveness of both IT Governance Framework and Policy at UNAM, 20% disagreeing that the framework and policy are effective, 13.3% agreeing, 13.3% strongly agreeing and another 13.3% strongly disagreeing.

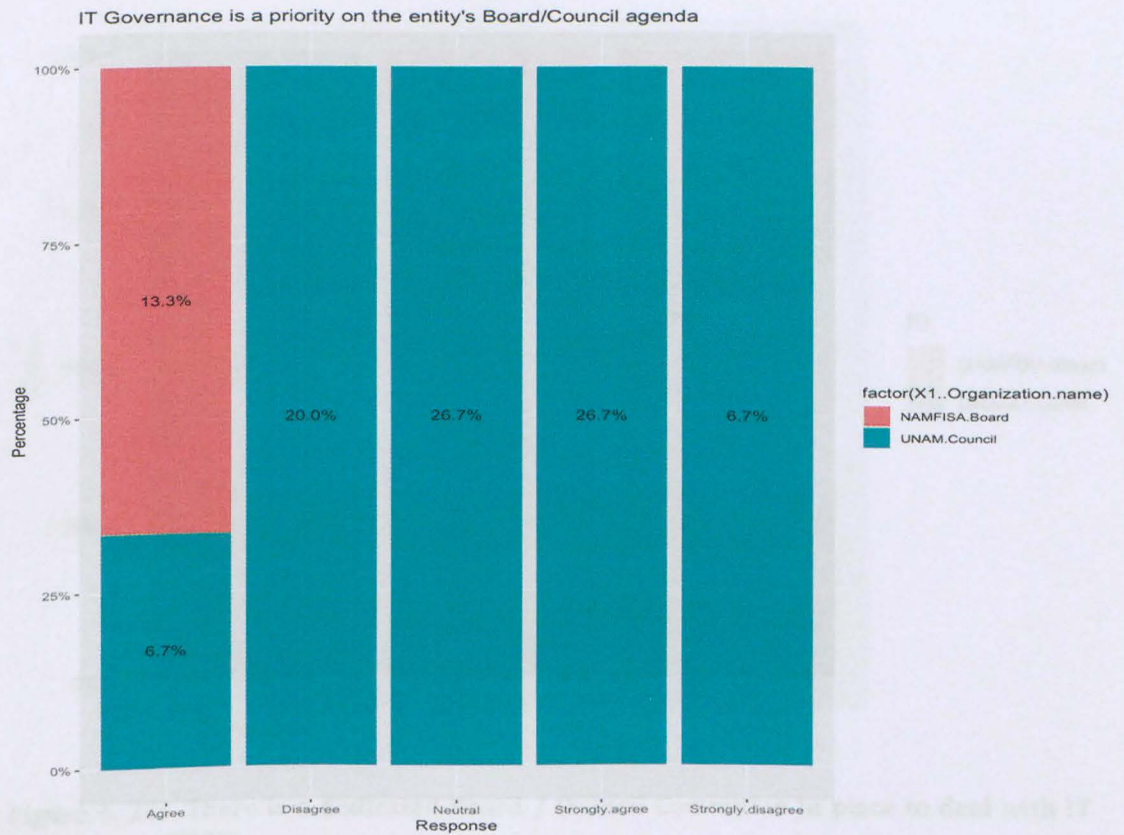


Figure 4. 21: IT Governance is a priority on the entity's Board / Council agenda (X21)

The graph shows 100% of NAMFISA board members agreeing that both IT Governance is a priority on the NAMFISA board agenda. It further shows about 26.7% of UNAM council members strongly agreeing that IT Governance is a priority on UNAM Council's agenda, 26.7% being neutral, 20% disagreeing, 6.7% agreeing and another 6.7% strongly disagreeing.

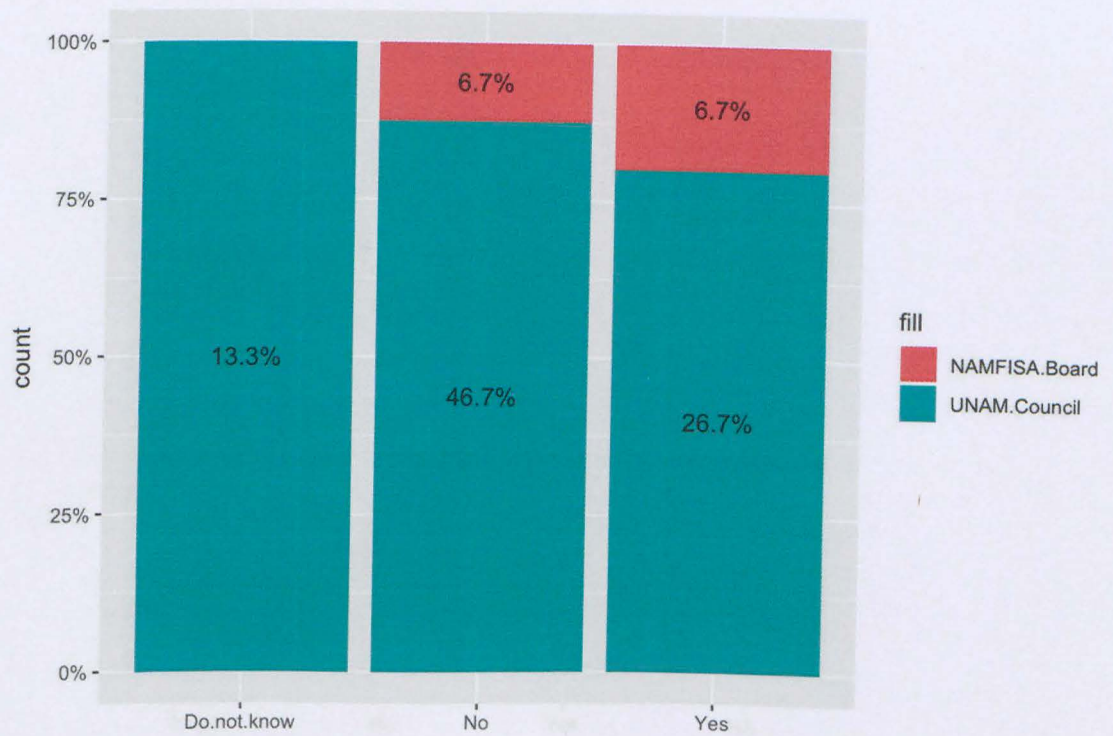


Figure 4. 22: There is a dedicated Board / Council Committee in place to deal with IT Governance (X22)

The graph shows 50% of NAMFISA board members saying yes to the fact that NAMFISA has a board committee dedicated to IT governance issues and another 50% saying no. It further shows about 46.7% of UNAM council members saying no to UNAM having a council committee dedicated to IT governance issues, 26.7% saying yes and 13.3% saying does not know.

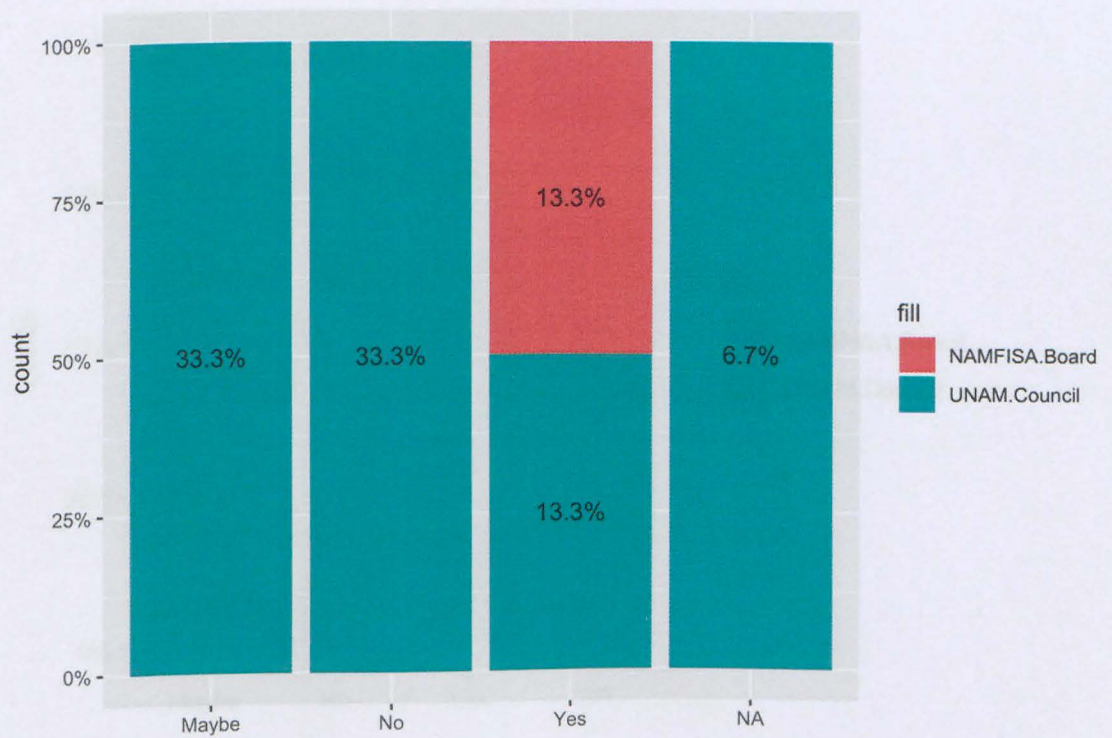


Figure 4.23: Entity has an Institutional IT Governance Strategy in place approved by the Board / Council (X23)

The graph shows 100% of NAMFISA board members saying yes to NAMFISA having an IT governance strategy approved by board in place. It further shows about 33.3% of UNAM council members saying maybe to UNAM having an IT governance strategy approved by council in place and another 33.3% saying no while 13.3% says yes and 6.7% saying not applicable.

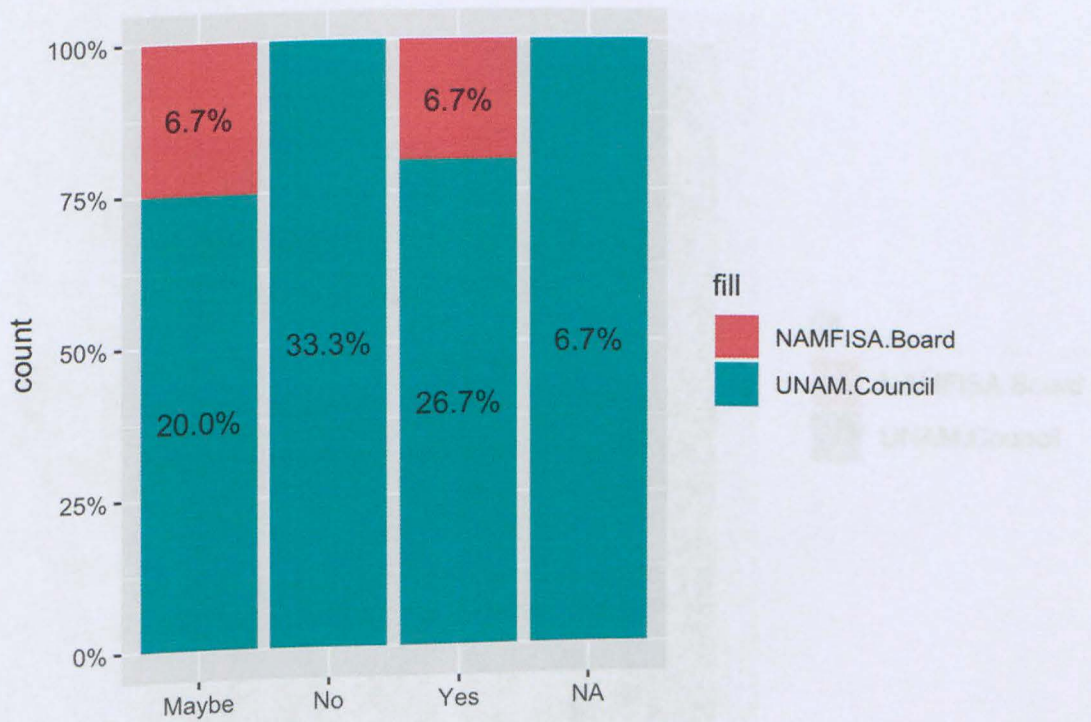


Figure 4.24: The Institutional Structure provides for a Chief Information Officer Position or equivalent (X24)

The graph shows 50% of NAMFISA board members saying yes to NAMFISA's organisational structure having provided for the position of Chief Information Officer or equivalent and another 50% saying maybe. It further shows about 33.3% of UNAM council members saying no to UNAM's organisational structure having provided for a position of Chief Information Officer, 26.7% saying yes, 20% saying maybe and 6.7% saying it is not applicable.

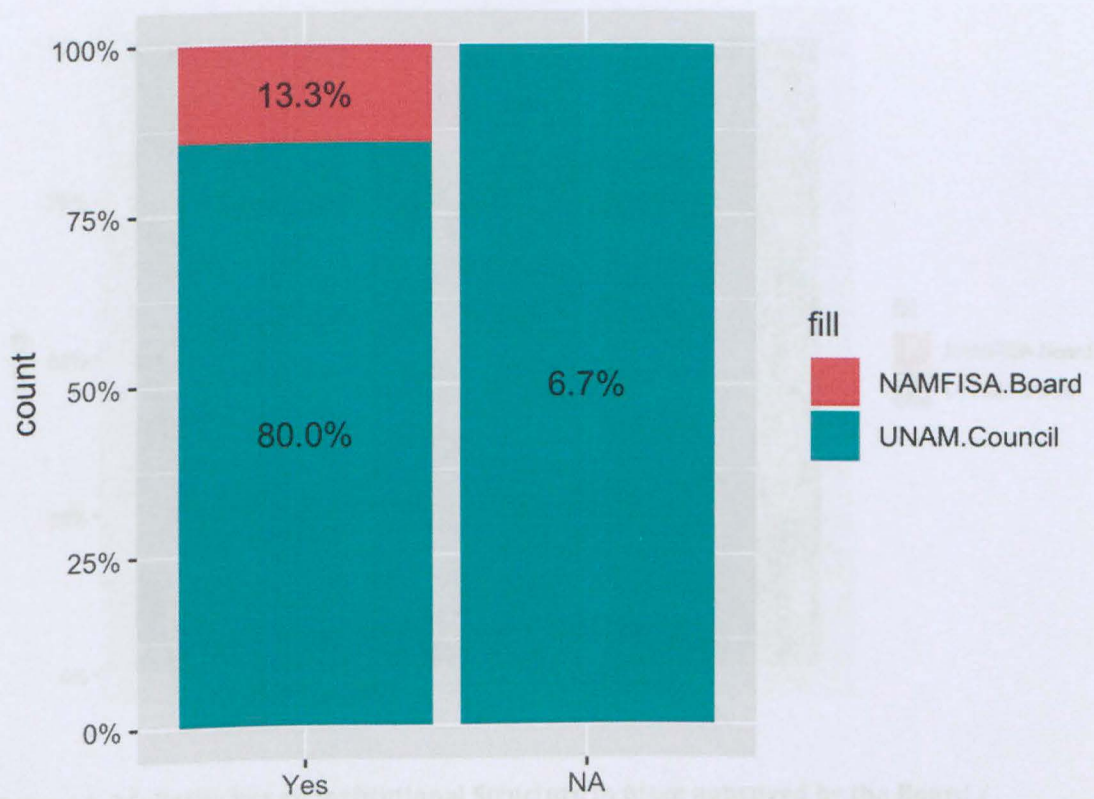


Figure 4. 25: Entity has a Strategic Plan in place approved by the owner (X25)

The graph shows 100% of NAMFISA board members saying yes to NAMFISA's having a strategic plan approved by owner in place. It further shows about 80% of UNAM council members saying yes to UNAM having a strategic plan approved by the owner in place, 6.7% saying it is not applicable.

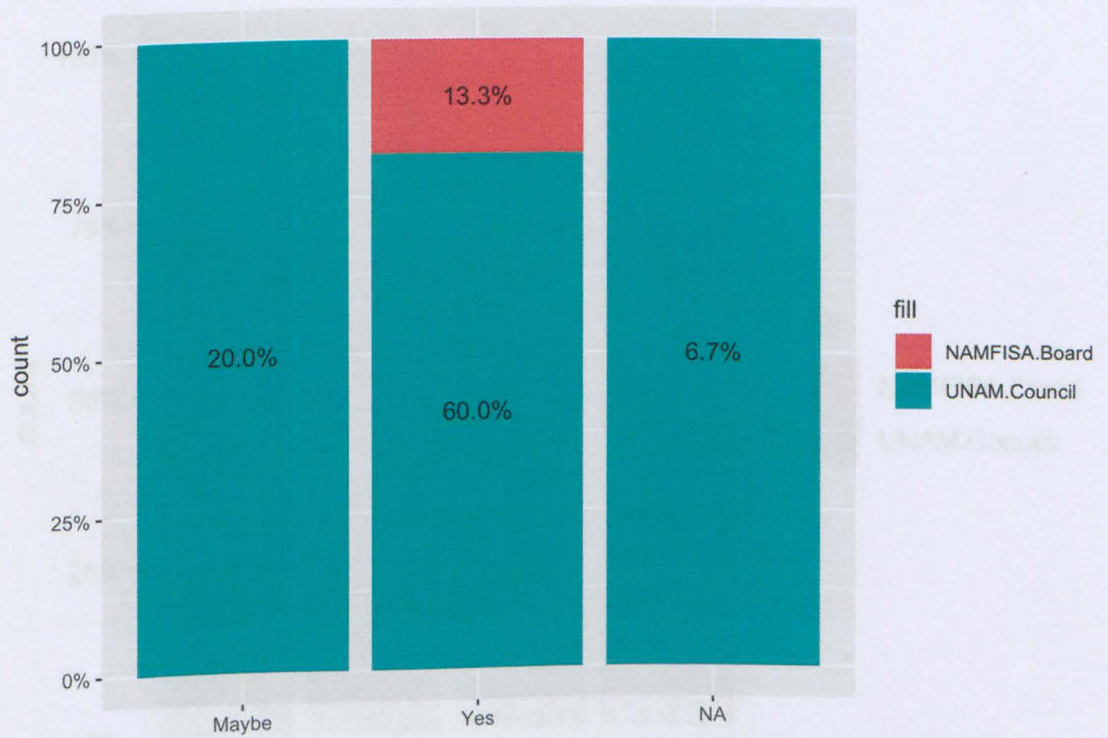


Figure 4. 26: Entity has an Institutional Structure in place approved by the Board / Council (X26)

The graph shows 100% of NAMFISA board members saying yes to NAMFIS having an organisational structure approved by board in place. It further shows about 60% of UNAM council members saying yes to UNAM having an organisational structure approved by council in place, 20% saying maybe and 6.7% saying it is not applicable.

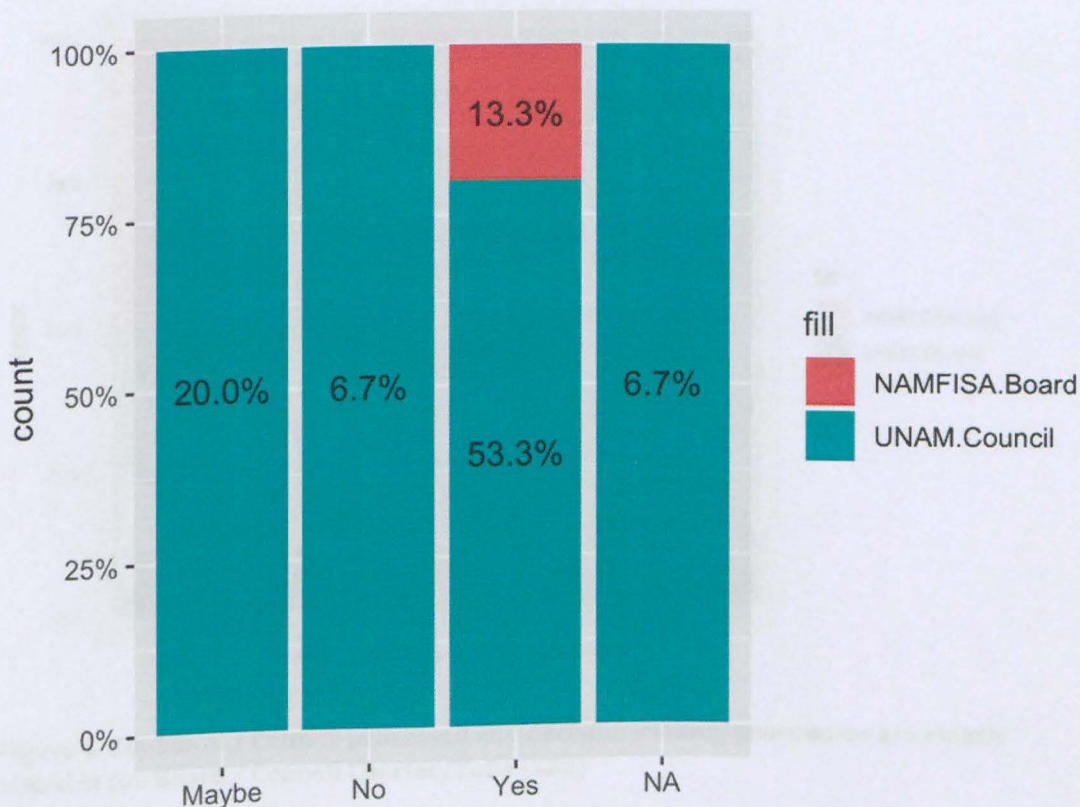


Figure 4. 27: Entity has a Board / Council Charter/ToRs in place approved by the Board / Council (X27)

The graph shows 100% of NAMFISA board members saying yes to NAMFISA having a board charter/TORs approved by board in place. It further shows about 53.3% of UNAM council members saying yes to UNAM having a council charter/TORS approved by council in place, 20% saying maybe, 6.7% saying no and another 6.7% saying no applicable.

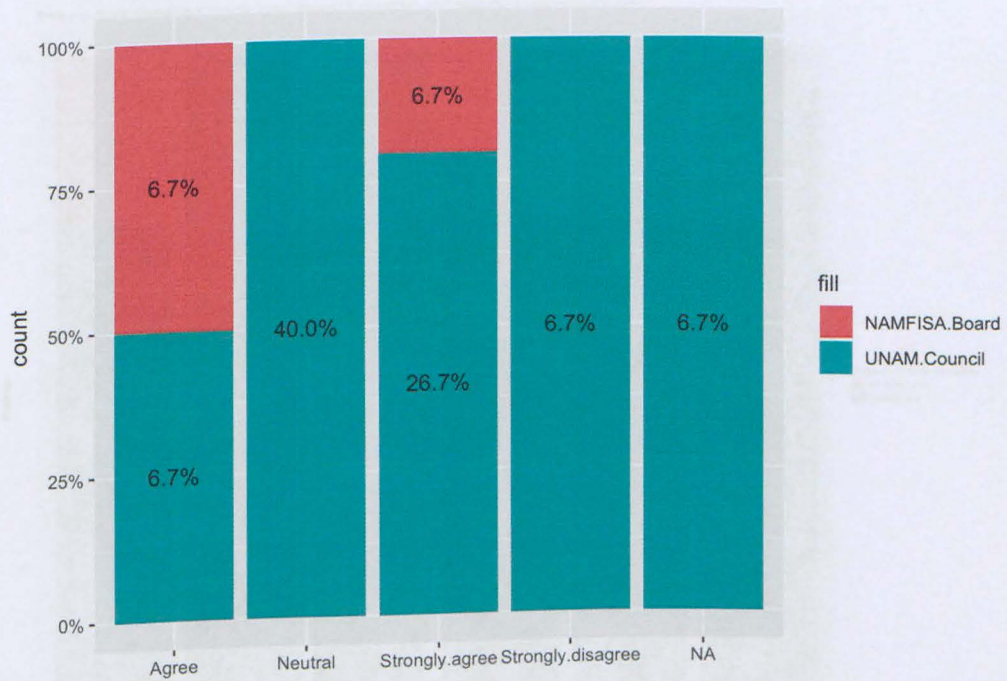


Figure 4. 28: Board / Council processed and decision-making procedures are clearly stated in the Board / Council Charter/ToRs (X28)

The graph shows 50% of NAMFISA board members agreeing that board processes and decision-making procedures are clearly stated in the board charter/TORs and another 50% strongly agreeing. It further shows about 40% of UNAM council members being neutral about council processes and decision-making procedures stated clearly in the council charter/TOR, 26.7% strongly agreeing, 6.7% agreeing, 6.7% strongly disagreeing and 6.7% saying it is not applicable.

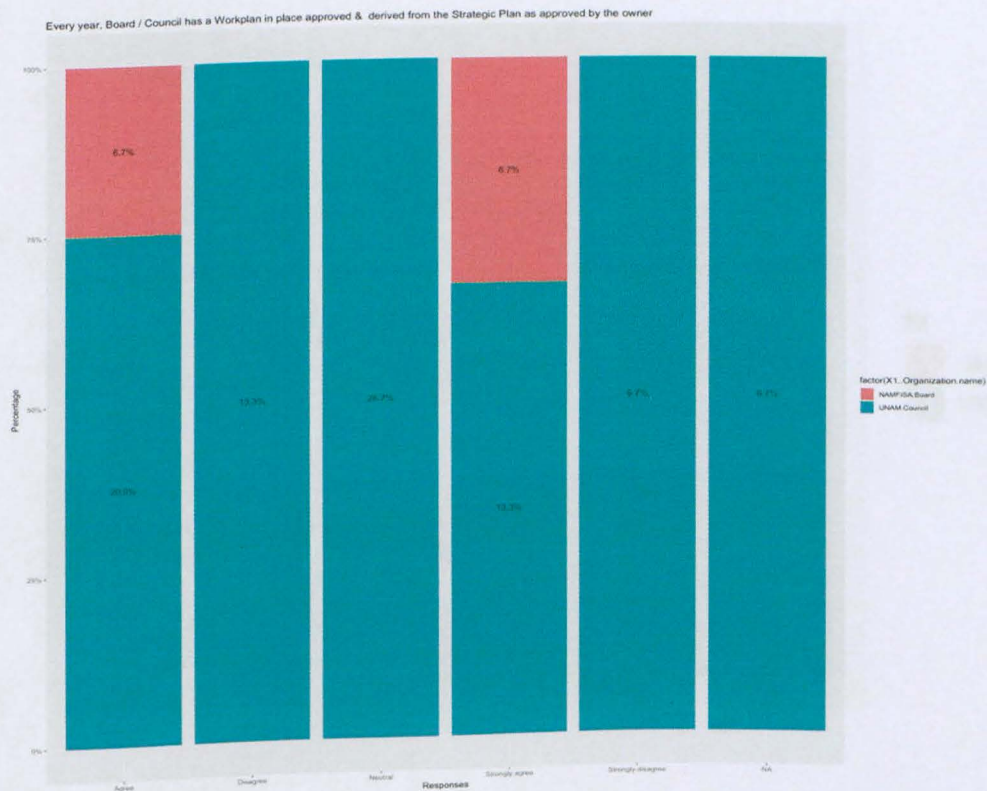


Figure 4. 29: Every year, Board / Council has a Workplan in place approved & derived from the Strategic Plan as approved by the owner (X29)

The graph shows 50% of NAMFISA board members agreeing that every year board has workplan derived from the strategic plan approved by owner and another 50% strongly agreeing. It further shows about 26.7% of UNAM council members being neutral about council having an annual workplan derived from the strategic plan approved by owner, 20% agreeing, 13.3% disagreeing, 13.3% strongly agreeing, 6.7% strongly disagreeing and another 6.7% saying not applicable.

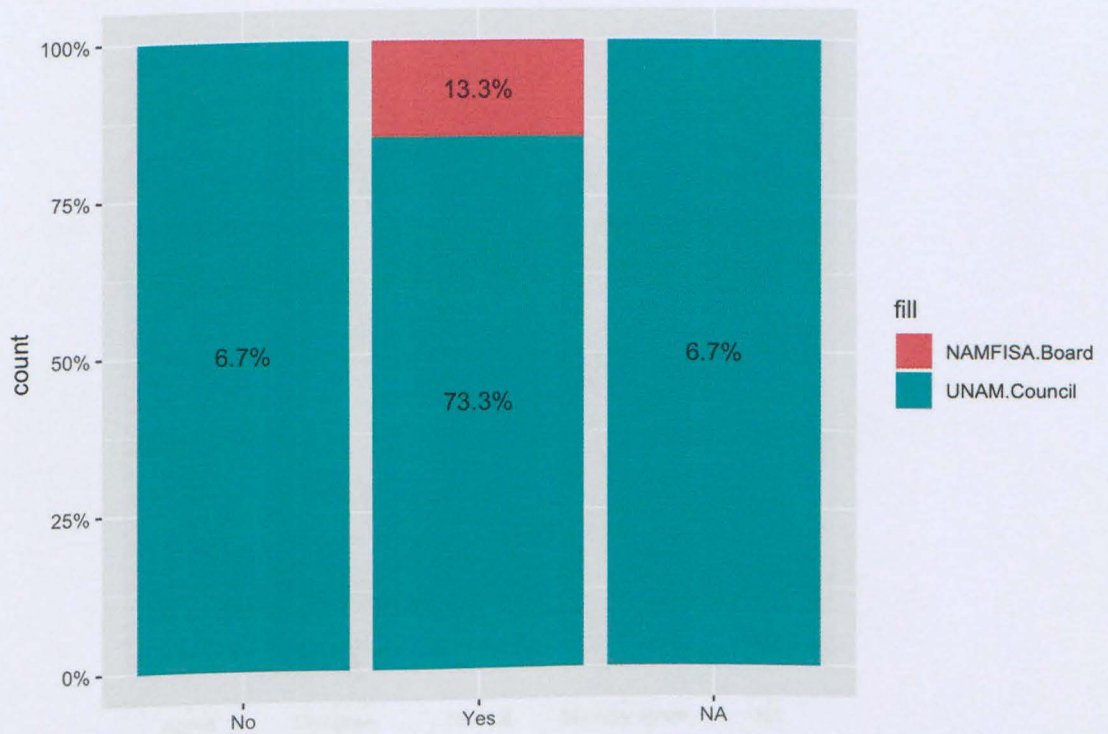


Figure 4.30: The Board / Council has an annual meeting calendar in place (X30)

The graph shows 100% of NAMFISA board members saying yes to board having an annual meeting calendar in place. It further shows about 73.3% of UNAM council members saying yes to council having an annual meeting calendar, 6.7% saying no and another 6.7% saying not applicable.

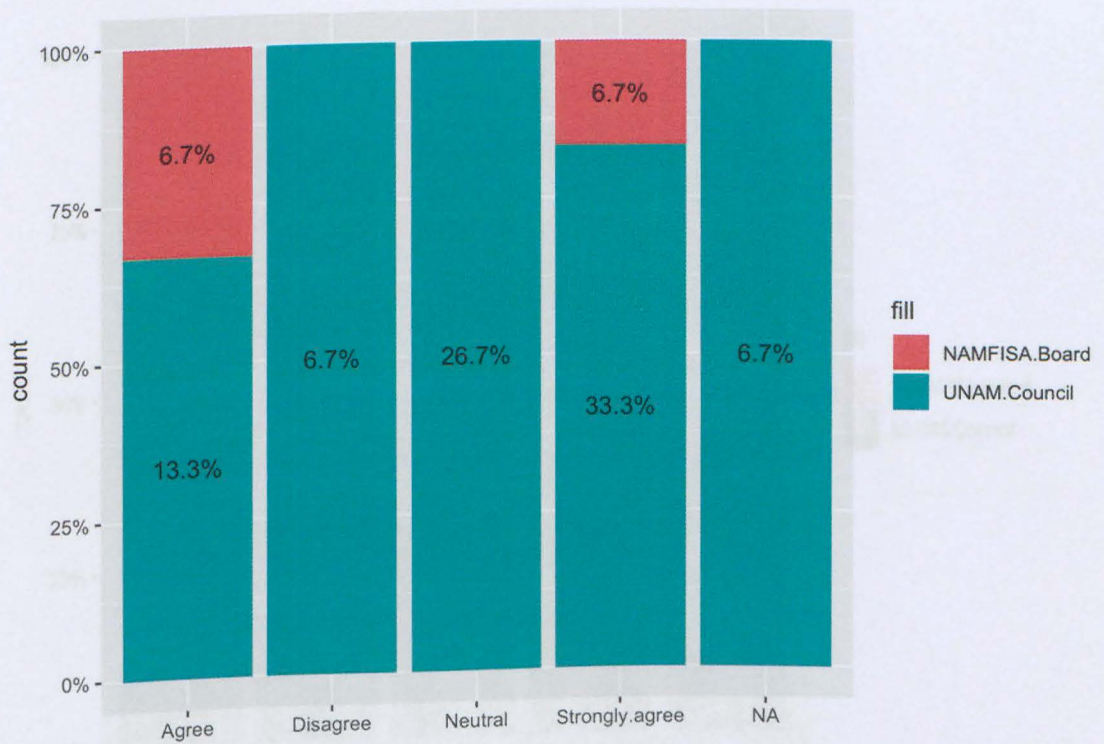


Figure 4.31: Board / Council Members are appointed without CEO or management's involvement (X31)

The graph shows 50% of NAMFISA board members agreeing that board members are appointed without CEO and/or management's involvement and another 50% strongly agreeing. It further shows about 33.3% of UNAM council members being strongly agreeing that council' members are appointed without VC and/or management's involvement, 26.7% neutral, 13.3% agreeing, 6.7% disagreeing and another 6.7% saying it is not applicable.

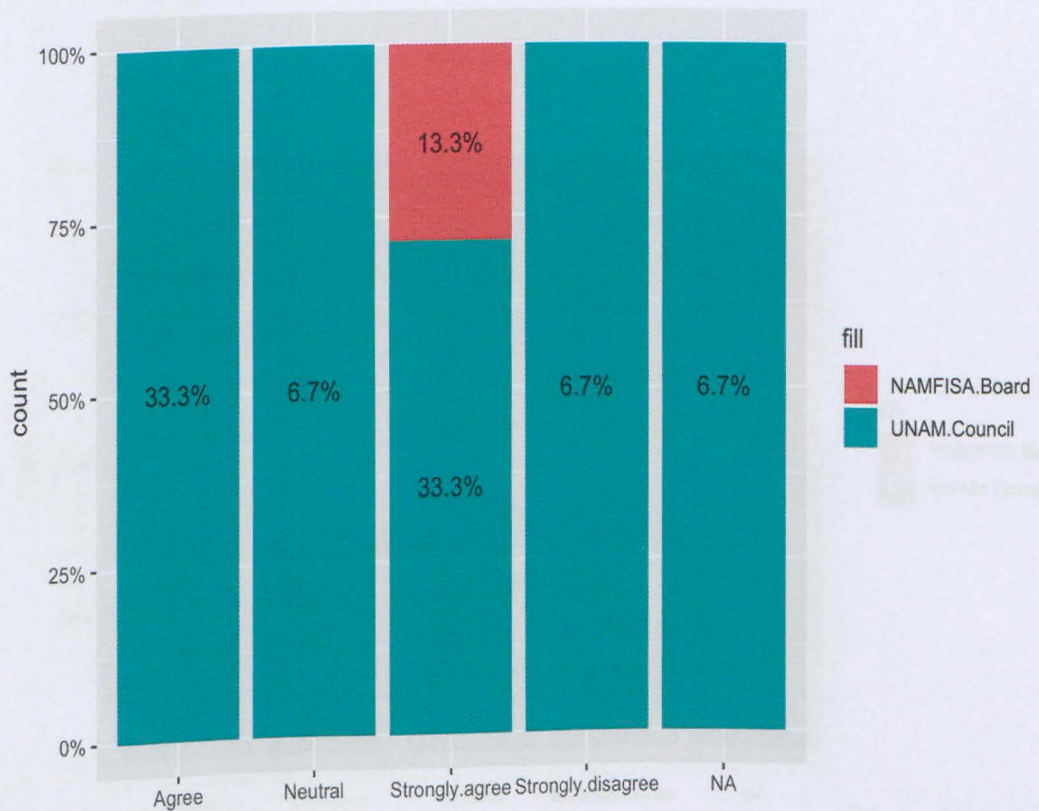


Figure 4.32: Majority of the Board / Council members are non-executive directors, making them independent (X32)

The graph shows 100% of NAMFISA board members strongly agreeing that majority of them are non-executive directors, making them independent. It further shows about 33.3% of UNAM council members strongly agreeing that majority of the directors are non-executive directors, 33.3% agreeing, 6.7% being neutral, 6.7% strongly disagreeing and another 6.7% saying it is not applicable.

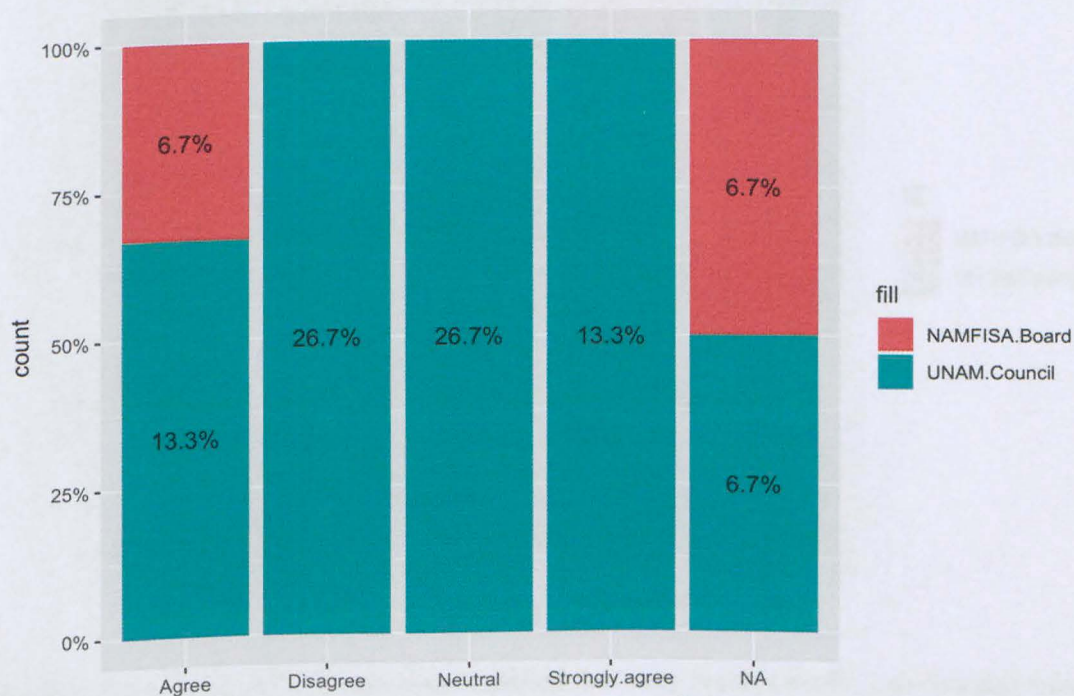


Figure 4.33: The Board / Council does not have members coming from marginalised groups (X33)

The graph shows 50% of NAMFISA board members agreeing that there are no members from marginalised groups on the board and another 50% saying it is not applicable. It further shows about 26.7% of UNAM council members disagreeing that there no members from marginalised groups on council while another 26.7% is neutral, 13.3% agreeing that there marginalised are not on board and another 13.3% strongly agreeing, 6.7% saying it is not applicable.

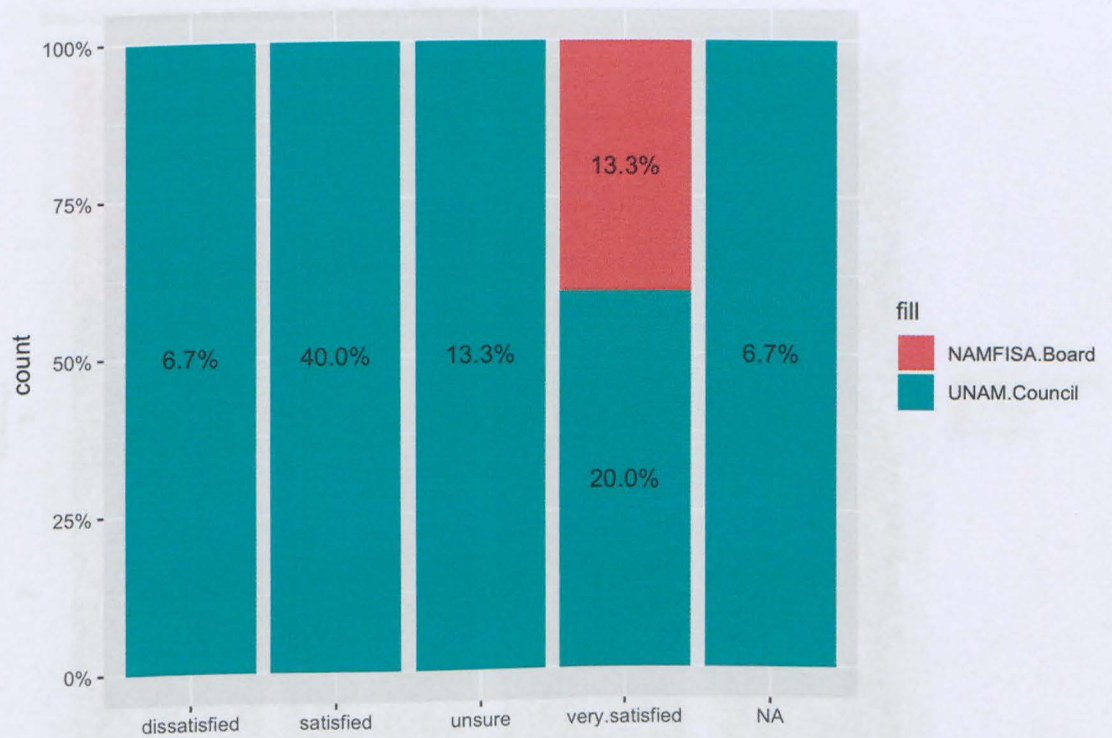


Figure 4.34: Board / Council members are satisfied that they receive timely information from the CEO (X34)

The graph shows 100% of NAMFISA board members being very satisfied that receive timely information from the CEO. It further shows about 40% of UNAM council members being satisfied that receive timely information from the VC, 20% being very satisfied, 13.3% saying they are unsure, 6.7% are dissatisfied and 6.7% saying it is not applicable.



Figure 4.35: Board / Council and Committees members are responsible and accountable for Organisational Performance (X35)

The graph shows 100% of NAMFISA board members saying that board members are completely accountable. It further shows about 40% of UNAM council members saying that council members are mostly accountable, 26.7% saying are completely accountable, 13.3% saying they are somewhat accountable and 6.7% saying it is not applicable.

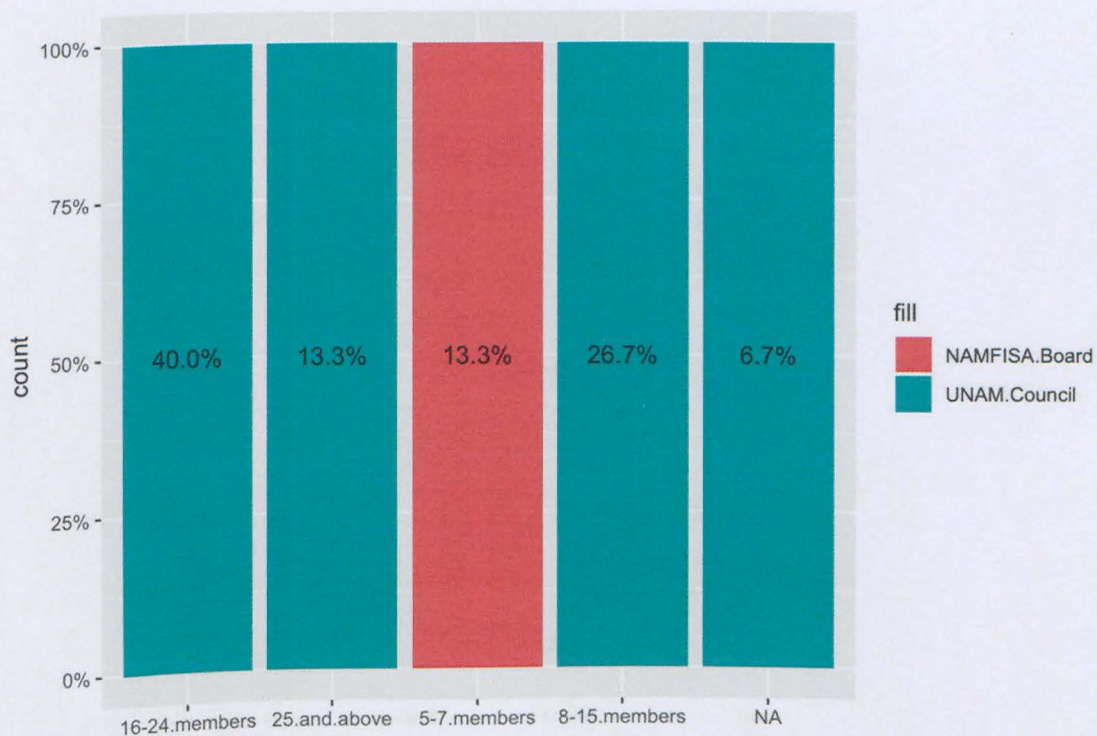


Figure 4.36: Number of Board / Council Members (X36)

The graph shows 100% of NAMFISA board members indicating that board consists between 5 – 7 board members. It further shows about 40% of UNAM council members indicating that the council size is between 16 – 24 members, 26.7% saying it is between 8 – 15 members, 13.3% saying it is 25 and above members, 13.3% not applicable.

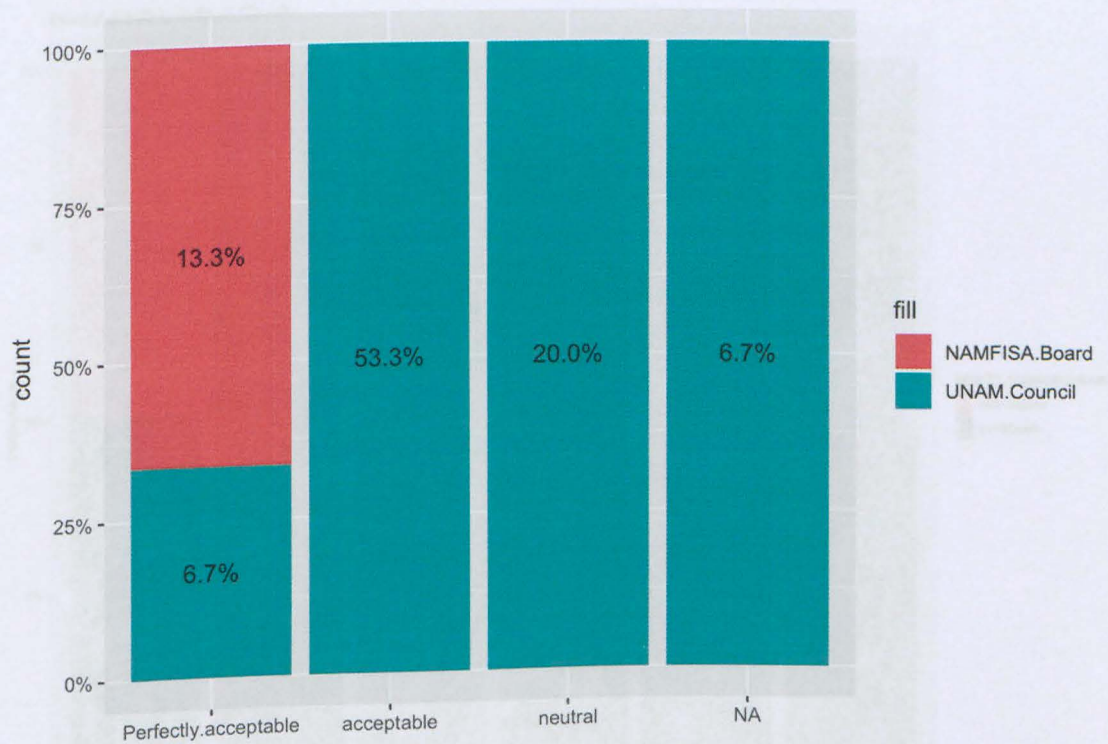


Figure 4.37: Extent of cohesiveness amongst the Board / Council Members (X37)

The graph shows 100% of NAMFISA board saying the extent of cohesiveness amongst the board members is perfectly acceptable. It further shows about 53.3% of UNAM council members saying the extent of cohesiveness is acceptable amongst them, 20% being neutral, 6.7% saying it is perfectly acceptable and another 6.7% not applicable.

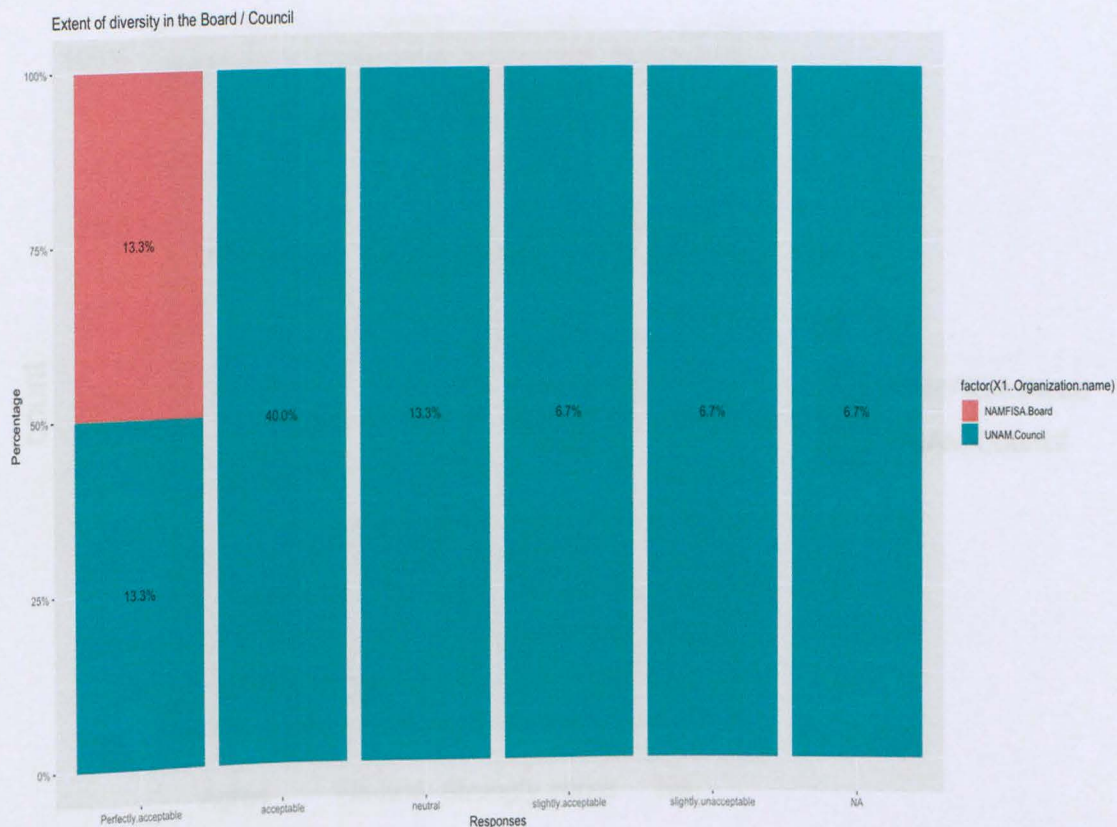


Figure 4.38: Extent of diversity in the Board / Council (X38)

The graph shows 100% of NAMFISA board saying the extent of diversity in the board is perfectly acceptable. It further shows about 40% of UNAM council members saying the extent of diversity is acceptable, 13.3% perfectly acceptable, 13.3% neutral, 6.7% slightly acceptable, 6.7% slightly unacceptable and another 6.7% not applicable.

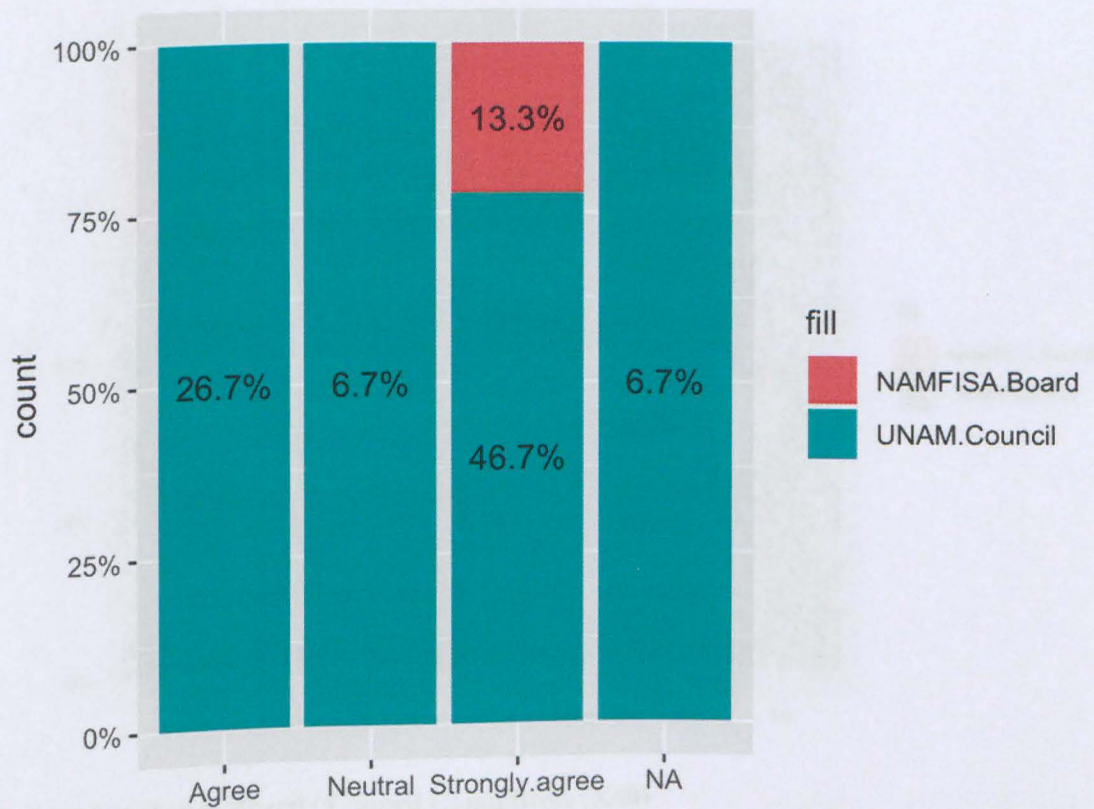


Figure 4.39: Board / Council Committees established to assist the Board / Council in execution of its fiduciary duties (X39)

The graph shows 100% of NAMFISA board strongly agreeing that board committees are established to assist the board in the execution of its fiduciary duties. It further shows about 46.7% of UNAM council members strongly agreeing that council committees are established to assist the board in the execution of its fiduciary duties, 26.7% agreeing, 6.7% being neutral and another 6.7% not applicable.

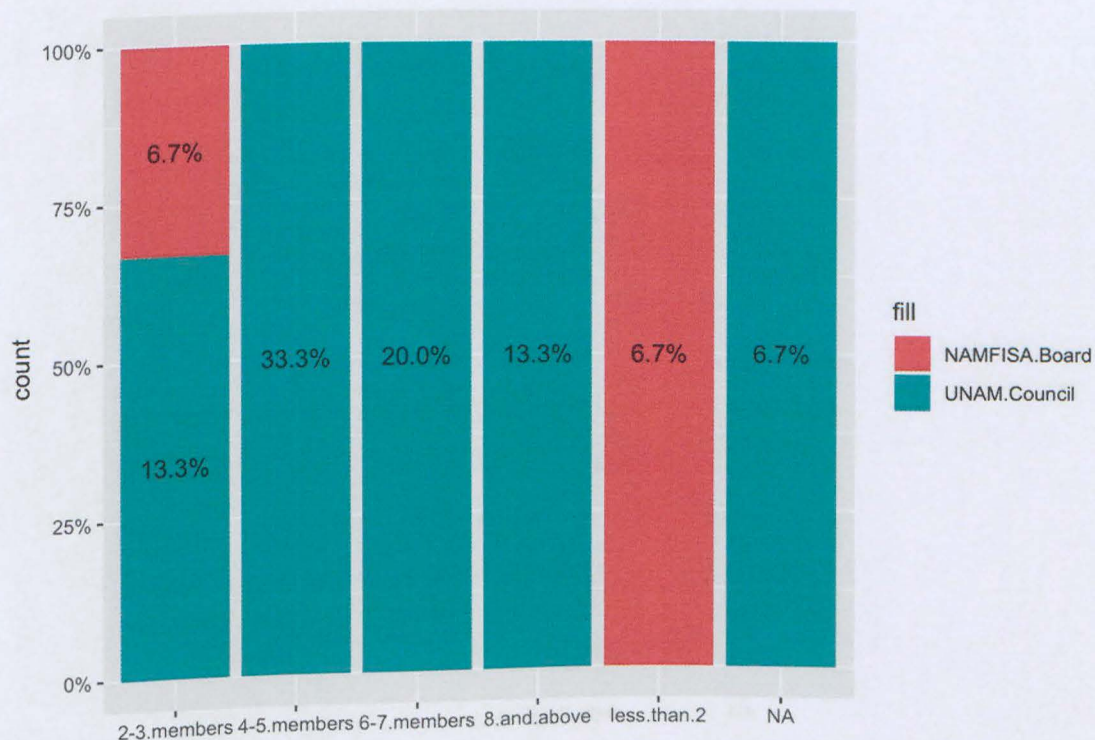


Figure 4.40: Number of Board / Council Committees (X40)

The graph shows 50% of NAMFISA board members indicating that there are between 2 – 3 board committees and another 50% indicating less than 2 committees. It further shows about 40% of UNAM council members indicating that there are between 4 -5 council committees, 20% saying there are between 6 - 7 committees, 13% between 2 – 3 committees, 13.3% saying committees 8 and above, and 6.7% not applicable.

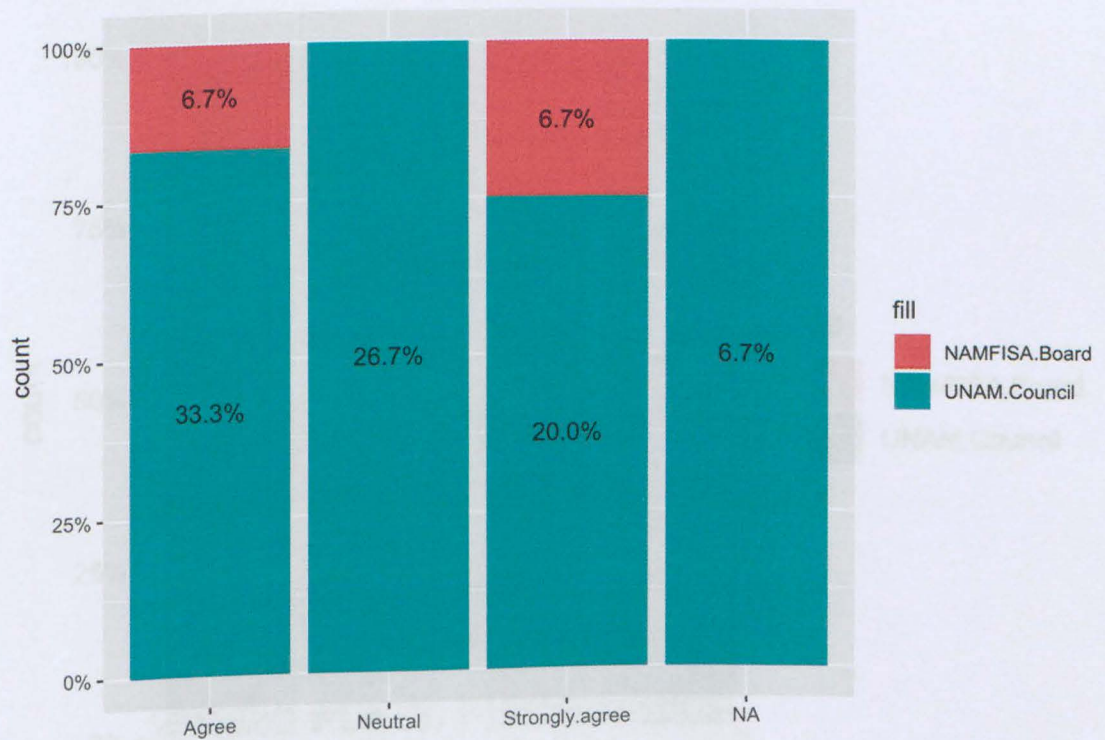


Figure 4.41: Each Council / Board committee has a Charter/ToRs in place approved by the Board / Council (X41)

The graph shows 50% of NAMFISA board members strongly agreeing that board committees have charters or TORs approved by board in place and another 50% agreeing. It further shows about 33.3% of UNAM council members agreeing to council committees having charters or TORs approved by council in place, 26.7% being neutral, 20% strongly agreeing and 6.7% not applicable.

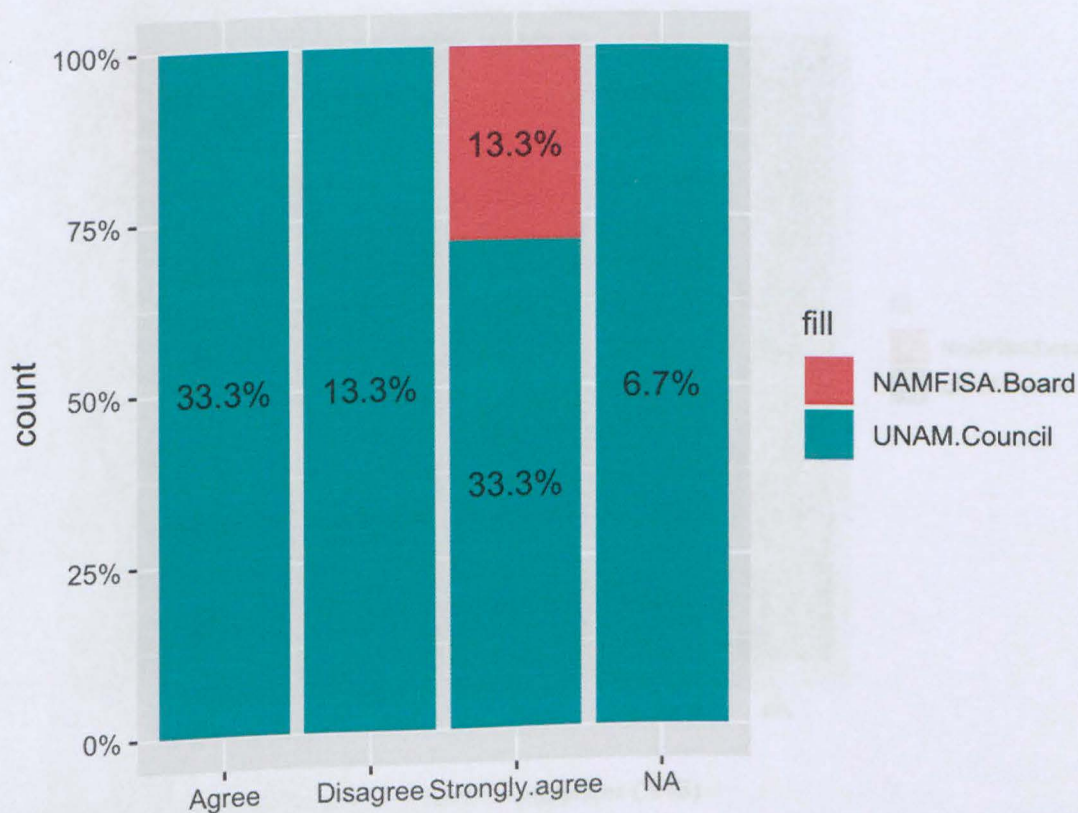


Figure 4.42: Each Board / Council Committee is chaired by a Board / Council member (X42)

The graph shows 100% of NAMFISA board members strongly agreeing that each board committee is chaired by a board member. It further shows about 33.3% of UNAM council members strongly agreeing that each council committee is chaired by a council member, 33.3% agreeing, 13.3% disagreeing and 6.7% not applicable.

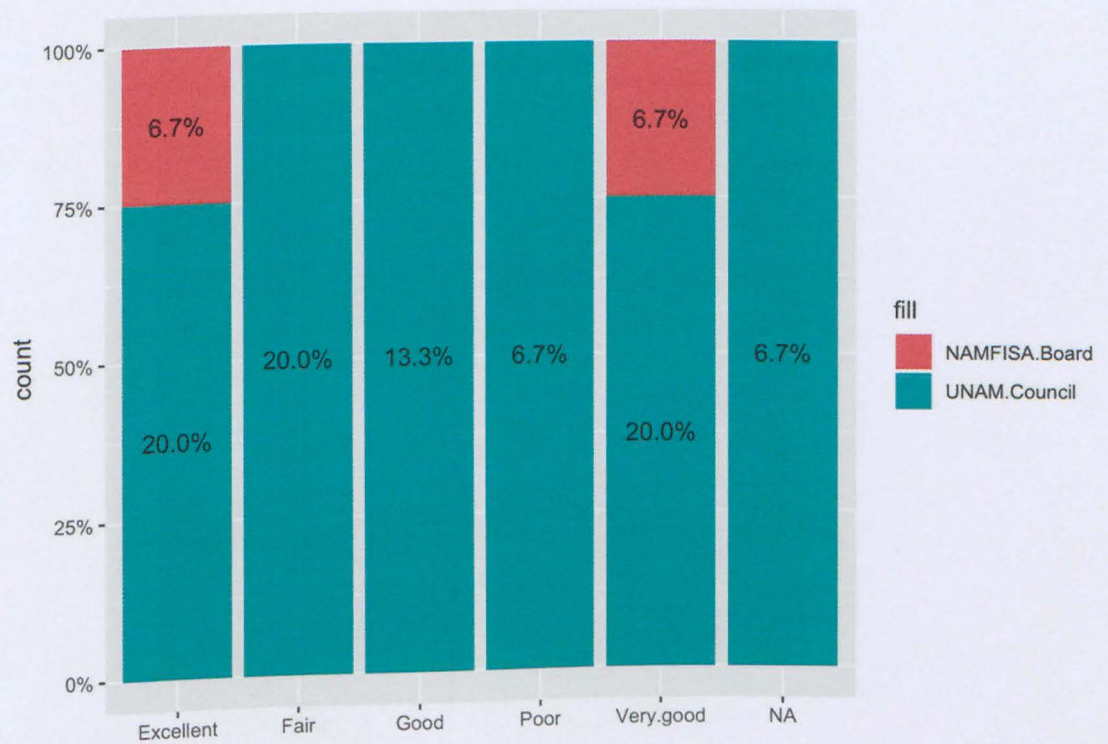


Figure 4.43: Effectiveness of Board / Council Committees (X43)

The graph shows 50% of NAMFISA board members saying the effectiveness of board committees is excellent and another 50% saying it is very good. It further shows about 20% of UNAM council members saying the effectiveness of council committees is excellent, 20% saying it is very good and another 20% saying fair, 13.3% saying good and 6.7% saying poor and another 6.7% not applicable.

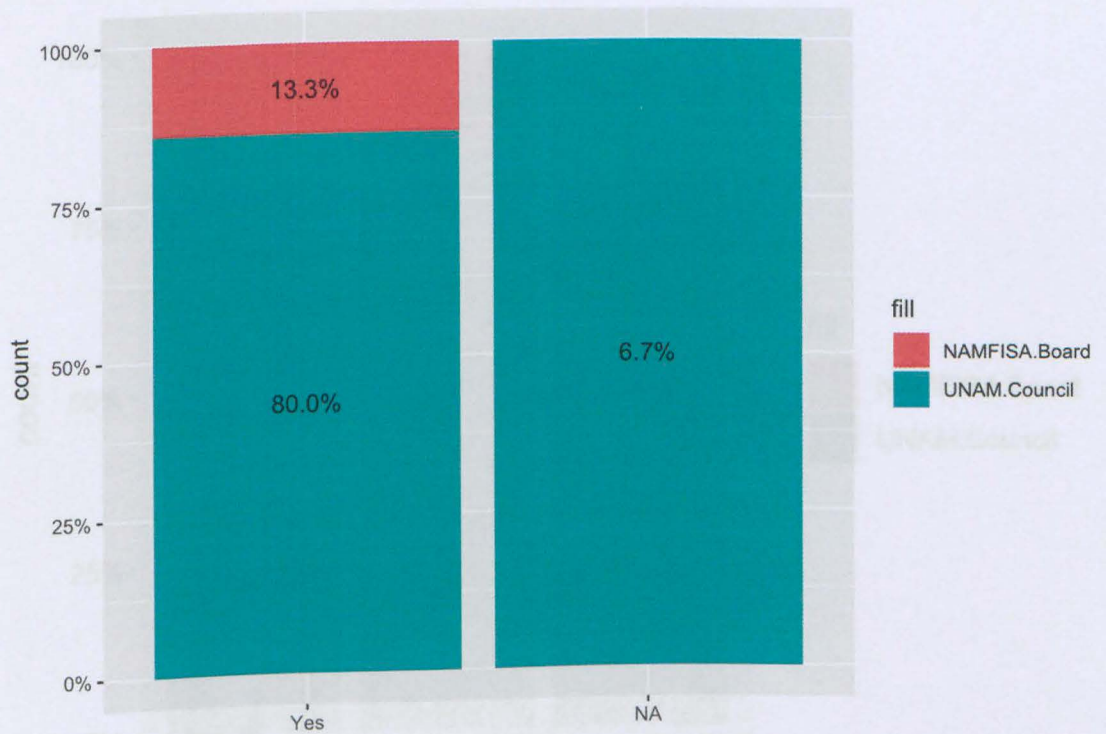


Figure 4.44: Board / Council Chairperson and the CEO are different persons (X44)

The graph shows 100% of NAMFISA board members saying yes to board chairperson and CEO being two different persons. It further shows 80% of UNAM council members saying yes council chairperson and VC being two different persons and 6.7% not applicable.

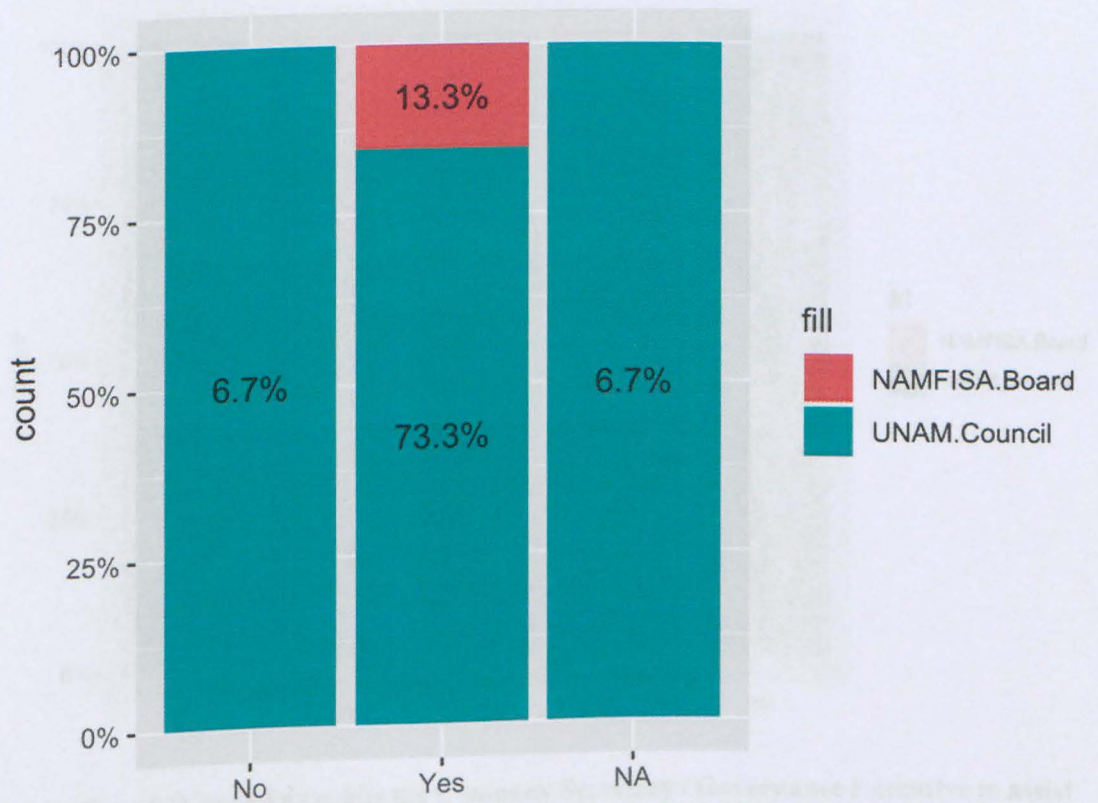


Figure 4.45: Board / Council appoints the CEO (X45)

The graph shows 100% of NAMFISA board members saying yes to board appointing CEO. It further shows 73.3% of UNAM council members saying yes VC council appointing VC, 6.7% saying no and another 6.7% not applicable.

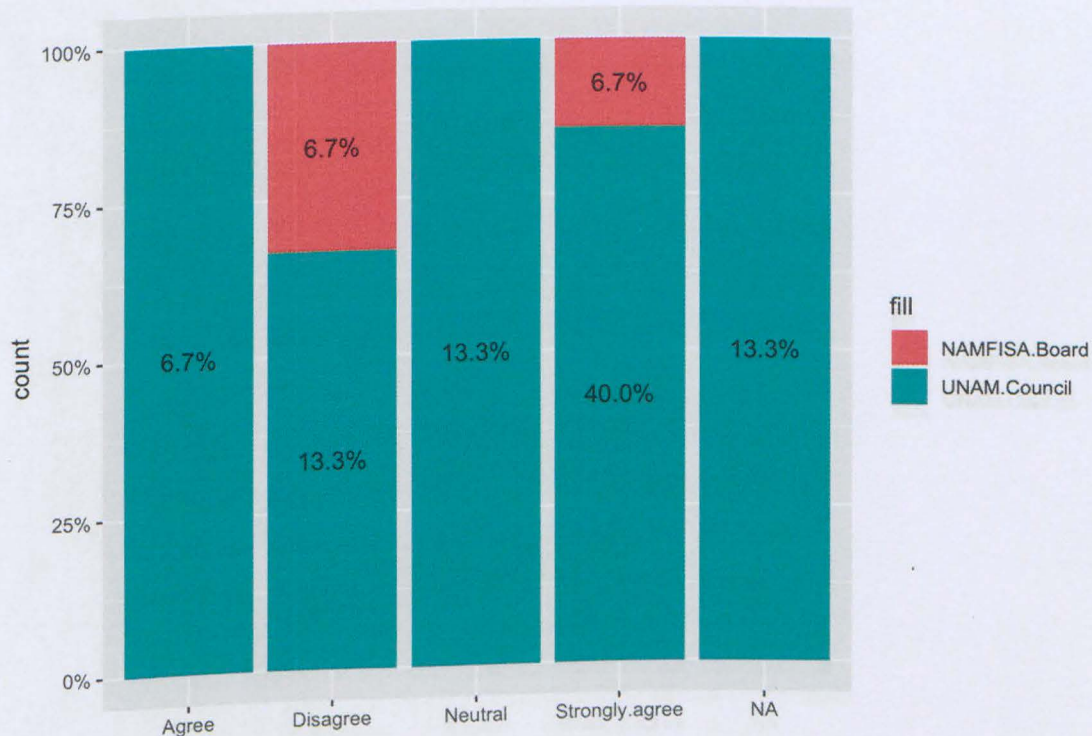


Figure 4.46: Board / Council appoints the Company Secretary / Governance Executive to assist it with respective Governance Issues (X46)

The graph shows 50% of NAMFISA board members strongly agreeing that board appoints the Company Secretary/Governance Executive to assist with the respective governance issues and another 50% disagreeing. It further shows about 40% of UNAM council members strongly agreeing that council appoints Registrar/Governance Executive to assist with the respective governance issues, 13.3% disagreeing, 13.3% being neutral, 13.3% not applicable and 6.7% agreeing.

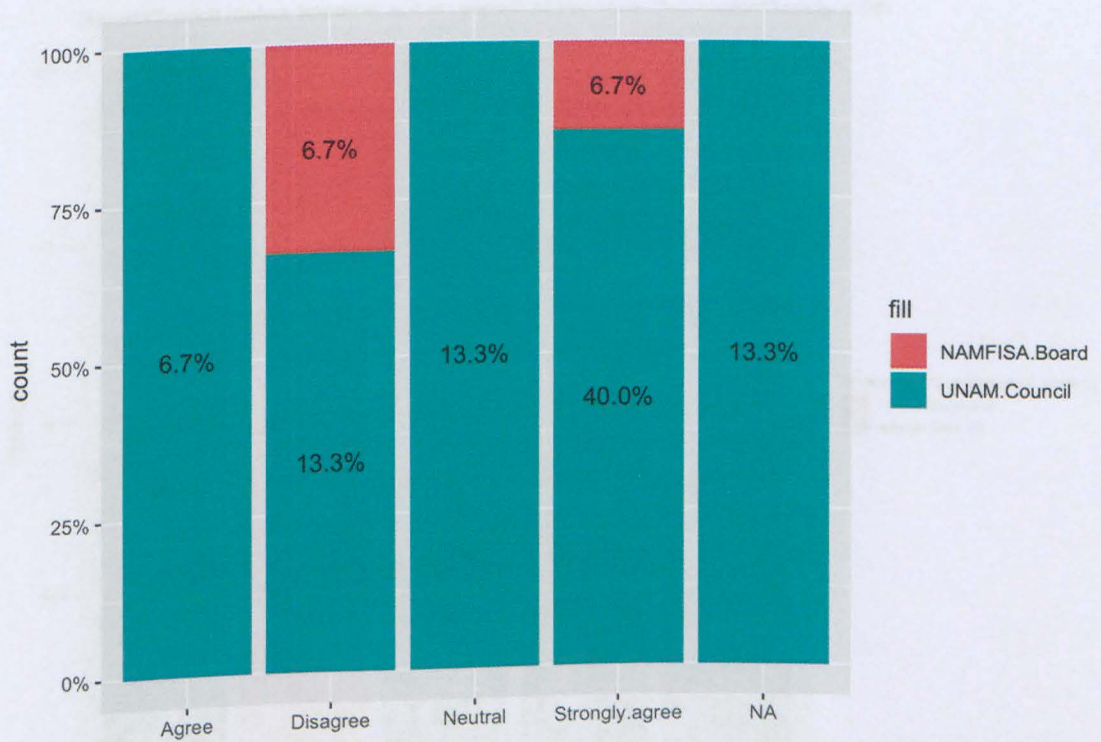


Figure 4.47: Board / Council appoints the Internal Auditor to assist it with respective Governance Issues (X47)

The graph shows 50% of NAMFISA board members strongly agreeing that board appoints the Internal Auditor to assist with the respective governance issues and another 50% disagreeing. It further shows about 40% of UNAM council members strongly agreeing that council appoints the Internal Auditor to assist with the respective governance issues, 13.3% disagreeing, 13.3% being neutral, 13.3% not applicable and 6.7% agreeing.

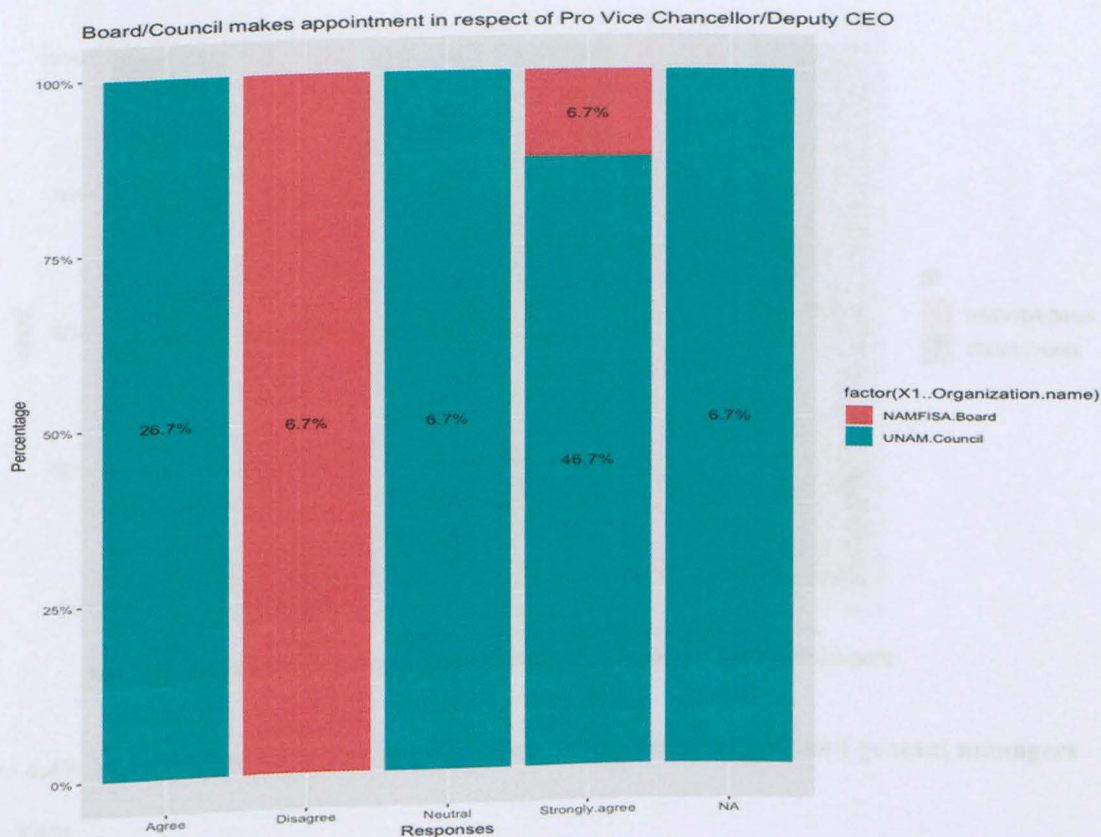


Figure 4.48: Board / Council makes appointments in respect of Pro Vice Chancellor / Deputy CEO (X48)

The graph shows 50% of NAMFISA board members strongly agreeing that board appoints Deputy CEOs and another 50% disagreeing. It further shows about 46.7% of UNAM council members strongly agreeing that council appoints PVCs, 26.7% agreeing, 6.7% neutral and 6.7% not applicable.

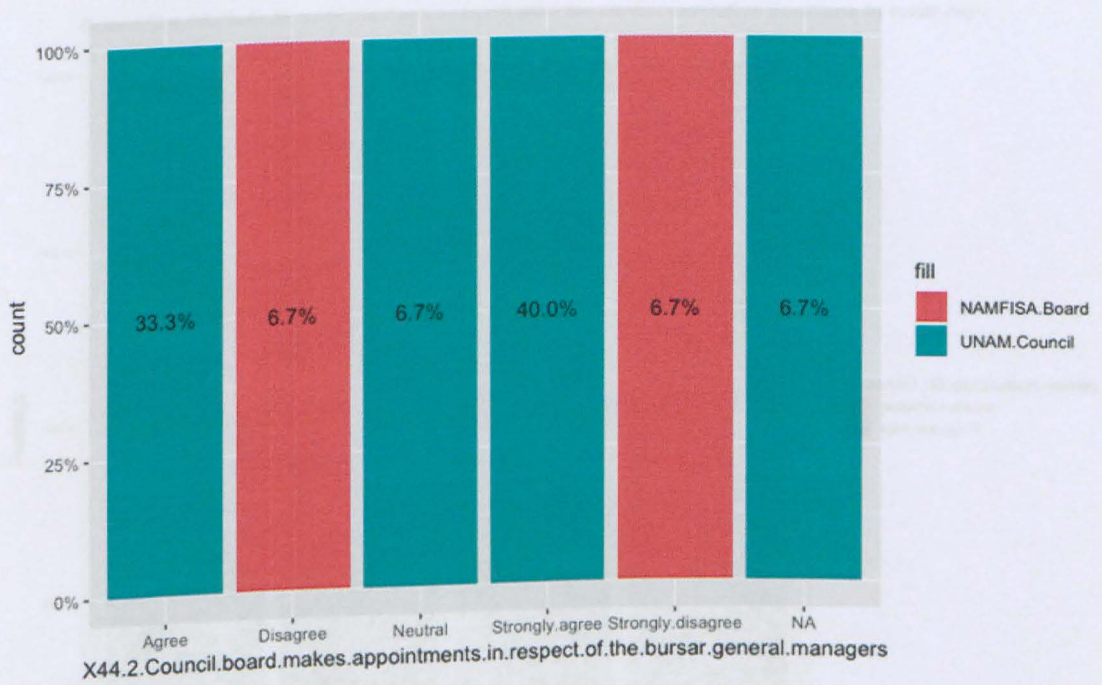


Figure 4.49: Board / Council makes appointments in respect of bursar and general managers

(X49)

The graph shows 50% of NAMFISA board members strongly disagreeing that board appoints general managers and another 50% disagreeing. It further shows about 40% of UNAM council members strongly agreeing that council appoints the Bursar, 33.3% agreeing, 6.7% being neutral and 6.7% not applicable.

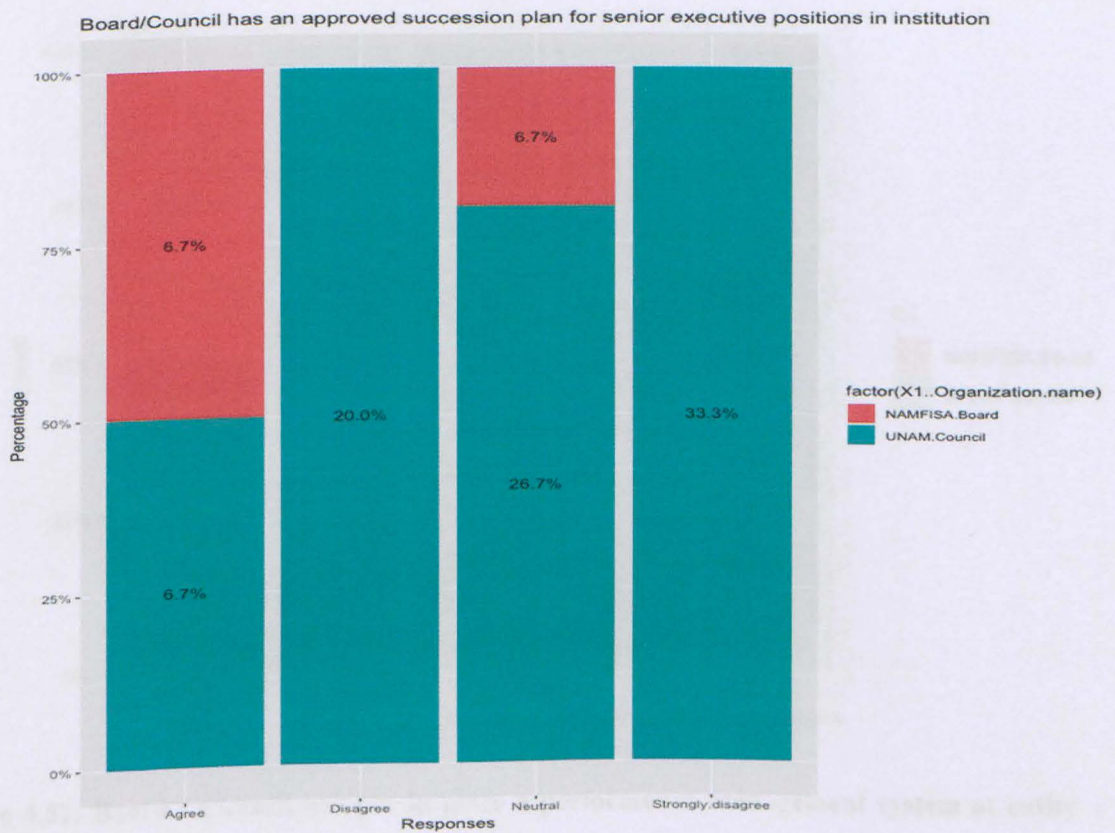


Figure 4.50: Board / Council has approved Succession Plan for Senior Executive Positions in Organisation (X50)

The graph shows 50% of NAMFISA board members agreeing that board has approved the succession plan for senior executive positions and another 50% being neutral. It further shows about 33.3% of UNAM council members strongly disagreeing that board has approved the succession plan for senior executive positions, 26.7% being neutral, 20% disagreeing and 6.7% agreeing.

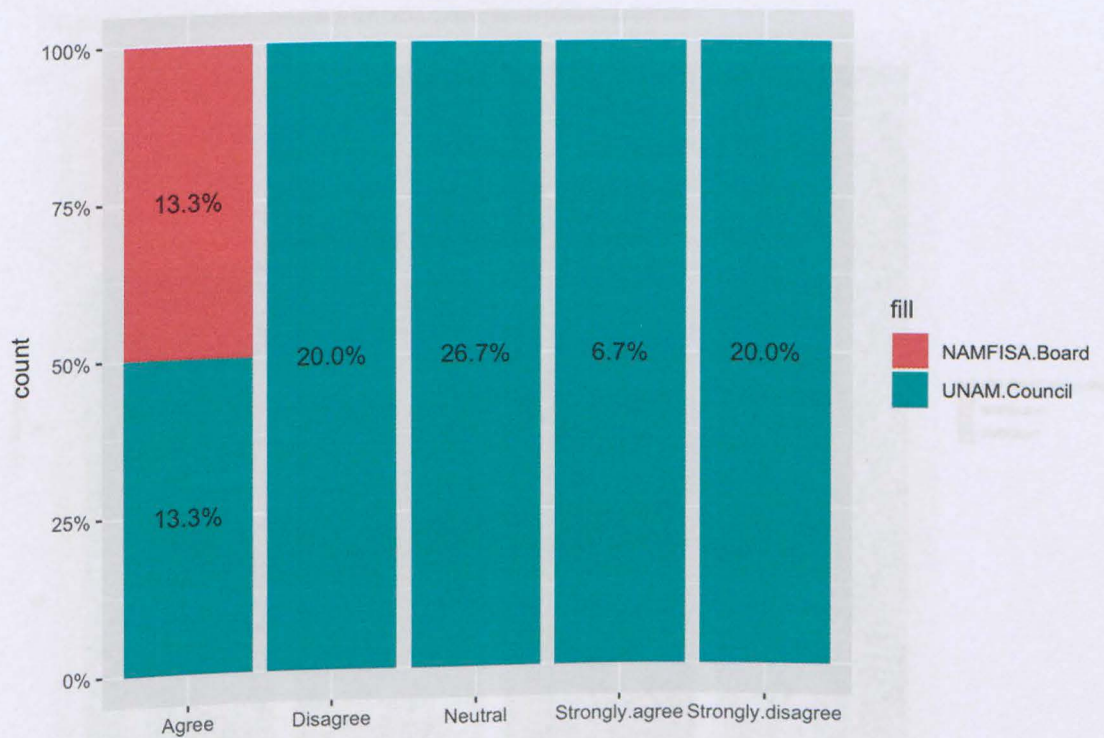


Figure 4.51: Board / Council has put in place a performance management system at entity (X51)

The graph shows 100% of NAMFISA board members agreeing that board has put in place a performance management system at NAMFISA. It further shows about 26.7% of UNAM council members being neutral about to council having put in place a performance management system, 20% strongly disagreeing, 20% disagreeing, 13.3% agreeing and 6.7% not applicable.

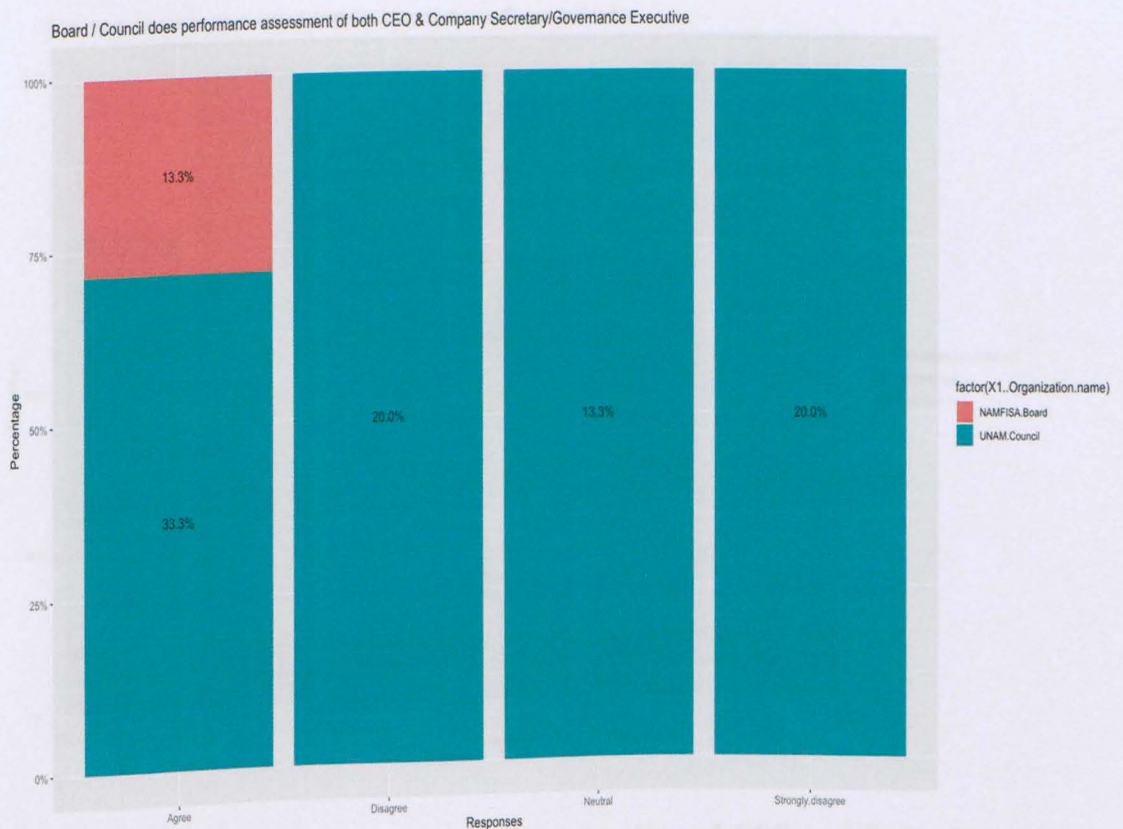


Figure 4.52: Board / Council does performance assessment of both CEO & Company Secretary/Governance Executive (X52)

The graph shows 100% of NAMFISA board members agreeing that board does the performance assessment of both CEO and Company Secretary and other governance executive. It further shows about 33.3% of UNAM council members agreeing that council does the performance assessment of both VC and Registrar and other governance executives, 20% strongly agreeing, 20% disagreeing and 13.3% being neutral.

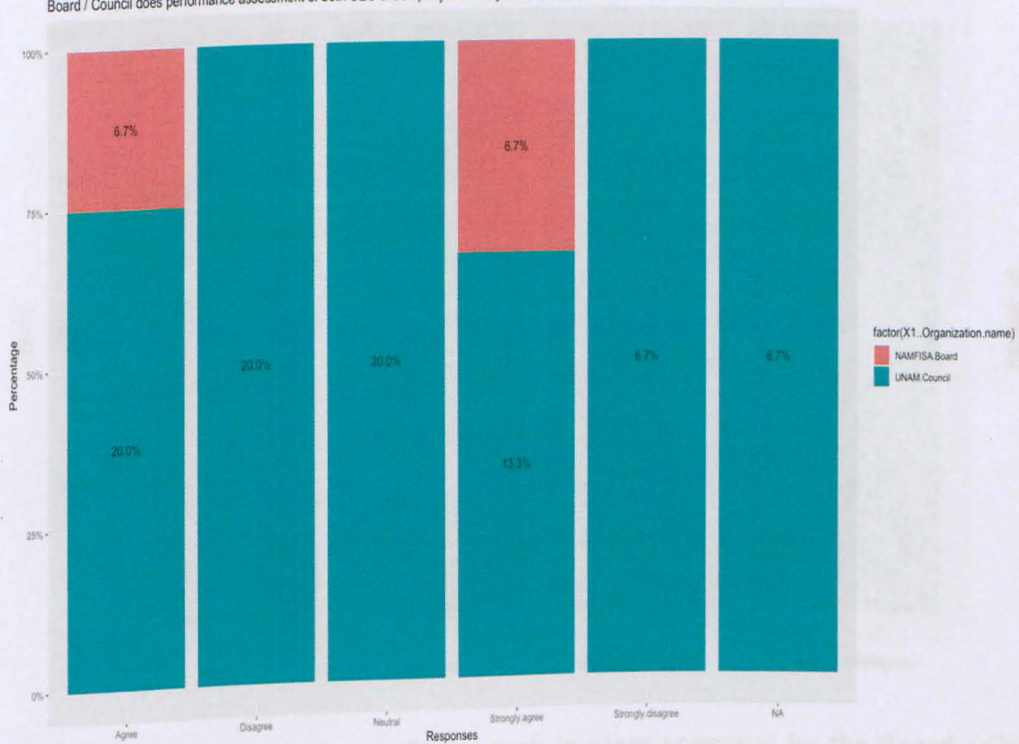


Figure 4.53: Board / Council approves the salary structure of CEO and Senior Executive Management without their (CEO/Management) involvement (X53)

The graph shows 50% of NAMFISA board members strongly agreeing that board approves the salary of the CEO and executive management without the involvement of CEO/management and another 50% agreeing. It further shows about 20% of UNAM council members agreeing that council approves the salary of the VC and executive management without the involvement of VC/management, 20% being neutral, 20% disagreeing and 13.3% strongly agreeing, 6.7% strongly disagreeing and 6.7% not applicable.

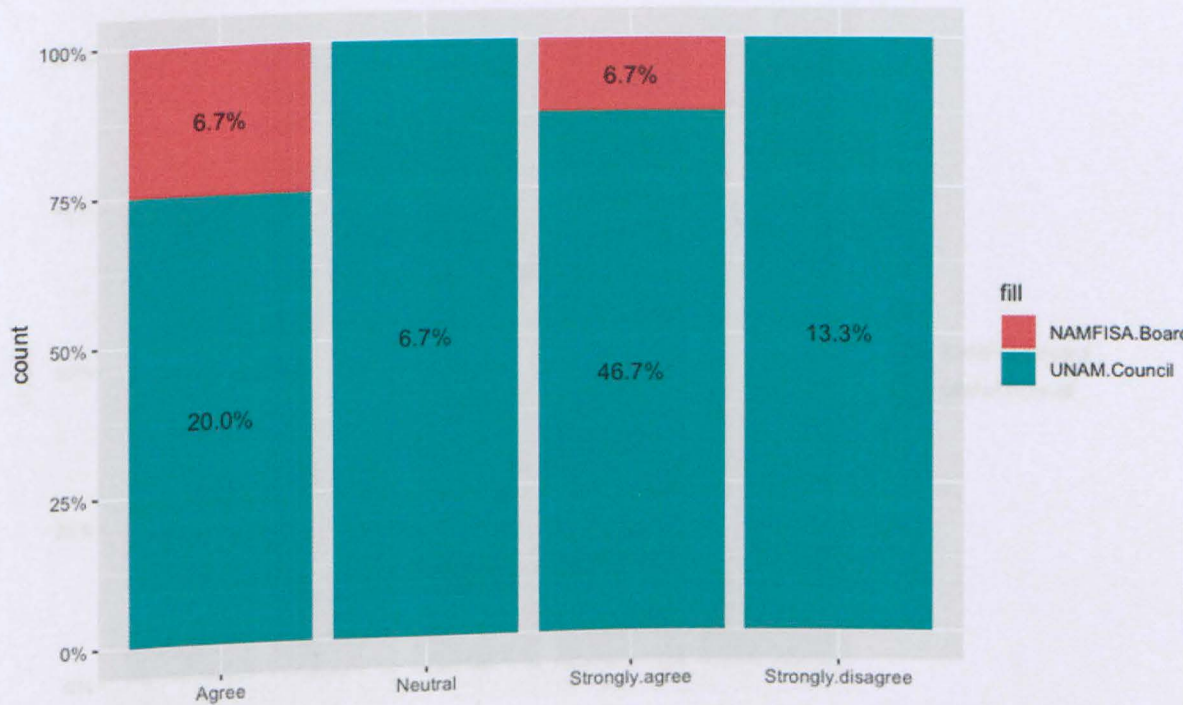


Figure 4.54: Delegation of Authority Framework in place approved by the Board / Council

(X54)

The graph shows 50% of NAMFISA board members strongly agreeing that there is a delegation framework in place approved by board and another 50% agreeing. It further shows about 46.7% of UNAM council members strongly agreeing that there is a delegation framework in place approved by board, 20% agreeing and 13.3% strongly disagreeing and 6.7% being neutral.

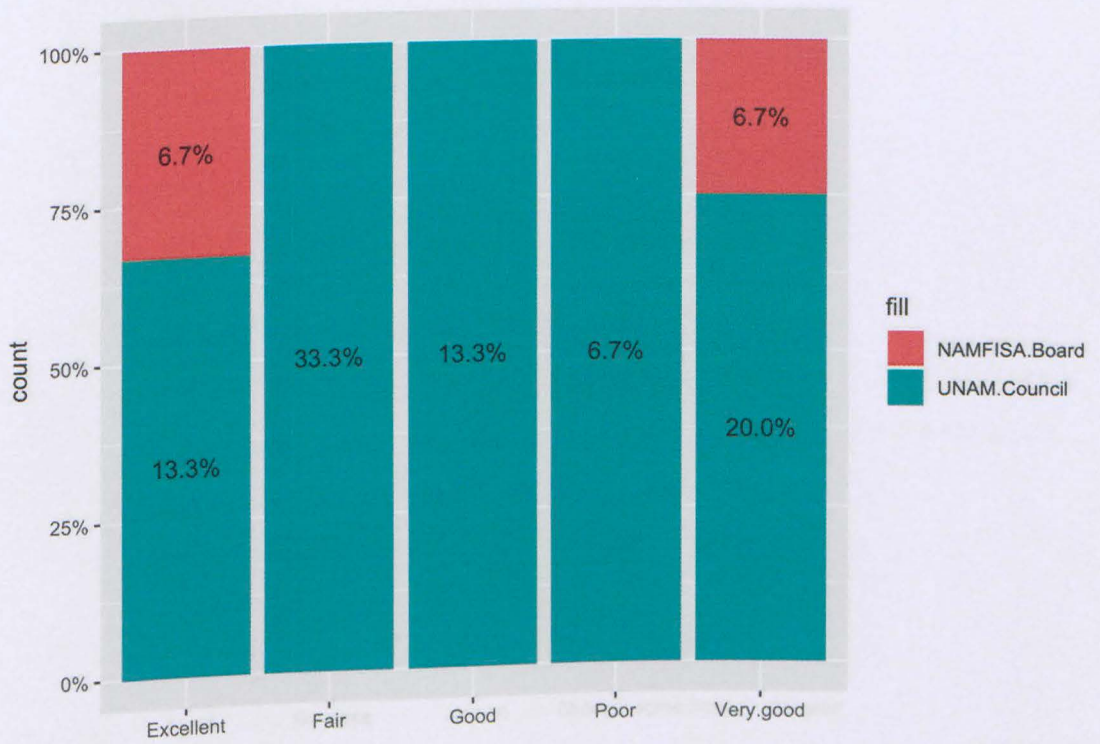


Figure 4.55: Effectiveness of the Delegation of Authority Framework (X55)

The graph shows 50% of NAMFISA board members saying the effectiveness of delegation framework is excellent and another 50% saying it is very good. It further shows about 33.3% UNAM council members saying the effectiveness of council committees is fair, 20% saying it is very good, 13.3% saying it is excellent another 13.3% saying it is good while 6.7% saying it is poor.

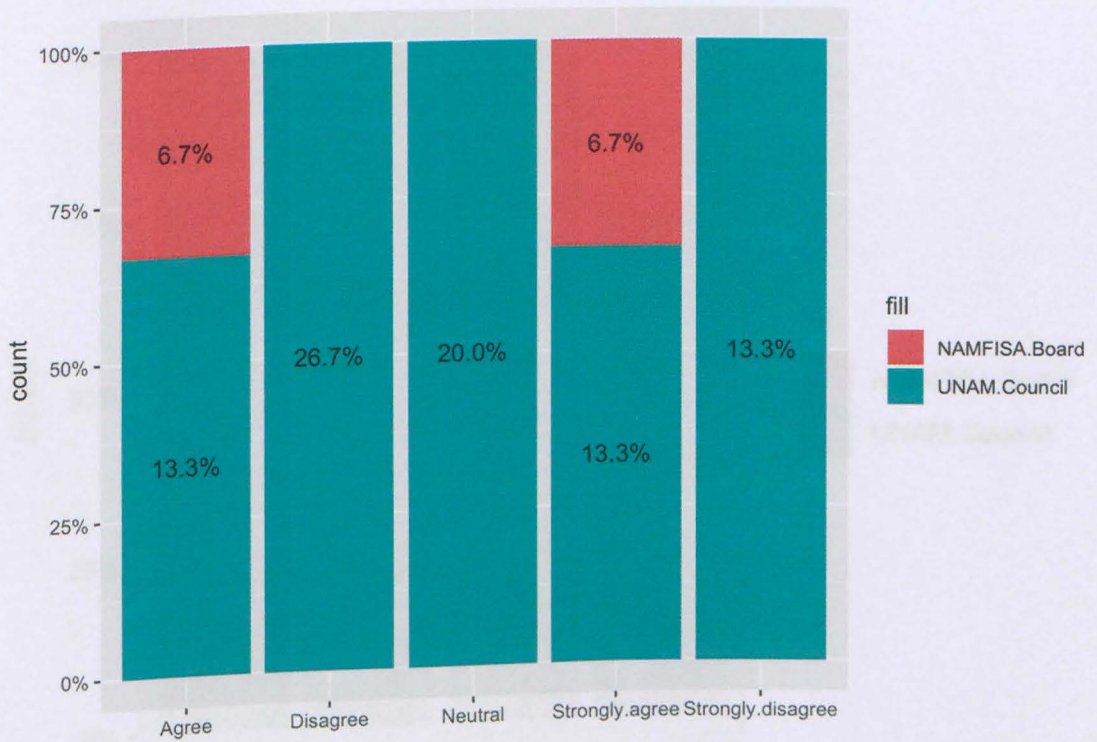


Figure 4.56: Board / Council undertakes annual audits to assess how delegated powers are exercised by the CEO and Executive Committee (X56)

The graph shows 50% of NAMFISA board members strongly agreeing that board undertakes annual audits to assess how delegated powers are exercised by CEO and executive committee and another 50% agreeing. It further shows about 26.7% of UNAM council members disagreeing that board undertakes annual audits to assess how delegated powers are exercised by CEO and executive committee, 20% being neutral, 13.3% strongly disagreeing with 13.3% strongly agreeing and another 13.3% agreeing.

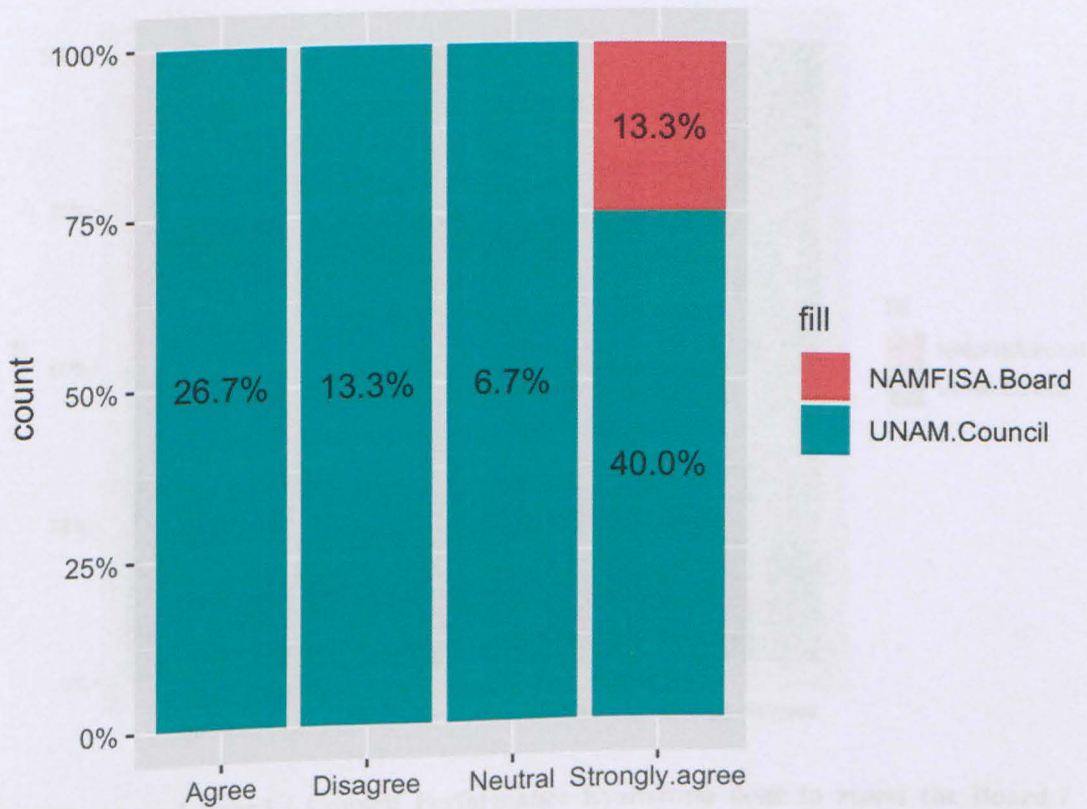


Figure 4.57: Board / Council has full control and ownership over its meeting agenda (X57)

The graph shows 100% of NAMFISA board members strongly agreeing that board has full control and ownership over its meeting agenda. It further shows about 40% of UNAM council members strongly agreeing that council has full control and ownership over its meeting agenda, 26% agreeing, 13.3% disagreeing with 6.7% being neutral.

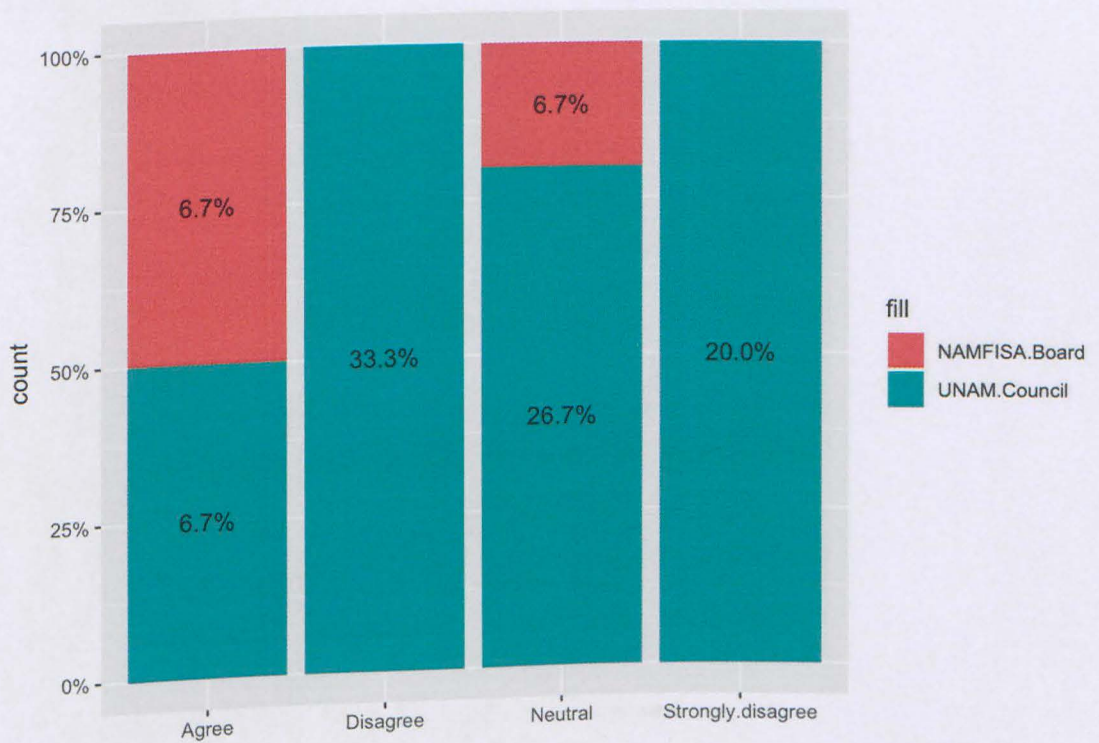


Figure 4.58: Annual Board / Council Performance Evaluation done to assess the Board / Council Effectiveness (X58)

The graph shows 50% of NAMFISA board members agreeing that an annual board performance evaluation is done annually to assess the board effectiveness and another 50% being neutral. It further shows about 33.3% UNAM council members disagreeing that an annual board performance evaluation is done annually to assess the board effectiveness, 26.7% being neutral, 20% strongly disagreeing with 6.7% agreeing.

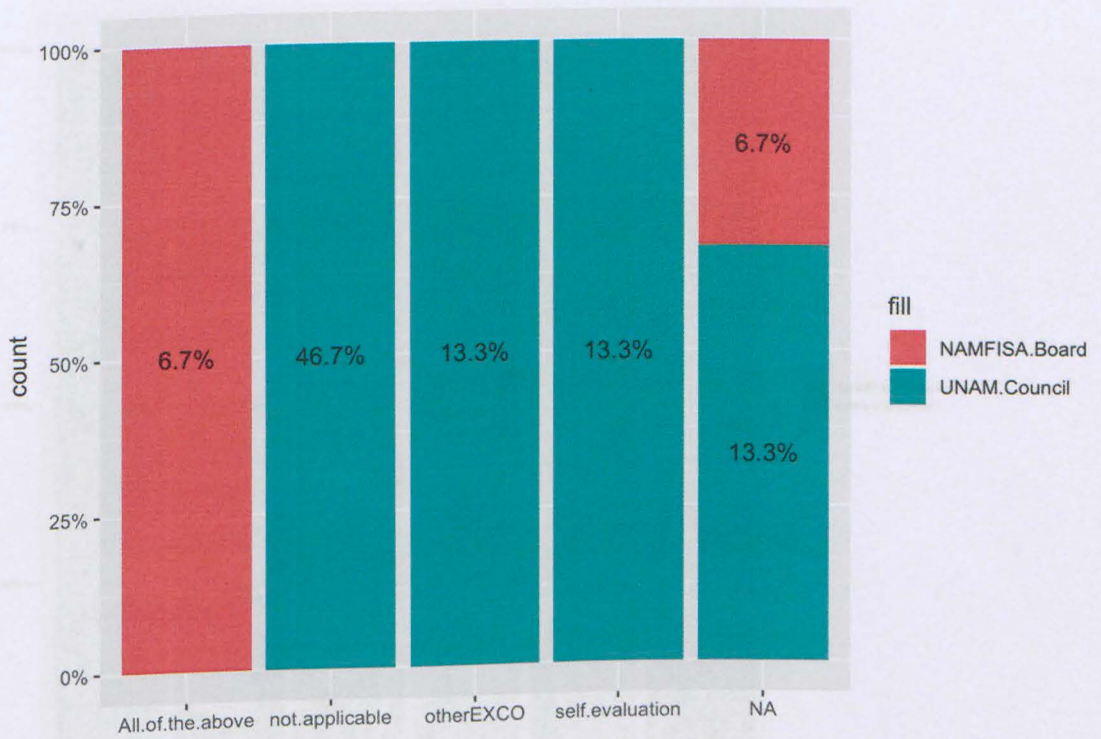


Figure 4.59: How the annual Board / Council Performance Evaluation is carried out (X59)

The graph shows 50% of NAMFISA board members saying that board performance evaluation is done through (self-evaluation, other/EXCO and external consultant) and another 50% not applicable. further shows about 46.7% UNAM council members says that council performance evaluation is not applicable, 13.3% saying it is done through self-evaluation and another 13.3% saying it is done through other/EXCO.

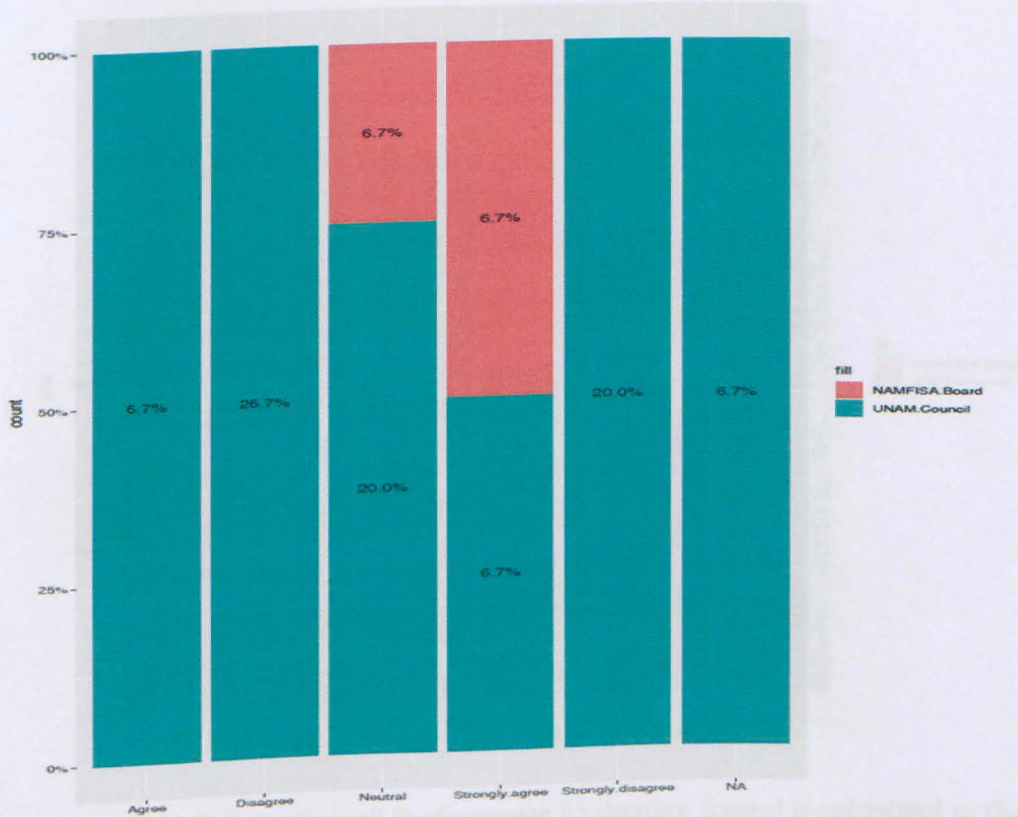


Figure 4.60: Annual Figure performance evaluation for individual Board / Council members (X60)

The graph shows 50% of NAMFISA board members strongly agreeing that there is an annual performance evaluation for individual board members and 50% being neutral. It further shows about 26.7% UNAM council members disagreeing that there is an annual performance evaluation for individual council members, 20% being neutral, 20% strongly disagreeing with 6.7% agreeing and another 6.7% not applicable.

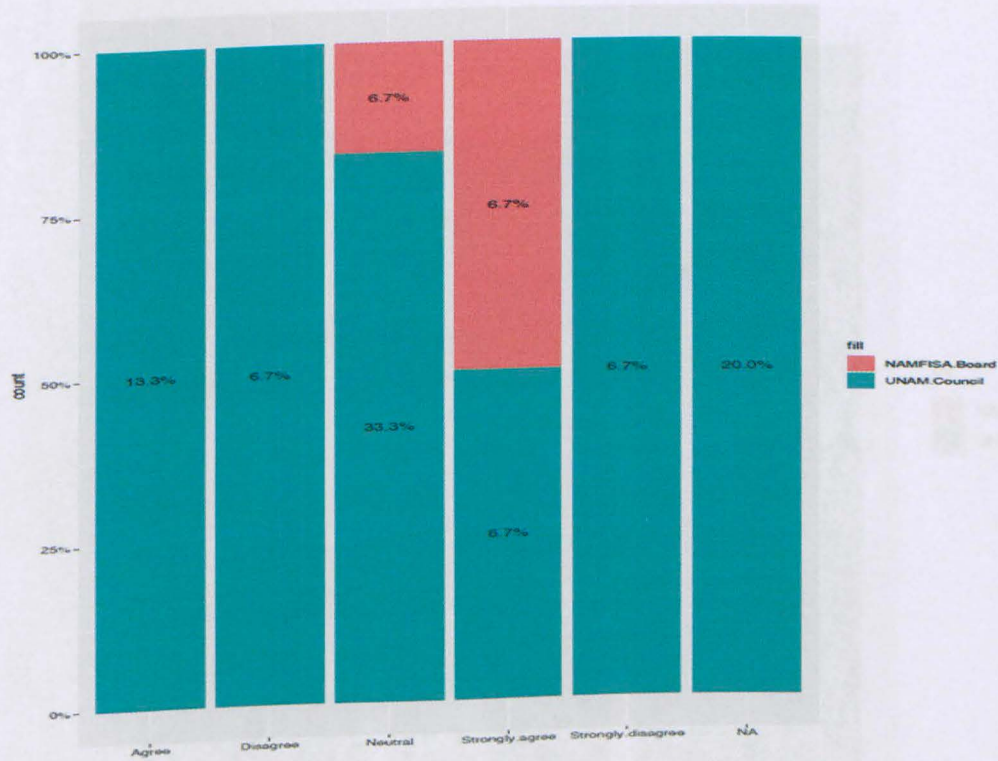


Figure 4.61: Board / Council Performance Evaluation Report is submitted to the owner (X61)

The graph shows 50% of NAMFISA board members strongly agreeing that board performance evaluation report is submitted to the owner and another 50% being neutral. It further shows about 33.3% UNAM council members being neutral on the council performance evaluation report submitted to the owner, 20% not applicable, 13.3% agreeing, 6.7% strongly agreeing, 6.7% strongly disagreeing and another 6.7% disagreeing.

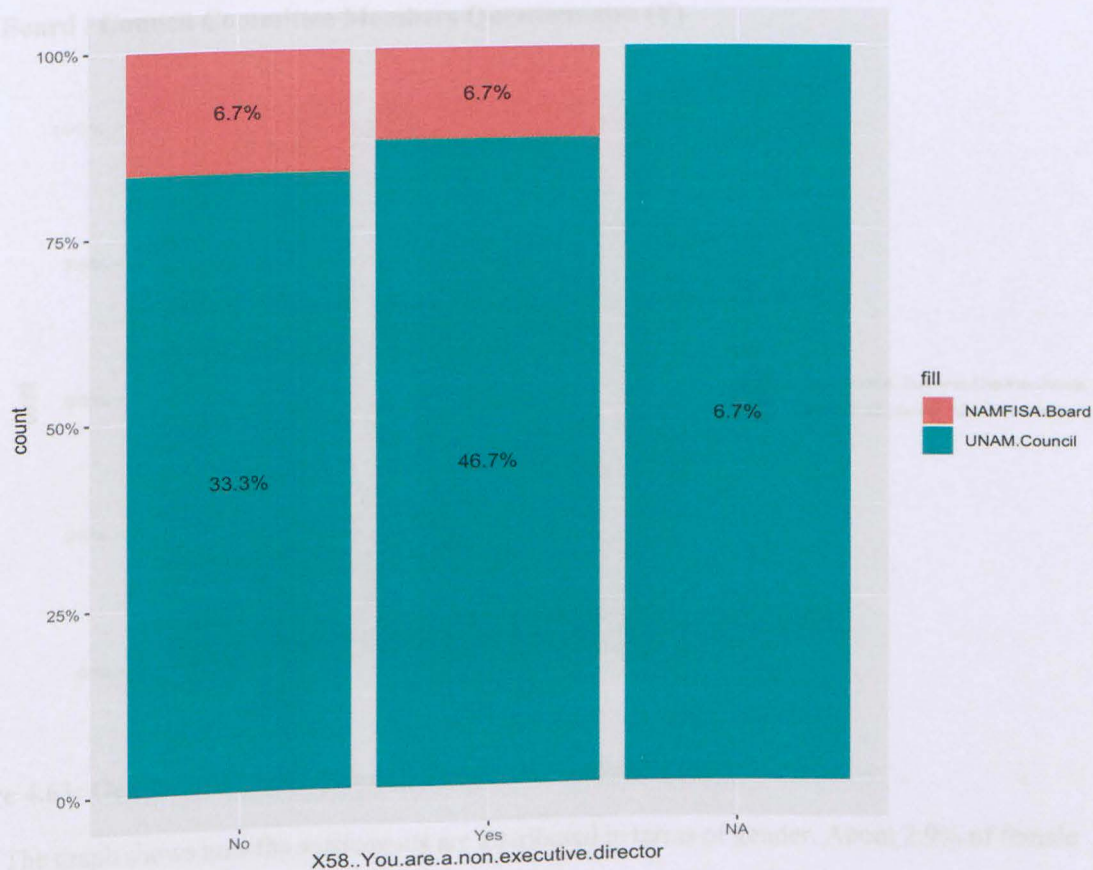


Figure 4.62: Are you a Non-Executive Director? (X62)

The graph shows 50% of NAMFISA board members saying yes to being non-executive directors while another 50% saying no. It further shows about 46.7% UNAM council members saying yes to being non-executive directors, 33.3% says no while 6.7% not applicable.

Board / Council Committee Members Questionnaire (Y)

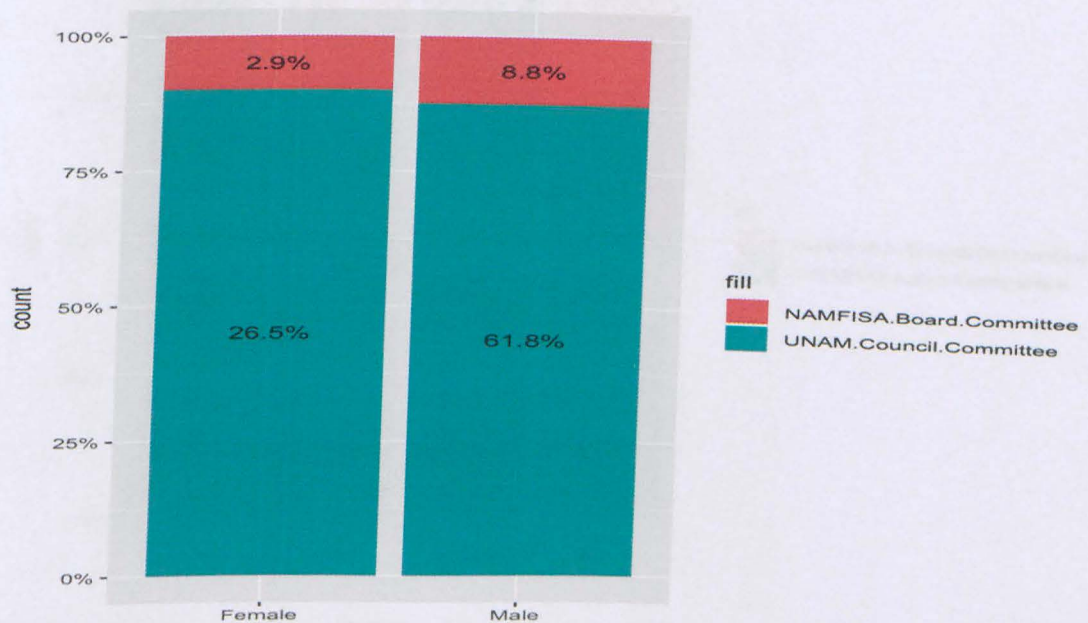


Figure 4.63: Gender of Board / Council Committee members (Y1)

The graph shows how the participants are distributed in terms of gender. About 2.9% of female and 8.8% of male from NAMFISA Board committees participated. From UNAM Council committees' side, 61.8% of participants were male while 26.5% represents female.

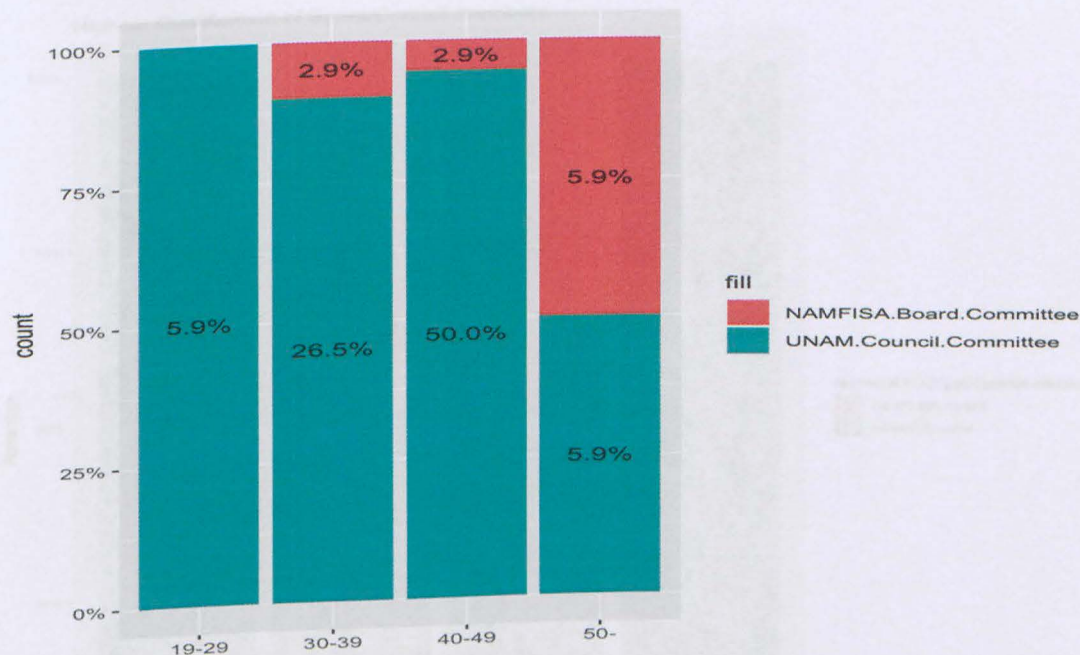


Figure 4.64: Age of Board / Council Committee members (Y2)

The graph shows that 5.9% of the NAMFISA Board committees' members is above the 50 years of age, 2.9% between 40 – 49 while another 2.9% is between 30-39. From UNAM Council committees' side, 50% (representing majority of the members) is between 40 – 49 while 26.5% is between 30 – 39, 5.9% between 19 – 29 and another 5.9% above 50 years of age.

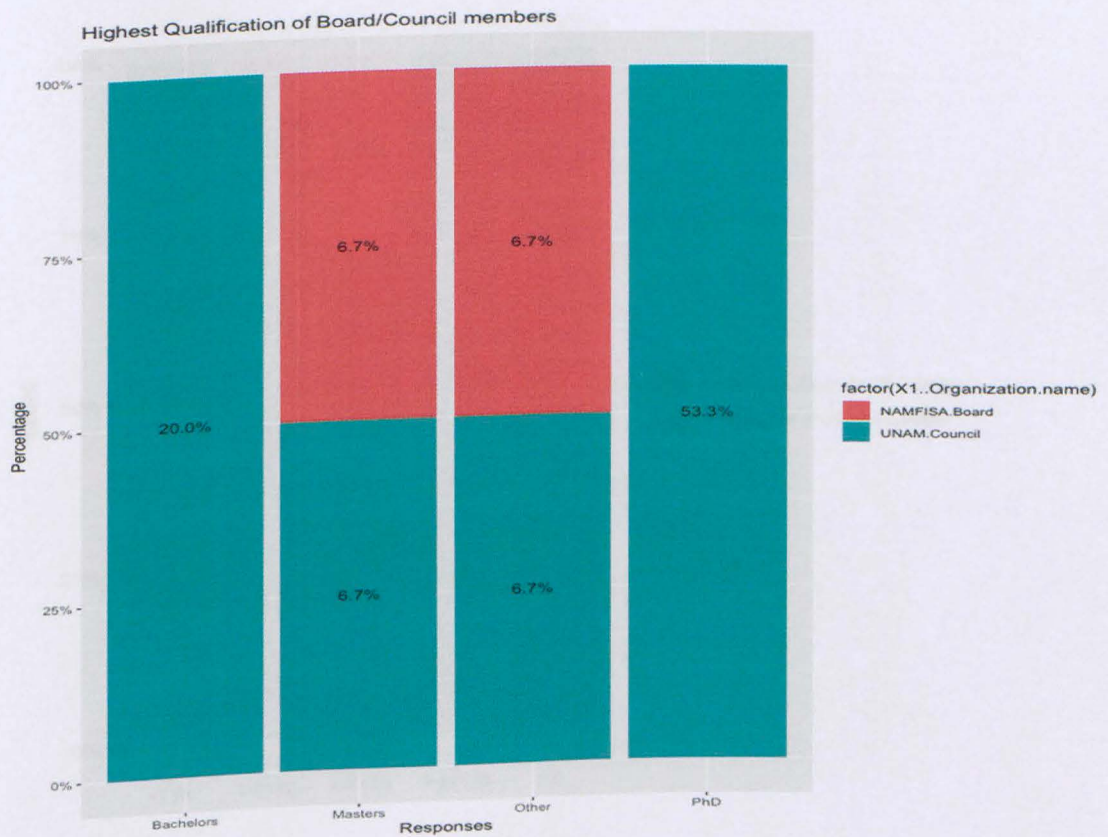


Figure 4.65: Highest Qualification within Board / Council Committee (Y3)

The graph shows that 6.7% of the NAMFISA Board committees' members having masters as highest qualification, 6.7% others. From UNAM Council committees' side, 53.3% having PhD as highest qualification, 20% bachelors, 6.7% masters and another 6.7% having indicated other.

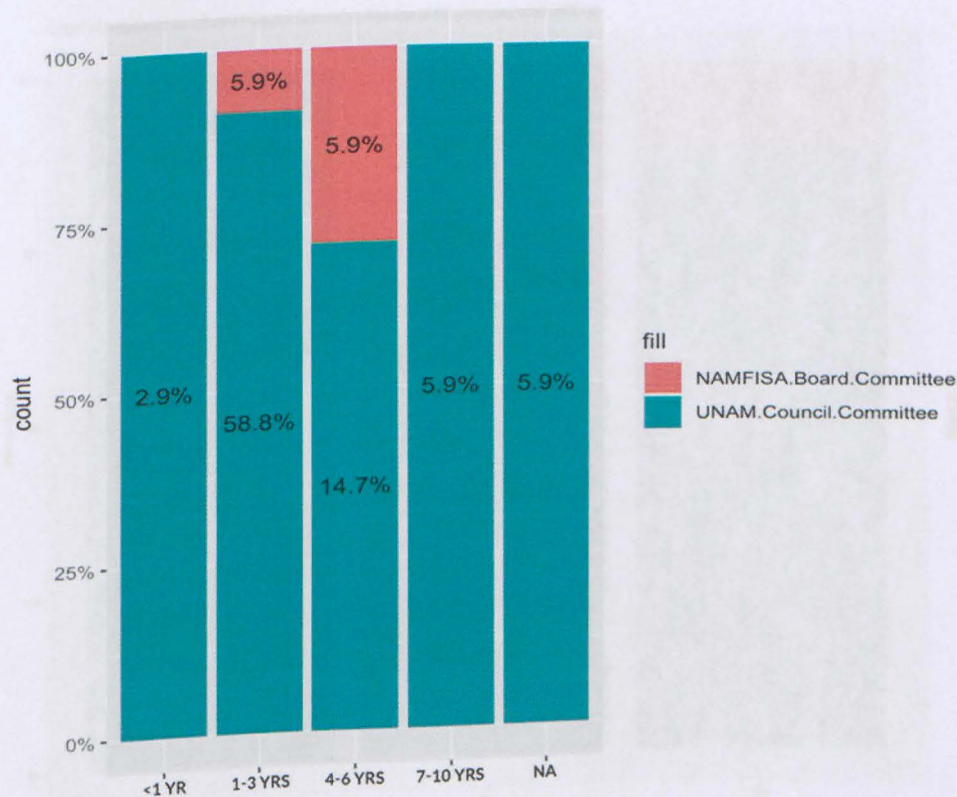


Figure 4.66. Duration as Board / Council Committee member (Y4)

The graph shows that 5.9% of the NAMFISA Board committees' members having served between 4 - 6 years and another 5.9% between 1 - 3 years. From UNAM Council committees' side, 58.8% have served as committee members between 1 - 3 years, 14.7% between 4 - 6 years, 5.9% between 7 - 10 years and another 5.9% not applicable while 2.9% is less than a year.

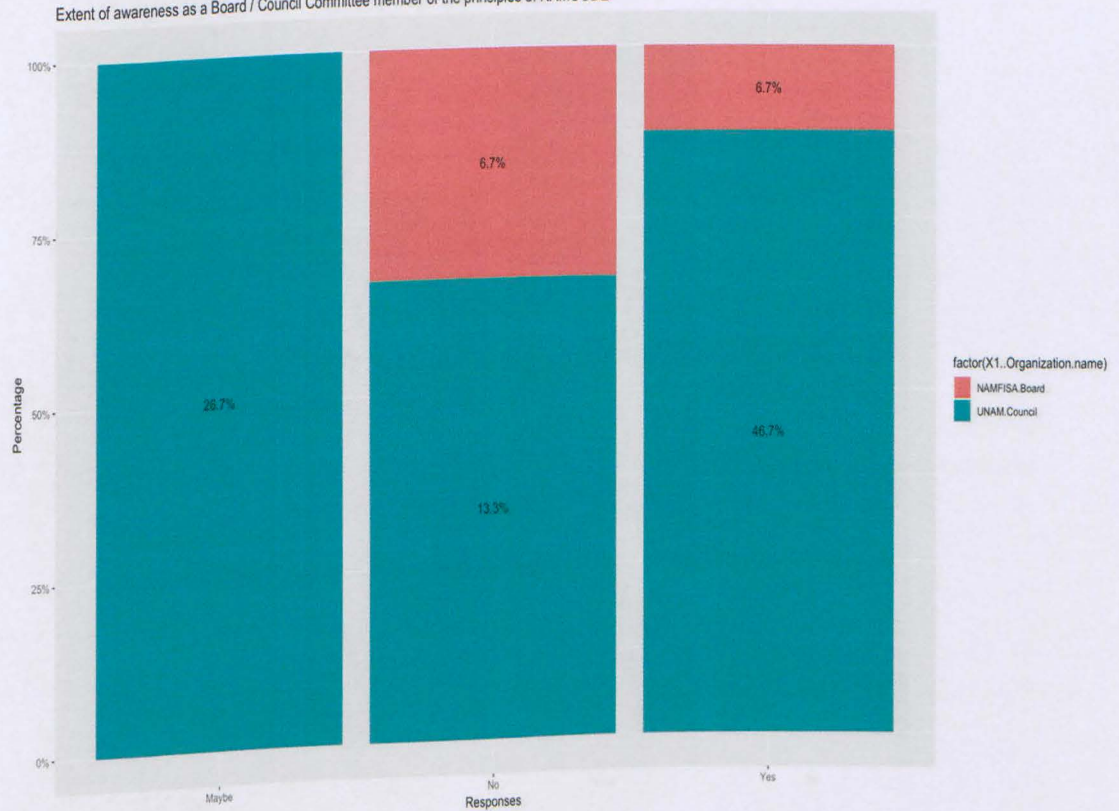


Figure 4.67: Extent of awareness as a Board / Council Committee member of the principles of NamCode (Y5)

The graph shows 6.7% of NAMFISA board committees' members saying yes to be aware of the principles of NamCode and another 6.7% saying no. It further shows about 46.7% of UNAM Council committees' members saying yes to be aware of the principles of NamCode, 26.7% and saying maybe, 13.3% saying no.

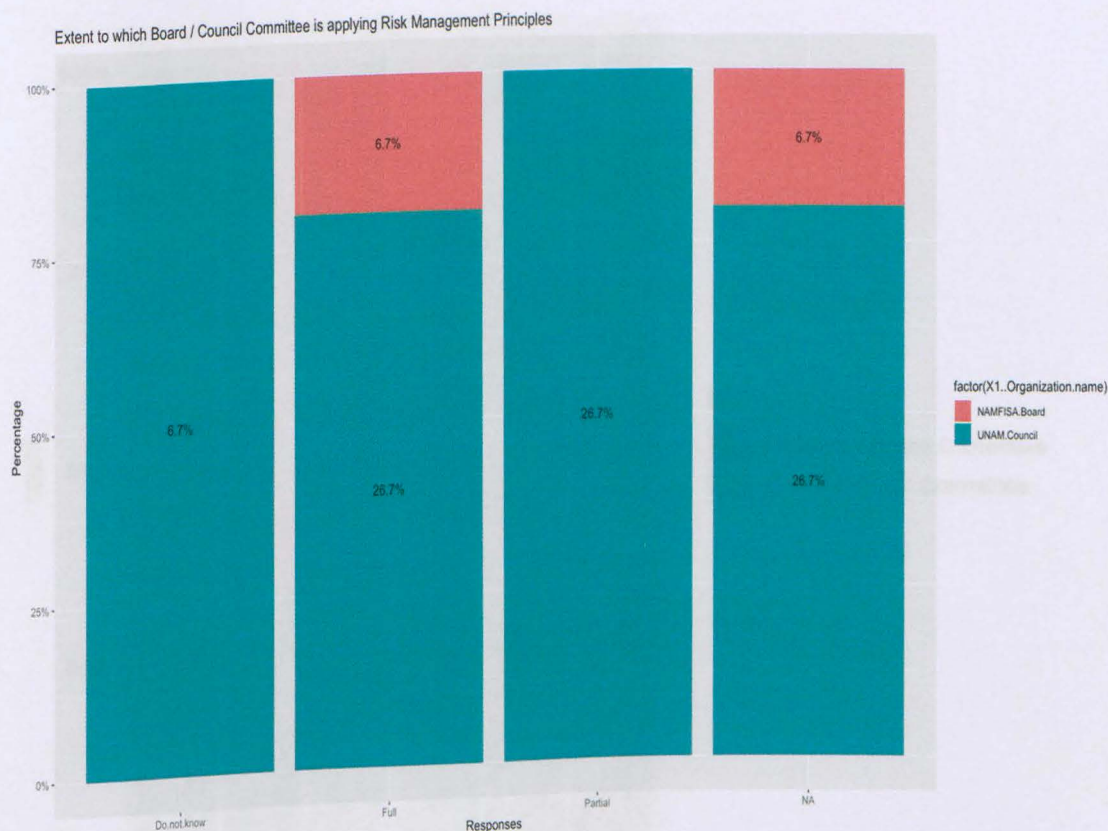


Figure 4.68: Extent to which Board / Council Committee is applying Risk Management Principles (Y6)

The graph shows 6.7% of NAMFISA board committees' members saying that they fully apply risk management principles and 6.7% another saying not applicable. It further shows about 26.7% of UNAM Council committees' members saying that they fully apply risk management principles, 26.7% partial and another 26.7% saying not applicable while 6.7% said do not know.

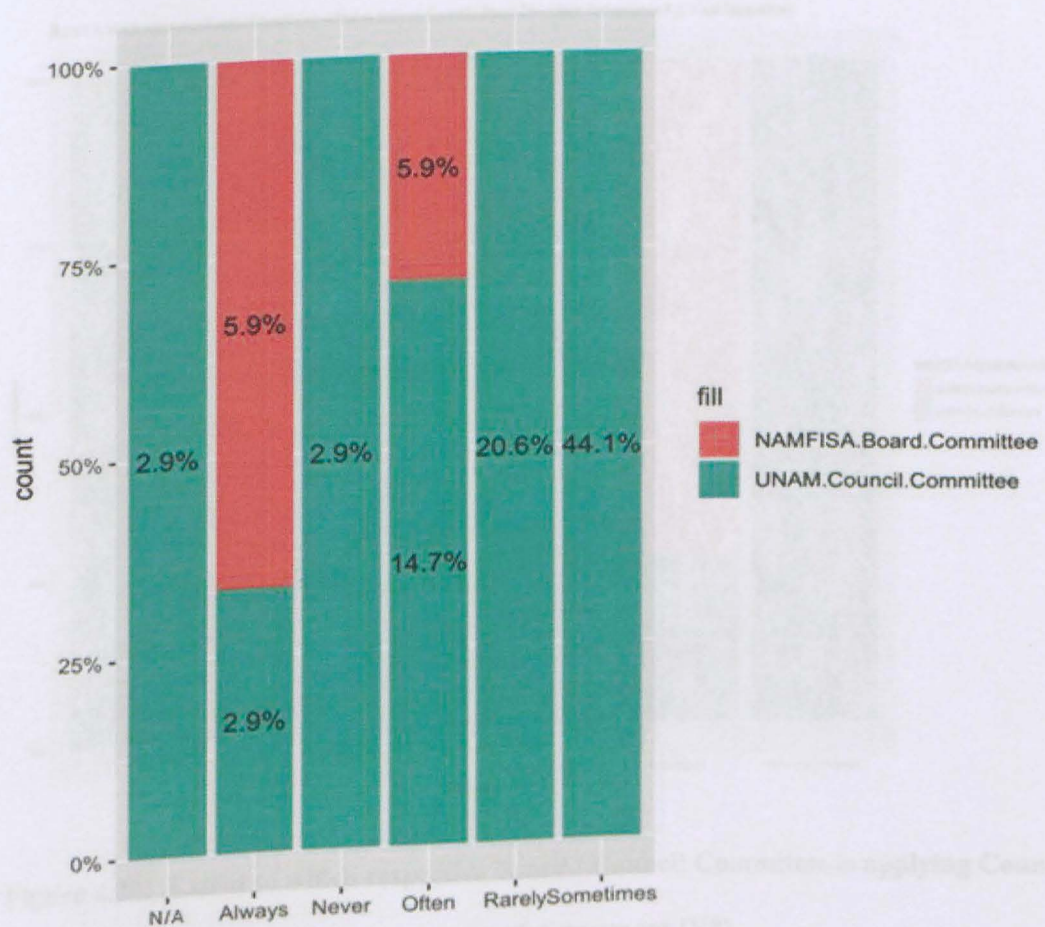


Figure 4.69: Extent to which Board / Council Committee is applying IT Governance Principles (Y7)

The graph shows 5.9% of NAMFISA board committees' members saying that they always apply IT governance principles and 5.9% another often. It further shows about 44.1% of UNAM Council committees' members saying that they sometimes apply IT governance principles, 20.6% rarely, 14.7% often, 2.9% always, 2.9% never and another 2.9% saying not applicable.

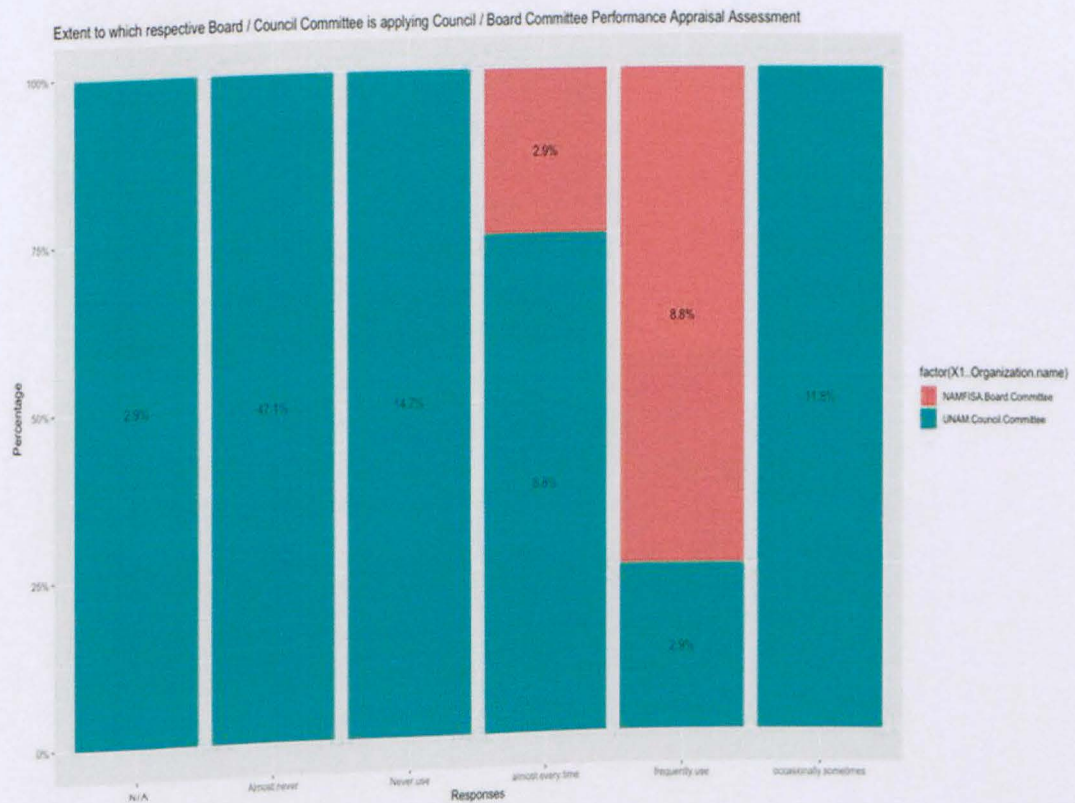


Figure 4.70: Extent to which respective Board / Council Committee is applying Council / Board Committee Performance Appraisal Assessment (Y8)

The graph shows 8.8% of NAMFISA board committees' members saying that they frequently apply committee performance appraisal principles and 2.9% almost every time. It further shows about 47.1% of UNAM Council committees' members saying that they almost never apply performance appraisal principles, 14.7 never use, 11.8% occasionally sometimes, 8.8% almost every time, and 2.9 not applicable.

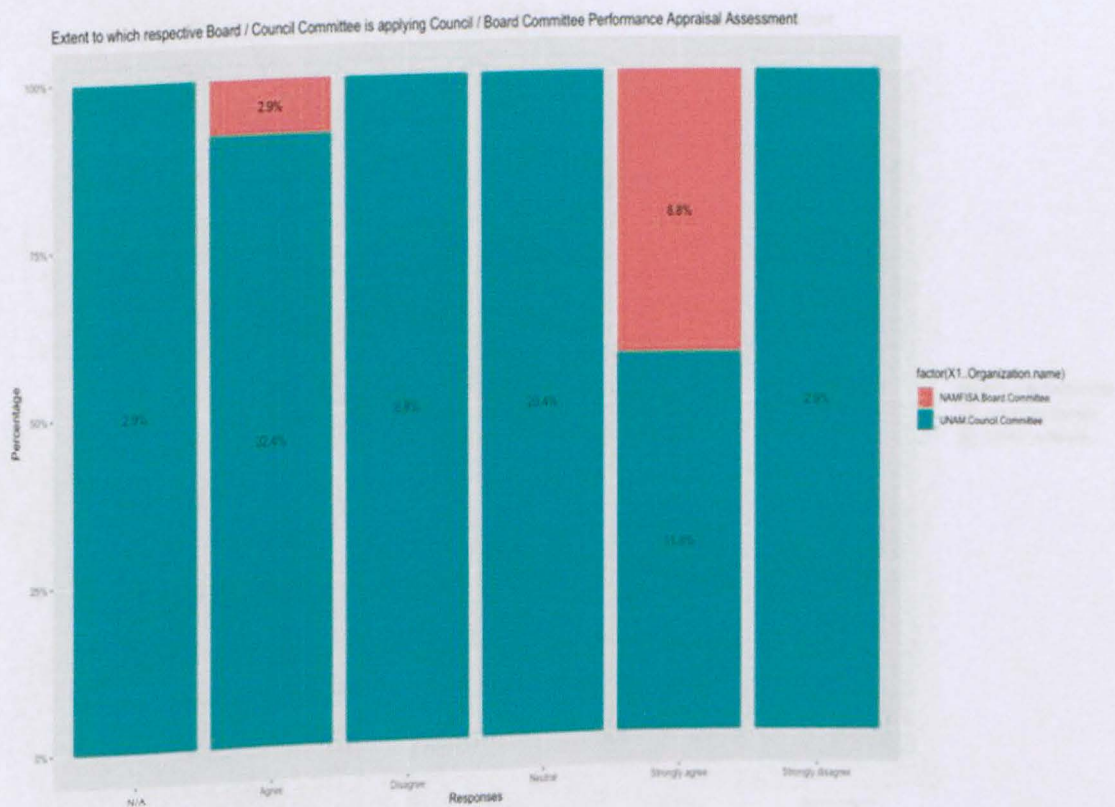


Figure 4.71: Implementation of the risk management framework by Board / Council Committee as approved by Board / Council (Y9)

The graph shows 8.8% of NAMFISA board members strongly agreeing that the committee implements a risk management framework approved by board and 2.9% agreeing. It further shows about 32.4% of UNAM council members agreeing that the committee implements a risk management framework approved by Council, 29.4% neutral, 11.8% strongly agree, 8.8% disagreeing, 2.9% strongly disagree and 2.9% saying not applicable.

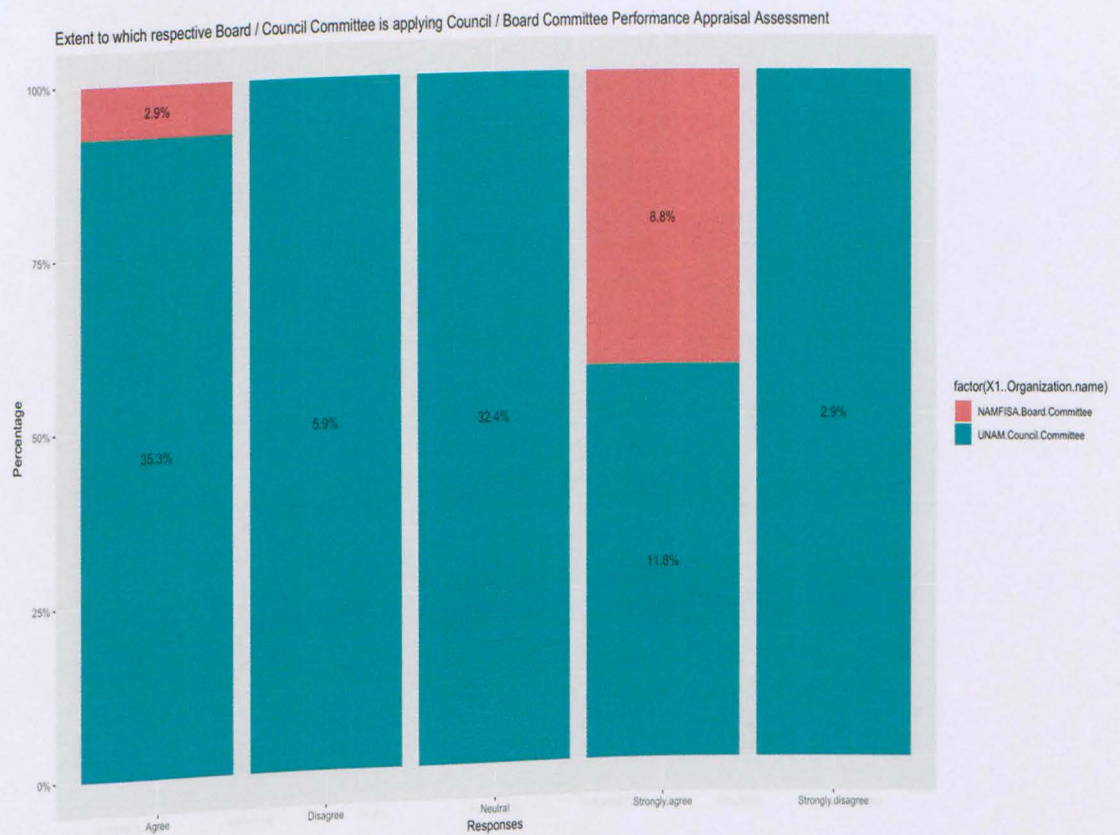


Figure 4.72: Implementation of risk management policy by Board/Council Committee as approved by Board / Council (Y10)

The graph shows 8.8% of NAMFISA board members strongly agreeing that the committee implements a risk management policy approved by board and 2.9% agreeing. It further shows about 35.3% of UNAM council members agreeing, 32.4% neutral, 11.8% strongly agreeing, 5.9% disagreeing and 2.9% strongly disagreeing.

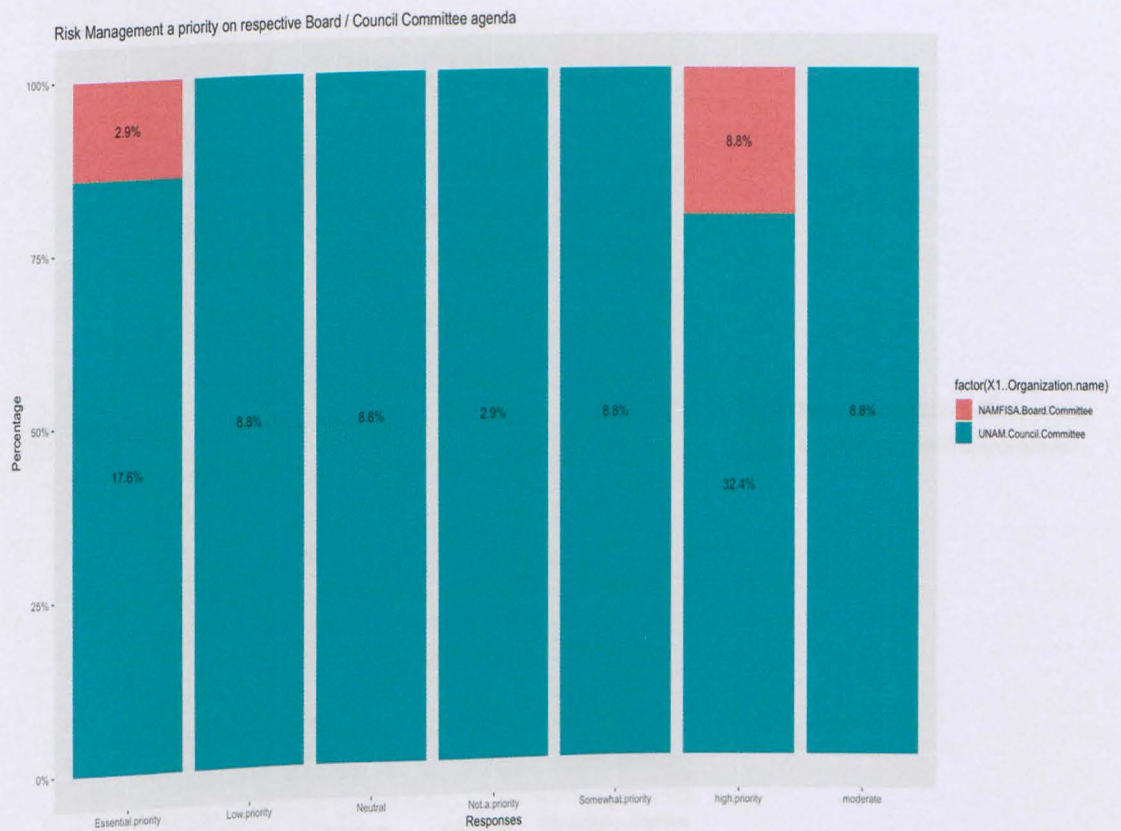


Figure 4.73: Risk Management a priority on respective Board / Council Committee agenda

(Y11)

The graph shows 8.8% of NAMFISA board members saying risk management is a high priority and 2.9% saying it is an essential priority. It further shows about 32.4% of UNAM council members saying risk management is a high priority, 17.6% essential priority, 8.8% moderate, 8.8% somewhat priority, 8.8% neutral and another 8.8% low priority.

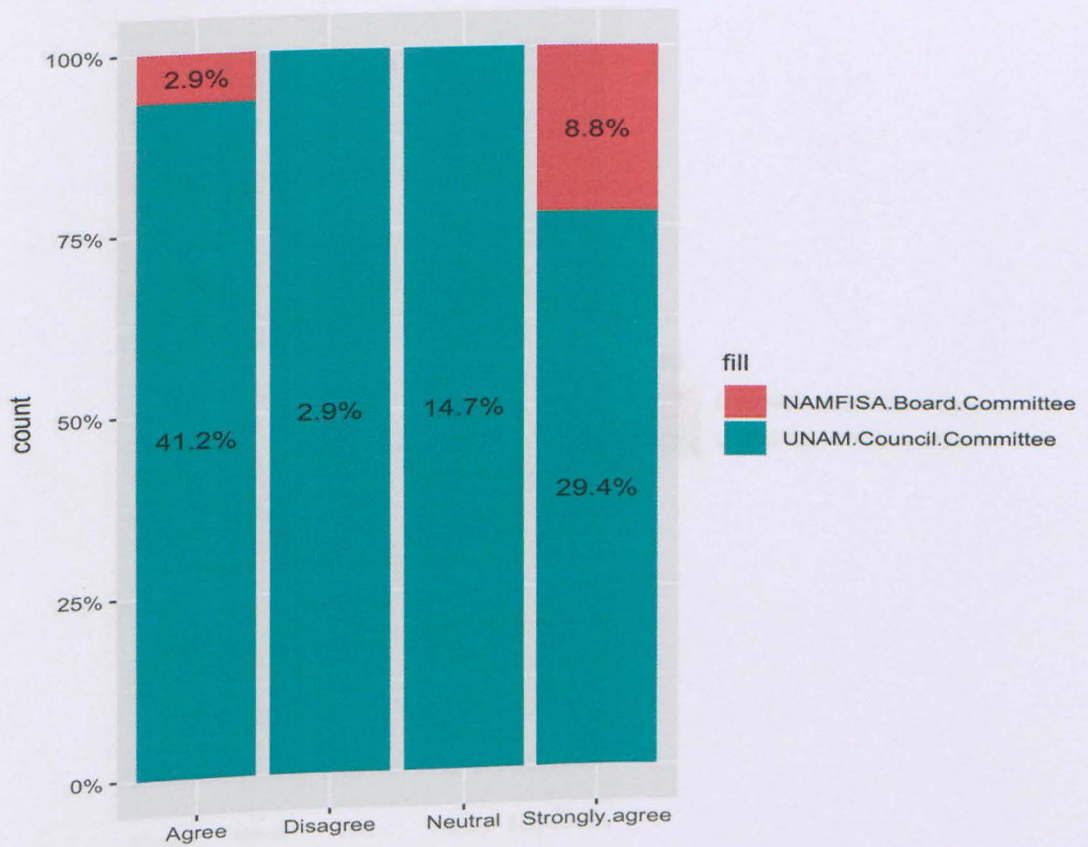


Figure 4.74: Entity has an institutional Risk Register in place approved by the Board / Council

(Y12)

The graph shows 8.8% of NAMFISA board committees' members strongly agreeing that NAMFISA has an institutional risk register approved by board and 2.9% agreeing. It further shows about 41.2% of UNAM council committees' members agreeing that the council NAMFISA has an institutional risk register approved by board, 29.4% strongly agreeing, 14.7% neutral and 2.9% disagreeing.

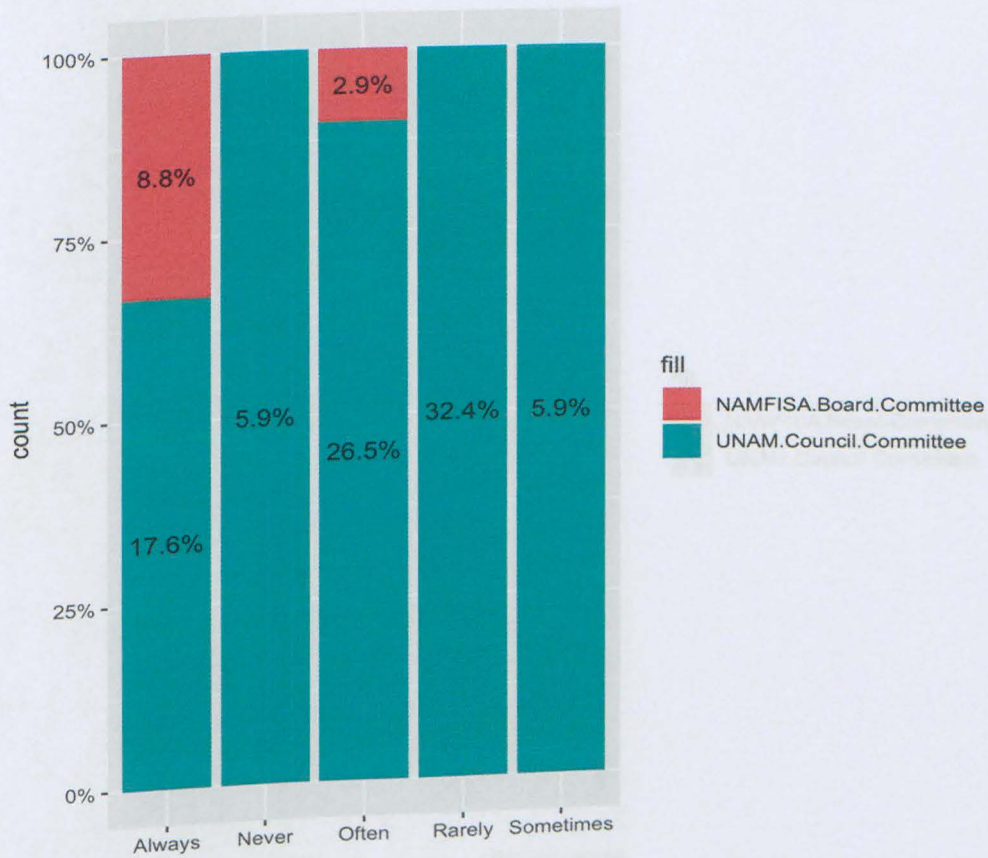


Figure 4.75. Extent that Board / Council Committee is involved with development/review of entity institutional Risk Register (Y13)

The graph shows 8.8% of NAMFISA board members are always involved in the development/review of NAMFISA risk register and 2.9% often. It further shows about 32.4% of UNAM council members are rarely involved in the development/review of UNAM's risk register, 26.5% often, 17.6% always, 5.9% sometimes and another 5.9% never.

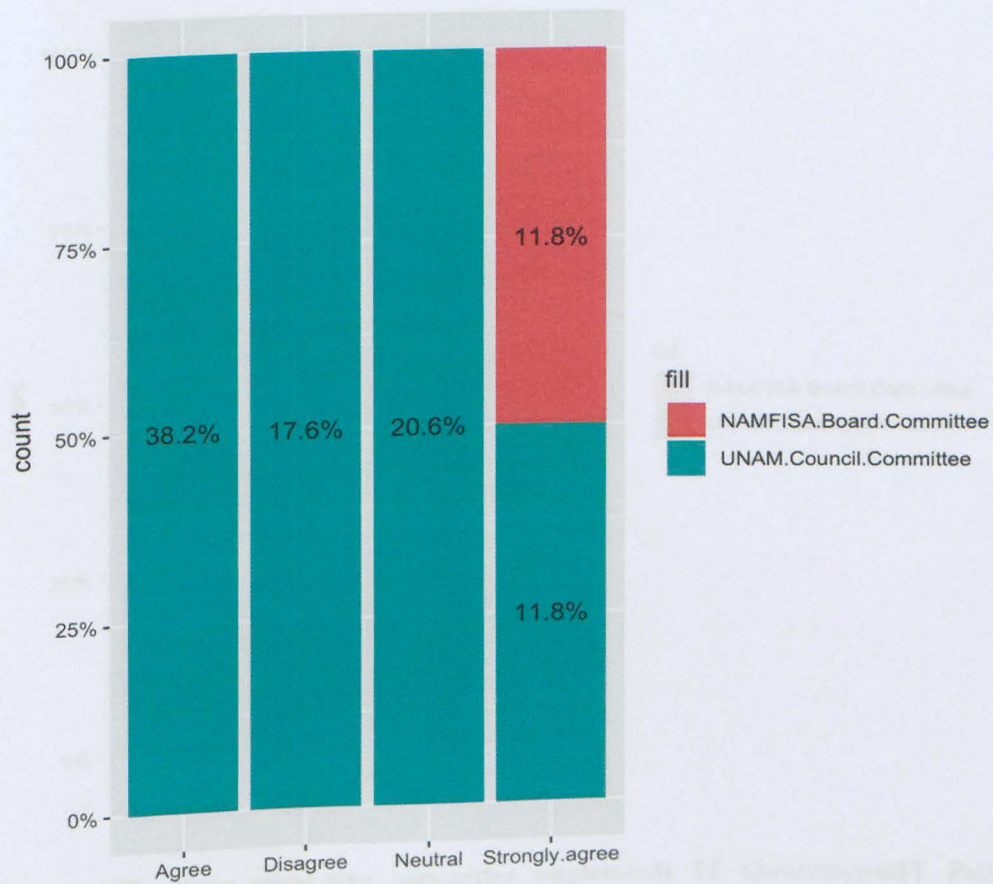


Figure 4.76. Provision of quarterly reports/updates on risk issues falling under Board / Council Committee are provided to the Board / Council members (Y14)

The graph shows 11.8% of NAMFISA board members strongly agreeing that quarterly reports/updates on risk issues are provided to them. It further shows about 38.2% of UNAM council members agreeing that quarterly reports/updates on risk issues are provided to them, 20.6% neutral, 17.6% disagreeing and 11.8% strongly agreeing.

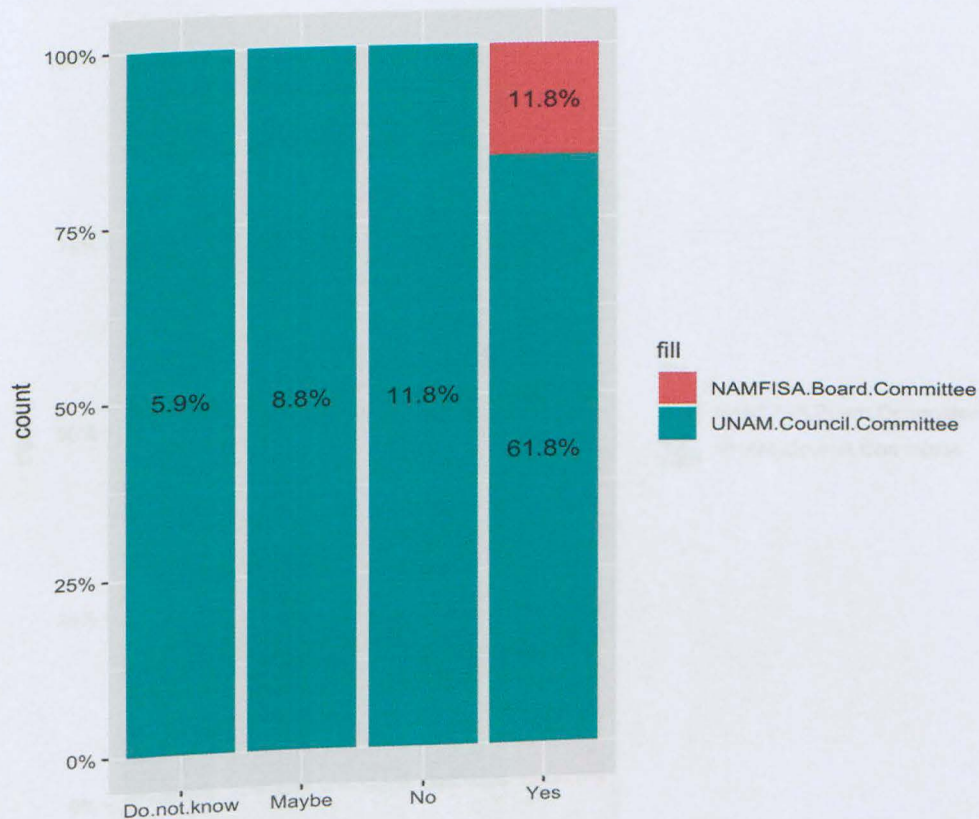


Figure 4.77: Your respective committee implements IT Governance/IT Policy as approved by Board /Council (Y15)

The graph shows 11.8% of NAMFISA Board committee members saying yes that board committees implement IT governance policy approved by board. On the other hand, 61.8% of UNAM Council committees' members also said yes that UNAM implements IT governance framework and IT governance policy, 11.8% said no, 8.8% maybe and 5.9% do not know.

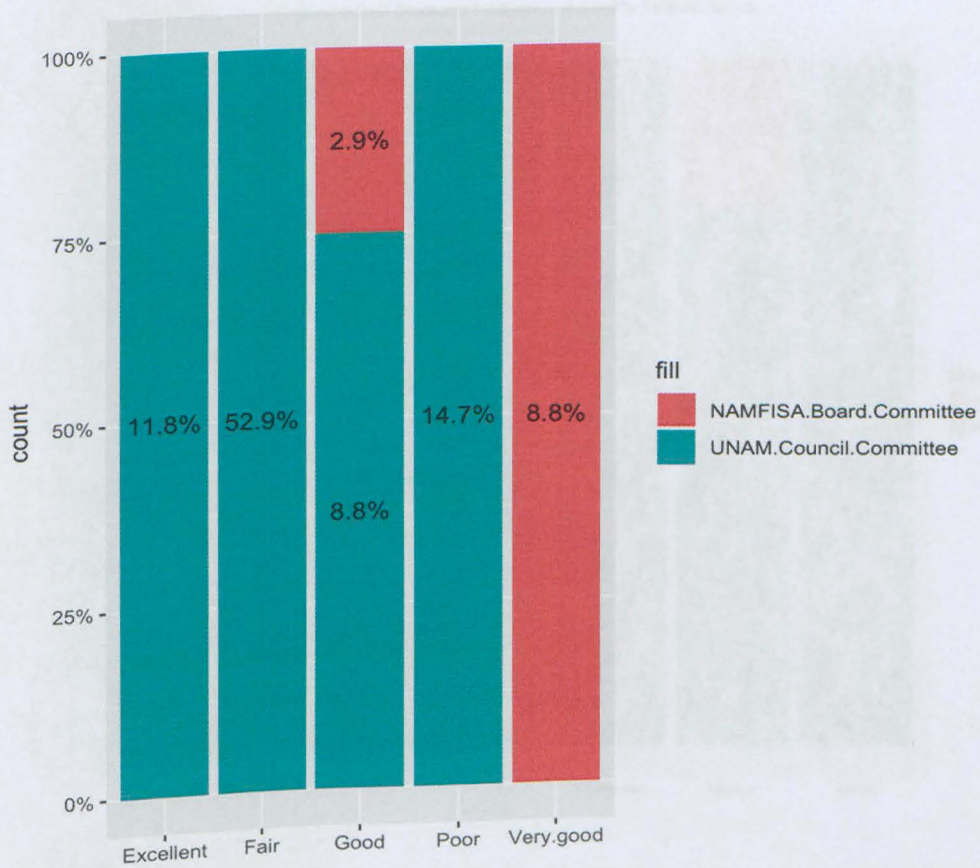


Figure 4.78: Effectiveness of both the IT Governance Framework and IT Governance Policy (Y16)

The graph shows 8.8% of NAMFISA board committee members saying effectiveness of both the IT governance framework and IT policy is very good and 2.9% saying good. It further shows about 52.9% of UNAM council committees 'members IT governance framework and IT policy it is fair, 14.7% poor, 11.8% excellent and 8.8% good.



Figure 4.79: IT Governance a priority on agenda of Board / Council Committee (Y17)

The graph shows 8.8% of NAMFISA board committee members saying IT governance is high priority on the committees' agenda and 2.9% said is essential priority. It further shows about 32.4% of UNAM council committees' members saying IT governance is a high priority on the committees' agenda, 17.6% essential priority, 8.8% neutral, 8.8% moderate priority, 8.8% somewhat priority, 8.8% low priority and 2.9% not a priority.

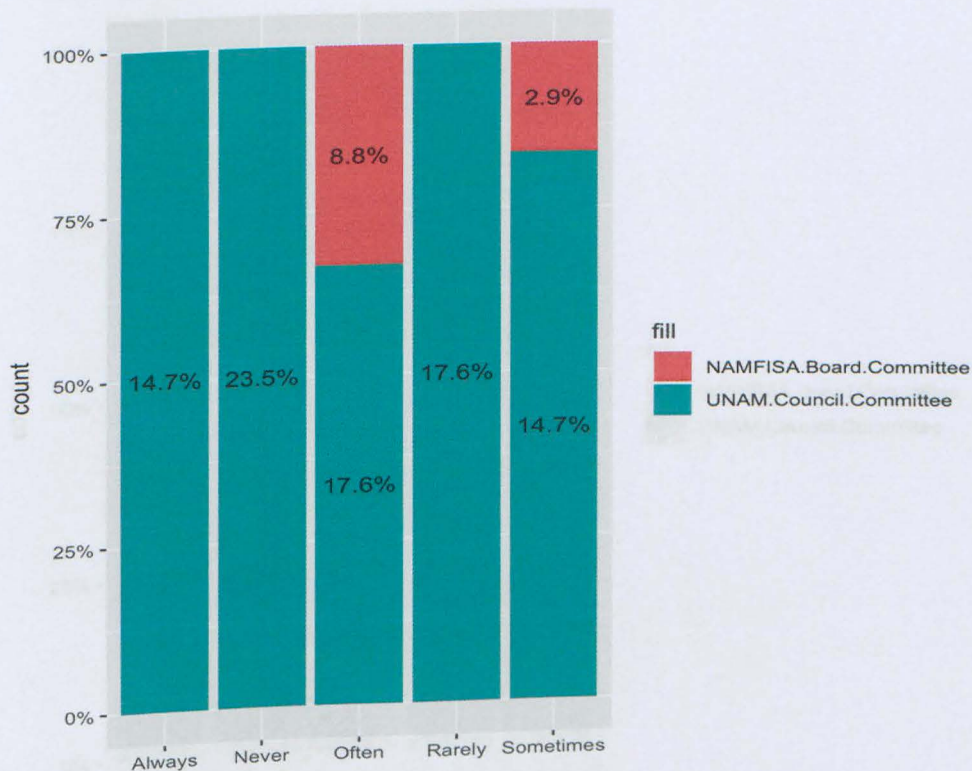


Figure 4.80: Extent to which Board / Council Committee is involved with the development/review of both entities IT Governance Framework and Policy (Y18)

The graph shows 8.8% of NAMFISA board committee members are saying often involved in the development of NAMFISA IT governance and IT policy and 2.9% sometimes. It further shows about 23.5% of UNAM council committees' members saying they committees are never involved in the development of NAMFISA IT governance and IT policy, 17.6% often, 17.6% rarely, 14.7% always and 14.7% another sometimes.

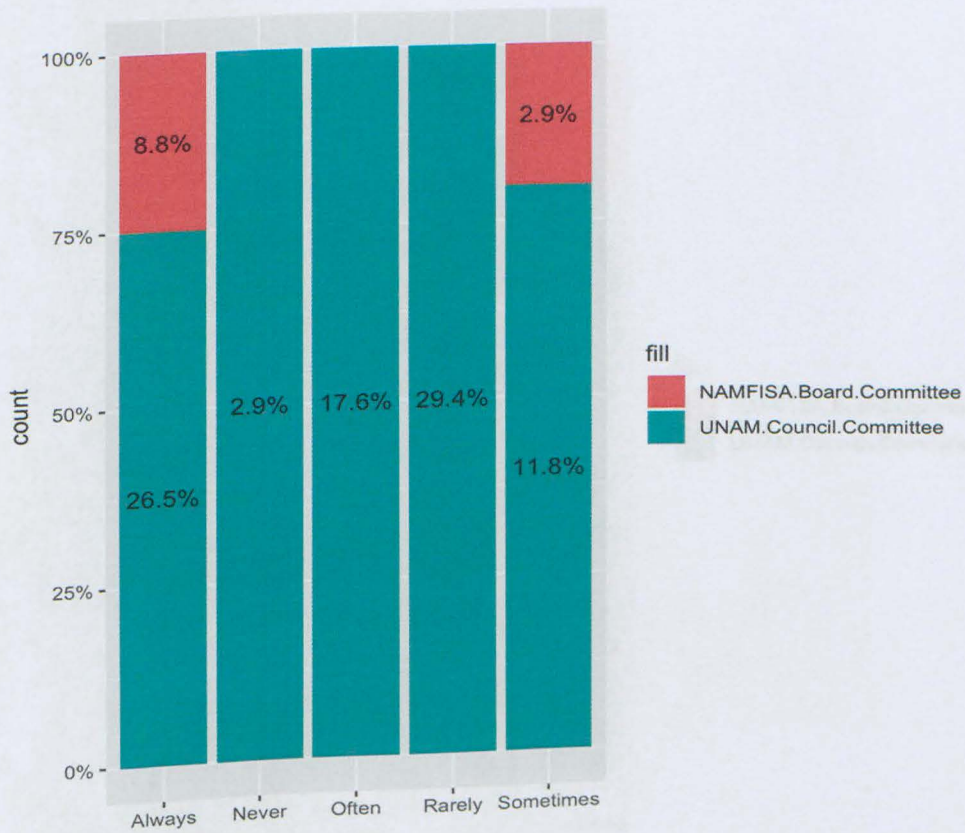


Figure 4.81: Extent to which Board / Council Committee is involved with the development/review of entity Strategic Plan (Y19)

The graph shows 8.8% of NAMFISA board committee members saying committees are always involved in the development/review of NAMFISA strategic plan and 2.9% sometimes. It further shows about 29.4% of UNAM council committees' members saying committees are rarely involved in the development/review of UNAM strategic plan, 26.5% always, 17.6% often, 11.8% sometimes and 2.9% never.

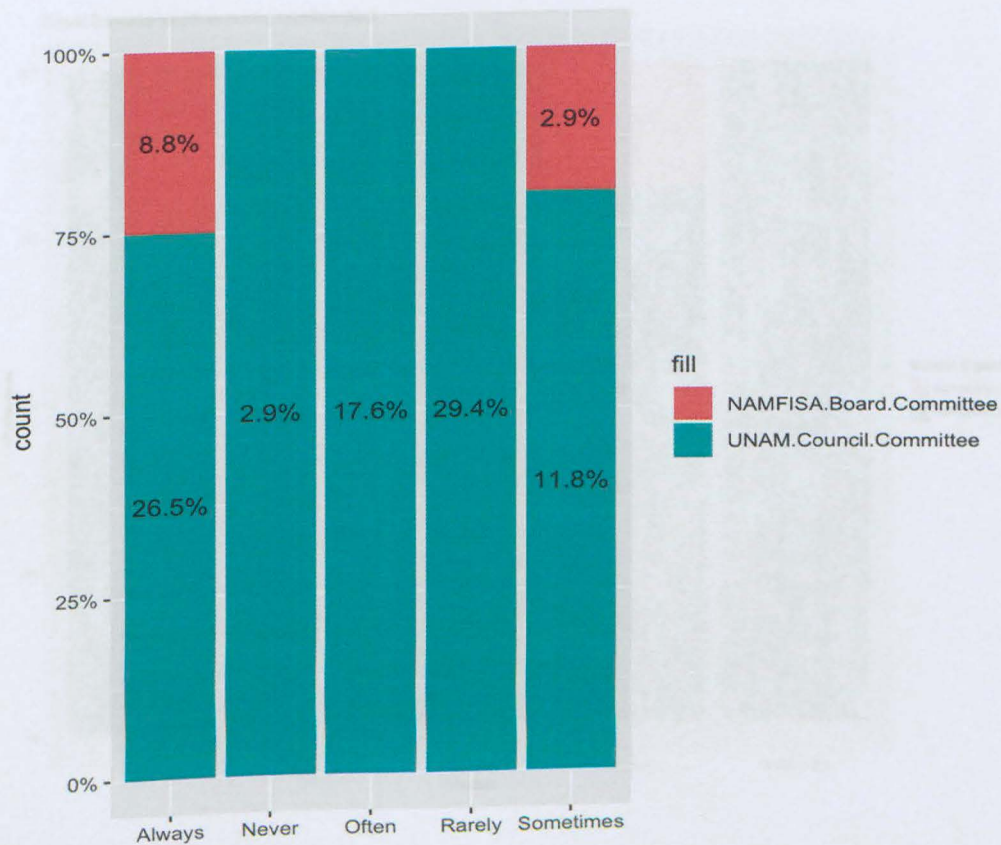


Figure 4.82: Board / Council Committee has annual Workplan in place approved by Board / Council (Y20)

The graph shows 8.8% of NAMFISA board committee members saying committees always have workplan approved by board in place and 2.9% sometimes. It further shows about 29.4% of UNAM council committees' members saying committees are rarely have workplan approved by Council in place, 26.5% always, 17.6% often, 11.8% sometimes and 2.9% never.

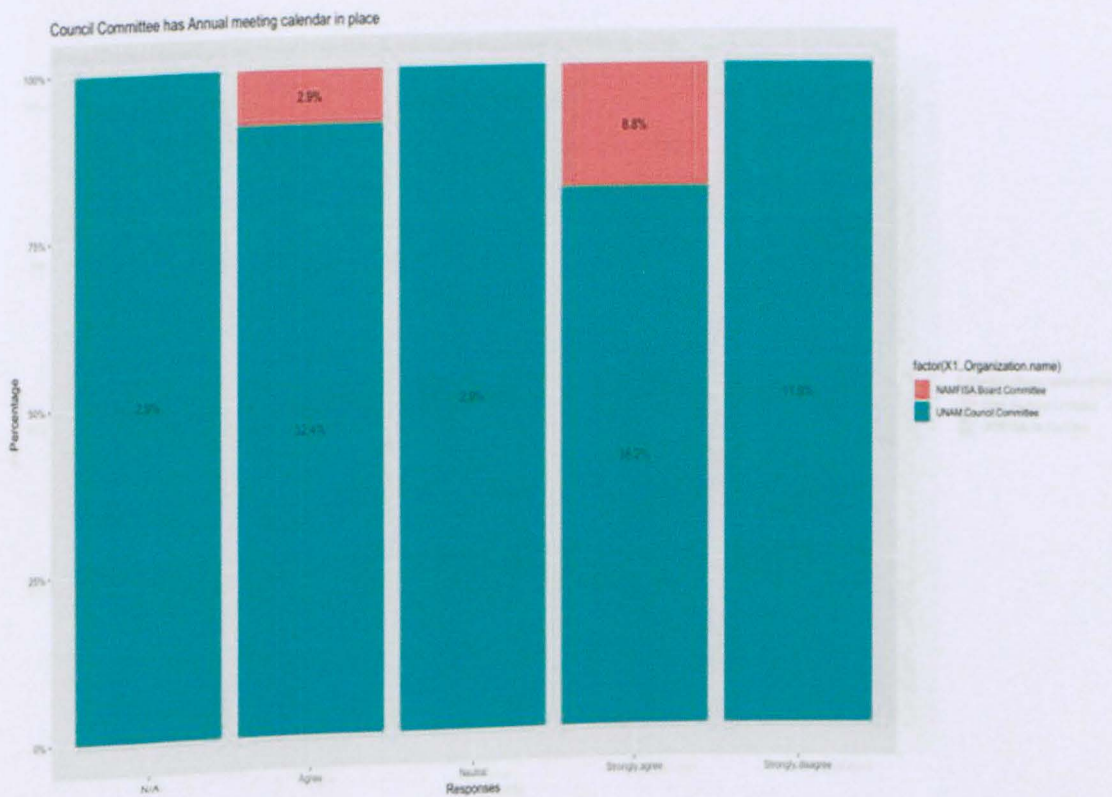


Figure 4.83: Council Committee has Annual meeting calendar in place (Y21)

The graph shows 8.8% of NAMFISA board committee members strongly agreeing committees have annual meeting calendars in place and 2.9% agreeing. It further shows about 38.2% of UNAM council committees' members strongly agreeing committees have annual meeting calendars in place, 32.4% agreeing, 11.8% strongly disagreeing, 2.9% neutral, 2.9% not applicable.

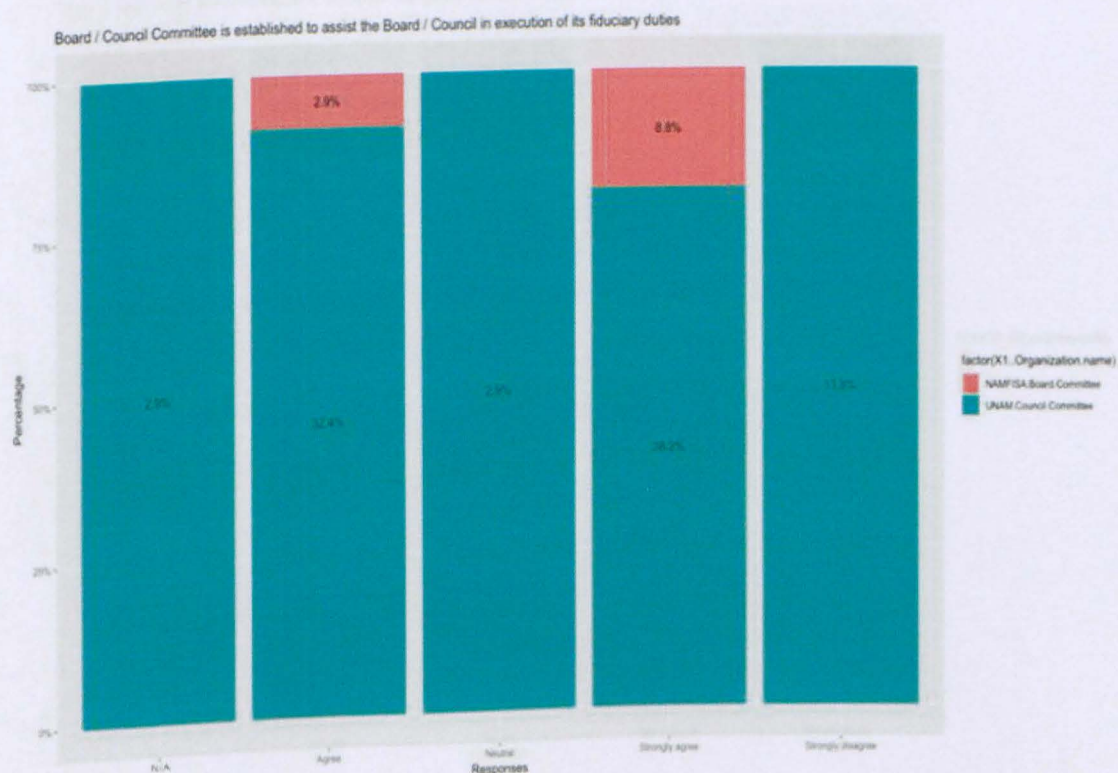


Figure 4.84: Board / Council Committee is established to assist the Board / Council in the execution of its fiduciary duties (Y23)

The graph shows 8.8% of NAMFISA board committee members strongly agreeing that committees are established to assist the board in the execution of its fiduciary duties and 2.9% agreeing. It further shows about 38.2% of UNAM council committees' members strongly agreeing that committees are established to assist the council in the execution of its fiduciary duties, 32.4% agreeing, 11.8% strongly disagreeing, 2.9% neutral and another 2.9% not applicable.

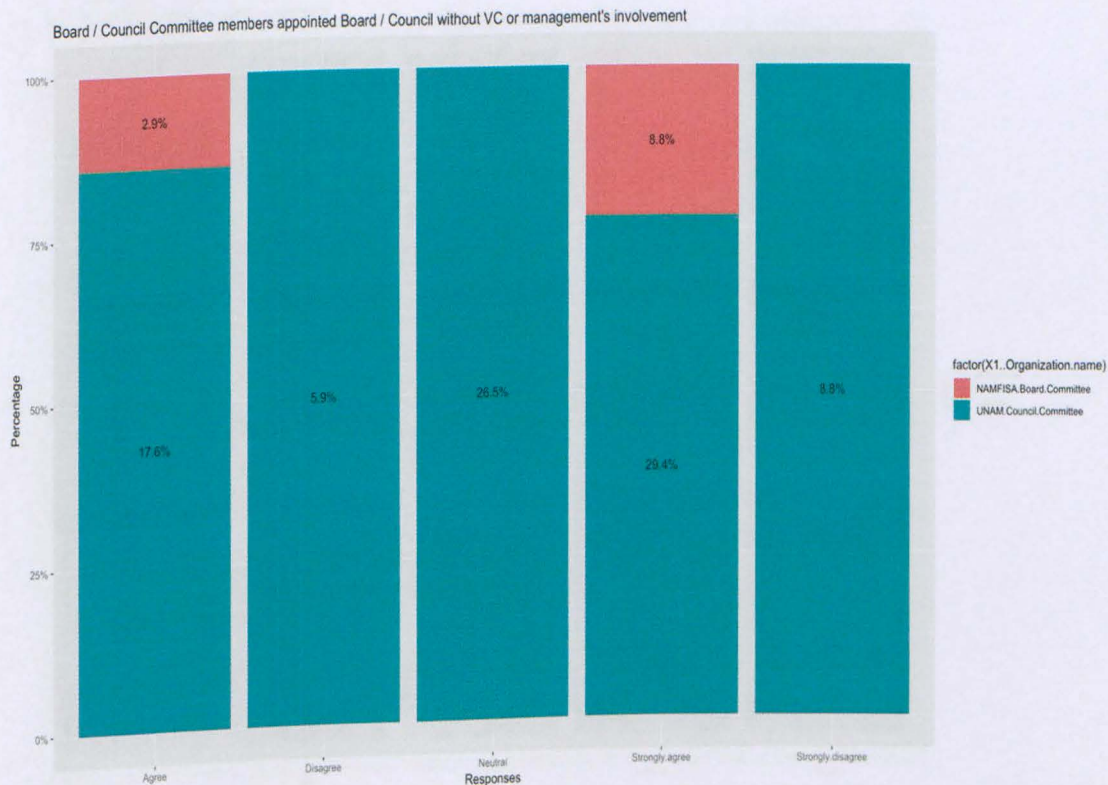


Figure 4.85: Board / Council Committee members appointed Board / Council without VC or management's involvement (Y23)

The graph shows 8.8% of NAMFISA board committee members strongly agreeing that committees' members are appointed without CEO/management involvement and 2.9% agreeing. It further shows about 29.4% of UNAM council committees' members strongly agreeing committees' members are appointed without VC/management involvement, 26.5% neutral, 17.6% agreeing, 8.8% strongly disagreeing and 5.9% disagreeing.



Figure 4.86: Majority of Board / Council Committee members are non-executive making them independent (Y24)

The graph shows 8.8% of NAMFISA board committee members strongly agreeing that majority of committees' members are non-executive making them independent and 2.9% agreeing. It further shows about 29.4% of UNAM council committees' members agreeing that majority of committees' members are non-executive making them independent, 23.5% strongly agreeing, 23.5% neutral, 8.8% disagreeing, and 2.9% strongly disagreeing.

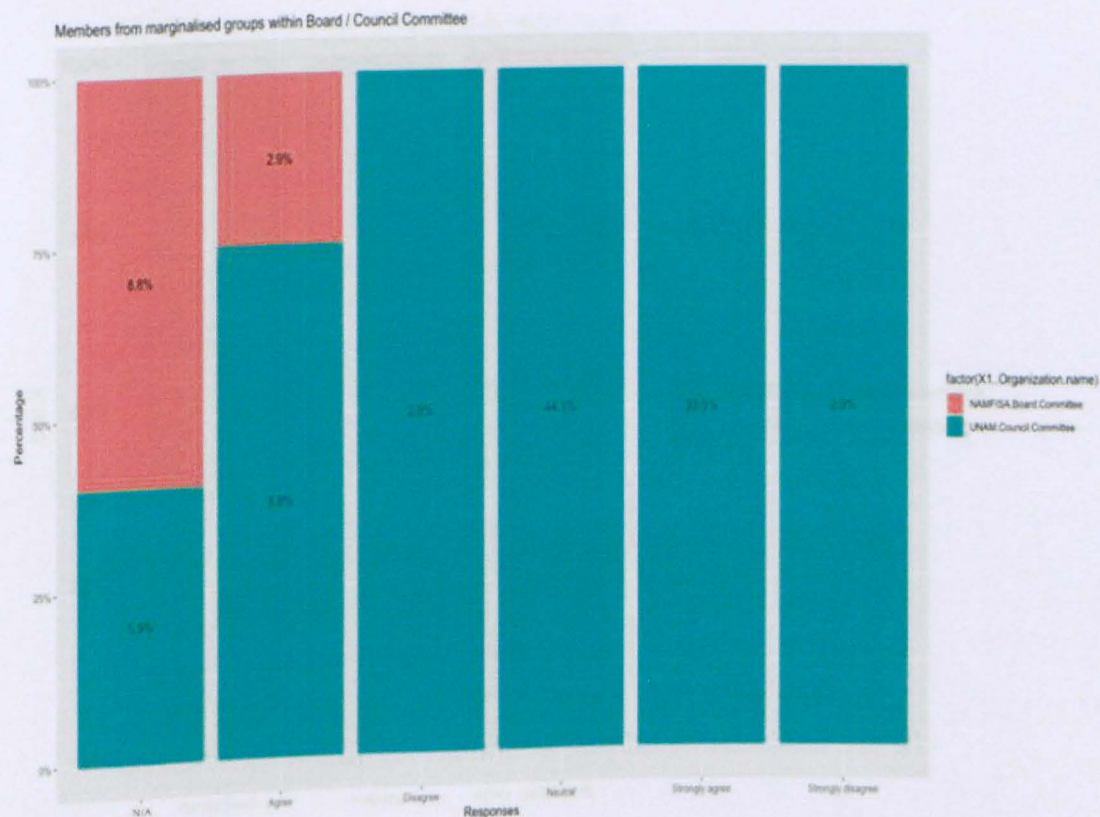


Figure 4.87: Members from marginalised groups within Board / Council Committee (Y25)

The graph shows 8.8% of NAMFISA board committee members saying not applicable and 2.9% agreeing. It further shows about 44.1% of UNAM council committees' members being neutral that their members from marginalised groups on council, 23.5% strongly agreeing, 8.8% agreeing, 5.9% not applicable, 2.9% disagreeing and 2.9% strongly disagreeing.

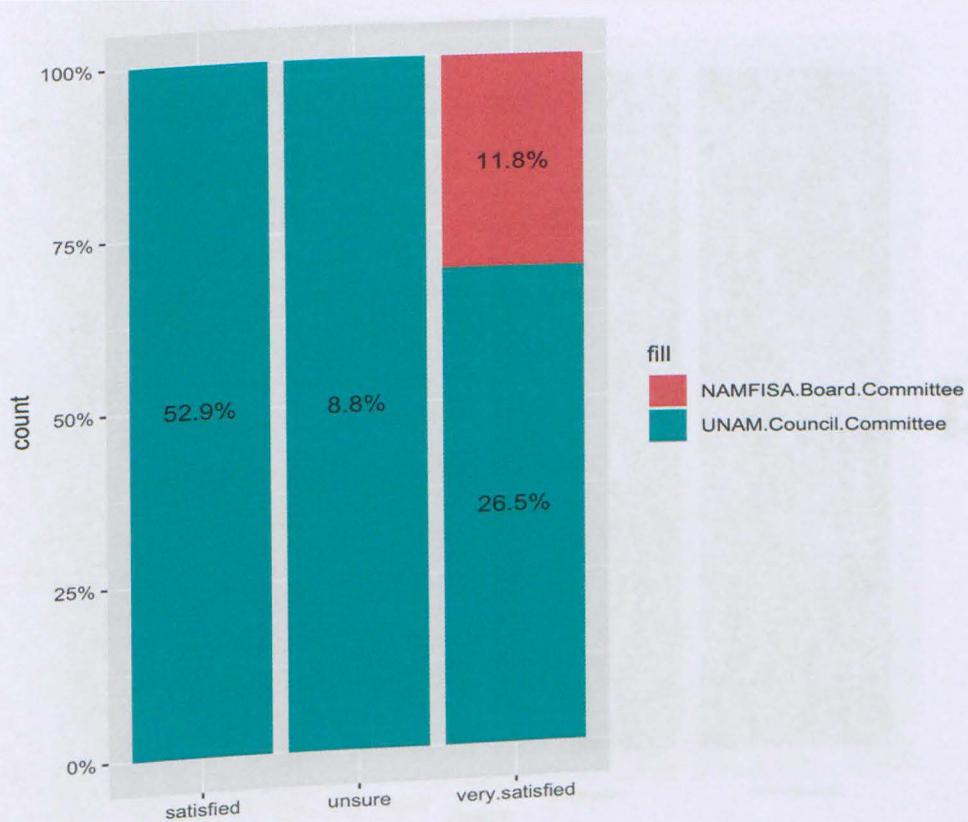


Figure 4.88: Board / Council Committee members satisfied they receive timely information from the VC (Y26)

The graph shows 11.8% of NAMFISA board committee members very satisfied that they receive timely information from CEO. It further shows about 52.9% of UNAM council committees' members satisfied that they receive timely information from VC, 26.5% very satisfied and 8.8% unsure.

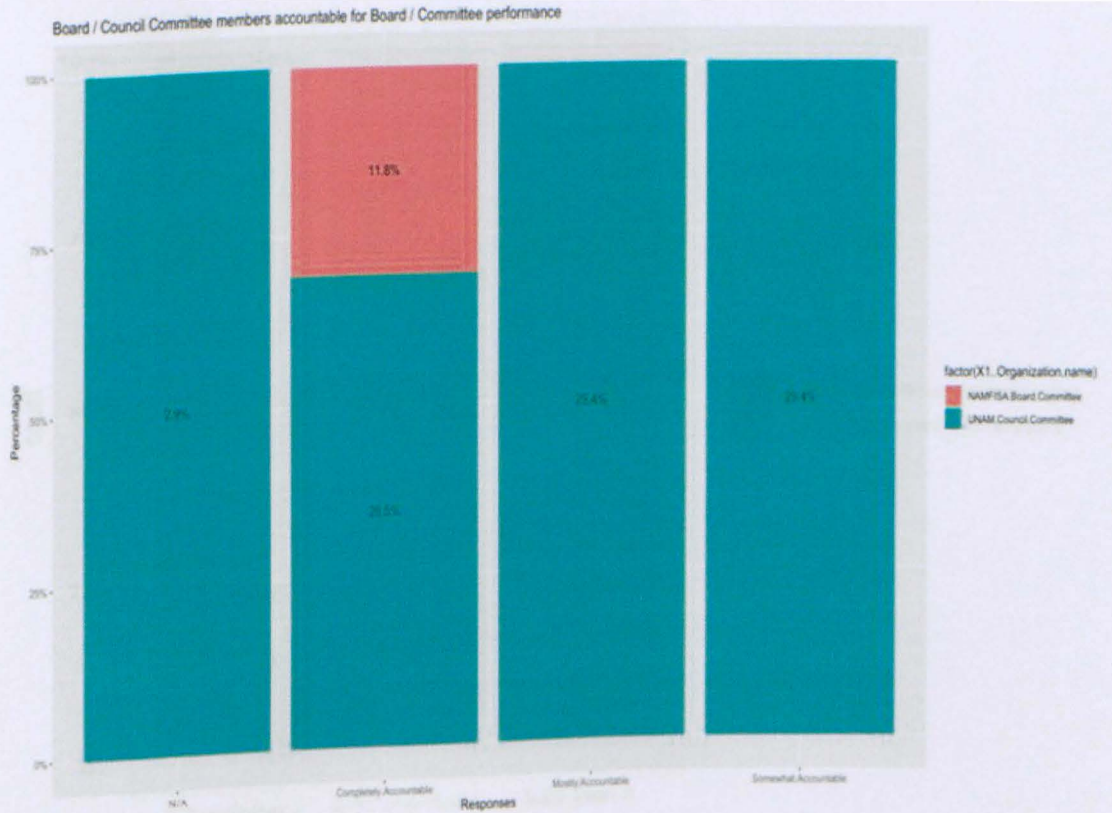


Figure 4.89: Board / Council Committee members accountable for Board / Committee performance (Y27)

The graph shows 11.8% of NAMFISA board committee members saying they are completely accountable the committees' performance. It further shows about 29.4% of UNAM council committees' members saying that they are mostly accountable, 29.4% somewhat accountable, 26.5% completely accountable and 2.9% not accountable.

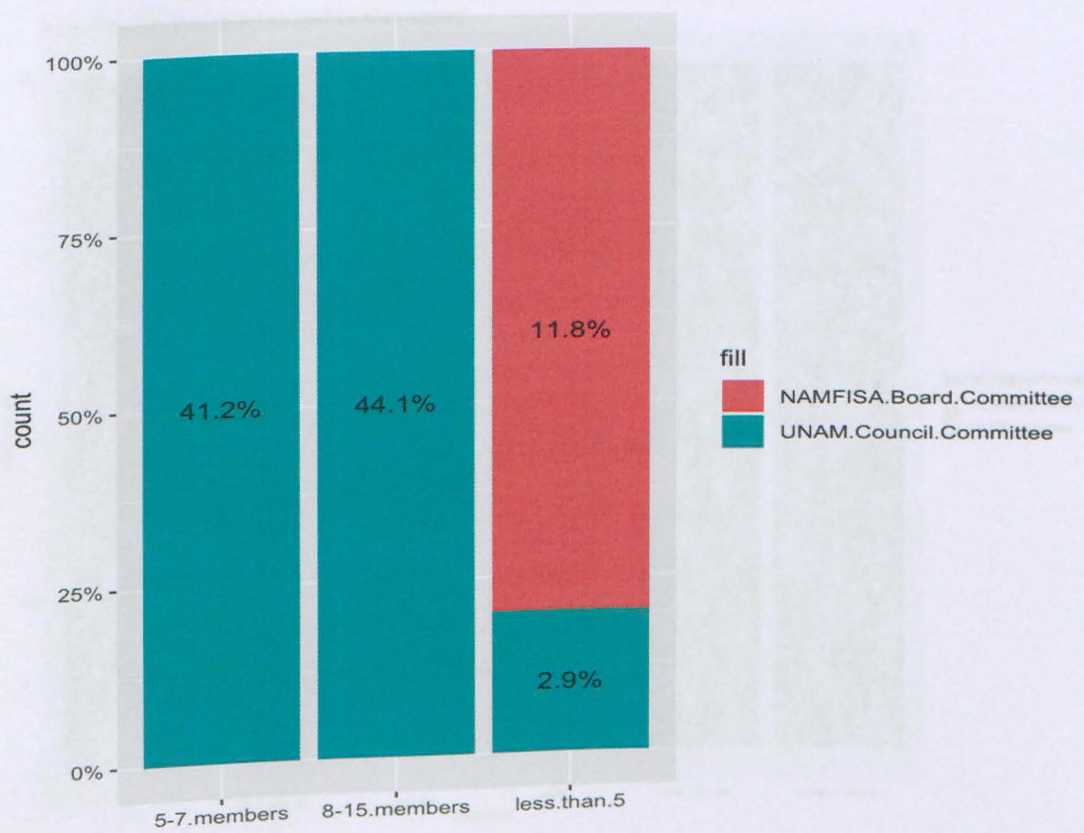


Figure 4.90.: Board / Council Committee size (Y28)

The graph shows 11.8% of NAMFISA board committee members indicating that committee size is less than 5. It further shows about 44.1% of UNAM council members indicating that the council size is between 8 – 15 members, 41.2% between 5 – 7 members and 2.9% saying it is less than 5.

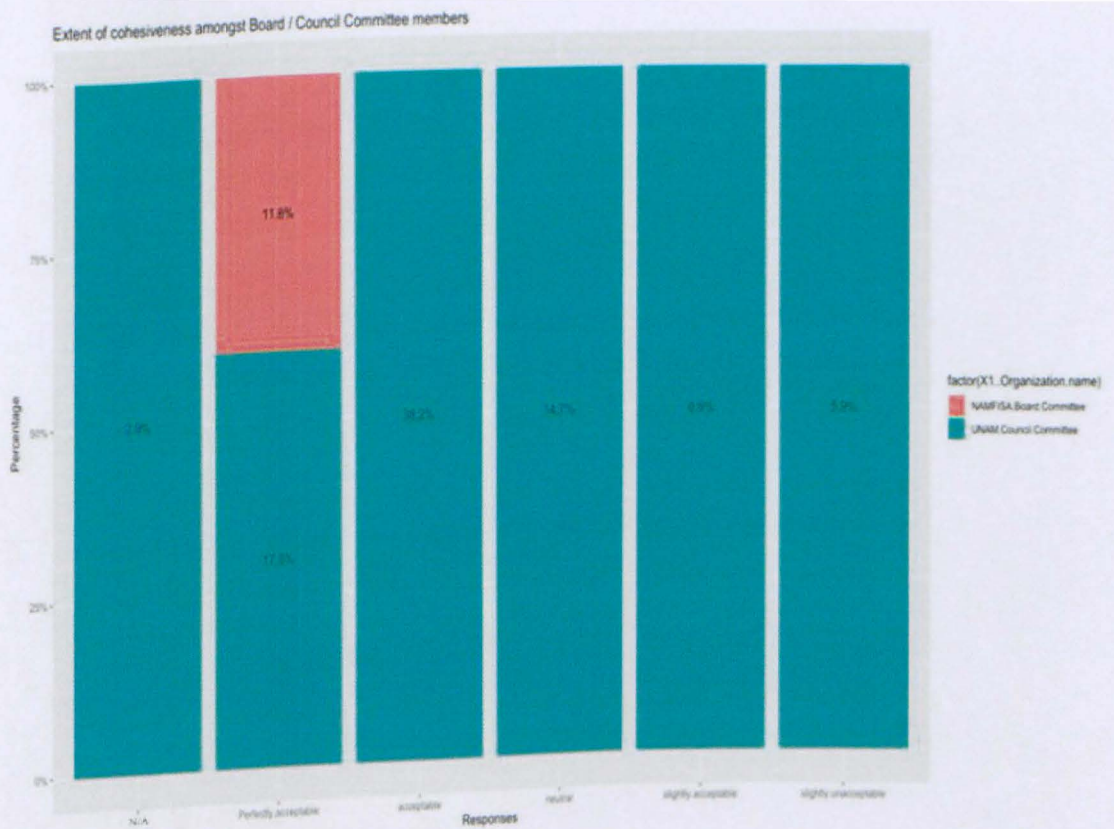


Figure 4.91: Extent of cohesiveness amongst Board / Council Committee members (Y29)

The graph shows 11.8% of NAMFISA board committee members saying the extent of cohesiveness amongst the committees' members is perfectly acceptable. It further shows about 38.2% of UNAM council members saying the extent of cohesiveness amongst the committees' members is acceptable, 17.6% perfectly acceptable, 14.7% neutral, 8.8% slightly acceptable, 5.9% slightly unacceptable and 2.9% not applicable.

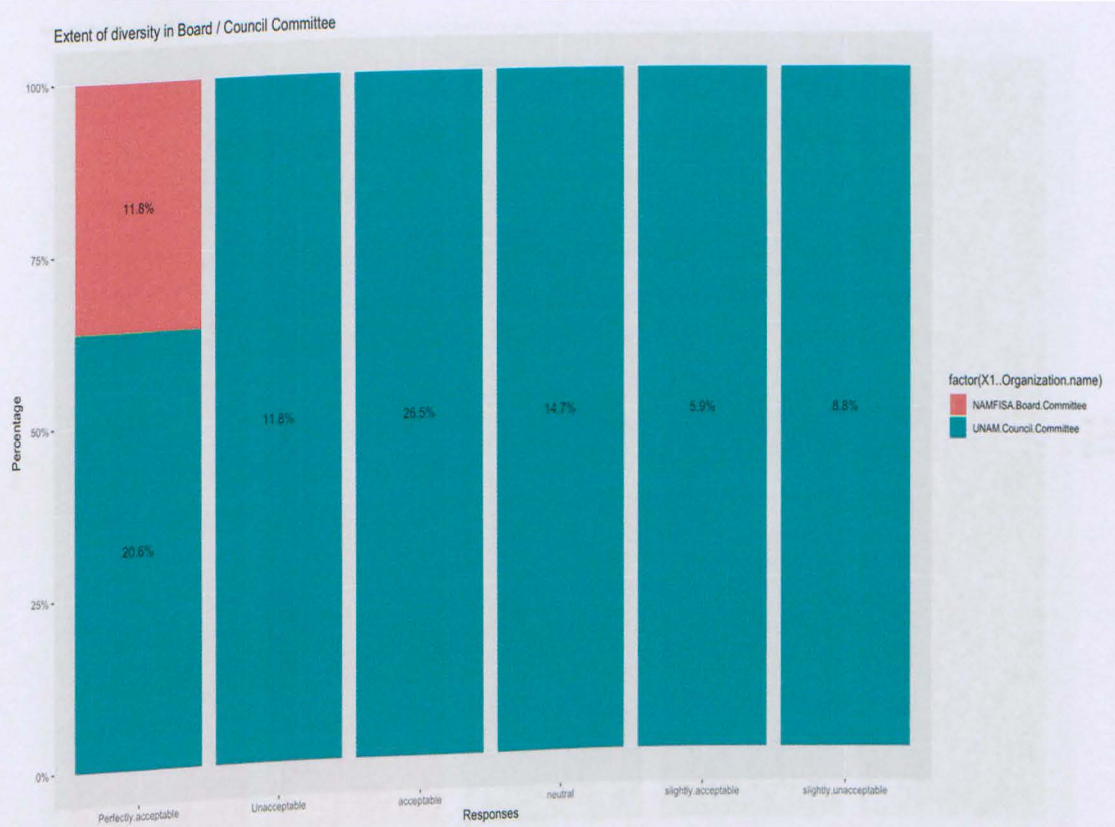


Figure 4.92: Extent of diversity in Board / Council Committee (Y30)

The graph shows 11.8% of NAMFISA board committee members saying the extent of diversity in committees' members is perfectly acceptable. It further shows about 26.5% of UNAM council members saying the extent of cohesiveness amongst the committees' members is acceptable, 20.6% perfectly acceptable, 14.7% neutral, 11.8% unacceptable, 8.8% slightly unacceptable and 5.9% slightly acceptable.

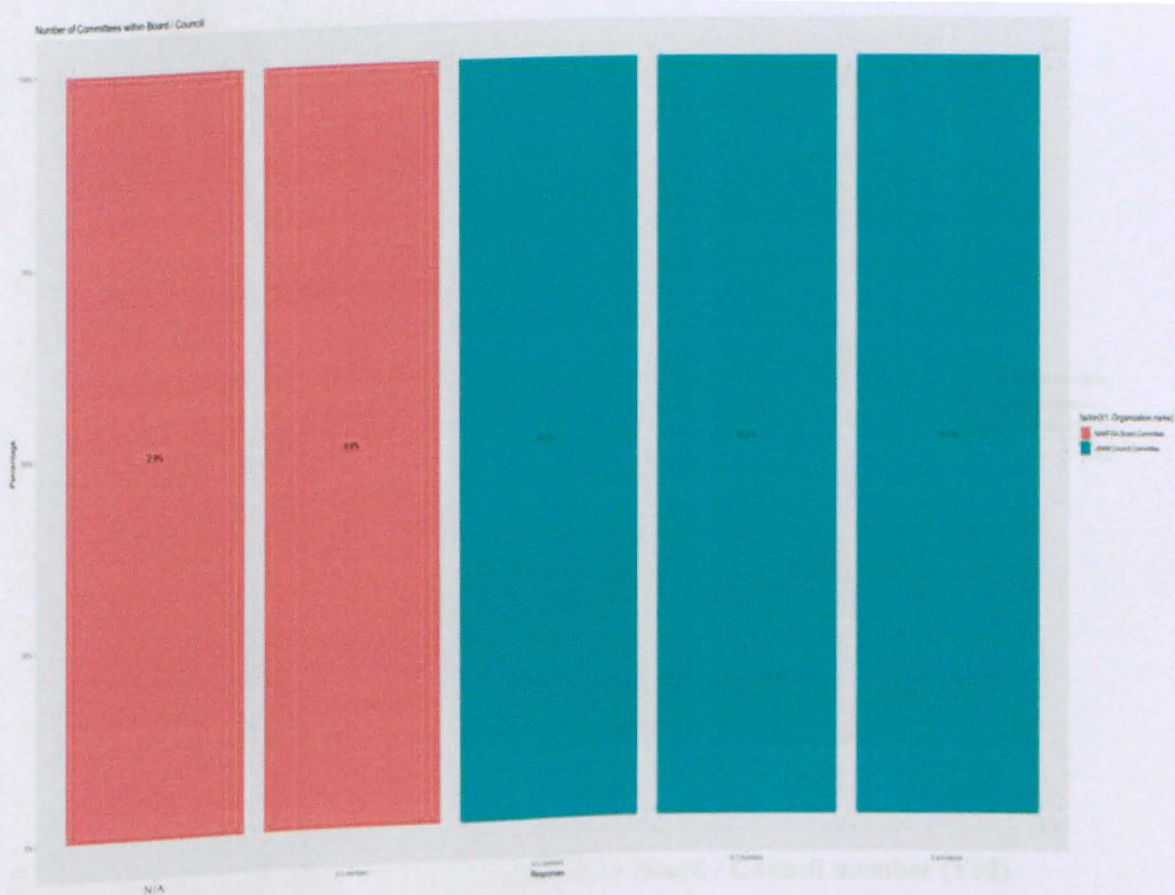


Figure 4.93: Number of Committees within Board / Council (Y31)

The graph shows 8.8% of NAMFISA board committee members saying that NAMFISA board has between 2 – 3 committees and 2.9% between 1-2 committees. It further shows about 47.1% of UNAM Council members saying UNAM Council has between 4-5 committees, 26.5% between 6-7 committees and 14.7% 8 and above.

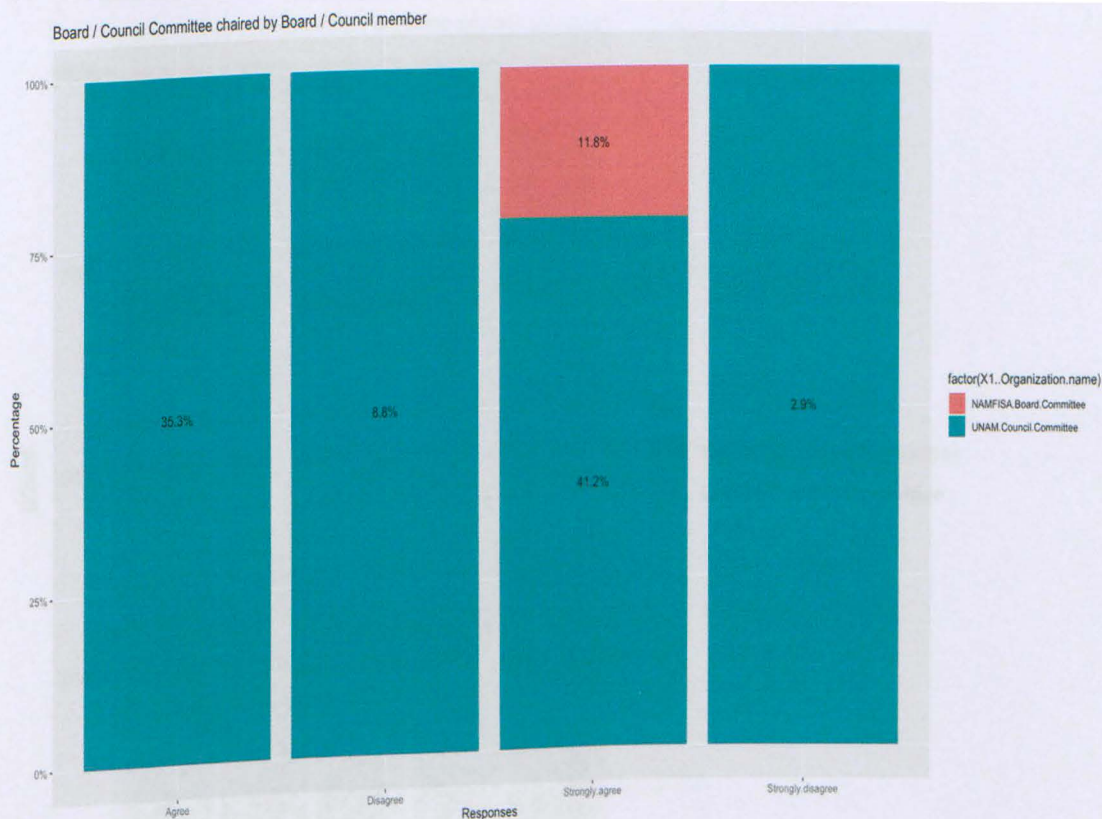


Figure 4.94. Board / Council Committee chaired by Board / Council member (Y32)

The graph shows 11.8% of NAMFISA board committee members strongly agreeing that NAMFISA board committees are each chaired by a board member. It further shows about 41.2% of UNAM council members strongly agreeing that UNAM council committees are each chaired by a board member, 35.3% agreeing, 8.8% disagreeing and 2.9% strongly disagreeing.

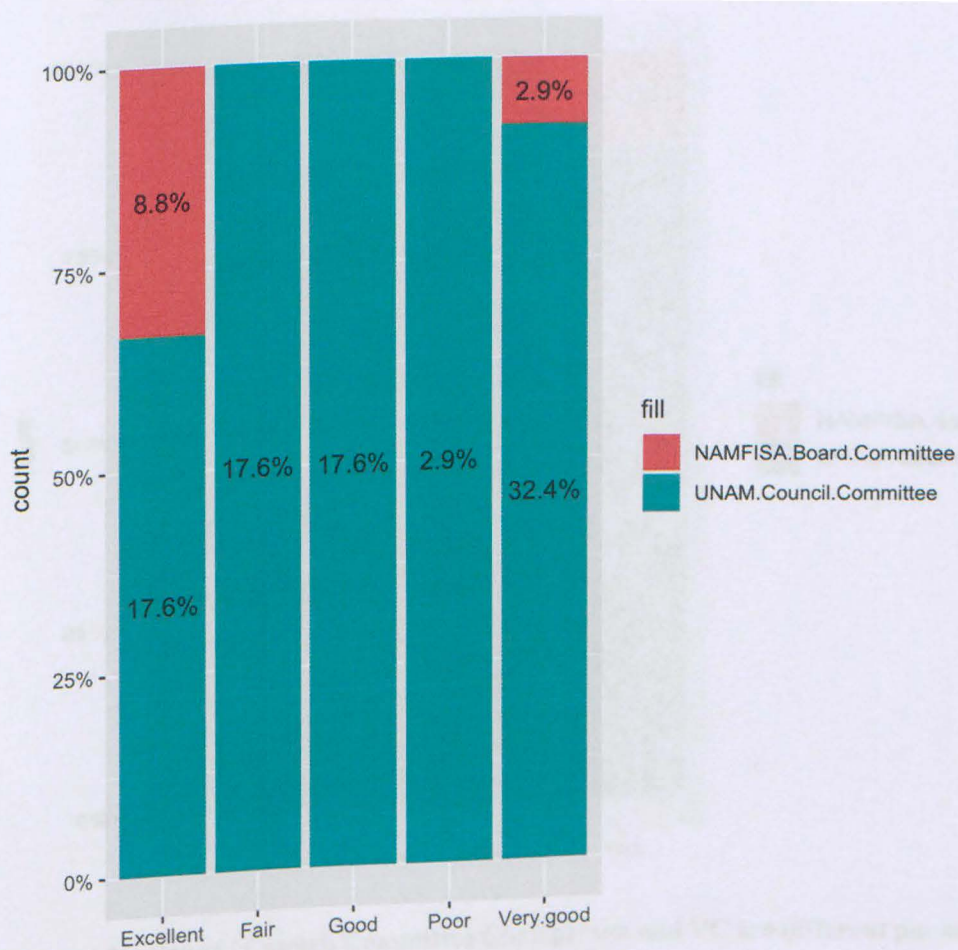


Figure 4.95: Effectiveness of Board / Council Committee (Y33)

The graph shows 8.8% of NAMFISA board committee members saying the effectiveness of NAMFISA committees is excellent and 2.9% very good. It further shows about 32.4% of UNAM council members saying the effectiveness of UNAM committees is very good, 17.6% excellent, 17.6% good, 17.6% fair while 2.9% poor.

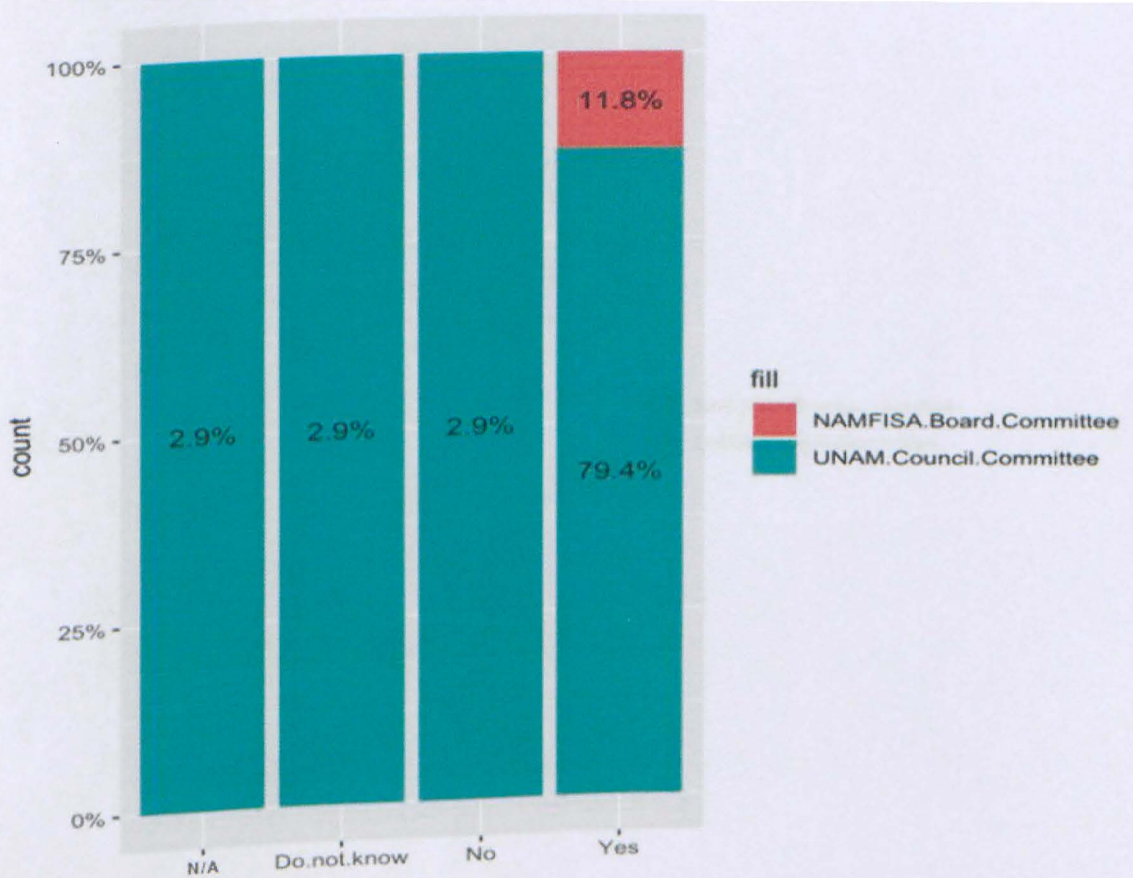


Figure 4.96: Board / Council Committee Chairperson and VC are different persons (Y34)

The graph shows 11.8% of NAMFISA board committee members saying yes to the chairpersons of committees being different persons from the CEO. It further shows about 79.4% of UNAM council members saying yes to the chairpersons of committees being different persons from the CV, 2.9% not applicable, 2.9% do not know and another 2.9% saying no.

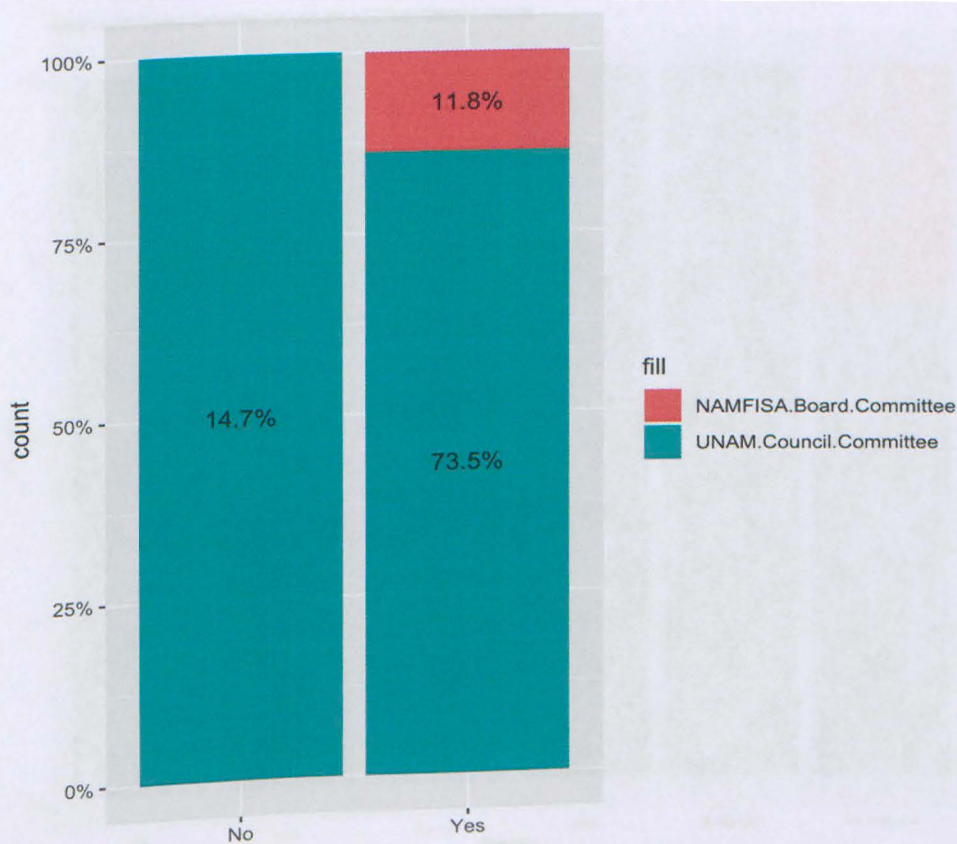


Figure 4.97: Board / Council appoints Chairperson of Board / Council Committee (Y35)

The graph shows 11.8% of NAMFISA board committee members saying yes to the chairpersons of committees being appointed by the board, respectively. It further shows about 73.5% of UNAM council members saying yes to the chairpersons of committees being appointed by the board, respectively and 14.7% saying no.

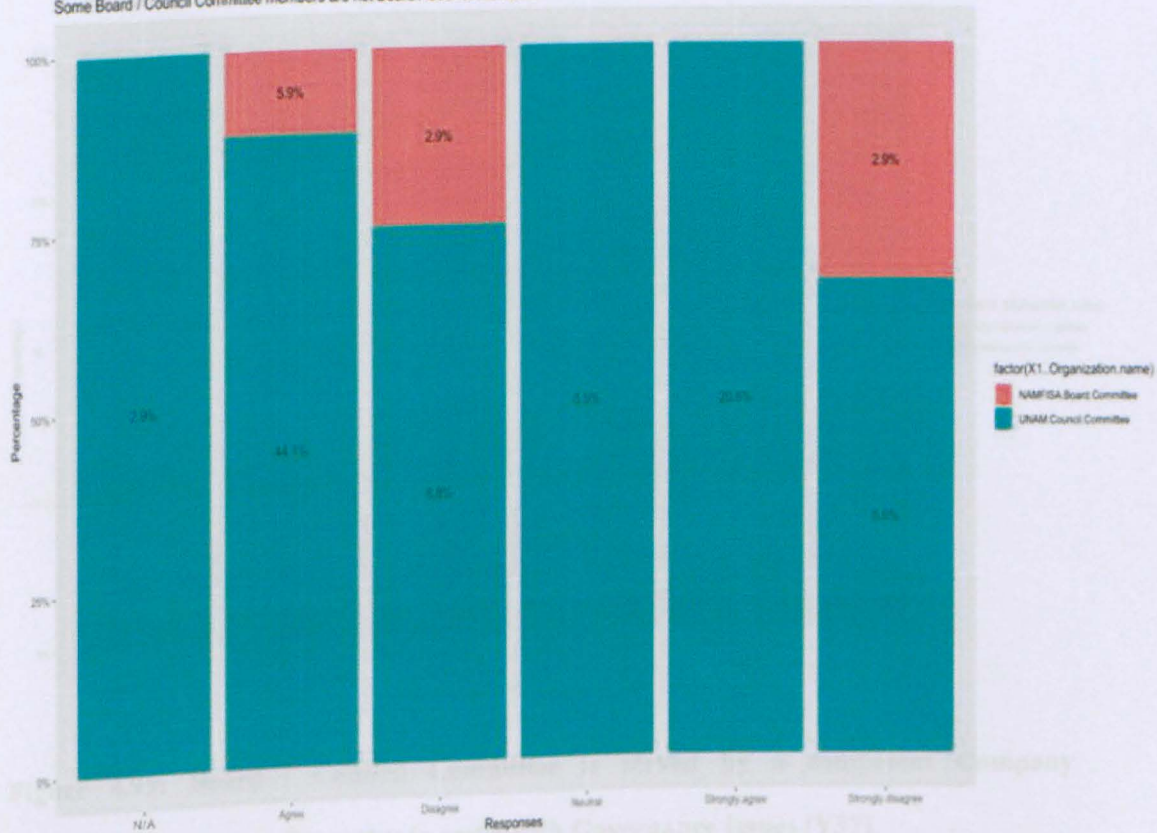


Figure 4.98: Some Board / Council Committee members are not Board / Council members (Y36)

The graph shows 5.9% of NAMFISA board committee members agreeing that some members of NAMFISA committees are not board members, 2.9% disagreeing and another 2.9% strongly disagreeing. It further shows about 44.1% of UNAM council members agreeing that some members of UNAM committees are not board members, 20.6% strongly agreeing, 8.8% disagreeing, 5.9% strongly disagreeing, 5.9% neutral while 2.9% not applicable.

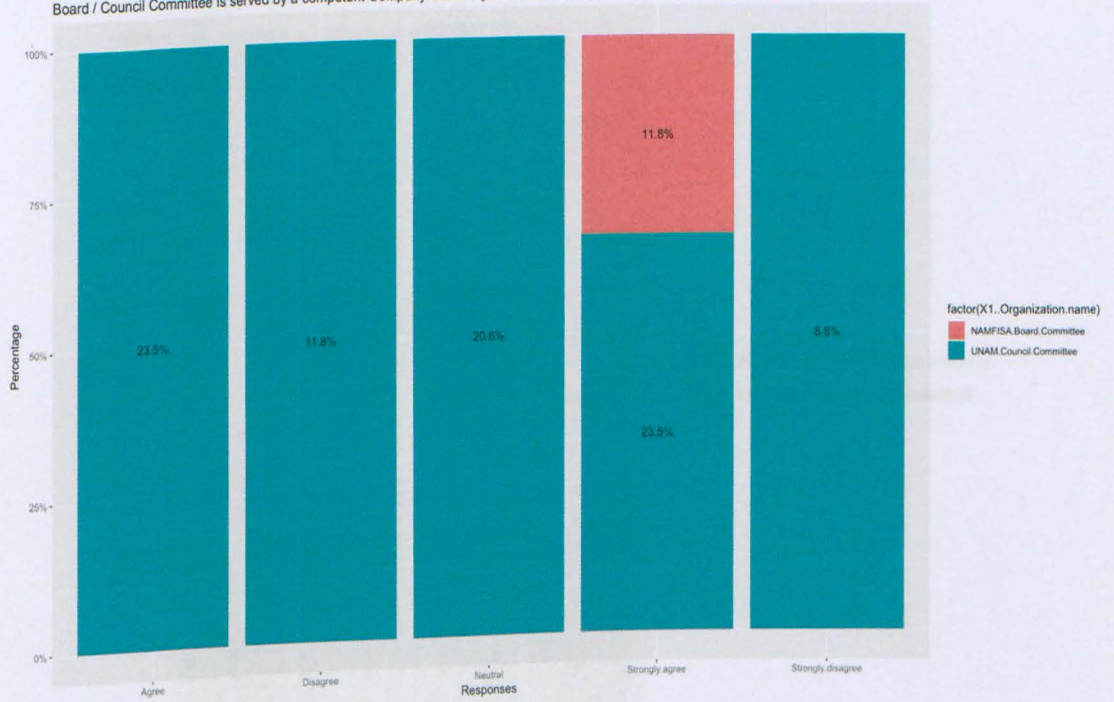


Figure 4.99: Board / Council Committee is served by a competent Company Secretary/Governance Executive to assist with Governance Issues (Y37)

The graph shows 11.8% of NAMFISA board committee members strongly agreeing that committees are served by a competent Company Secretary/Governance Executive to assist them with governance issues. It further shows about 23.5% of UNAM council members strongly agreeing that committees are served by a competent Company Secretary/Governance Executive to assist them with governance issues, 23.5% agreeing, 20.6% neutral, 11.8% disagreeing while 8.8% strongly disagreeing.

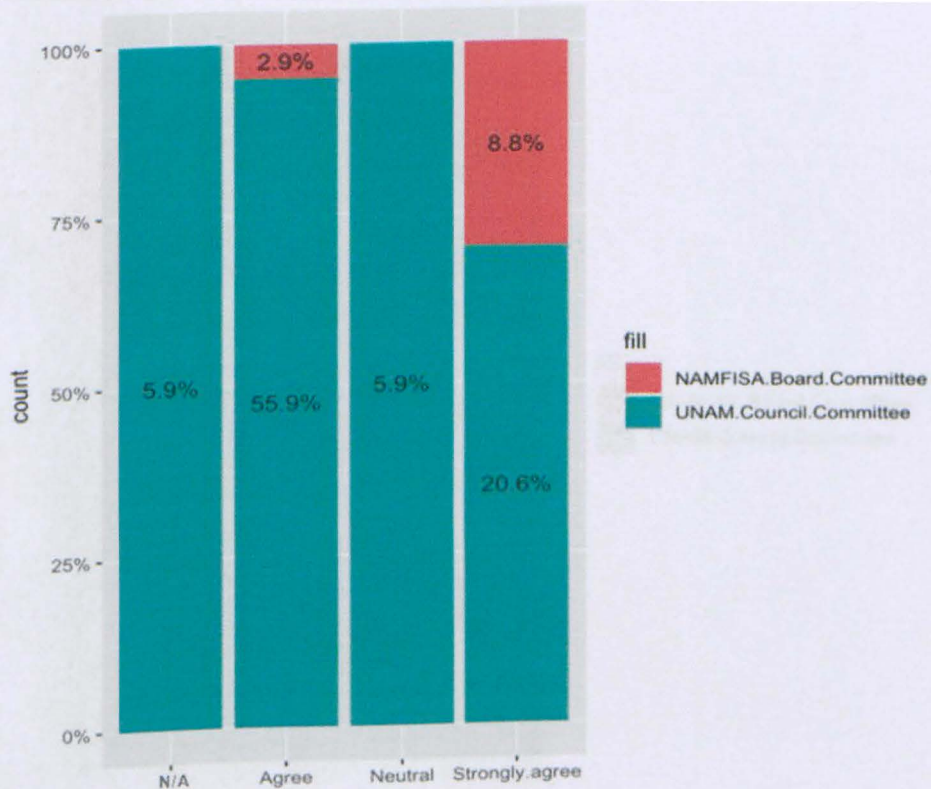


Figure 4.100: Board / Council delegated some powers and authority to Board / Council Committee (Y38)

The graph shows 8.8% of NAMFISA board committee members strongly agreeing that board delegated some powers and authority to the committees and 2.9% agreeing. It further shows about 55.9% of UNAM council members agreeing that board delegated some powers and authority to the committees, 20.6% strongly agreeing, 5.9% neutral and 5.9% not applicable.

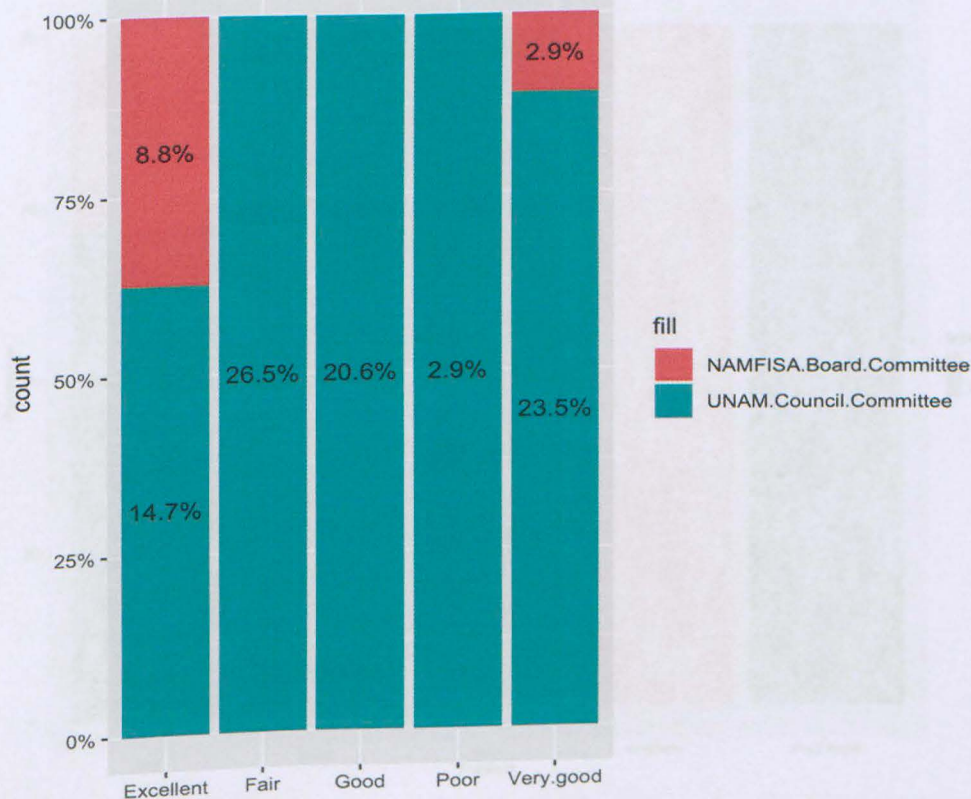


Figure 4.101: Effectiveness of entity's Delegation of Authority Framework (Y39)

The graph shows 8.8% of NAMFISA board committee members saying the effectiveness of NAMFISA's delegation of framework is excellent and 2.9% very good. It further shows about 26.5% of UNAM council members saying the effectiveness of UNAM council's delegation of framework is fair, 23.5% very good, 20.6% good, 14.7% excellent while 2.9% poor.

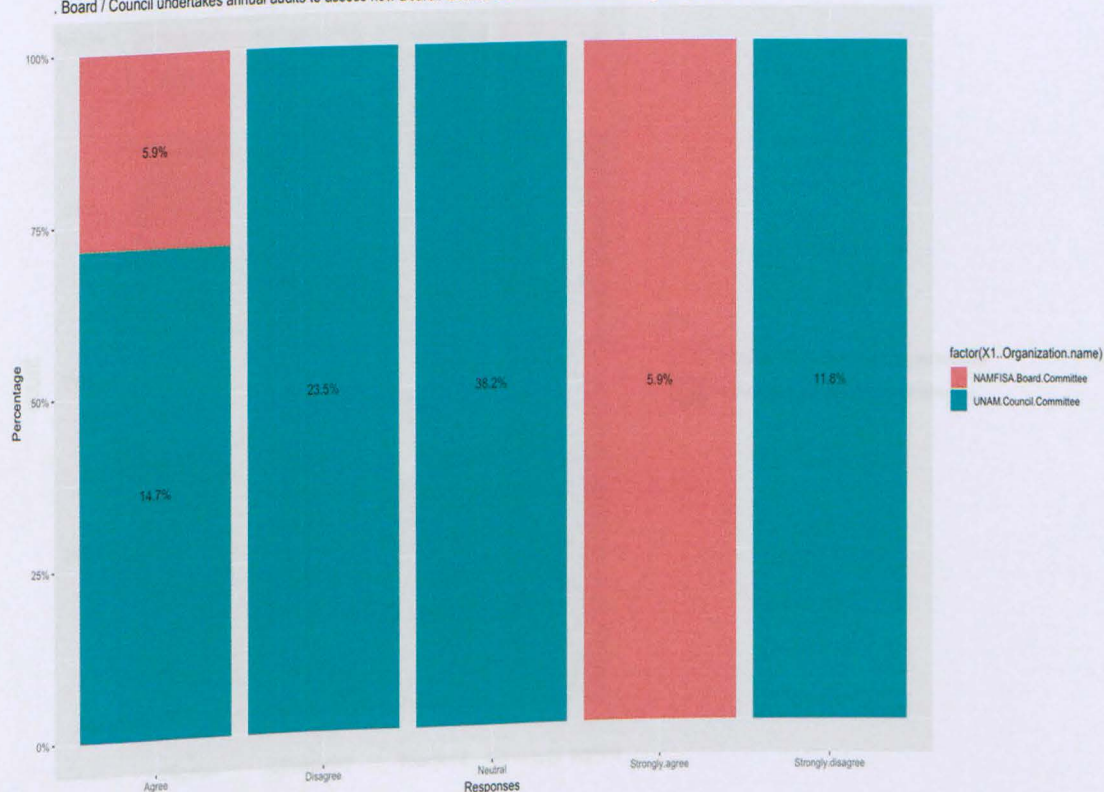


Figure 4.102: Board / Council undertakes annual audits to assess how Board / Council Committee exercises delegated powers (Y40)

The graph shows 5.9% of NAMFISA board committee members strongly agreeing that board undertakes annual audits to assess how committees exercise delegated powers and 5.9% agreeing. It further shows about 38.2% of UNAM council being neutral that board undertakes annual audits to assess how committees exercise delegated powers, 23.5% disagreeing, 14.7% agreeing and 11.8% strongly disagreeing.

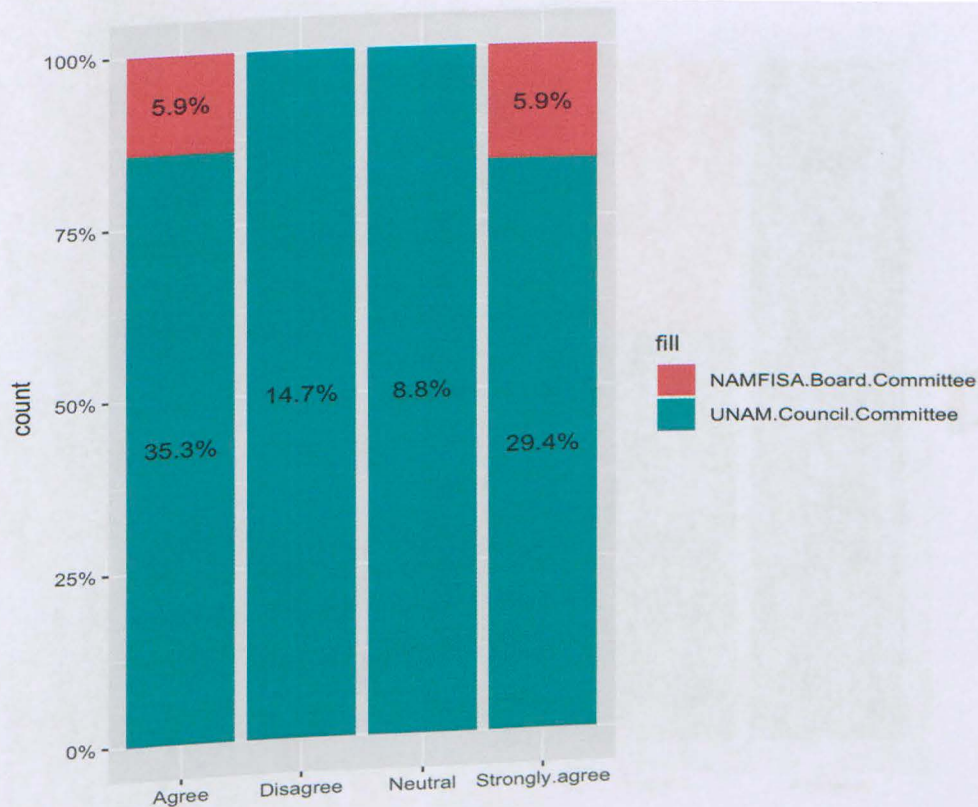


Figure 4.103: Board / Council Committee has full control and ownership over its meeting agenda (Y41)

The graph shows 5.9% of NAMFISA board committee members strongly agreeing that committees has full control and ownership over its meeting agenda and 5.9% agreeing. It further shows about 35.3% of UNAM council agreeing that committees has full control and ownership over its meeting agenda, 29.4% strongly agreeing, 14.7% disagreeing and 8.8% neutral.

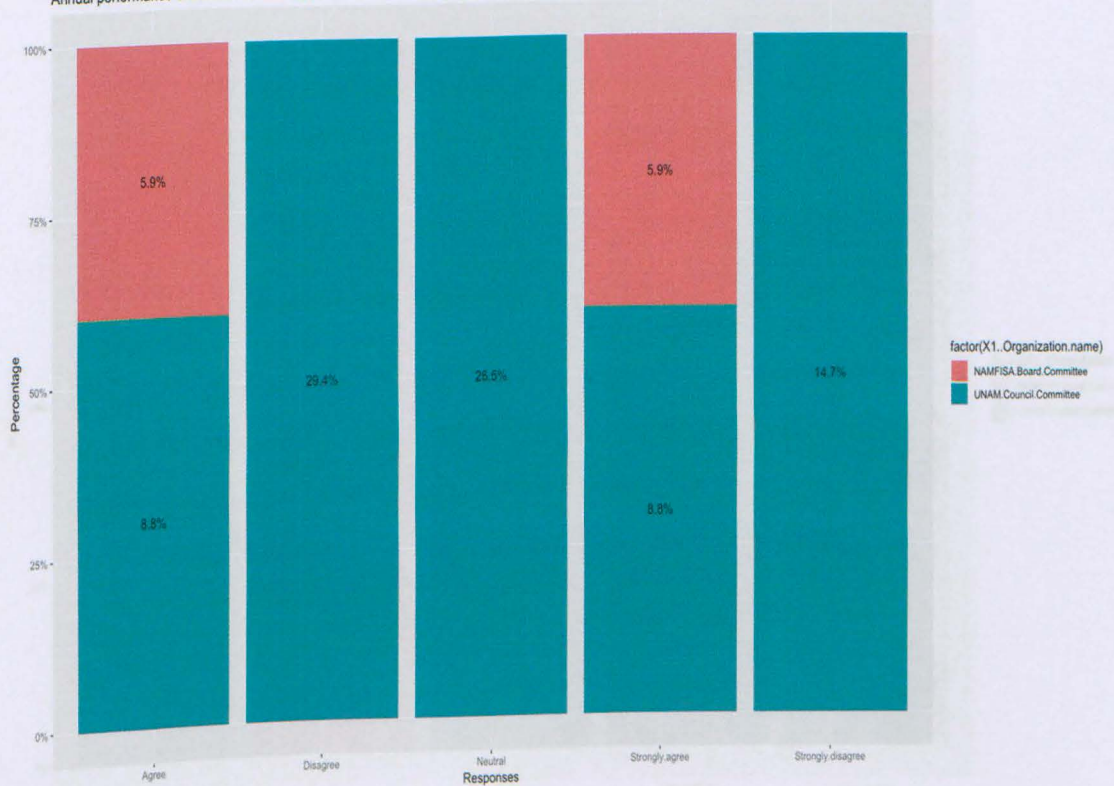


Figure 4.104: Annual performance evaluation done to assess the effectiveness of Board / Council Committee (Y42)

The graph shows 5.9% of NAMFISA board committee members strongly agreeing that an annual performance evaluation is done to assess the effectiveness of committees and 5.9% agreeing. It further shows about 29.4% of UNAM council disagreeing that an annual performance evaluation is done to assess the effectiveness of committees, 26.5% neutral, 14.7% strongly disagreeing and 8.8% strongly agreeing and 8.8% agreeing.

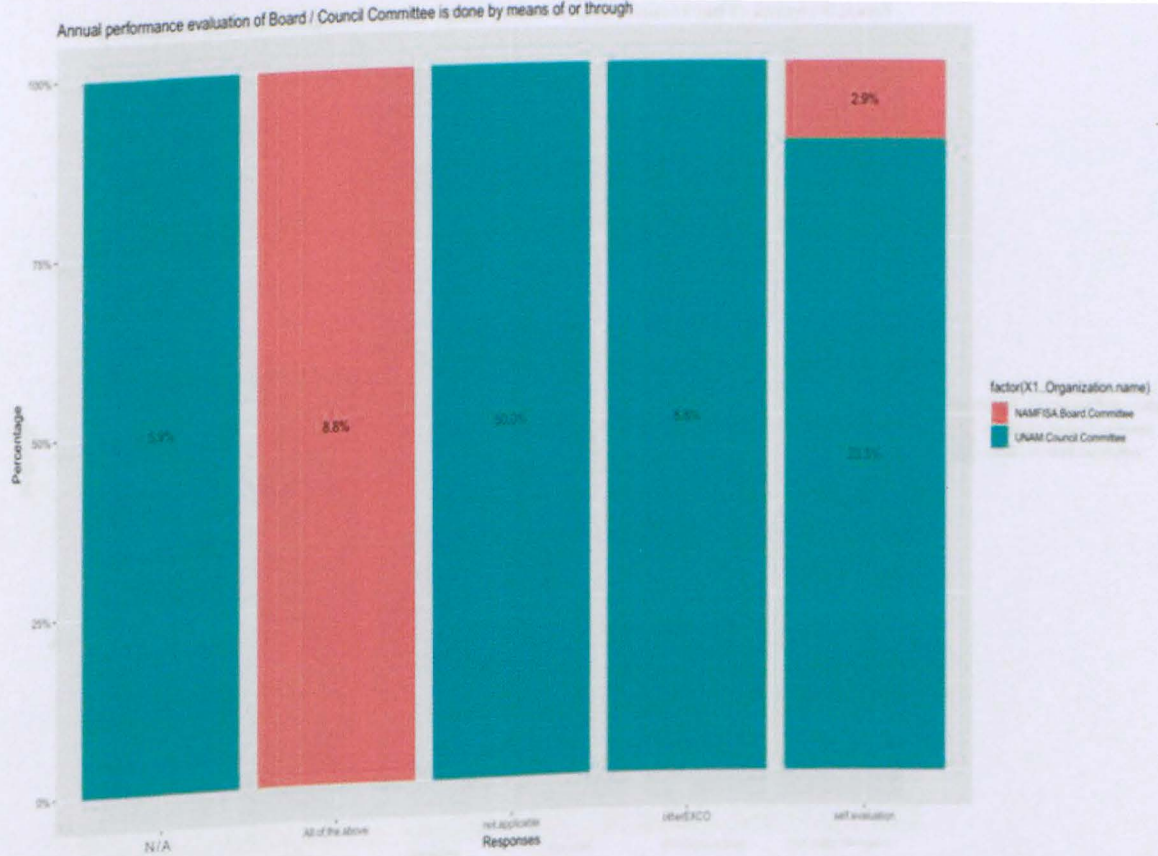


Figure 4.105: Annual performance evaluation of Board / Council Committee is done by means of or through (Y43)

The graph shows 8.8% of NAMFISA board committee members saying annual evaluation of board committees is done by means of or through all the above (other / EXCO and self-evaluation) and 2.9% self-evaluation. It further shows about 50.0% of UNAM council saying annual evaluation of board committees is not applicable, 23.5% through self-evaluation, 8.8% through other/EXCO and 5.9% saying it is not applicable.

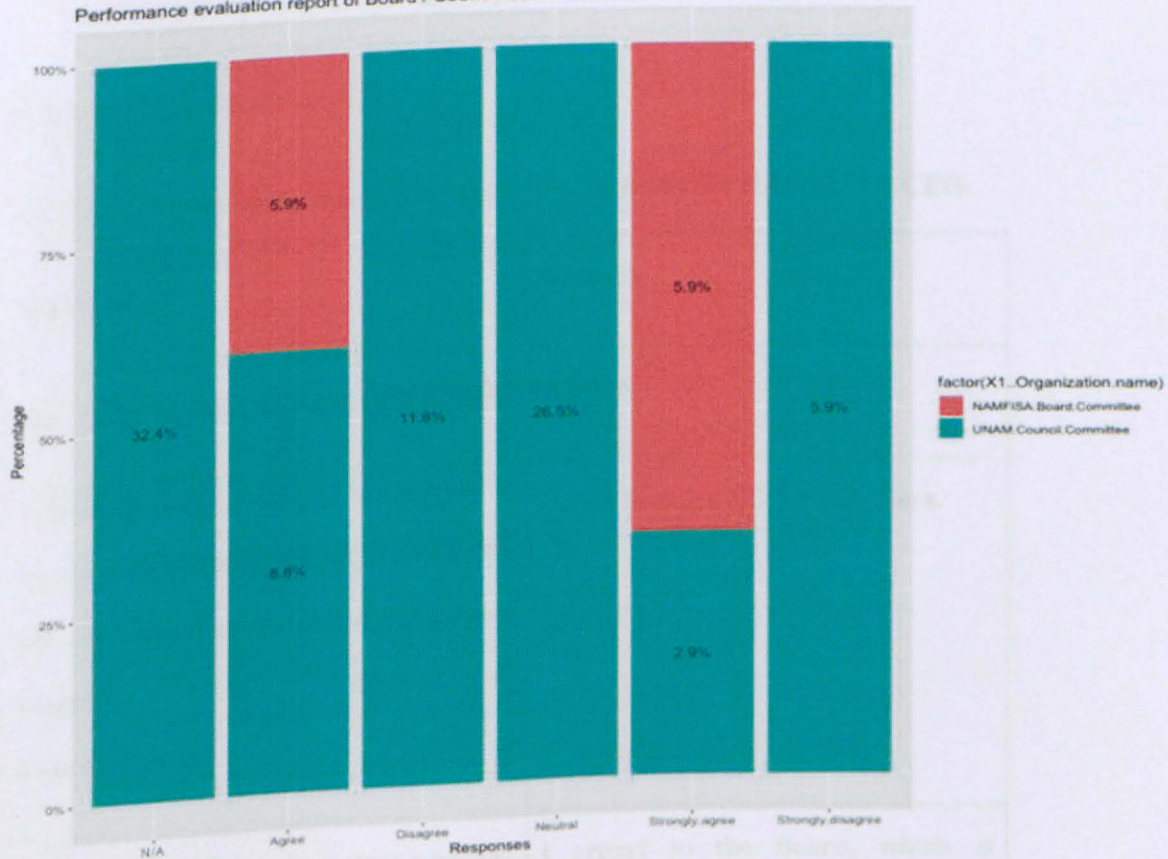


Figure 4.106. Performance evaluation report of Board / Council Committee is submitted to Board / Council (Y44)

The graph shows 5.9% of NAMFISA board committee members strongly agreeing that the annual performance evaluation reports of committees are submitted to board and 5.9% agreeing. It further shows about 32.4% of UNAM council committee members saying that the submission of the annual performance evaluation reports of committees to board is not applicable, 26.5% neutral, 11.8% disagreeing, 8.8% agreeing, 5.9% strongly disagreeing and 2.9% strongly agreeing.

4.3.1 NAMFISA CEO

Table 4.1: The questions and answers from the interview held with NAMFISA's CEO.

Questions	Answers
SECTION A: INTRODUCTORY INFORMATION	
1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Board/Council Chair/CEO/VC)?	I have been a CEO for two years.
2. Could you tell me about your reporting structure?	I report to the Board, which is appointed by the Minister of Finance.
3. How staff members directly report to you (as Board/Council Chair/CEO/VC)?	Five (5) staff members report directly to me, and 160 indirectly.
4. How many members does Board/Council have?	Five (5) members.
SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE	
Now I would like to know more about Corporate Governance Principles at NAMFISA/UNAM.	

5. Has the Board/Council adopted principles of NamCode in its operations?	Yes.
6. Do you think Council/Board members are fully aware of the importance of Corporate Governance in an institution?	Yes.
7. What measures or systems has the Council/Board put in place to ensure that the institution implement the following:	
a) Risk Management Risk	Management Committee at operational level and Audit and Risk Committee at Board level.
b) IT Governance	IT Steerco committee at Operational Level and Audit and Risk Committee deals with IT governance issues.
c) Board/Council Performance Evaluation/Assessment	Board assessment conducted by the Head: Governance risk and compliance.
SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE.	

8. Do you think Board/Council has put in place a sound and effective Risk Management Framework for the institution?	Yes.
9. Does the institution have a Risk Management Policy approved by the Board/Council in place?	Yes
10. Do you think Risk Management is a priority on the Board/Council agenda?	Yes, always discussed at Board meetings.
11. Does the Board/Council has a Committee dedicated to Risk Management issues in place?	Yes, the Audit and risk committee.
12. Does the institution have a Risk Register approved by the Board/Council in place?	Yes, there is an electronic risk register.
13. Are there quarterly reports/update on risk issues provided to Board/Council?	Yes, the risk office prepares reports quarterly to board.
14. Do you think the Institutional Structure is adequate to ensure effective risk management and why?	Yes.
SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE	

15. Does the institution have Information Technology (IT) Governance Framework approved by the Board/Council in place?	Yes, the institution has the COBIT framework approved by the Board.
16. Does the institution have Information Technology (IT) Governance Policy approved by the Board/Council in place?	Yes
17. Do you think both IT Governance Framework and Policy are effective?	Yes, they are effective.
18. Do you think IT Governance is a priority on the Board/Council agenda?	Yes, it's a standing item on the board agenda.
19. Does the Board/Council has a Committee dedicated to IT Governance issues in place?	Yes, the Audit and Risk Committee
20. Are there quarterly reports/update on risk issues provided to Board/Council?	Yes, through quarterly board meetings.
21. Do you think the Institutional Structure is adequate to ensure effective IT Governance and why?	Yes.
SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT	

22. Does the institution have a Strategic Plan approved by the Board/Council in place?	Yes
23. Does the institution have a Structure approved by the Board/Council in place?	Yes
24. Is there a Board/Council Charter (ToRs) in place and who approved it?	Yes, and it is approved by the line minister.
25. Do you think Board/Council's processes and decision-making procedures are clearly stated in the Board/Council Charter/ToRs?	Yes
26. Does the Board/Council have a Workplan in place derived from the Strategic Plan as approved by the owner?	Yes, the Board has a yearly work plan in place approved by the minister.
27. Do you think the Board/Council's Workplan is effective?	Yes, it is effective, as it is treated as a living document.
28. Does the Board/Council have an annual meeting Calendar in place?	Yes.
29. Do you think the Board/Council follows the annual meeting Calendar for its meetings?	Yes.

30. Who appoints Board/Council members?	Minister of Finance
31. Do you think Board/Council members are appointed independent of CEO/VC's involvement?	Yes.
32. Do you think it is necessary for Board members to be appointed without involvement of CEO/VC? And why?	Yes, it is Good Corporate Governance practice.
33. Does the Board/Council comprises of majority non-executive directors or executive directors?	The Non-executive directors.
34. What are your views on the independence of directors?	The Board should have a majority of Independent directors so as to enhance the effectiveness and objectivity of the Board.
35. Does the Board/Council has members coming from marginalised groups?	Yes.
36. Do you think it is necessary to have people from marginalised groups as Council/Board members? And why?	Yes, to represent the interest of marginalised communities and for inclusivity.

37. Do you think Council/Board members are satisfied that they receive timely information from the VC/CEO?	Yes.
38. Do you think Council/Board members feel accountable for institutional performance?	Yes.
39. What is the Council/Board size and is this a right to ensure corporate governance at the institution?	Consists of 5 members and yes, they can ensure effective governance.
40. What are your views on the cohesiveness amongst the Board/Council members?	They have a Healthy relationship.
41. Does Board/Council have Committees that assist it with execution of its fiduciary duties?	Yes, there is Legal and Supervisory Committee, Remuneration Committee and the audit and risk committee.
42. How many Board/ Council Committees are there?	3 committees.
43. Does each Board/Council Committee have a Charter/ToRs approved by the Board/Council?	Yes.

44. Is each Board/Council Committee chaired by a Board member?	Yes.
45. How would you describe the effectiveness of Board/Council Committees?	Very effective because the organisation is performing well through their leadership and oversight.
46. Are Board/Council Chairperson and CEO/VC different persons?	Yes.
47. Why is there a separation of role between the Board/Council Chairperson and CEO/VC important?	To protect the shareholders' interests.
48. Does the Board/Council appoints CEO/VC?	Yes.
49. Does the Board/Council appoints CEO/VC?	Yes.
42. Does the Board/Council appoints CEO/VC?	Yes.
43. Does the Council/Board appoints the Company Secretary/Governance Executive	Yes.

(Registrar) to assist it with respective Governance Issues?	
44. Does the Council/Board appoints the Internal Auditor to assist it with respective Governance Issues?	Yes.
45. Does the Board appoints Assistant CEOs and General Managers or Council PVC/Bursar and Librarian?	No, ACEO are appointed by CEO in consultation with HR Committee, and GM are appointed by ACEO in consultation with the CEO.
46. Does the institution have a succession plan approved by the Board/Council in place?	Talent management policy in place.
47. Does the institution have a performance management system in place?	Yes.
48. Does the Board/Council have the performance assessment of both the CEO/VC and Company Secretary/Governance Executive (Registrar)?	Yes.
49. Does Board approves salary structure of the CEO/VC and Senior Executive	Yes, however, the CEO salary is approved by Board in consultation with the portfolio minister.

Management without their (CEO/VC/Management) involvement?	
50. Does the institution have a Delegation Framework approved by the Board/Council in place?	Yes.
51. What are your views on the effectiveness of the Delegation of Authority Framework?	Board has the oversight of the authority, and delegates the operational decision making to the CEO. This delegation is documented in a Delegation of Authority, to ensure effective decision-making process, and Good governance.
52. Does the Board/Council undertake annual audits to assess how delegated powers is exercised by the CEO/VC and Executive Committee/VC-MC?	No, the Delegation of Authority is reviewed on a bi-annual basis.
53. Do you think Board/Council have full control and ownership over its meeting agenda?	Yes.
54. Is there an annual Board/Council Performance Evaluation done to assess the Board/Council Effectiveness?	Yes.

55. Who does and how is the annual Performance Evaluation of the Council/Board done?	Self-Evaluation.
56. Is there an annual Performance Evaluation for individual Council members?	Yes.
57. Who evaluate the Chairperson of Board/Council? And is this good for governance?	External consultants and yes, it's a good evaluation method.
58. Does the Board/Council submit its Performance Evaluation Report to the owner?	Yes.
59. Are you a non-executive director?	Yes.
60. Any additional comment, on what may be needed to improve Corporate Governance at NAMFISA/UNAM/?	N/A

4.3.2 UNAM COUNCIL'S CHAIRPERSON

Table 4.2: The questions and answers from the interview held with the UNAM Council's

Chairperson

Questions	Answers
SECTION A: INTRODUCTORY INFORMATION	
1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Council Chair).	Nearly 3 years.
2. Could you tell about reporting structure of the Council and you as a Chairperson?	The UNAM Council structure is different from the rest of SOES. The chairperson reports to Council which is elected in accordance with the UNAM Act.
3. How many members does Council have?	By law there are 24 members. This is unique for UNAM's own sake. Currently there are 23 members. The 6 of 23 members are appointed by the president. The two permanent secretaries (PS finance & PS High Education) are by default.
SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE	
Now I would like to know more about Corporate Governance Principles at UNAM.	

4. Has the Council adopted principles of NamCode in its operations?	NamCode came in existence in February 2013. However full compliance thereto is required only for listed companies. According to a Thesis by PWC on Unam in 2016, there are a number of principles in NamCode that are complied with, but some are not.
5. Do you think Council members are fully aware of the importance of Corporate Governance in an institution?	They are fully aware.
6. What measures or systems has the Council put in place to ensure that the institution implement the following:	
a) Risk Management Risk	There are full pledged processes of risk management that entails identification, ranking threatened.
b)	IT governance is a work in progress and council is responsible for IT governance.
c)	N/A
SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE.	

7. Do you think Council has put in place a sound and effective Risk Management Framework for the institution? If yes, how?	I cannot recall if there is any framework in place. However, that is just a matter of substance and form because risk is always part of the Board agenda.
8. Does the institution have a Risk Management Policy approved by the Council in place?	There is a policy falling under the custody of the chief risk officer.
9. Do you think Risk Management is a priority on the Council agenda?	The risks are always presented with their mitigating measures at board meetings.
10. Does the Council/Board has a Committee dedicated to Risk Management issues in place?	There is an Audit Committee that take care of risks.
11. Does the institution have a Risk Register approved by the Council in place?	Yes, there is a risk register in place.
12. Are there quarterly reports/update on risk issues provided to Council?	Quarterly reports/updates on risk issues are provided every time at meetings.
13. Do you think the Institutional Structure is adequate to ensure effective risk management and why?	The institutional structure is adequate because it includes a chief internal auditor, who oversees risk management, however there is room for improvement. Also, there is a need for succession planning to ensure that the person to fill that position does not always come from outside when the incumbent leaves.

SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE

14. Does the institution have an Information Technology (IT) Governance Framework approved by the Council in place? If yes, which framework is the institution using?	Yes, the institution is using the IMS framework which is a new system (replaced the old one). However, there were challenges with this new system and it was recommended that the institution reverts back to the old system.
15. Does the institution have Information Technology (IT) Governance Policy approved by the Council in place?	The institution does have a policy approved by the council on the 30 September 2016.
16. Do you think both IT Governance Framework and Policy are effective?	To a certain extent. Various aspects are working, but nothing came from council.
17. Do you think IT Governance is a priority on the Council agenda?	Yes, it is a priority. The system which is the backbone of the IT system has always been part of the council agenda.
18. Does the Council has a Committee dedicated to IT Governance issues in place?	There is a policy. This policy falls under the approval of the chief risk officer.
19. Are there quarterly reports/update on IT provided to Council?	Yes, but IT is something that can be improved. This includes reporting on same.
20. Do you think the Institutional Structure is adequate to ensure effective IT Governance and why?	Yes, there is leadership from IT that comes to council to report. There are great resources within UNAM. No evidence to justifying the doubt over their capabilities to deliver.

SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT	
21. Does the institution have a Strategic Plan approved by the owner on recommendation of Council in place?	Yes, there is strategic plan approved by council, without the owner, because the act says the council is the highest body informed by the national operations which reflect the owner's desires.
22. Does the institution have a Structure approved by the Council in place?	Yes, including appointment of executive leadership.
23. Is there a Council Charter (ToRs) in place and who approved it?	Yes.
24. Do you think Council's processes and decision-making procedures are clearly stated in the Board Charter/ToRs?	Yes, very clearly stated.
25. Does the Council have a Workplan in place derived from the Strategic Plan as approved by the owner?	Yes, but not strategic.
26. Do you think the Council's Workplan is effective?	Yes, but not static.
27. Does the Council have an annual meeting Calendar in place?	Yes.
28. Do you think the Council follows the annual meeting Calendar for its meetings?	The Council follows an annual meeting calendar, having four meetings annually.

29. Who appoints Council members?	Six (6) of the council members are presidential appointees the rest are prescribed in terms of the University act.
30. Do you think Council members are appointed independent of VC's involvement?	I am not too sure. I cannot confirm if they are appointed without management involvement. Maybe management may recommend, but the owner may use own discretion.
31. Do you think it is necessary for Council members to be appointed without involvement of VC and why?	It is very important that the Vice Chancellor is not involved in the appointment of Council members. The Council is responsible for governance which includes the oversight function over management, hence, any management member including the VC should have no say in the appointment of their bosses. Furthermore, one should not be a board/council member on recommendation of the VC or anyone he supervises. This principle would guarantee objectivity and independence of council members, which if compromised would lead to compromised independence collusion and corruption.
32. Does the Council comprises of majority non-executive directors or executive directors?	Nine (9) of Council members are executive and the rest are non- executive including two (2) student leaders. The two student leaders are regarded non-executive because of their

	unique interest and positioning in council. Further student leaders' contribution and continuous membership is needed.
33. What are your views on the independence of directors?	The independence of directors in any boardroom depends on the chairperson. In the case of UNAM the non-executive directors who include the chairperson are very independent. However, any of the executive can as well become the chairperson of the council and this is not illegal in terms of the UNAM Act.
34. Does the Council has members coming from marginalised groups?	None.
35. Do you think it is necessary to have people from marginalised groups as Council members? And why?	No, people must not get on boards on the basis of marginalisation. Such people may be included but it should not be a must.
36. Do you think Council members are satisfied that they receive timely information from the VC?	Yes, Council members are satisfied that they receive timely information. Moreover, UNAM is a matured institution where there is compliance, information is often well packaged and members always get what they have asked for. In addition, there has never been conflicts among the council members or between council members and management or disagreements leading to voting during

	council meetings and this is because of the centrality of prayers: - All meetings start with prayers with regards to those that are not Christians if any. - In governance tough decisions are made hence a prayer is a guiding tool. - When God is called in to the deliberations, wisdom prevails in the decision making. - Prayers enhance truth, integrity, fairness and divine wisdom which cannot be by members own doing.
37. Do you think Council members feel accountable for institutional performance?	Yes, council members do not only feel accountable but they take accountability for institutional performance. Every time in meetings the VC presents a report on the implementation of the strategic plan.
38. What is the Council size and is this a right to ensure corporate governance at the institution?	The Council consist of 24 members. A composition with its own pros and cons. One of the pros is that with such a number one never lacks a quorum. The cons include the

38. Why is the separation of roles between the Council Chairperson and the Chancellor important?	possibility of having council members participating in the recruitment process for a position equivalent to his or hers or even higher.
39. What are your views on the cohesiveness amongst the Council members?	There is cohesiveness, but the leader has responsibility to ensure cohesiveness is brought back when it falls and rise. UNAM Council of boards with most PHD holders.
40. Does Council has Committees that assist it with execution of its fiduciary duties?	Yes.
41. How many Council Committees are there?	Eight (8) committees.
42. Does each Council Committee have a Charter/ToRs approved by the Council?	The Council Charter/ToRs applies to committees.
43. Is each Council Committee chaired by a Board member?	Yes.
44. How would you describe the effectiveness of Council Committees?	The Council committees are effective, but can be improved. However, staff members that serve on committees sometimes are absent leading to cancellation of meetings.
45. Is Council Chairperson and Vice Chancellor different persons?	Yes.

46. Why is the separation of roles between the Council Chairperson and vice chancellor important?	The VC is responsible for implementing the strategic plan of Council and day to day operations of the institution. The Chairperson provides oversight and Council provide oversight function.
47. Does the Council appoint the VC?	Yes.
48. Does the Council appoints the PVCs, Company Secretary (Registrar)/Governance Executive (Internal Auditor)/Librarian and Bursar to assist it with respective Governance Issues?	Yes, but not the Internal Auditor who is appointed by the by the VC on delegation. However, the Audit Committee is involved.
49. Does the institution have a succession plan approved by the Council in place?	No, because UNAM is a dynamic institution especially as far as the VC position is concerned. Perhaps succession can work for the rest of the positions and not VC.
50. Does the institution have a performance management system (PMS) in place?	No, there is no formal. However, the institution has been working on PMS since 2016. The roll out is expected.
51. Does the Council do the performance assessment of both the VC and Company Secretary/Governance Executive (Registrar)?	A decision has been made to enter into a performance agreement with the VC. Thereafter, VC will be expected to enter into PA with his subordinates.
52. Does Council approves salary structure of the VC and Senior Executive Management	The salary of VC is approved by the Council, while the salary of executive management is

without their (VC/Management) involvement?	approved by the VC on the basis of the delegated authority and in accordance with a pre-approved salary scale. However, any salary increment despite the level is approved by the council. Management leads negotiation for salary increment, and once a specific percentage has been agreed upon this becomes of a general application to all employees including management. Whether this is the best practice or not in light of possible conflict of interest is a matter of academic debate.
53. Does the institution have a Delegation Framework approved by the Council in place?	Yes.
54. What are your views on the effectiveness of the Delegation of Authority Framework?	Very effective.
55. Does the Council undertake annual audits to assess how delegated powers is exercised by the VC and VC-MC/Executive Committee?	The University of Namibia has a Chief Internal Auditor who is unlimited in his/her functions. Annual audits are done to assess how delegated powers are exercised, and are often deemed as part of compliance audits, carried out in terms of the annual audit plan.

56. Do you think Council have full control and ownership over its meeting agenda? If yes, how?	Yes, Council has full control and ownership over its agenda. As chairperson on the 7th of September 2018, I called on other Council members to start participating and providing input to the agenda formulation. Further, the chairperson approves the final agenda and the strategy going forward is to have the draft agenda send to all members for input before the review and settlement by the council chairperson. Also, the agenda is to contain is to contain no more than six (6) items.
57. Does UNAM have a Council Performance Assessment Policy?	UNAM does not have a Council performance assessment policy in place. But it is needed although its value <i>visa-vis</i> the cost of conducting the assessment. The assessment is useful for the board setup whose members are appointed by the minister but this may not be of great value for unam council whose members are statutory prescribed and the rest are presidential appointees.
58. Is there an annual Council Performance Evaluation done to assess the Council Effectiveness?	There is no formal Council performance assessment but members do provide each other with feedback on their performances, albeit informal. The formal one is however needed as recommended by experts.

59. Who evaluate the Chairperson of Council? And is this good for governance?	N/A
60. Does the Council submit its Performance Evaluation Report to the owner?	N/A
61. Does UNAM have Council Members' Remuneration Policy aligned to the Public Enterprises Governance Act and approved by the MHETI?	UNAM does not have a council member's remuneration in place. The current remuneration is very low compared to other SOEs; thus, the policy is needed.
62. Is there a Governance Agreement by the Council as well as Performance Agreements signed by individual members of Council?	There is neither a governance agreement between the Minister and the Council nor a performance agreement between individual Council members and the Minister because Council members are not appointed by the minister.
63. If answer to 62 is yes, were these agreements signed within 30 days from the day of appointment?	N/A
63. Does UNAM Council submit its financial and Business plan annually in accordance with Section 19 read with Section 20 of the Public Enterprises Act?	Yes, UNAM Council always submit the business and financial plan to the line ministry and in instances where there was non-compliance an explanation has been provided.

64. Does UNAM submit its Annual Report in accordance with Section 26 of the Public Enterprises Act?	Yes, UNAM Council always submit the annual report on time and where it has not been on time an explanation has been provided.
65. Are you a non-executive director?	Yes.
66. Any additional comment, on what may be needed to improve Corporate Governance at UNAM/NAMFISA?	UNAM must remain independent in terms of appointment of its council members but must be an accountable institution. People must be appointed on merit and with no regards to tribal affinity, candidate for appointment to board or council must be vetted. This is to prevent corrupt/ corruptible and manipulability character from becoming board members. Applications and interviews for board members, CEO and appointment for executive position must be public, there must be transparency in the selection process.

4.3.3 PERMANENT SECRETARY – MHETI (OWNER IRO UNAM)

Table 4.3: The questions and answers from the interview held with the Permanent

Questions	Answers
SECTION A: INTRODUCTORY INFORMATION	
1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Permanent Secretary of MHETI)?	I have been in this position as a Permanent Secretary for MHET, for almost four years now.
2. Could you tell about reporting structure of the Council and you as a Chairperson?	There are two type of reporting; one being there is the official reporting to Secretary to Cabinet and daily (administrative) to Minister.
SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE	
Now I would like to know more about Corporate Governance Principles at UNAM.	

3.	Is MHETI aware whether UNAM Council has adopted principles of NAMCODE in its operations?	Yes, MHETI is aware. Plus I am a member of the UNAM council, hence can confirm that the UNAM council has adopted principles of NamCode.
4.	Is MHETI aware whether UNAM Council has Frameworks in place for the following?	
	a) Risk Management Risk	Yes, but the MHETI has not seen extender, discussed allowing something recently talked about at the last council meeting on the 7 th September 2018.
	b) IT Governance	The MHETI is not aware whether UNAM council has a framework in place for IT governance.
	c) Board Performance	The MHETI is not aware, however two years ago there was a discussion on the importance of having a framework in place on the council/board performance evaluation/assessment.
SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE.		
5.	What is the view of MHETI on the effectiveness of the Risk Management	The MHETI believes that the risk management framework implemented by

Framework implemented by UNAM (If any)?	UNAM is effective, this because risk management must be a component of each meeting.
6. Is MHETI aware if UNAM Risk Management Policy approved by the Council in place?	Not sure if there is policy approved by the council is in place, but there is portfolio that look after risk.
SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE	
7. What is the view of MHETI on the effectiveness of the IT Governance Framework implemented by UNAM? (If any)?	MHETI has not form a view on this, but there concerns with the current IT system at the institution.
8. Is MHETI aware if UNAM IT Governance Policy approved by the Council in place?	MHETI is not aware.
SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT	
9. What is the view of MHETI on the effectiveness of the Council Performance Assessment Framework implemented by UNAM? (If any)?	UNAM does not have a council performance/assessment framework in place.
10. Does UNAM have a Council Performance Assessment Policy?	UNAM does not have a council performance assessment policy in place, hence no

	performance assessment is conducted for council members.
11. Who does the performance assessment of the Council and how frequent is it done?	No
12. Does the Council Performance Assessment Report get to be submitted to MHETI?	No
13. Does UNAM have Council Members' Remuneration Policy aligned to the Public Enterprises Governance Act and approved by the MHETI?	I am not aware whether UNAM have a policy that guides council members' remuneration. Such policy needs to be aligned to the public Enterprises Governance Act and ought to be approved by the MHETI.
14. Is there a Council Charter (ToRs) approved by MHETI?	No
15. Is there a Governance Agreement by the Council as well as Performance Agreements signed by individual members of Council?	No

16. If answer to 16 is yes, were these agreements signed within 30 days from the day of appointment?	N/A
17. Does UNAM has a Strategic Plan approved by MHETI?	Yes, UNAM does have a strategic plan. However it is approved by MHETI, I do not recall that.
18. Does UNAM Council submit its Financial and Business Plan annually in accordance with Section 19 read with Section 20 of the Public Enterprises Act?	UNAM does partially comply with Section 19 & 20 of the PEG Act by submitting a summary of the budget accompanying a business plan. However, such submission is usually not for approval, as the budget is always approved by the council.
19. Does UNAM Council submit its Annual Report in accordance with Section 26 of the Public Enterprises Act?	Yes, although not always on time.
20. Does UNAM Council have a Workplan in place derived from the Strategic Plan as approved by MHETI?	UNAM council does not have a work plan for the council, but there is one for the institution in general.

21. Who appoints Council members? And are they appointed without involvement of VC/ Management?	There is a challenge with UNAM Act. Under the current arrangement the President of the Country appoints and the line Minister has no role to play, however s/he oversees the institution. This is may be an anomaly for governance.
22. Who appoints the Council Chairperson and is s/he appointed without involvement of VC/ Management?	The chairperson is elected as prescribed by the UNAM statutes.
23. Does MHETI think it is necessary to appoint Council members without the involvement of VC and why?	Yes, the MHETI thinks it is necessary to appoint council members without the involvement of the vice chancellor. This is because the council is accountable to the shareholder and VC and entire management is accountable to Council. If management is involved in the appointment of council, this would lead to absurdity and would defeat primary intention of governance.
24. Does Council comprises of majority non-executive directors or executive directors?	Yes, council comprises of majority of executive directors.

25.	Depending on the answer under 30, is the composition sufficient to guarantee independence of directors?	It does not guarantee independence because most of the executive directors cannot freely participate in the discussions because of fear of being opposed to their seniors. Therefore, executive directors often outvote the non-executive directors.
26.	Does the Council have members coming from marginalized groups?	No views on whether the council has members coming from marginalized groups.
27.	Does MHETI think it is necessary to have people from marginalized groups as Council members? And why?	Yes, the MHETI does believe it is necessary to have people from marginalized groups as council members for perspective diversity.
28.	Does MHETI think Council takes accountability for institutional performance?	Yes, the MHETI does believe the council takes accountability for institutional performance.
30.	Does MHETI think the Council's size is right to ensure corporate governance at UNAM?	No comment with regard to this one.
31.	Are Council Chairperson and VC/CEO different persons?	Yes, council chairperson and Vice Chancellor are different persons with different roles in the governance of the institution.

32. Does MHETI think a separation of role between the Council Chairperson and VC important is necessary and why?	Yes, Very important.
33. Any additional comment, on what may be needed to improve Corporate Governance at UNAM/NAMFISA?	The UNAM Act needs to be amended in order to align it with Public Enterprises Governance Act. Council members need to enter into both governance and performance agreement. The institution needs to implement performance for its council members and across the institution.

4.4 DISCUSSIONS

The presence of sound corporate governance is the security for every investor or shareholder. The existence of self-regulating processes and systems in a given institution is key to guaranteeing sound corporate governance. As indicated under chapter 1, this thesis sought to investigate the extent to which the King reports have influenced the corporate governance landscape in Namibia, through the corporate governance Code called NamCode. The thesis put specific focus on Risk Management, IT Governance and Board Performance Assessment at the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the University of Namibia (UNAM). The thesis had two main questions. However, the researcher endeavoured to expand the research questions, by formulating sub-sections that formed either part of the questionnaires or interview guides. Below are the research questions accompanied by themes

formulated on the basis of sub-questions, aimed at ensuring comprehensive responses of each main question.

4.4.1 To what extent has NamCode and by extension the King III report influenced corporate governance at NAMFISA & UNAM?

The results of the thesis show that both NAMFISA and UNAM have to a certain extent adopted NamCode as a code of corporate governance in their business operations. Half of NAMFISA board members agreed that NAMFISA has adopted the principles of NamCode and another half disagreed. Also, half of the committee members said they are extremely aware and another half said that they are moderately aware of the principles of NamCode.

As for the majority of UNAM Council's respondents, they agreed that UNAM has adopted the principles of NamCode. Equally the majority of respondents under the UNAM Council's committees indicated their awareness of the principles of NamCode.

4.4.2 How have NAMFISA and UNAM institutionalised risk management, its governance and board performance assessment as recommended by both NamCode and King III report?

4.4.2.1 Risk Management in Corporate Governance

The main purpose of risk governance is that of reducing volatility of entity value (Nance, Smith & Smithson, 1993). It is a process that minimises threats while maximising opportunities as well as optimising strategic objectives (Rorvik, 2013). Through this process the likely cost resulting from the financial distress is often reduced, giving an entity a competitive advantage. According to Geessink (2012) the reality associated with uncertainties can be harmful to a Public Enterprise or any other entity.

a) Risk Management Framework & Policies and their effectiveness

The results of the thesis show half of NAMFISA Board members saying that the institution has fully institutionalised risk management and another half saying it has not. In respect of UNAM, three equal groups of respondents provided varying responses respectively: one group is saying the institution has institutionalised risk management fully, another group saying the institution has partially institutionalised and another saying that risk management is not applicable at the institution. Taking the full and partial responses altogether, it comes out that that majority confirmed that UNAM has institutionalised risk management.

All NAMFISA board members agreed that the risk management framework in place at the institution is sound and effective. Also, the majority of the UNAM Council members agreed that the institution has a sound and effective management framework in place. Furthermore, all NAMFISA Board respondents confirmed the existence of a board approved risk management policy at the institution. The majority of UNAM Council respondents also confirmed the existence of the same at the institution.

At the board committee levels, all NAMFISA Board Committee respondents agreed that they are applying the risk management principles and implementing the risk management framework as approved by the board. Also, the majority of NAMFISA respondents agreed that board committees are implementing the risk management policy approved by the board. On the other hand, the majority of UNAM Council Committee members equally agreed that risk management principles are applied at UNAM as well as that both risk management and risk policy as approved by Council are implemented at committee levels.

In addition, while NAMFISA could clearly identify the risk management framework it has adopted in its risk management governance, as COBIT 5, while the majority of UNAM respondents confirmed the existence of risk management governance, they struggled to ascertain the name of the same. Some of the respondents were however fast to indicate that

such a framework entails the process of risk identification and treatment. It also came out clear that the form is really not what matters, but rather the measures in place to manage the risks. Evidently, the approach adopted by both NAMFISA and UNAM set them in the best course of action to manage uncertainties facing the two institutions by identifying, assessing, understanding, acting on and communicating risk issues (Karen, 2008). There are various risk management frameworks developed, including but not limited to Traditional Risk Management (TRM) and Enterprise Risk Management (ERM). According to Geessink (2012) ERM focuses on both operational and strategic risk and this appears to be the case at both UNAM and NAMFISA. Moreover, COSO ERM, ISO 31000 and COBIT 5 are some of the frameworks that are part of the ERM. The ERM would help the institutions to achieve their goals, both strategic, operational, reporting and compliance (COSO, 2004).

b) Risk Registers and Committees dedicated to risk issues?

The results of the thesis show half of NAMFISA's board respondents in addition to the majority of the Board committee members have agreed that NAMFISA has a risk register in place approved by the board, albeit it being in an electronic form. On another hand, half said that a risk register is not applicable at NAMFISA. On the UNAM side, the majority of the UNAM Council members who participated took a neutral stand on whether there is a risk register in place approved by council at UNAM. However, the majority of the council members agreed that such a document is in existence. Such a register contains the top 10 (ten) risks and along with it the mitigating actions are presented at each council meeting. All the risks contained in the risk registers of the two institutions are of a strategic nature which directly relate to the overall institutional strategy and are also difficult to insure (Geessink, 2012).

Looking at the responses provided by the NAMFISA board committee members, the majority have agreed that NAMFISA has a risk register in place approved by the board and further that board committees were always involved in the development and/or review of the same. In a

twist, the majority of the UNAM council committee members also agreed that there is a risk register approved by council at UNAM, but underscored that council committees are rarely involved with the development and/or review of the same.

Regarding the existence of a dedicated board committee to deal with risk issues, all NAMFISA respondents from the board category agreed that such a committee exists while the majority of UNAM Council members that participated under the council label, took a neutral stand. Despite the neutral position preferred by the council members, the researcher could further establish that UNAM's has an Audit and Risk Committee amongst its council committees. In any event this is similar to the committee that NAMFISA has.

Furthermore, the establishment of the Audit and Risk Committees by the two institutions is consistent with the conclusion that effective risk governance is only possible if aligned to the strategic processes and built into the decision-making structures (Peter, Gjerdrum and Peeling, 2009).

c) Risk Management Reporting and Inclusion on Institutional Structure

All NAMFISA's board members and the majority of UNAM council members have agreed that they are provided with quarterly reports or updates on risk issues. Further that although the organisational structures of the two institutions do not specifically provide for the position of the Chief Risk Officer respectively, the role exists under different titles. At NAMFISA, the role is under a position of Head: Governance and Risk, which has a dual reporting line such as to the Board and CEO. UNAM on the other hand has a Chief Internal Auditor, but does not functionally and formally report to the Audit and Risk Committee. In the views of the majority of the respondents, the two positions fulfil the roles that the Chief Risk Officer would in any event be performing. The position of the Chief Risk Officer or Chief Internal Auditor or its equivalent serves as ears and eyes of both the NAMFISA board and UNAM Council. Both institutions have expressed that they are confident of the adequacy and effectiveness of their

structures in the management of risk, at all levels and in all forms. This culture confirms the assertion that risk management should be a continuous process involving assessment of risks, reducing the potential that an adverse outcome will occur as well as putting steps in place that will deal with any event that does or may occur (Treasury Board of Canada, 2001).

d) Risk Management as a governance priority

All of the NAMFISA's board members and the majority of the UNAM council members said that risk management is a governance priority. At the board/council committee levels, the majority of the members and respondents also confirmed that risk management is a governance priority.

Furthermore, there was evidence of the approval of risk management frameworks, risk management policies, risk registers, establishment of Board Risk Committees and/or Board Audit and Risk Committees. Also, organisational structures providing for a Chief Internal Officer/Head: Governance and Internal Audit by both the UNAM Council and NAMFISA Board. To ensure monitoring, the board is provided with quarterly risk reports at every governance meeting. These are indisputable facts that risk management enjoys priority at the two institutions. The above-mentioned reports on risk management are always part of both Council and Board agendas. The approach adopted and the importance attached to the management of risk by the two institutions set them the best course of action as far as risk management is concerned.

As a matter of governance, at every NAMFISA Board meeting, risk is always part of the agenda, underpinning the importance attached thereto. The top ten (10) risks are also always part of UNAM Council meetings.

4.4.3 IT GOVERNANCE

a) IT Governance Framework & Policy and their effectiveness

All NAMFISA Board members said yes to NAMFISA having an effective IT Governance Framework and IT policy approved by the board in place. The majority of the UNAM Council members also answered in the affirmative regarding UNAM having an effective IT Governance Framework and IT Policy approved by the council in place. However as far as the question of effectiveness of the IT Governance Framework and IT policy at UNAM is concerned, the majority of UNAM Council members opted for neutrality.

Apart from the committee members of both two institutions confirming the existence of both an IT governance framework and IT governance policies, as far as application of the IT governance principles is concerned, half of the NAMFISA Board committee members said that they are always applying the same while another half said it applies them often. Equally the majority of the NAMFISA Board committee members confirmed that they are involved in the development of both an IT governance framework and policies. The majority of UNAM Council committee members said they somewhat apply the IT governance principles. On effectiveness, the majority of the committee members from NAMFISA said it is very good, while at the UNAM Council, committee members said it is fair. The majority of UNAM Council committee members also said they are involved with the development of the IT framework and IT policies.

The findings above confirmed the conclusion that IT governance is the life and blood of their institutional governance frameworks (Sherer, 2004; Bouraad, 2010; Frey and Buxmann, 2011; Rodriguez and Juiz, 2014). COBIT 5 is still the framework used by NAMFISA for its IT governance. According to (Information Systems Audit and Control Association, 2012) COBIT 5 is the model often used in the management of IT related risk. Olundegun (2018) amplified the foregoing by concluding that Cobit 5 is a foundational enterprise IT governance framework.

UNAM approved the IT Policy on 30 September 2016. UNAM previously had an information management system, but replaced it with a new one sometimes in the course of 2017. The new IMS proved to be troublesome during the implementation, resulting in hampered operational efficiency. This prompted the Council to establish a special committee to investigate the challenges associated with the new system. The committee made its findings and submitted its recommendations to Council and this led to a governance decision for the institution to revert back to the old ITS system.

This experience leaves a question whether UNAM's IT governance framework is intact and effective to mitigate all possible risks inherent in the IT space. Presumably this is the reason why the majority of UNAM respondents preferred a neutral stand as far as the effectiveness on the question was concerned. NAMFISA however appears to be confident with the effectiveness of its IT regulatory environment.

b) IT governance as a priority

According to Rubbers, Peterson and Parker (2002), boards and professional executives of institutions have started to accept the value addition of IT which is beyond the mere operation of IT itself, but more about how IT assets are governed and managed. The results of the thesis show that all NAMFISA Board members agreed that IT Governance is a priority on the NAMFISA board agenda. Also, majority of UNAM Council members agreed that IT Governance is a priority on UNAM Council's agenda.

At UNAM, IMS is regarded as the backbone of the IT governance system. This confirms the assertion that IT decision-making processes in many organisations have moved out of the back-office server rooms and has landed squarely within corporate and executive boardrooms (Peterson, 2004; Sethibe *et al.*, 2007). The practices at the two institutions are further consistent with the conclusions by Lunardi, *et al.*, (2009) that given the growing strategic importance of properly managed IT assets, combined with the fact that a high percentage of an organisation's

capital investment budget is spent annually on IT-related investment, IT governance has taken prominence.

According to the IT Governance Institute (2003) IT is an integral and inseparable aspect of most operations of almost any organisation. The foregoing, notwithstanding an IT portfolio needs to be consistently positioned in order to enable a strategic direction of the organisation (Keyes-Pearce 2002).

c) IT Strategies and Committees dedicated to IT related issues

According to Chew and Gotschal (2009) IT strategies have to do with the use of applications or software and other IT means that support the organisational business objectives. Further IT governance strives to create strategic alignment between the business strategy and IT strategy (Henderson and Venkertraman, 1999). The results of the thesis show that all NAMFISA Board members said yes to NAMFISA having an IT governance strategy approved by board in place. In the case of UNAM half of the Council members said yes to the institution having IT governance strategy approved by the board in place, while another half, said no.

The results further show half of the NAMFISA Board members having said yes while another said no to NAMFISA having a board committee dedicated to IT governance. Also, the majority of UNAM Council said no to UNAM having a committee dedicated to IT governance. What the thesis found however was that IT governance issues are dealt with by the Audit and Risk Committees, respectively.

As far as the application of the IT governance principles at committee levels is concerned, NAMFISA's Board committee members are applying evenly between always and often. On the other hand, the majority of UNAM Council committees members said that they apply IT governance principles sometimes.

d) IT reporting and inclusion on the institutional structure

Half of the NAMFISA board members said that NAMFISA's organisational structure provided for the position of Chief Information Officer while another half said may be. Majority of the UNAM Council members said that UNAM organisational structure provided for the position of IT director, a position equivalent to chief information officer.

As far as regular reporting on IT is concerned, the results point to existence of such reports at NAMFISA, provided to board. UNAM however indicated that this something that needs improvement.

Other than regular reporting it is also critical that an institution has adequate and knowledgeable IT support base in terms of human resources. UNAM Council indicated that it has been provided with assurance from management that IT resources in form of human capital are sufficient, hence as a governing body, Council has no reason to doubt the team's capability to deliver on the strategic expectations within the IT space. NAMFISA has equally expressed confidence over the adequacy and effectiveness of its institutional structure in the IT space.

4.4.4 BOARD OPERATIONS AND BOARD PERFORMANCE ASSESSMENT (A TOOL TO DETERMINE BOARD EFFECTIVENESS)

a) Strategic Plans and their approval processes

The results of the thesis show all members of NAMFISA Board having agreed that NAMFISA has a Strategic Plan approved by the owner. On the other hand, majority of UNAM Council members said that institution has a Strategic Plan, except that it was only approve by the council itself without the involvement of the owner.

The non-involvement of the owner in the approving of the institutional Strategic Plan at UNAM is attributable to the view dominant amongst the Council members that Council is the highest

decision-making body of the University, hence its decisions are not subject to the vetting of any person or organ, including the line ministry. The Council is also of the view that if the formulation of the Strategic Plan has been informed by other national policy documents, such as Harambee prosperity plan NDPs and Vision 2030, by extension this reflects the owner's wish. It is also a view that the *modus operandi* where the institution takes decision independently of the line ministry is a way of guaranteeing autonomy and academic freedom in any given academic institution.

This approach by the University of Namibia may be leaning towards Agency theory, which advocates for the separation between ownership and control of the corporation (Jensen and Meckling, 1976). This theory argues that as the corporation grows in size the owner start leaving the agents (corporate executives) who possessed expertise and knowledge run the business and gradually the agents gain effective control over the business (Mizrachi, 1983). As postulated by Ogbechie (2012) the owner has put has then put in place one of the effective internal control mechanism by appointing, the Council in order to ensure that the University management remain in check.

According to Fama and Jensen (1983), Board and in this case Council, would manage the separation between the ownership and control if there is a differentiation between initiation and decision implementation (done by management) as well as the ratification and monitoring role of the board. The board manages the agency problem by assessing the impact of the management's decisions on the owner's interest. This may also include ensuring that a Strategic Plan is aligned to the owner's interest (Alchian and Demsetz, 1972), in which instance the owner does not have be involved if the Board or Council is awake.

The results further show all NAMFISA board committee members having confirmed that they are always involved in the development/review of NAMFISA Strategic Plan. This means that board is involved in the formulation of strategic plan through provision of advice, refinement

of processes, initiating strategic changes, suggesting alternative options and probing managerial proposals (Zahra and Pearce, 1989; and Zahra, 1990). However, the majority of the UNAM council committee members said that they are rarely involved in the development/review of UNAM Strategic Plan. This implies a passive role in the formulation of the Strategic Plan on the side of the council and its committees. A situation often characterised by rubber-stamping culture (Golden and Zajac, 2001).

b) Organisational Structures and Strategic Delivery

The organisational structure is an important product of governance, because it is through the human capital appointed to and occupying various structural positions that the Council or Board would be able to achieve the organisational strategic objectives. The findings of the thesis are such that all NAMFISA board members agreed that institution has an organisational structure approved by board in place. Similarly, majority of UNAM Council members also agree that UNAM has an organisational structure approved by council in place.

c) Council/Board's TORs and Decision-Making Processes and Procedures

All NAMFISA Board members and committee members agreed that NAMFISA has ToRs for Board and its committees. Also, in case of UNAM Council members and Council Committees, majority of the members agreed that UNAM has Statutes which are regarded as Terms of Reference for Council and its Committees.

Generally, both the Charters and Statutes are providing for the Council and Board decision making processes and operational procedures. According to Ogbechie (2012), in his thesis titled: *"Key Determinants of Effectiveness Boards of Directors – Evidence from Nigeria"*, found that Board decision making is part of the Board operation.

d) Board/Council's Annual Workplan and Meeting Calendars

An Annual Council or Board Workplan (ACW/ABW) assist the Council or Board members as well as all internal stakeholders to know well in advance the business matters that they will be

dealing with or dealt at every Board meeting. The Annual Meeting Calendar (AMC) on another hand, either in the instance of where it is separate from the workplan or combined with same, highlights the dates when each meeting will be taking place throughout the financial year. Having these basic governance instruments in place, also contribute to transparency and openness in the Council and Board processes in as much as much as it contributes to constructive discussions at the Council and Board meetings.

According to the results of the thesis all NAMFISA Board members agreed that the board has both the Workplan informed by the institutional Strategic Plan and the Annual Meeting Calendar in place. Majority of the UNAM Council members adopted a neutral position as far the question of whether the institution has a Council Workplan is concerned, but agreed to the existence of an Annual Meeting Calendar being in place. At committee levels, majority of members in respect of both institutions, equally confirmed the existence of the Workplans and Annual Meeting Calendars, respectively. The findings therefore confirm the conclusion that transparency and openness in the conducting of Board and Council business lead to constructive discussions at meeting and ultimately enhance Board and Council effectiveness in decision making (Ogbechie, 2012).

e) Board/Council and Committees (appointment without influence, size, composition, theoretical basis of appointment)

In terms of Section 10 of the NAMFISA Act. No. 3 of 2001, read with Section 14 and 15 of the Public Enterprises Governance Act. No. 2 of 2006, board members are appointed by the line Minister, who is the Minister responsible for Finance. The portfolio Minister also appoints the Chairperson and Vice-person of the Board. Further, in terms of Section 10(3) of the NAMFISA Act, the Minister may also may also appoint alternate members if required. Sub-section 10(4) requires that after appointment, the names of persons appointed as board

members or alternate members, including their dates of appointment must be notified in the Gazette.

There is a five (5) member Board, including the Chairperson and vice-chairperson. The institution also has three (3) committees of the board, each comprising of two (2) board members. The board appoints members to board committees with a designated chairperson. Furthermore, in terms of Section 15(2) the Board may appoint as a member of a committee any person who is or not a member of the Board. However, in the instance of committee members who are not members of the Board, one must at least be a Board member. The board has three committees consisting of *Legal and Supervisory*, *Remuneration* as well as *Audit and Risk*. Each Committee is constituted by two members of the Board. The board is not absolved from any of its responsibilities on the basis that such a function is entrusted to the committee. The quorum rule follows the principle at the board level (sub-section 15(6) and 15(7)). The records in the form of minutes are submitted to the board after each committee meeting.

According to Section 9(1) of University of Namibia Act. No. 18 of 1992, the government and executive authority of the University of Namibia is vested in the University Council. UNAM has a 24-member Council. The appointment of the Council members is done in accordance with sub-section 9(2). The Council consists of the VC; three (3) PVCs, not more than six persons appointed by the Presidents of the Republic of Namibia; four members of Senate appointed by the Senate itself; two persons elected in the prescribed manner by the graduates of the University; the Permanent Secretary: Education and Culture; the Permanent Secretary: Finance. Also, one person appointed by the Municipality of Windhoek; one person elected in the prescribed manner by the administrative staff; one or two persons from other geopolitical areas, who are not resident in Namibia, as may be appointed by majority decision of the members of the Council referred to in paragraph sub-section 9(1)(a) –(i) on the account of their knowledge of, and experience in, matters relating to higher education; and two students

appointed by the Student Representative Council, subject to the recognition of the Student Representative Council in accordance with Section 15(1) of the UNAM Act.

In terms of sub-section 9(4), person(s) from other geopolitical areas as may be appointed, one person appointed by the Municipality and not more than six persons appointed by the President shall not be persons who are members of the academic or administrative staff of UNAM. Sub-section 9(5) provides that other than the VC, PVCs and two Permanent Secretaries, all members of the Council hold office for a period of three years, save in case of early resignation or vacation on the basis of any other prescribed ground.

The procedures and the quorum for a meeting of the Council is prescribed. The Council has eight (8) committees, namely Executive Committee of Council, namely, Audit, Finance, Human Resources, Honorary Degrees, Physical Planning, Staff Remuneration and Appeals Committee. The Committee with least membership consists of five (5) members and the one with the most consist eleven (11) members. The Council appoints its members to various committees and equally designated chairpersons. Only Honorary Degrees and Appeals Committee each has a member who is not a Council member.

The findings of the thesis indicate all NAMFISA board members having agreed that board members are appointed without CEO and/or management's involvement. Further that majority of the board members are non-executive directors making them independent. However, on the other hand majority of the UNAM Council members opted for a neutral stand on the question of whether council members are appointed with or without VC and/or management involvement. Notwithstanding they agreed that majority of them are non-executive directors, making independent. Also, the majority of the board/council committee members have agreed that they are appointed without involvement of the CEO/VC and/or management's involvement and are non-executive as way of guaranteeing their independence.

The above findings regarding the appointment of directors without involvement of management are consistent with preposition that directors 'independence is critical in assuring their objectivity for the purpose of monitoring the executive management team and thus reducing the executives' opportunistic behaviour (Baysinger and Hoskisson, 1990; O'Regan and Oster, 2005). If management plays a role in the appointment of the directors, this will lead to having mere rubber-stamping boards that would be acting on the dictation of management(s) and most likely to the contrary of the shareholder's wish list.

The thesis however found that only six (6) of the 24 members of the University of Namibia's Council are appointed, but by the President of the Republic of Namibia and the line minister plays no role in the appointment of the said members. This is a strange arrangement, making UNAM Council one of the very few governing bodies of Public Enterprises appointed by the President. For the rest of the public institutions where the President appoints the members of the governing bodies, for instance the Electoral Commission of Namibia and National Planning Commission, such bodies are not classified as Public Enterprises in terms of the Public Enterprises Governance Act. Act. 2 of 2006 and the manner in which the appointments are done for these institutions is different from how UNAM is doing it.

In term Section 9(7) of the UNAM Act, the Council appoints Chairperson and Vice-Chairperson of Council from amongst its members. For all intent and purposes, there appears to be inconsistencies between how UNAM Council members are appointed from the provisions under Section 14, read with Section 15 of the Public Enterprises Governance Act. Also, the number of council members exceeds the number prescribed under the said sections. Notwithstanding, this legislative limitation, the needs of the institution justify the size of the board required. For instance, if the need is service (advisory role), it requires a larger and more independent board to resource the CEO and top management team (Guest, 2008 and Ogbechie, 2012).

Furthermore, according to Baker and Gompers (2003), Guest (2008), Iwasaki (2008), Coles *et al.*, (2008), Linck *et al.*, (2008), Fahlenbrach (2009), Lehn *et al.*, (2009) a positive relationship exists between advisory needs and organisational size and complexity. Considering the mandate of UNAM within the social context, the institution needs more of advisory council as opposed to a monitoring one. Also, the institution has over twelve (12) campuses across the country. On this basis, the 24-member council is justified.

From the results, a conclusion can be drawn that the appointments of directors to both NAMFISA board and UNAM Council have been influenced by two theoretical perspectives, namely agency and stewardship theories. This means that directors prioritise the shareholder's value, have confidence in the agents (executive management) in the implementation of the business strategy and are equally intolerant towards sub-standard performance (Dalton *et.*, 2007; Ogbachie, 2012, Donaldson and Davis, 1991).

In addition, as far as UNAM council is concerned, the inclusion of the two permanent Secretaries, a person appointed by the City of Windhoek, one or two persons from geo-political areas, amongst others underscores the reliance on both resource dependency theory and stakeholder theory. This means that social and business networks that these people came with as well as the desire to have interests of diverse constituent groups are represented, were factors of consideration in the appointment of the UNAM Council members (Pfeffer and Salancik, 1978; Pearce and Zahra, 1992; Johnson, Daily and Ellstrand, 1996; Carpenter and Westphal, 2001).

Also with the inclusion of the four members of Senate, two persons from the Graduate Board, one representative of the administrative staff and two students from the students government on council, implies that the composition has been influenced by internal structural arrangements and formation of the University and to certain extent the social actions, attributes of an institutional theory. Furthermore, and although considered already under both resource

dependency and stakeholder theories, the appointment of one or two persons who are not residents of Namibia to Council, can as well be viewed in the context of convergence theory.

The thesis however could not find signs suggesting that the board and council of the two institutions respectively are passive, rubber-stamping and compliant bodies of the wishes of managements as apparent features of managerial hegemony (Herman, 1981).

f) Independence of governance structures and roles of Board/Council committees

Having a board of directors in place is one the internal control measures aimed at preventing managerial mischief (Ward, 2003) and prejudice. It also averts the potential conflict between the interest of the agents and shareholder (Walsh and Seward, 1990) and. Through these arrangements, the board governs management's decisions and assess their impact on shareholder's interest. This is the effective way of controlling the corporate agency problem and by extension enhances the institutional effectiveness (Alchian and Demsetz, 1972; Fama and Jensen, 1983).

Notwithstanding the legislative open-endedness in respect of UNAM which may lead to any council member, including VC becoming a chairperson of Council, the results show that majority of NAMFISA Board and UNAM Council members agreed that both Board and Council are chaired by different persons other than the Vice-Chancellor and Chief Executive Officer, respectively. The same goes for the Board and Council Committees. The results in both instances therefore confirm the absence of CEO duality, given the separation of the chairperson of either Council or Board from the VC and CEO respectively. This separation between the chair and VC/CEO enhances Council/Board effectiveness as well as objectivity amongst their members. This is consistent to the conclusion by Jensen (1993); Finkelstein and D' Aveni (1994) as well as Wilson (2008) to the effect that CEO duality disables the Board to effectively perform its monitoring role effectively. In the final analysis, the results support the preposition by Kajola (2008) to the effect that concentration of decision management and

decision control as found in CEO duality obstructs board effectiveness in its monitoring over management.

At no point did the results lean toward CEO duality, a position favoured by the earlier studies among them, Chandler (1962); Mintzberg and Waters (1982); Williamson (1985) Anderson and Anthony (1986); Harrison et. Al (1988); Lorsch and Mclover (1989); Boyd (1994). The results of this thesis also fell short of coming near the conclusion of Palmon and Wald (2002) such that small entities may benefit from clarity and decisiveness of decision making under CEO duality. On the strength of the findings, legal certainty always accompanies the appointment of the Board Chair and vice chair at NAMFISA, such that it always results in an independent chair and vice-chairperson being independent.

The results further show that all NAMFISA Board members and majority of UNAM Council members agreed that the committees are established with the purposes of assisting the Council and Board in the execution of their respective fiduciary duties. These committees and never mind the how they called, include Committees that are entrusted with an oversight function in respect of risk management and IT Governance.

The results also show that Committees afford the Council and Board some knowledge specialisation, confirming the hypothesis by De Kluyver (2009). This is what the monitoring and advising roles of the Committees requires as per the conclusion of Kim et. al (2014) and Chen and Wu (2016). The results also show that with the existence of Committees, there are some degrees of division efficiency as well as the Council and Board Accountability to their respective organisations as a result of the separation of directors from management (De Kluyver, 2009). However, some members of Council or Board are not serving a certain Committees, presenting a possibility of information of exclusion in relation to those directors as was hypothesised by earlier studies (Reeb and Upadhyay, 2010 and Chen and Wu, 2016).

Dalton *et al.*, (2007) in narrowing down the three ways of reducing agency problems, simplified board independence to means:

- Having more non-executive directors as opposed to executive directors;
- Having the board chairperson different from the CEO.

Also, Baysinger and Hoskisson (1990), O'Regan and Oster (2005) asserted that the board independence results in the directors' objectivity while monitoring the executive management. Further that it minimises the opportunism in the behaviour of executive management. Levrau and Van den Bergh (2006) amplified that objective debates is one of the measures for board effectiveness.

Again, the results show that both the UNAM Council and NAMFISA Board have more non-executive members compared to executive, bringing more independence in the governance processes. Also, the chairperson of the UNAM Council is different from the VC, albeit nothing in terms of the establishing law of UNAM preventing VC-duality (VC being the chairperson of Council). Further that there are frank and objective discussions at Council and Board meetings. All the above is in accord with the recommendations of Dalton and the conclusion by Baysinger and Hoskisson as well as O'Regan and Oster. The picture clearly separates the decision-management from the decision-control (Fama and Jensen, 1983). The practices also present strong evidence on the distinction between ownership and control (Jensen and Meckling, 1976).

g) Persons from marginalised groups serving as members on the governance bodies

The results show that half of the NAMFISA board members agreed that there are persons from marginalised groups serving as board members and another half said it is not applicable. The majority of the Board committee members also said that it is not applicable. On the other hand, the majority of UNAM Council members disagreed that there were persons from marginalised

groups serving as Council members. At the committee level, the majority adopted a neutral position in relation to this question.

h) Timeliness in the provision of information to the directors

The results show that all NAMFISA Board members and committee members agreed that they are satisfied that they receive timely information from the CEO and/or management. The majority of UNAM Council members and committee members are equally satisfied with the timely provision of information from the VC and/or management.

According to Lorsch and Maclover (1989) the external directors due to their full-time jobs, find little time to dedicate to the board related functions. This limits the external directors to become familiarly involved with the institution, its people and business and instead tend to depend on the information supplied by the executive management (Nadler *et al.*, 2006). The results of the thesis confirm the foregoing conclusion that there is a positive relationship between timeliness in the provision of information or disclosure to the board and board effectiveness.

The results further echo the conclusion by Felton and Watson (2002) and Useem (2003), that for the board to be effective it should set aside time to review strategic issues or projects, including hiring or firing of the CEO or VC. In the instance of both NAMFISA and UNAM, the recent filling of the CEO (June 2017) and VC (August 2018) position, respectively, should be seen in the context of the Board and Council and having set aside time to attend to this strategic process, which is squarely and centrally at the core of the Board and Council role.

i) Council/Board diversity as well as cohesiveness amongst the members

Ogbechie (2012) argued that the Board should be large enough to include a diversity of competencies necessary for fulfilment of its responsibilities, but also small enough to engage in active strategic discussions and be able to make strategic decisions. Prior studies did not only define diversity on the basis of gender, age, race and ethnicity which take observable form,

but also on the basis of non-observable form, including knowledge, skills, experience, education, values, perception, affection and personality.

Equally, this thesis evaluated the diversity in NAMFISA Board and UNAM Council in terms of five attributes, namely; *age, gender, level of education, length of service (experience)* as well *marginalised background*. Other than lack of marginalised representation, all NAMFISA board members and committee members said that the extent of diversity in the board and its committees is perfectly acceptable. Also, majority of UNAM Council members and committee members held the view that the extent of diversity in the council is acceptable.

According to Hilb (2004) a small, legally accountable and well-diversified Board consist of a maximum of seven (7) members. On the basis of Hilb's conclusion above, UNAM's Council with 24 members cannot be said to be small, legally accountable and well-diversified Council. The same can however hold for NAMFISA Board, which has a maximum of five (5) members. Moreover, considering majority of UNAM Council members have tertiary education up to the masters' level, the Council enjoys both educational and cognitive diversity, which can lead to effectiveness in the Council. This is in line with the conclusion of Simons and Pelled (1999) to the effect that educational level and cognitive diversity has positive effect on the organisational performance. This was also confirmed by Erhardt, Werbel and Shrader (2003) after finding that an association exist between diversity and board effectiveness in the oversight function, as a result of the conflict of views.

Despite the goodness associated with board diversity, it may also have its own pitfalls as opined by Milliken and Martins (1996) that it is a double-edged sword for teams as it increases conflict interaction difficulties and lowers levels of interaction. Hambrick *et al.*, (1996) echoed the same sediment by concluding that diversity disables capacity, leading to the homogenous teams to outperform heterogeneous ones.

On cohesiveness, the results show that all NAMFISA Board members and committee members said that the extent of cohesiveness amongst the board members is perfectly acceptable. Further majority of the UNAM Council members and committee members also said that the extent of cohesiveness amongst them is acceptable. On the degree of congeniality amongst the members of the governing bodies of the two institutions, there was no sign of conflict either between members themselves or between the Council/Board members, including committees and members of management. This position is in line with the presumption that when Board members are attracted to each other, they are likely to remain on the board and to work together (Summers, Coffelt and Horton, 1988).

A positive correlation exists between the bond amongst the directors and the atmospheres at board meetings (Ogbechie, 2012). The results further show the corporate culture within the two which involves mutual interaction, sharing of information, resources and decisions (Siegel and Hambrick, 1996; Hambrick, 2007).

j) Executive Appointments and succession planning

The results of the thesis of all institutions show that the NAMFISA Board and UNAM Council are both responsible for the appointment of the CEO and VC, respectively. In the case of NAMFISA, the CEO is appointed in terms of Section 5(1) of the NAMFISA Act. Sub-section 5(3) provides that the CEO is the accounting officer of the Authority, while sub-section 5(4) compels him or her to attend the board meetings, without being entitled to vote.

The Board, is subject to consultation with the owner (portfolio minister), existence of sufficient grounds and after affording the CEO an opportunity to be heard, may remove the CEO from office in terms of sub-section 5(5). Further sub-section 5(7) empowers the board the set aside or vary any decision of the CEO, except one conferring rights on a person. The results further show that NAMFISA board appoints the Deputy CEOs and Governance officers (officers of the Company like the Company Secretary/ Head: Governance, Risk and Compliance and

Internal Auditors), but strongly disagreed that it does the same in respect of the general managers, who are appointed by the CEO.

The results also show that in the case of UNAM, the Vice Chancellor is the Chief Academic and Administrative Officer (CAAO) of the University and the position is provided for in terms of Section 5 read with Section 7(1) of the UNAM Act. The VC is appointed by the Council in a prescribed manner and on employment conditions and privileges as the Council would determine. S/he holds office for six (6) years, after which s/he is eligible for reappointment at the expiration of his or her term of office. The powers, duties and functions of the Vice-Chancellor are also prescribed. In terms of sub-section 7(4), the VC may from time to time designate any person in the employment of UNAM to serve, in any particular case or for such period as s/he may determine, in his or her place as a member of any committee referred to in section 9(9), 10(8) or 11 of the UNAM Act and to perform the duties and functions and exercise the powers connected therewith.

Apart from the appointment of the VC, the Council is further empowered to appoint either one or more PVCs in terms of Section 8(1) of the UNAM Act, Registrar (Company Secretary) in terms of Section 13(a), Bursar in terms of Section 13(b), Librarian in terms of Section 13(c) and sets their conditions of employment, privileges, and period of office, powers, duties and functions. The Vice-Chancellor, in terms of sub-section 8(3), may from time to time delegate any of his or her power to a PVC, but without becoming divested of the power so delegated. The results of the thesis confirm the above protocol in the sense that the majority of the council members agreed with the same. Regarding succession planning, the funding could not clearly provide clarity on whether this exists at NAMFISA. However, the majority of UNAM council members disagreed that such exists.

k) Performance Management System and Determination of Executive Pay

The results show an embodiment of the performance culture at NAMFISA. All NAMFISA board members agreed that there is a performance management system in place at NAMFISA. In the premise, all NAMFISA Board members agreed that the board does conduct performance assessment for both the CEO and Company Secretary, and alternatively the Head: Governance, Compliance and Internal Audit as well as the other governance executives would carry out such role. However, from the UNAM Council's side, the majority took a neutral stand regarding whether UNAM has a performance management system in place or not. Notwithstanding, the majority of UNAM Council members agreed that Council does conduct the performance assessment in respect of both the VC, Registrar (Company Secretary) and other governance executives.

The results further show all NAMFISA Board members having agreed that the salaries of the CEO and entire members of executive management are approved by the board. The CEO's salary however is always approved following the consultation with the owner (portfolio minister). There is no clear-cut position in respect of whether Council approved the salaries of both the UNAM VC and the entire executive management, as in an equal proportion some members agreed, some disagreed and others adopted neutrality to this question. Despite this, the interview with the Council chairperson revealed that Council only approves the VC's salary, while salaries for the rest of the executive management members are approved by the VC in accordance with the delegated powers or authority and subject to the pre-approved salary scale. Further that Council approves salary increments for all levels.

According to Demsetz and Lehn (1985), financial incentives are an internal control through which an alignment between the interests of the agent and that of the shareholder can be achieved. Mubwandarikwa (2013) underpinned the positive association between the levels of remuneration and quality performance. Specifically, he stressed that the levels of remuneration

should be sufficient enough to enable the attraction, retention and motivation of the executives of a calibre required by the board for the jobs. A positive relationship exists between financial incentives and quality (Mubwandarikwa, 2013).

However, while prior studies speak of 'sufficient remuneration', this thesis stresses on 'reasonable remuneration' as a way of underscoring the need to ensure that cost associated with both internal control measures (such appointment of executives) as well as external control measures (such appointment non-executive directors) is not ballooned to the extent that it cripples the institution financially. Walsh and Seaward (1990) also argued in favour of internal control mechanisms as opposed to external ones, because of the possible cost escalation. So, the involvement of both NAMFISA Board and UNAM Council in the determination of the remunerations of the executives, although at varying extent, underscores the commitment of the two governing bodies in attracting retaining executives of exceptional calibre and also motivating them to excel in their performances.

1) Delegation of functions and its effectiveness

The results show that both NAMFISA and UNAM have Delegation of Authority Framework (DAF) in place, through which board and council expressly delegated some of their powers to either board/council committees or CEO/VC and/or their executive management teams. In terms of the majority of NAMFISA Board and UNAM Council committee members confirmed that some powers of the board/council have been delegated to them. Not only does the arrangement empower those to whom the powers may have been delegated, but they also fast track the decision-making processes and in return making the governing bodies efficient and effective.

Chen and Wu (2016) appeared to favour delegating to board committees considering that most board activities take place at the committee's levels. They further proposed that board committees should perform the monitoring and advising roles, respectively.

The results further show half of the NAMFISA Board members having rated the effectiveness of NAMFISA's Delegation Framework as excellent, while another half opted for good. At the committee levels the majority also agreed that it is excellent. Meanwhile, the majority of UNAM Council and Council committee members said that the effectiveness of the institutional Delegation Framework is fair.

Moreover, all NAMFISA Board and Committees members agreed that the board undertakes annual audits to assess how delegated powers are exercised by the vested repositories (board committees, CEO and executive team). As for UNAM the majority of Council members disagreed that there is such an exercise undertaken at the institution. At committee levels the majority opted for neutrality in respect of same.

Notwithstanding the above, the effectiveness of the delegated powers depends on the quality of the delegate, either in the form board Committees or CEO/VC. This resonates the conclusion by Ogbechie (2012) to the effect that the quality of board committees determines the board effectiveness. However, Adams *et al.*, (2015) cautioned that a trend of giving the board committees more responsibilities may lead to communication barriers in the board, presenting a potential of disabling the effectiveness in the decision-making process. Again, Chen and Wu (2016) dismissed this by arguing that the challenge of communication barriers caused by delegation can be cured through assigning directors to multiple committees of the board. This practice is evident at both NAMFISA and UNAM, where board/council members are serving on more than one board/council committee, respectively.

m) Ownership over Council/Board meeting agenda

The results indicate that all NAMFISA board and committee members agreed that the board and its committees have full control and ownership over their meeting agenda, respectively. Equally, the majority of UNAM Council and committee members agreed that they have full

control and ownership over their agenda. The interview with the UNAM Council chairperson revealed that Council members do participate in the agenda formulation by providing inputs before the same is settled by the chairperson. The results also underpinned the strategic direction by the UNAM Council to have only six standard items as part of the agenda for every Council meeting.

Although results show no existence of a *reserved governance*, this usually becomes an issue when the boards loss control over the meeting agenda, solely leaving the formulation in the hands of executive management. It is this situation that lead to the 'governor' becoming the 'governed' or the 'governed' becoming the 'governor'. For a board/council to be in charge of its own strategic drive and affairs, there must not be an over-reliance on information provided by executive management or agenda of meetings proposed by management, without involvement of the board/council and/or its committees.

n) Council/Board responsibility and accountability

The results show that all NAMFISA Board and committee members agreed that they are completely responsible and accountable for organisational performance, respectively. The majority of the UNAM Council and committee members also agreed that they are mostly responsible and accountable for the institutional performance.

Generally, the responsibilities of the board include but not limited to provision of strategic leadership or direction, performing oversight as well as the advisory functions. This confirms the conclusion by Zahra and Pearce (1989) and as re-affirmed by Maassen (1999) that the roles of the board of directors are commonly classified as control (oversight function), service (advisory role) and then strategic guidance.

The controlling function entails for example NAMFISA board and UNAM council keeping the behaviour of the executive management at the two institutions respectively under the watch, so

that the interests of the owner(s) are not compromised. In fulfilling this role, the two governing bodies are ensuring that the investors are not expropriated through managerial behaviour and that shareholders' welfares are safe guarded (Fama and Jensen, 1983). Ogbechie (2012) expanded further that oversight function also entails selecting and appointing, evaluation and firing (if need be) the CEO and/or as the case may be.

As far as the advisory function is concerned, Mintzberg (1983) recommended four service roles that a board of directors can perform, which include: *co-opting* external influencers, *establishing* contacts, *enhancing* the organisational brand and *giving advice* to the organisational management. However, from the literature it is not clear as to whether co-option leads to changes in board composition and/or board committees. The recommendation appears to be suggesting that co-option be done to either boards or committees by boards themselves. This though may be problematic if it were to be applied to boards, considering that boards do not appoint themselves. Thus, if co-option can lead to the change in the board's composition, it may not be done by the board itself, save in instances where boards are self-appointing.

The co-option is only practical if done to board committees, which are in most cases appointed at the discretion of boards, except in the case where a composition is prescribed by an establishing statute. For the reason alluded to above, this thesis looks at *co-option* from perspective of board and board committee appointment, such that there should be external influencers appointed as board members. Of cause the co-option into the board committees would be determine by whether there is a need or not, because otherwise, if committees are comprising the board of directors who are already drawn from outside, there may not be a further need for co-option.

Both the NAMFISA Board and the UNAM Council showed evidence of the presence of the external influencers in the form non-executive directors. The same evidence is replicated at the UNAM council and committee levels. As far as *establishing* contacts, *enhancing* the

organisational brands and *giving advice* to executive management are concerned, although they were not directly assessed, it can be argued that the three could be achieved through regular reports to the owners (shareholder), approval of sound corporate governance frameworks, having quarterly board engagements (board meetings), scrutiny and critiquing of management's proposals as well as advancement of alternatives options to issues of strategic nature.

Specifically, on accountability both the NAMFISA Board and the UNAM Council felt a sense of accountability over their institutional performances. They do submit on an annual basis both the Financial and Business Plans as well as the Annual Reports to their line ministries, *albeit* the line minister statutorily not having anything to do with the appointment of the UNAM Council members.

o) Council/Board's effectiveness and performance assessment

According to Bowen (2008) an effective board radiates the following characteristics; integrity, competence, good judgement, independence of mind and dedication to the cause, amongst other things. The results show that the above qualities are common among the members of the NAMFISA Board and the UNAM Council judging from the level of interactions at governance meetings, degree of cohesiveness amongst the members and the outputs of general governance processes at two the institutions.

Although discussed already, other determining factors of board effectiveness which from the results of the thesis show strong presence include:

- Cohesiveness or teamwork (Charan, 1998; Williams and O'Reilly, 1998; Finkelstein and Mooney, 2003; Van den Bergh and Levrau, 2004; Kemp, 2010; Ogbechie, 2012).
- Decision making (Ogbechie, 2012), which at times may involve cognitive conflict (Dutton and Duncan, 1987; Forbes and Milliken, 1999). Milliken and Vollrath (1991);

Eisenhardt et al (1997); Jackson (1992) all agreed that cognitive conflict contribute to the quality of strategic decision making in the board.

- Time requirement – this involves both time for formation of interpersonal or working relationship (Forbes and Milliken, 1999) and time for concentrating on board business (Lorsh and Maclever, 1989). For a board to be effective, it should set aside time for strategic issues or projects, above decisions concerning hiring or firing of CEO (Felton and Watson, 2002; Useem, 2003).

The results further show that the two institutions have operational and functional board and council committees and this probably explains why they are somehow effective. This affirms the conclusion by Ogbechie (2012) to the effect that a board's effectiveness is dependent on the quality of board committees in place.

Regarding the Board Evaluation, a strong evaluation process for board is so valuable and helpful in improving board quality (Ward, 2003). On the question of whether there is a performance assessment conducted in respect of board members and committee members (collective and individuals, including chairperson), half of the respondents from the NAMFISA Board agreed that such is in place, while another half opted for neutrality. There was also a Governance Agreement and Performance Agreements entered into between the line minister and Board as well as individual members of the Board, respectively. Furthermore, committee members agreed that their performance assessment reports are submitted to the board. The institution has a performance culture and uses a self-evaluation approach. The board performance evaluation report is submitted to the line minister for review and appreciation.

Furthermore, the majority of UNAM Council and committee respondents disagreed that there is an annual performance assessment conducted in respect of the council and council committees (collective and individuals, including chairperson). The majority of the committee members further said that submission of the committee performance assessment report to

council is not applicable. This confirms that the UNAM Council does not have a formal Council performance evaluation system in place, although the interview with the Council Chairperson revealed that members believe the informal feedback, they provide to each, constitutes a form of assessment. There are also no Governance and Performance Agreements entered into between the line minister and Council as well as individual Council members, respectively. This may be attributed to the vagueness in the reporting line, originating at the point of appointment, where the line minister plays no role.

4.5 SUMMARY

This chapter covered the results/findings of the thesis, which included the demographic information of the respondents and/or participants, qualification levels and length of service period. The chapter also covered the analysis and discussions of the results/findings of the thesis. Under discussion, the chapter looked at the extent to which NamCode and by extension King III have influenced corporate governance at UNAM and NAMFISA with specific focus on how the two institutions have institutionalised Risk Management, IT Governance and Board Performance Assessment.

For greater clarity, the chapter segmented the discussions along different sub-themes as follows: Risk Management in Corporate Governance, which expanded to cover risk management framework and policies and their effectiveness, risk registers and Council/Board Committees dedicated to risk issues. Also risk management as a governance priority; IT governance, which also held regard to IT governance framework and policies and their effectiveness, IT governance as a priority, IT strategies and committees dedicated to IT related issues. Furthermore IT reporting and its inclusion on the institutional structure.

The third and final sub-theme was Board Operations and Board Performance Assessment (a tool to determine board effectiveness). This latter sub-theme discussed the strategic plans and approval processes, organisational structures and strategic delivery, Council/Board TORs and

their decision-making processes and procedures, Council/Board's annual workplans and meeting calendars, Council/Board and Committees in as far as the appointment, composition, sizes, independence and theoretical basis for appointments are concerned. Also, independence of governance structures and roles of Board/Council committees, membership of persons from marginalised groups on the governing bodies, timeliness in the provision of information to the directors, Council/Board diversity. Furthermore, cohesiveness amongst members, executive appointment and succession planning, performance management and determination of executive pay, delegation of functions and its effectiveness, ownership over Council/Board meeting agenda, Council/Board responsibility and accountability, Council/Board effectiveness as well as performance assessment. The next chapter presents the conclusions and recommendations of the thesis.

1.2 CONCLUSIONS

1.2.1 Structure of the Thesis

This is the researcher's views and conclusions that this thesis has lived up to its purpose. Different questions and dimensions of corporate governance were considered along the governance codes, best practices and academic works by various authors. As it was, chapter was of this thesis, in the main covered the orientation of the thesis, statement of the problem, to search

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter covers the conclusions and recommendations of the thesis. It was the objective of this thesis was to investigate the application of corporate governance principles at selected Public Enterprises in Namibia. Accordingly, UNAM and NAMFISA were the thesis's focal points. In pursuance of the aforementioned main objective, the thesis evolved around Risk Management, IT Governance and Board Performance Assessment as some of the salient features of corporate governance. The existence of the foregoing aspects of corporate governance at the two institutions were thoroughly and diligently explored. Specifically, the thesis sought to determine the extent to which NamCode and by extension the King III Report has influenced Corporate Governance at both NAMFISA & UNAM. It further looked at how both UNAM and NAMFISA institutionalised Risk Management, IT Governance and Board Performance Assessment (tool for determining Board Performance and Effectiveness) as recommended by both NamCode and the King III Report. This chapter provides a summary of the thesis, the conclusions and the recommendations of the thesis.

5.2 CONCLUSIONS

5.2.1 Structure of the thesis

It is the researcher's views and conclusions that this thesis has lived up to its purpose. Different dimensions and dynamics of corporate governance were considered along the governance codes, best practices and academic works by various earlier authors. As it was, chapter one of this thesis, in the main covered the orientation of the thesis, statement of the problem, research

questions, significance of the thesis, delimitation of the thesis as well as the limitation(s) of the thesis.

Chapter two on the other hand, provided a review of the existing literature on corporate governance as a subject matter and specifically with regards to Risk Management, Information Technology Governance, and Board Performance Assessment. Thereunder definitions of key concepts were provided so were various theories of material bearing on corporate governance identified. The chapter also attended to some legislation and codes of best practice that may have influence on corporate governance both at global and national levels.

The importance of corporate governance in public enterprises as well as the justification for risk management in the pursuance of institutional sustainability were discussed. Various frameworks and strategies in risk management processes and IT governance were equally covered. IT governance was considered in the context of risk and how its governance can be leveraged for the institutional benefit. The chapter concluded with the appointment of board members and their roles in governance, factors that influence board performance and effectiveness as well as the importance of board performance assessment in a governance environment.

Chapter three covered the methodology used in the undertaking of the thesis. Hereunder, the research design, research population, sampling, research instruments, data collection procedure, data analysis, validity and reliability of data as well as the research ethics were accounted for and discussed.

Chapter four presented the results of the thesis, analysis of the results and also discussed the results of the thesis in the context of research objectives and the literature reviewed. This final chapter sums up the thesis and advances some recommendations for possible implementation by the two public enterprises as well as for future research.

5.2.2 Findings of the Thesis

Overall the results show an average rate of application of corporate governance principles at selected Public Enterprises in Namibia. They reveal that NamCode and by extension King III (which was domesticated into NamCode) has to a larger extent influenced corporate governance at public enterprises in Namibia, regard being held to UNAM and NAMFISA.

The two public enterprises have, albeit at varying degrees, institutionalised Risk Management, IT Governance and Board Performance Evaluation (tool for determining Board Performance and Effectiveness) as recommended by both NamCode and the King III Report. Various indicative factors for the application of corporate governance principles have been comprehensively discussed and analysed under Chapter four (4).

In addition, both two institutions relied on agency and stewardship theories in the appointment of the Board and Council members respectively. However, in addition UNAM also relied on the resource dependency theory, stakeholder theory, institutional theory and convergence theory in the constitution of its Council. The thesis could not establish signs suggesting that the managerial hegemony theory was used by any of the institutions in the appointment of its board or council members.

On the strengths of the above findings, considered along the full context of the discussions, it is the conclusion of this thesis, that with little exception in respect of specific aspects, there is an application of corporate governance principles at the Public Enterprises in Namibia, albeit in different measures.

5.3 RECOMMENDATIONS

In light of the objectives, findings and conclusions of this thesis, the following recommendations were advanced for possible implementation in order to mitigate possible risks, ensure IT governance and board performance evaluation in order to render the two institutions effective. The recommendations are also handfuf for future research

In respect of UNAM:

That a consideration towards an amendment of the UNAM's Act be made in order to achieve amongst others, the following:

- a) Create a statutory link between the UNAM Act and Public Enterprises Governance Act. No. 2 of 2006 as amended;
- b) Enable a legislated relationship between the line Minister and the UNAM Council;
- c) Ensuring that the line Minister has a role to play in the appointment of the Council members, either by recommending potential candidates for appointment to the President of the Republic or by solely vesting the appointing powers in the line Minister as it is with the majority of Public Enterprises;
- d) Enabling the line Minister to enter into governance and performance agreements with the Council members as envisaged under Sections 17 & 18 of the Public Enterprises Governance Act and thereafter be able to demand accountability from the Council members;
- e) Provide statutory clarity on the separation and delineation between the role of the Vice Chancellor and that of Chairperson of Council (at the

moment, there is no statutory limitation that prevents the VC or any other UNAM Council member, including any SRC member serving on Council, from being nominated and elected as a Chairperson or Vice-Chairperson of UNAM Council);

- f) Introducing a model whereby both Chairperson and Vice Chairperson of Council are appointed, as opposed to them being elected. The current arrangements can lead to a compromised governance environment as a result of patronage, celebrity association and politicking at the point of election of the two chairs. This has further potential of leading to an emergence of factionalism in Council.
- g) Provide clarity and certainty on the role of the Registrar, who is an equivalent of the Company Secretary (if UNAM was a company in the ordinary sense of the word), making him the gatekeeper of corporate governance;
- h) Placing limitations on the participation of executive directors in relation to processes resulting in the appointments of either the Vice Chancellor or any other executive appointment by the Council as well as discussions on executive pay or remuneration of someone who is a member of Council or in any matter in which they are likely to have interest.

That UNAM considers allowing the Council Committee members to become actively involved with the development and/or review of the Strategic Plan. Thereafter the draft plan be submitted to the shareholder for approval. This is because Boards function through works of committees.

That UNAM considers improvements to its IT governance framework and IT policy in order to ensure its alignment to the institutional strategic objectives.

That UNAM Council members be placed on both Governance and Performance Agreements. Also, so that a performance management system coupled with performance appraisal on an annual basis be introduced for Council members, Committee members, management members and across the whole institution.

That once Council members are placed on Governance and Performance Agreements and subsequently assessed, annual assessment report(s) be submitted to the line minister (shareholder) or appointing authority as the case may be.

That once a formal performance management system has been introduced, annual salary increments for management members be performance based thereof.

That the UNAM Council carries out annual audits to assess how delegated powers to its committees and management are exercised.

That the UNAM Council considers having a Chief Internal Auditor functionally reporting to the Council committee on Audit and Risk and administratively to the VC.

That the UNAM Council decision making processes and procedures be clearly stated in the Council's Charter/TORs/Statutes.

That the UNAM Council considers having an annual workplan derived from its Strategic Plan approved by the owner.

That the UNAM Council through making recommendations to the appointing authority considers including the people from marginalised backgrounds as members of Council.

That the UNAM Council considers having a succession plan for executive positions in place.

That the UNAM Council considers getting actively involved in the formulation and development of the institutional risk register.

That the UNAM Council considers making risk management a priority as well as fully institutionalising the same across the institution.

That the UNAM Council considers allowing Council Committees to get actively involved with the development and/or review of the IT governance framework and IT policy. The institution to also consider having an IT governance strategy in place.

That the UNAM Council also considers fully institutionalising IT governance across the institution.

With respect to NAMFISA:

That NAMFISA considers co-opting people from the marginalised groups as members of its Board;

That for the attainment of certainty around the separation of roles (between board Chairperson and CEO), NAMFISA's Act needs to be considered for amendment in order to ensure that the line minister (shareholder) in appointing the chairperson and deputy chairperson, respectively, such appointments are limited to the non-executive directors only.

That the NAMFISA Board considers conducting on an annual basis, performance appraisals for the Board members and Board committees. Such appraisal to be done collectively and individually.

That once Board members and committee members are subsequently assessed, annual assessment report(s) be submitted to the line minister (shareholder) or appointing authority as the case may be.

That the NAMFISA Board considers taking a recorded resolution on whether the institution subscribes to NamCode or not.

That the NAMFISA Board considers fully institutionalising risk management across the institution.

That the NAMFISA Board considers fully institutionalising IT governance across the institution.

In respect of future research:

That future research should endeavour to explore aspects of governance not covered under this thesis.

That there will be a need to investigate on a comprehensive scale, the role of the shareholder in the institutional governance of a University.

That there may be a further need to investigate how a governing body of a learning institution is constituted in terms of appointment, size and directors' independence.

That the concept of 'reversed governance' (e.g. having a dominant CEO who *defacto* assumes the role the chairperson) as introduced in this thesis needs to be thoroughly investigated.

That future studies should focus on the effects that a close social relationship between the CEO and board members may have on accountability and overall organisational performance.

That future studies should investigate the effects of absence of regular audits or assessment on how delegated powers are used in an institution.

That future studies should also explore the importance of the board taking full control and ownership over its agenda, as opposed to management taking charge or a lead.

That it would be to the gain of literature for future scholars to analyse the relationship between annual workplan/calendars for boards and board effectiveness.

That considering corporate scandals in Public Enterprises in Namibia, more studies are needed to explore attributes that promote ethical behaviour amongst board members (Ogbechie, 2012). Alternatively, what the incentives for the personal interests are both at board and management levels and how this can be curbed.

That further studies may be required to examine the relationship between opening board meetings with a prayer and the actual board effectiveness.

That future studies also analyse the relationship between corporate governance and political connection or political correctness. If such a relationship is positive, who should be at the centre of it, board chairperson or CEO?

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ANNEXURE 1



UNAM
UNIVERSITY OF NAMIBIA

ETHICAL CLEARANCE CERTIFICATE

Ethical Clearance Reference Number: FEMS/565/2007

Date: 11 July, 2007

This Ethical Clearance Certificate is issued by the University of Namibia Research Ethics Committee (UREC) in accordance with the University of Namibia's Research Ethics Policy and Guidelines. Ethical approval is given in respect of undertakings contained in the Research Project outlined below. This Certificate is issued on the recommendations of the ethical evaluation done by the Faculty/Centre/Campus Research & Publications Committee sitting with the Postgraduate Studies Committee.

Title of Project: AN INVESTIGATION OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AT SELECTED NAMIBIAN PUBLIC ENTERPRISES

Nature/Level of Project: Masters

Researcher: Elton Wibe Immanuel

Student Number: 20004000

Faculty: Faculty of Economic and Management Sciences

Supervisor:

Take note of the following:

- (a) Any significant changes in the conditions or undertakings outlined in the approved Proposal must be communicated to the UREC. An application to make amendments may be necessary.
- (b) Any breaches of ethical undertakings or practices that have an impact on ethical conduct of the research must be reported to the UREC.
- (c) The Principal Researcher must report issues of ethical compliance to the UREC (through the Chairperson of the Faculty/Centre/Campus Research & Publications Committee) at the end of the Project or as may be requested by UREC.
- (d) The UREC retains the right to:
 - (i) Withdraw or amend this Ethical Clearance if any unethical practices (as outlined in the Research Ethics Policy) have been detected or suspected.
 - (ii) Request for an ethical compliance report at any point during the course of the research.

UREC wishes you the best in your research.

Dr. J.E. de Villiers: UREC Chairperson

Ms. P. Claassen: UREC Secretary

ANNEXURE 2



Our Ref: Board Secretary
Enquiries: B Kandjromuni

Tel: 061-2905002
Email: bkandjromuni@namfisa.com.na

19 March 2018

Hon. Leon Jooste: MP
Minister
Ministry of Public Enterprises
4th Floor, Old FNB Building
WINDHOEK

Dear Hon. Jooste:

REQUEST TO CONDUCT ACADEMIC RESEARCH AT NAMFISA

Reference is made to the letter dated 28 February 2018, in which permission is requested for Mr Filimon Wise Immanuel to carry out research amongst Members of the NAMFISA Board and Management.

Approval is herewith granted for Mr Immanuel to conduct his academic research within NAMFISA, provided that he observes research ethics, preservation of secrecy and ensuring the welfare and rights of the research objects during the process of conducting the research. Additionally, the researcher would be expected to share the outcome of the research with NAMFISA.

Accept, Hon. Minister, the assurance of my highest regard.

Gerson R. Katjimune
BOARD CHAIRPERSON

ANNEXURE 3



REPUBLIC OF NAMIBIA

MINISTRY OF PUBLIC ENTERPRISES

Office of the Minister

Telephone: (06) 62 32 32
Fax: (06) 62 32 32

Ministry of Public Enterprises
Private Bag 1330
Windhoek, Namibia

Windhoek, Namibia

18 February 2018

Gerrit Kujawa
Board Chairperson
Namibia Financial Institutions Supervisory Authority
Windhoek

Dear Mr. Kujawa:

RE: PERMISSION FOR A RESEARCH STUDY AMONGST THE MEMBERS OF THE BOARD AS WELL AS MEMBERS OF MANAGEMENT OF THE NAMPSA

1. The above subject refers.
2. I am pleased to inform you that I have received a request from a student who is undertaking a research study entitled "AN INVESTIGATION OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AT SELECTED NAMIBIAN PUBLIC ENTERPRISES" in a partial fulfillment of the Degree of Master of Business Administration (Management Strategy) of the Business School of the University of Namibia.
3. The study is specifically focusing on the implementation of Risk Management, Information Technology (IT) Governance as well as Compensation, Board/Board Performance Evaluation.
4. NAMPSA is one of the Public Enterprises selected for purposes of the study concerned herein.
5. I am therefore writing to kindly request that permission be granted to the student who has requested to carry out the research study amongst the Members of the Board as well as Members of Management on the said research topic.
6. Please let us know of the outcome of your consideration and action.

Any other consideration must be addressed to the Minister.

Yours faithfully,

WON-SEON JOOSTE

WON-SEON JOOSTE

MINISTER OF PUBLIC ENTERPRISES



Cc: Mr. Kenneth S. Ndlovu
Chief Executive Officer

UNIVERSITY OF NAMIBIA

CHAIRPERSON OF COUNCIL

Mr Sam Shivute

University of Namibia, Private Bag 13301, Windhoek, Namibia
340 Mandume Ndemufayo Avenue, Pioneers Park
☎ +264 61 206 3937/3044; E-mail: sshivute@unam.na; URL: <http://www.unam.edu.na>



10 April 2018

Hon Leon Jooste (MP)
Minister
Minister of Public Enterprises
Windhoek

Honourable Minister,

PERMISSION FOR A RESEARCH STUDY: AMONGST THE MEMBERS OF THE COUNCIL AS WELL AS MEMBERS OF MANAGEMENT OF THE UNIVERSITY OF NAMIBIA

I refer to your letter dated 28 February 2018 on the above subject matter. I apologise for the delayed response.

Honourable Minister, after consulting with the leadership of the University on this request, I wish to advise the following:

1. The University has guiding rules and procedures for research applicants; thus,
2. The student, should consider working through his supervisor in order to comply with the relevant rules of the institution including ethical clearance. And if the clearance was already issued, the student may directly liaise with the University management to further facilitate the request,
3. Finally, should the student have any further enquiries, he/she is advised to contact the UNAM Postgraduate Centre or the UNAM Centre for Research and Publication.
4. Once the student had followed all the necessary procedures, Council members will avail themselves for the research because we do believe that a study of this nature will certainly benefit the University.

Please accept, Honourable Minister the assurance of my highest consideration and esteem.

Yours sincerely,

Sam SHIVUTE
Chairperson: UNAM Council

ANNEXURE 5



REPUBLIC OF NAMIBIA

MINISTRY OF PUBLIC ENTERPRISES

Office of the Minister

Windhoek

28 February 2019

Sam Shiwute
Chairperson of Council
University of Namibia
Windhoek

Dear Mr. Shiwute:

RE: PERMISSION FOR A RESEARCH STUDY, AMONGST THE MEMBERS OF THE COUNCIL AS WELL AS MEMBERS OF MANAGEMENT OF THE UNIVERSITY OF NAMIBIA.

- The citizen subject refers.
- Ellemon Wibe Immanuel, is undertaking a research study entitled "AN INVESTIGATION OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AT SELECTED NAMIBIAN PUBLIC ENTERPRISES", in a partial fulfillment of his Degree of Masters of Business Administration (Management Studies) at the Business School of the University of Namibia.
- The study is specifically focusing on the institutionalisation of Risk Management, Information Technology (IT) Governance as well as Social/Commission/Council Performance Evaluation.
- University of Namibia is one of the Public Enterprises selected for purposes of the study concerned herein.
- I am therefore willing to kindly request that permission be granted to Mr. Ellemon Wibe Immanuel to carry out the research study amongst the Members of Council as well as Members of Management, on the said Research Topic.
- Please be assured of my highest consideration and support.

Attest: General Secretary to be appointed or the Permanent Secretary

Yours faithfully,

HON. LAZARUS HANGULO
MINISTER OF PUBLIC ENTERPRISES

CC: Prof. Lazarus Hangulo
Vice-Chancellor

ANNEXURE 6

INTERVIEW GUIDE: INTERVIEW FOR NAMFISA CEO/UNAM VC

Introduction

My name is Fillemon Wise Immanuel, and I am a student at the Namibia Business School of the University of Namibia. I am pursuing my studies in the Masters of Business Administration.

To the Participant

Thank you in Advance for taking your time to participate in this thesis. This thesis is being conducted in partial fulfilment of the requirements for the degree of Master of Business Administration in Management Strategy, with a view of understanding the extent to which University of Namibia (UNAM) and Namibia Financial Institutions Supervisory Authority (NAMFISA) apply the principles of corporate governance.

It follows therefore that your accurate and frank response is important to the success of this thesis. The information provided will be used for academic/research purposes only and results will be disseminated to your respective institution. The interview will last for about thirty minutes only.

SECTION A: INTRODUCTORY INFORMATION

1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Board/Council Chair/CEO/VC)?

2. Could you tell me about your reporting structure?

3. How staff members directly report to you (as Board/Council Chair/CEO/VC)?

4. How many members does Board/Council have?

SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE

Now I would like to know more about Corporate Governance Principles at NAMFISA/UNAM.

5. Has the Board/Council adopted principles of NamCode in its operations?

6. Do you think Council/Board members are fully aware of the importance of Corporate Governance in an institution?

7. What measures or systems has the Council/Board put in place to ensure that the institution implement the following:

- a) Risk Management Risk
- b) IT Governance
- c) Board/Council Performance Evaluation/Assessment

SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE.

8. Do you think Board/Council has put in place a sound and effective Risk Management Framework for the institution?

9. Does the institution have a Risk Management Policy approved by the Board/Council in place?

10. Do you think Risk Management is a priority on the Board/Council agenda?

11. Does the Board/Council has a Committee dedicated to Risk Management issues in place?

12. Does the institution have a Risk Register approved by the Board/Council in place?

13. Are there quarterly reports/update on risk issues provided to Board/Council?

14. Do you think the Institutional Structure is adequate to ensure effective risk management and why?

SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE

15. Does the institution have Information Technology (IT) Governance Framework approved by the Board/Council in place?

16. Does the institution have Information Technology (IT) Governance Policy approved by the Board/Council in place?

17. Do you think both IT Governance Framework and Policy are effective?

18. Do you think IT Governance is a priority on the Board/Council agenda?

19. Does the Board/Council has a Committee dedicated to IT Governance issues in place?

20. Are there quarterly reports/update on risk issues provided to Board/Council?
21. Do you think the Institutional Structure is adequate to ensure effective IT Governance and why?
SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT
22. Does the institution have a Strategic Plan approved by the Board/Council in place?
23. Does the institution have a Structure approved by the Board/Council in place?
24. Is there a Board/Council Charter (ToRs) in place and who approved it?
25. Do you think Board/Council's processes and decision-making procedures are clearly stated in the Board/Council Charter/ToRs?
26. Does the Board/Council have a Workplan in place derived from the Strategic Plan as approved by the owner?
27. Do you think the Board/Council's Workplan is effective?
28. Does the Board/Council have an annual meeting Calendar in place?
29. Do you think the Board/Council follows the annual meeting Calendar for its meetings?
30. Who appoints Board/Council members?
31. Do you think Board/Council members are appointed independent of CEO/VC's involvement?
32. Do you think it is necessary for Board members to be appointed without involvement of CEO/VC? And why?
33. Does the Board/Council comprises of majority non-executive directors or executive directors?
34. What are your views on the independence of directors?
35. Does the Board/Council have members coming from marginalised groups?

36. Do you think it is necessary to have people from marginalised groups as Council/Board members? And why?
37. Do you think Council/Board members are satisfied that they receive timely information from the VC/CEO?
38. Do you think Council/Board members feel accountable for institutional performance?
39. What is the Council/Board size and is this a right to ensure corporate governance at the institution?
40. What are your views on the cohesiveness amongst the Board/Council members?
41. Does Board/Council have Committees that assist it with execution of its fiduciary duties?
42. How many Board/ Council Committees are there?
43. Does each Board/Council Committee have a Charter/ToRs approved by the Board/Council?
44. Is each Board/Council Committee chaired by a Board/Council member?
45. How would you describe the effectiveness of Board/Council Committees?
46. Are Board/Council Chairperson and CEO/VC different persons?
47. Why is there a separation of role between the Board/Council Chairperson and CEO/VC important?
48. Does the Board/Council appoints CEO/VC?
49. Does the Board/Council appoints CEO/VC?
42. Does the Board/Council appoints CEO/VC?
46. Does the institution have a succession plan approved by the Board/Council in place?
44. Does the institution have a performance management system in place?

45. Does the Board/Council have the performance assessment of both the CEO/VC and Company Secretary/Governance Executive (Registrar)?
46. Does Board approves salary structure of the CEO/VC and Senior Executive Management without their (CEO/VC/Management) involvement?
47. Does the institution have a Delegation Framework approved by the Board/Council in place?
48. What are your views on the effectiveness of the Delegation of Authority Framework?
49. Does the Board/Council undertake annual audits to assess how delegated powers is exercised by the CEO/VC and Executive Committee/VC-MC?
50. Do you think Board/Council have full control and ownership over its meeting agenda?
51. Is there an annual Board/Council Performance Evaluation done to assess the Board/Council Effectiveness?
52. Who does and how is the annual Performance Evaluation of the Council/Board done?
53. Who evaluate the Chairperson of Board/Council? And is this good for governance?
54. Does the Board/Council submit its Performance Evaluation Report to the owner?
55. Are you a non-executive director?
56. Any additional comment, on what may be needed to improve Corporate Governance at NAMFISA/UNAM/?

ANNEXURE 7

INTERVIEW GUIDE: INTERVIEW FOR NAMFISA BOARD/UNAM COUNCIL CHAIRPERSON

Introduction

My name is Fillemon Wise Immanuel, and I am a student at the Namibia Business School of the University of Namibia. I am pursuing my studies in Masters of Business Administration.

To the Participant

Thank you in Advance for taking your time to participate in this thesis. This thesis is being conducted in partial fulfilment of the requirements for the degree of Masters of Business Administration in Management Strategy, with a view of understanding the extent to which University of Namibia (UNAM) and Namibia Financial Institutions Supervisory Authority (NAMFISA) apply the principles of corporate governance.

It follows therefore that your accurate and frank response is important to the success of this thesis. The information provided will be used for academic/research purposes only and results will be disseminated to your respective institution. The interview will last for about thirty minutes only.

SECTION A: INTRODUCTORY INFORMATION

1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Council Chair).

2. Could you tell about reporting structure of the Council and you as a Chairperson?

3. How many members does Council have?

SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE

Now I would like to know more about Corporate Governance Principles at UNAM.

4. Has the Council adopted principles of NamCode in its operations?

5. Do you think Council members are fully aware of the importance of Corporate Governance in an institution?

6. What measures or systems has the Council put in place to ensure that the institution implement the following:

- a) Risk Management Risk
- b) IT Governance
- c) Board/Council performance assessment

SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE

7. Do you think Council has put in place a sound and effective Risk Management Framework for the institution? If yes, how?
8. Does the institution have a Risk Management Policy approved by the Council in place?
9. Do you think Risk Management is a priority on the Council agenda?
10. Does the Council/Board has a Committee dedicated to Risk Management issues in place?
11. Does the institution have a Risk Register approved by the Council in place?
12. Are there quarterly reports/update on risk issues provided to Council?
13. Do you think the Institutional Structure is adequate to ensure effective risk management and why?
SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE
14. Does the institution have Information Technology (IT) Governance Framework approved by the Council in place? If yes, which framework is the institution using?
15. Does the institution have Information Technology (IT) Governance Policy approved by the Council in place?
16. Do you think both IT Governance Framework and Policy are effective?
17. Do you think IT Governance is a priority on the Council agenda?
18. Does the Council has a Committee dedicated to IT Governance issues in place?
19. Are there quarterly reports/update on IT provided to Council?
20. Do you think the Institutional Structure is adequate to ensure effective IT Governance and why?
SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT
21. Does the institution have a Strategic Plan approved by the owner on recommendation of Council in place?
22. Does the institution have a Structure approved by the Council in place?
23. Is there a Council Charter (ToRs) in place and who approved it?
24. Do you think Council's processes and decision-making procedures are clearly stated in the Board Charter/ToRs?
25. Does the Council have a Workplan in place derived from the Strategic Plan as approved by the owner?
26. Do you think the Council's Workplan is effective?
27. Does the Council have an annual meeting Calendar in place?
28. Do you think the Council follows the annual meeting Calendar for its meetings?
29. Who appoints Council members?
30. Do you think Council members are appointed independent of VC's involvement?

31. Do you think it is necessary for Council members to be appointed without involvement of VC and why?
32. Does the Council comprises of majority non-executive directors or executive directors?
33. What are your views on the independence of directors?
34. Does the Council has members coming from marginalised groups?
35. Do you think it is necessary to have people from marginalised groups as Council members? And why?
36. Do you think Council members are satisfied that they receive timely information from the VC?
37. Do you think Board/Council members feel accountable for institutional performance?
38. What is the Board/Council size and is this a right to ensure corporate governance at the institution?
39. What are your views on the cohesiveness amongst the Council/Council members?
40. Does Council/Council has Committees that assist it with execution of its fiduciary duties?
41. How many Board/Council Committees are there?
42. Does each Board/Council Committee have a Charter/ToRs approved by the Board/Council?
43. Is each Board/Council Committee chaired by a Board/Council member?
44. How would you describe the effectiveness of Board/Council Committees?
45. Is Board/Council Chairperson and Vice Chancellor different persons?
46. Why is the separation of role between the Board/Council Chairperson and vice chancellor important?
47. Does the Board/Council appoints VC?
48. Does the Board/Council appoints the PVCs, Company Secretary (Registrar)/Governance Executive (Internal Auditor)/Librarian and Bursar to assist it with respective Governance Issues?
49. Does the institution have a succession plan approved by the Council in place?
50. Does the institution have a performance management system (PMS) in place?
51. Does the Council do the performance assessment of both the VC and Company Secretary/Governance Executive (Registrar)?
52. Does Council approves salary structure of the VC and Senior Executive Management without their (VC/Management) involvement?
53. Does the institution have a Delegation Framework approved by the Council in place?
54. What are your views on the effectiveness of the Delegation of Authority Framework?
55. Does the Council undertake annual audits to assess how delegated powers is exercised by the VC and VC-MC/Executive Committee?

56. Do you think Council have full control and ownership over its meeting agenda? If yes, how?
57. Does UNAM have a Council Performance Assessment Policy?
58. Is there an annual Council Performance Evaluation done to assess the Council Effectiveness?
59. Who evaluate the Chairperson of Council? And is this good for governance?
60. Does the Council submit its Performance Evaluation Report to the owner?
61. Does UNAM have Council Members' Remuneration Policy aligned to the Public Enterprises Governance Act and approved by the MHETI?
62. Is there a Governance Agreement by the Council as well as Performance Agreements signed by individual members of Council?
63. If answer to 62 is yes, were these agreements signed within 30 days from the day of appointment?
63. Does Board/Council submit its financial and Business plan annually in accordance with Section 19 read with Section 20 of the Public Enterprises Act?
64. Are you a non-executive director?
65. Any additional comment, on what may be needed to improve Corporate Governance at UNAM/NAMFISA?

ANNEXURE 8

PERMANENT SECRETARY – MOF (OWNER IRO NAMFISA)/MHETI (OWNER IRO UNAM)

My name is Fillemon Wise Immanuel, and I am a student at the Namibia Business School of the University of Namibia. I am pursuing my studies in Masters of Business Administration.

To the Participant

Thank you in Advance for taking your time to participate in this thesis. This thesis is being conducted in partial fulfilment of the requirements for the degree of Masters of Business Administration in Management Strategy, with a view of understanding the extent to which University of Namibia (UNAM) and Namibia Financial Institutions Supervisory Authority (NAMFISA) apply the principles of corporate governance.

It follows therefore that your accurate and frank response is important to the success of this thesis. The information provided will be used for academic/research purposes only and results will be disseminated to your respective institution. The interview will last for about thirty minutes only.

Questions	Answers
SECTION A: INTRODUCTORY INFORMATION	
1. To begin with, I would like to know a little bit about you. Would you please kindly tell me your length of service in the current position (e.g. Permanent Secretary of MHETI)?	
2. Could you tell about reporting structure of the Council and you as a Chairperson?	
SECTION B: UNDERSTANDING OF CORPORATE GOVERNANCE	
Now I would like to know more about Corporate Governance Principles at UNAM.	
4. Is MHETI aware whether UNAM Council has adopted principles of NAMCODE in its operations?	
5. Is MHETI aware whether UNAM Council has Frameworks in place for the following?	
a) Risk Management Risk	
b) IT Governance	
c) Board Performance	
SECTION C: RISK MANAGEMENT AS A COMPONENT CORPORATE GOVERNANCE.	
6. What is the view of MHETI on the effectiveness of the Risk Management Framework implemented by UNAM (If any)?	

7.	Is MHETI aware if UNAM Risk Management Policy approved by the Council in place?
SECTION D: IT GOVERNANCE AS A COMPONENT CORPORATE GOVERNANCE	
8.	What is the view of MHETI on the effectiveness of the IT Governance Framework implemented by UNAM? (If any)?
9.	Is MHETI aware if UNAM IT Governance Policy approved by the Council in place?
SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ASSESSMENT	
10.	What is the view of MHETI on the effectiveness of the Council Performance Assessment Framework implemented by UNAM? (If any)?
11.	Does UNAM have a Council Performance Assessment Policy?
12.	Who does the performance assessment of the Council and how frequent is it done?
13.	Does the Council Performance Assessment Report get to be submitted to MHETI?
14.	Does UNAM have Council Members' Remuneration Policy aligned to the Public Enterprises Governance Act and approved by the MHETI?
15.	Is there a Council Charter (ToRs) approved by MHETI?
16.	Is there a Governance Agreement by the Council as well as Performance Agreements signed by individual members of Council?
17.	If answer to 16 is yes, were these agreements signed within 30 days from the day of appointment?
18.	Does UNAM has a Strategic Plan approved by MHETI?
19.	Does UNAM Council submit its Financial and Business Plan annually in accordance with Section 19 read with Section 20 of the Public Enterprises Act?
20.	Does UNAM Council submit its Annual Report in accordance with Section 26 of the Public Enterprises Act?
21.	Does UNAM Council have a Workplan in place derived from the Strategic Plan as approved by MHETI?
22.	Who appoints Council members? And are they appointed without involvement of VC/ Management?

23.	Who appoints the Council Chairperson and is s/he appointed without involvement of VC/ Management?
24.	Does MHETI think it is necessary to appoint Council members without the involvement of VC and why?
25.	Does Council comprises of majority non-executive directors or executive directors?
26.	Depending on the answer under 25, is the composition sufficient to guarantee independence of directors?
27.	Does the Council have members coming from marginalized groups?
28.	Does MHETI think it is necessary to have people from marginalized groups as Council members? And why?
29.	Does MHETI think Council takes accountability for institutional performance?
30.	Does MHETI think the Council's size is right to ensure corporate governance at UNAM?
31.	Are Council Chairperson and VC/CEO different persons?
32.	Does MHETI think a separation of role between the Council Chairperson and VC important is necessary and why?
33.	Any additional comment, on what may be needed to improve Corporate Governance at UNAM/NAMFISA?

ANNEXURE 9

NAMFISA BOARD/UNAM COUNCIL MEMBERS'S QUESTIONNAIRE

Dear Participant,

This questionnaire is designed to collect data from the NAMFISA Board/UNAM Council Members that will be used in the research on, **“AN INVESTAGATION OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AT THE SELECTED NAMIBIAN PUBLIC ENTERPRISES”**, with the specific focus on risk management, Information Technology (IT) Governance and Board Performance Evaluation. Kindly note that the participation is voluntary, provide honest answers to enable the thesis to reflect the reality. The researcher guarantees to keep the identity of each respondent confidential and use information provided exclusively for the purpose it intended for. Thank you in advance for accepting to participate.

Please circle the most appropriate answers

SECTION A: BACKGROUND INFORMATION

1. I am:

a) Male or Female

2. Under which age bracket do you fall in?

a) 19-29 years b) 30-39 years c) 40-49 years d) 50 and above years

3. What is your highest qualification?

a) PHD b) Masters c) Bachelor d) Diploma/ Certificate e) Grade 12 only f) Others

4. For how long have you been a Board/Council member of NAMFISA/UNAM?

a) 1-3 years b) 4-6 years c) 7-10 years

SECTION B: CORPORATE GOVERNANCE PRINCIPLES

Under this section, please indicate your most preferred answers by circling the corresponding option.

5. Has the Council adopted the principles of NamCode?

a) Yes b) May be c) No

6. If yes, to what extent has the Board/Council institutionalised the following:

6.1 Risk Management

a) Full b) Partial c) Do not know d) Not applicable

6.2 IT Governance

- a) Do not know b) Full c) Partial d) Not Applicable

6.3 Council Performance Appraisal/Assessment

- a) Full b) Partial c) Do not know d) Not Applicable

SECTION C: RISK MANAGEMENT AS COMPONENT OF THE CORPORATE GOVERNANCE

Under this section, please indicate your preferred answer by circling the corresponding option.

7. NAMFISA/UNAM has a sound and effective risk management framework in place approved by the Council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

8. NAMFISA/UNAM has a risk management policy in place approved by the Council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

9. Risk Management is a priority on the Council agenda?

- a) Low priority b) Somewhat priority c) Neutral d) Moderate e) High priority f) Essential priority g) Not applicable

10. There is a Board/Council Committee dedicated to Risk Management Issues in place?

- Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

11. NAMFISA/UNAM has an institutional Risk Register in place approved by the Board/Council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

12. Quarterly reports / updates on risk issues are provided to the Board/Council?

- Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

13. The Institutional Structure provides for a Chief Risk Officer position?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

SECTION D: IT GOVERNANCE AS COMPONENT OF CORPORATE GOVERNANCE

Under this section, please indicate your most preferred answers by circling the corresponding option.

14. NAMFISA/UNAM has an Information Technology (IT) Governance Framework in place approved by the Board/Council?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

15. NAMFISA/UNAM has an IT Governance Policy in place as approved by the Board/Council?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

16. Both IT Governance Framework and IT Governance Policy are effective?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

17. IT Governance is a priority on the NAMFISA Board/UNAM Council agenda?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

18. There is a dedicated Council Committee in place to deal with IT Governance Issues?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

19. NAMFISA/UNAM has an institutional IT Governance Strategy in place to deal with IT Governance Issues?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

20. The Institutional Structure provides for a Chief Information Officer Position or equivalent?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ ASSESSMENT

Under this section, please indicate your most preferred answers by circling the corresponding option.

21. NAMFISA/UNAM has a Strategic Plan in place approved by the Owner?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

22. Entity has an institutional structure in place approved by the Board/Council

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

23. NAMFISA/UNAM has Board Charter/ToRs in place approved by the Board/Council?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

24. Board/Council processes and decision-making procedures are clearly stated in the Board/Council Charter/ ToRs?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

25. Every year, Council has a work plan in place derived from the Strategic Plan approved by the Owner?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

26. The Board/Council has an annual meeting Calendar in place?

a) Do not know b) No c) Yes d) Maybe e) Not Applicable

27. Board/Council members are appointed without VC or management's involvement?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

28. Majority of the Board/Council members are non-executive directors, making them independent?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

29. The Board/Council does have members coming from marginalised groups?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

30. Board/Council Members are satisfied that they receive timely information from the VC?

a) Very dissatisfied b) Dissatisfied c) Unsure d) Satisfied e) Very satisfied f) Not applicable

31. Board/Council members are accountable for the organisational performance?

a) Accountable b) Completely accountable c) Mostly accountable dc) Somewhat accountable d) Not accountable at all

32. What is the Council size?

a) > 5 b) 5-7members c) 8-15 members d) 16-24 members e) < and above f) Not applicable

33. What is the extent of cohesiveness amongst the Board/Council members?

a) Acceptable c) Slightly acceptable c) Perfectly acceptable d) Unacceptable e) Slightly unacceptable f) Totally unacceptable g) Neutral h) Not applicable

34. What is the extent of diversity in the Board/Council?

a) Acceptable c) Slightly acceptable c) Perfectly acceptable d) Unacceptable e) Slightly unacceptable f) Totally unacceptable g) Neutral h) Not applicable

35. There are Board/Council Committees established to assist the Board/Council in execution of its fiduciary duties?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

36. How many Board/Council Committees are there?

- a) > 2 Committees b) 2-3 committees c) 4-5 committees d) 6-7 Committees e) < 8 committees f) Not applicable

37. Each Board/Council Committee has a Charter/ToRs in place approved by the Board/Council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

38. Each Board/Council Committee is chaired by a Board/Council member?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

39. What is the effectiveness of the NAMFISA/UNAM Council Committees?

- a) Excellent b) Very good c) Good d) Fair e) Poor d) Not applicable

40. Board/Council Chairperson and the VC are different persons?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

41. Board/Council appoints the CEO/VC?

- a) Do not know b) No c) Yes d) Maybe e) Not Applicable

42. Board/Council appoints the company Secretary/Registrar/Governance Executives to assist with respective Governance Issues?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

43. Board/Council appoints the Internal Auditor to assist it with respective Governance Issues?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

44. In addition the Board/Council makes appointments in respect of the following Executive positions?

44.1 Assistant CEOs/Pro-Vice Chancellors

- Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

44.2 Other General Managers/Bursar/Librarian

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

45. Board/Council has an approved Succession Plan for Senior Executive Positions in the institution?

- Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

46. Board/Council has put in place a performance management system at NAMFISA/UNAM?

- Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

47. Board/Council does the performance assessment for CEO/VC and Company Secretary/Registrar/Governance Executives?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

48. Board/Council does approve the salary structure of the CEO/VC and Senior Executive Management without their (CEO/Management) involvement?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

50. There is a Delegation of Authority Framework in place approved by the Board/Council?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

51. What is the effectiveness of the NAMFISA/UNAM Delegation of Authority Framework?

a) Excellent b) Very good c) Good d) Fair e) Poor d) Not applicable

52. Board/Council has full control and ownership over its meeting agenda?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

53. There is an annual Board/Council Performance Evaluation done to assess the Board/Council Effectiveness?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

54. The annual Performance Evaluation of the Board/Council is done by means of or through?

a) Self-Evaluation b) Peer- review c) External Consultant d) other (e.g. EXCO) e) All above f) Not applicable

55. There is an annual Performance Evaluation for individual Board/Council members?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

56. Board/Council Performance Evaluation Report is submitted to the Owner?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

57. You are a Non-Executive Director?

a) Do not know b) No c) Yes d) Maybe e) Not Applicable

58. Name various Board/Council Committees that NAMFISA/UNAM has?

69. Any additional comment, on what may be needed to improve Corporate Governance at UNAM?

THANK YOU VERY MUCH

NAMFISA BOARD/UNAM COUNCIL COMMITTEE MEMBERS'S QUESTIONNAIRE

Dear Participant,

This questionnaire is designed to collect data from the NAMFISA Board/UNAM Council Committee Members that will be used in the research on "AN INVESTIGATION OF THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AT THE SELECTED NAMIBIAN PUBLIC ENTERPRISES", with the specific focus on risk management, Information Technology (IT) Governance and Board Performance Evaluation. Kindly note that the participation is voluntary, provide honest answers to enable the thesis to reflect the reality. The researcher guarantees to keep the identity of each respondent confidential and use information provided exclusively for the purpose it intended for. Thank you in advance for accepting to participate.

Please circle the most appropriate answers.

SECTION A: BACKGROUND INFORMATION

1. I am:

a) Male or Female

2. Under which age bracket do you fall in?

a) 19-29 years b) 30-39 years c) 40-49 years d) 50 and above years

3. What is your highest qualification?

a) PHD b) Masters c) Bachelor d) Diploma/ Certificate e) Grade 12 only f) Others

4. For how long have you been a member of the UNAM Council Committee?

a) 1-3 years b) 4-6 years c) 7-10 years

SECTION B: CORPORATE GOVERNANCE PRINCIPLES

Under this section, please indicate your most preferred answers by circling the corresponding option.

5. To what extent are you as a member of any of the NAMFISA Board/UNAM Council Committees aware of the principles of NamCode?

a) Do not know b) No c) Yes d) Maybe e) Not Applicable

6. If your answer above is c) to what extent is your respective Council Committee applying the following:

6.1 Risk Management Principles

- a) Full b) Partial c) Do not know d) Not applicable

6.2 IT Governance Principles

- a) Always b) Often c) Sometimes d) Rarely e) Never d) Not applicable

6.3 Councils Committee Performance Assessment

- a) Never use b) Almost never c) Occasionally/ Sometimes d) Almost every time e) Frequently use f) Not applicable

SECTION C: RISK MANAGEMENT AS COMPONENT OF THE CORPORATE GOVERNANCE

Under this section, please indicate your preferred answer by circling the corresponding option.

7. Your respective Board/Council Committee implements the risk management framework as approved by the NAMFISA/UNAM Board?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

8. Your respective Council Committee implements the risk management policy as approved by the NAMFISA Board/UNAM council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

9. Risk Management is a priority on your respective Board/Council Committee agenda?

- a) Low priority b) Somewhat priority c) Neutral d) Moderate e) High priority f) Essential priority g) Not applicable.

10. NAMFISA/UNAM has an institutional Risk Register in place approved by the NAMFISA Board/UNAM council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

11. To what extent is your respective Board/Council Committee involved with the development / review of the NAMFISA/UNAM institutional Risk Register?

- a) Always b) Often c) Sometimes d) Rarely e) Never d) Not applicable

12. Quarterly reports / updates on risk issues falling under your respective Council Committee are provided to the Board/Council members?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

SECTION D: IT GOVERNANCE AS COMPONENT OF CORPORATE GOVERNANCE

Under this section, please indicate your most preferred answers by circling the corresponding option.

13. Your respective Board/Council Committee implements the IT Governance Framework/IT Policy as approved by the NAMFISA/UNAM Council?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

14. What is the effectiveness of both the IT Governance framework and IT Governance policy?

- a) Excellent b) Very good c) Good d) Fair e) Poor d) Not applicable

15. IT Governance is a priority on your respective Board/Council Committee agenda?

- a) Low priority b) Somewhat priority c) Neutral d) Moderate e) High priority f) Essential priority g) Not applicable

16. To what extent is your respective Board/Council Committee involved with the development with the development /review of both UNAM's IT Governance Framework and IT Policy?

- a) Always b) Often c) Sometimes d) Rarely e) Never d) Not applicable

SECTION E: BOARD OPERATIONS AND BOARD PERFORMANCE EVALUATION/ ASSESSMENT

Under this section, please indicate your most preferred answers by circling the corresponding option.

18. To what extent is your respective Board/Council committee involved with the development/ review of the NAMFISA/UNAM's strategic plan?

- a) Always b) Often c) Sometimes d) Rarely e) Never d) Not applicable

19. Your respective Council Committee has an annual meeting Calendar in place?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

20. Your respective council committee is established to assist the council in execution of its fiduciary duties?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

21. Your respective Board/Council committee members are appointed by the NAMFISA Board /UNAM's Council without CEO/VC or management's involvement?

- a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

22. Majority of your respective Board/Council Committee members are non-executive directors, making them independent?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

27. Your respective Board/Council Committee does have members coming from marginalised groups?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

28. Your respective Board/Council Committee members are satisfied that they receive timely information from the CEO/VC?

a) Very dissatisfied b) Dissatisfied c) Unsure d) Satisfied e) Very satisfied f) Not applicable

29. Your respective Board/Council Committee members are accountable for the committee performance?

a) Accountable b) Completely accountable c) Mostly accountable dc) Somewhat accountable d) Not accountable at all

30. What is your respective Board/Council Committee size?

a) > 5 members b) 5- 7 members c) 8-15 members d) Over 15 members

31. What is the extent of cohesiveness amongst your respective Board/Council Committee members?

a) Acceptable c) Slightly acceptable c) Perfectly acceptable d) Unacceptable e) Slightly unacceptable f) Neutral g) Not acceptable

32. What is the extent of diversity in your respective Board/Council Committee?

a) Acceptable c) Slightly acceptable c) Perfectly acceptable d) Unacceptable e) Slightly unacceptable f) Neutral g) Not acceptable

33. How many Committees does NAMFISA Board/UNAM Council have?

a) > 2 Committees b) 2-3 Committees c) 4-5 committees d) 6-7 Committees e) < 8 Committees

34. Your respective Board/Council Committees is chaired by a Board/Council member?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

35. What is the effectiveness of your respective Board/Council Committee?

a) Excellent b) Very good c) Good d) Fair e) Poor d) Not applicable

36. Your respective Board/Council committee chairperson and the CEO/VC are different persons?

a) Do not know b) No c) Yes d) Not Applicable

37. Board/Council appoints the chairperson of your respective Board/Council Committee?

a) Do not know b) No c) Yes d) Not Applicable

38. Some members of your respective Council Committee are not Council members?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

39. Your respective Board/Council Committee is served by a competent company secretary/Registrar/other Governance Executives to assist with Governance issues?

a) Do not know b) No c) Yes d) Not Applicable

40. Board/Council has delegated some powers and authority to your respective Board/Council Committee?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

41. What is the effectiveness of the NAMFISA/UNAM Delegation of authority Framework?

a) Excellent b) Very good c) Good d) Fair e) Poor d) Not applicable

42. Board/Council undertake annual audits to assess how your respective Board/Council Committees exercises the delegated powers?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

43. Your respective council committees has full control and ownership over its meeting agenda?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

44. There is an annual Performance Evaluation done to assess the effectiveness of your respective Board/Council Committee?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

45. The annual performance Evaluation of your respective Board/Council Committee is done by means of or through?

a) Self-Evaluation b) Peer- review c) External Consultant d) other (e.g. EXCO) e) All above f) Not applicable

46. The performance Evaluation Report of your respective Board/Council Committee is submitted to the Board/Council?

a) Agree b) Disagree c) Neutral d) Strongly agree e) Strongly disagree b) Not applicable

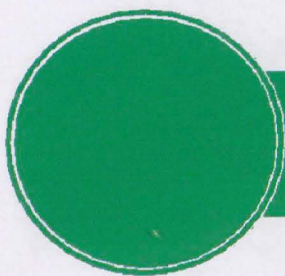
47. Are you a NAMFISA Board/UNAM Council member?

Yes () or No ()

48. Name your respective Board/Council Committee?

49. Any additional comment, on what may be needed to improve Corporate Governance at NAMFISA/UNAM?

THANK YOU VERY MUCH



The Rev. Dr. Greenfield Mwakipesile

CONTACT

PO Box 40529,
Ausspahnplatz,
Windhoek,
Namibia

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Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile

