

EXPLORING THE ROLE OF BOARD DIVERSITY IN REDUCING THE AGENCY

PROBLEM AND STRENGTHENING FIRM VALUE: A CASE STUDY OF

NAMPORT

A THESIS SUBMITTED IN PARTIAL FULFILMENT

OF

THE REQUIREMENTS

FOR

THE MASTER OF BUSINESS ADMINISTRATION MANAGEMENT STRATEGY

DEGREE

OF

THE UNIVERSITY OF NAMIBIA

BY

PLACE PAMBURAI

200823515

APRIL 2021

SUPERVISOR: DR. STEWART PETER KAUPA (NUST)

Abstract

Corporate governance plays a significant role in every organisation. One notes that, corporate governance is a way in which an organisation is governed, the manner in which management is controlled, the way in which organisational goals are set so as to ultimately attain the set objectives. Corporate governance is perpetuated through the interaction between various participants who aid in the effective crafting of the organisation's performance. This interaction is only successful if there is good communication between shareholders and managers, so that effective communication pertaining the success of the organisation and governance of the organisation's various resources can be effectively safeguarded.

Henceforth, this study determined the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort. A mixed methods approach was used in the study. The respondents were sampled from a population of the board members, the management and government officials. The study analysed the data using Statistical Package for Social Sciences (SPSS) and the key findings from this study reveal that it is apparent that board diversity plays a pivotal role in the crafting and execution of corporate governance of any organisation as it entails the enrichment of the make-up and composition of a board which in turn enables effective execution of roles and responsibilities of the organisation as a whole. The outcome of this study shows that, board diversity does not play a major role in reducing the agency problem and strengthening firm value at NamPort. Furthermore, the study established that there is a desperate need to implement diversity in the board in order to reduce the agency problem and strengthen firm value. In addition, the study concluded that the main challenges to principally implement corporate governance are mainly transparency and fairness, as was indicated by the participants of this study. Board transparency helps in alleviating the agency problem in general. A board that exercises transparency in its duties gains trust from the shareholders and employees at large. The study recommended training and development should become a priority, it emerged from the study that there is a lack of knowledge and skills to effectively manage and execute corporate governance in the organisation. Drawing lessons from other successful countries that have championed diversification of their board structures thereby strengthening firm value and effective corporate governance.

TABLE OF CONTENTS

Abstract.....	2
LIST OF FIGURES.....	8
Acknowledgements.....	9
Dedication	10
Declarations	11
CHAPTER 1: INTRODUCTION AND ORIENTATION OF THE STUDY.....	12
1.1 Introduction	12
1.2 Orientation of the study	12
1.3 Problem Statement.....	15
1.4 Research Objectives.....	16
1.5 Significance of the study	16
1.6 Limitation of the study.....	16
1.7 Delimitations of the Study	17
1.8 Conclusion.....	17
CHAPTER 2:	18
LITERATURE REVIEW	18
2.1 Introduction	18
2.2 Conceptual Framework.....	18
2.3 Globalisation and Internationalization of Board Diversity.....	19
2.4 Gender Diversity	20

2.5	Broad Importance of Gender Diversity	21
2.6	Gender and Ethicality.....	22
2.7	NamPort Gender Diversity Profile.....	24
2.8	Gender Diversity and Talent	24
2.9	Knowledge, Skills and Experience	25
2.10	Benefits of Experienced, Skilled and Knowledgeable Board.....	26
2.11	Board Financial Expertise	27
2.12	Benefits of Independent Board of Directors.....	28
2.13	The agency dilemma (Problem)	31
2.14	Causes of Agency Problem	32
2.15	Corporate Governance on Agency Problem	33
2.16	Ways to Mitigate Agency Problem.....	34
2.17	Board Transparency	35
2.18	Ways Good Corporate Governance Create Company Value	36
2.19	King IV and NamCode on Corporate Governance.....	38
2.20	Analysis of the NamCode	40
2.21	Analysis of the King IV Report (2016).....	41
2.22	Conclusion.....	43
CHAPTER 3:		44
RESEARCH DESIGN AND METHODOLOGY.....		44
3.1	Introduction	44

3.2	Research design	44
3.3	Population.....	45
3.4	Sample Size and Sampling Techniques	45
3.5	Research Instruments	45
3.6	Procedure.....	46
3.7	Data Analysis.....	46
3.8	Research Ethics	47
3.11	Conclusion.....	48
CHAPTER 4:		49
DATA PRESENTATION AND ANALYSIS		49
4.1	Introduction	49
4.1.1	Specific Capacity served	50
4.1.2	Role of board diversity in reducing the agency problem and strengthening firm value at NamPort.....	51
4.1.3	The role of board diversity in reducing the agency problem.....	52
4.1.4	Role of corporate diversity in alleviating the agency problem and strengthening firm value at NamPort.....	53
4.1.5	Challenges experienced in the implementation of Corporate Governance	54
4.1.6	Challenges experienced by NamPort in the implementation of Corporate Governance.....	55
4.1.7	Benefits and costs of incentive contracts transparency	56

4.1.8 Agency problem at board level being effectively reduced through the adoption of board diversity.	57
4.1.9 Reasons why the agency problem at board level being effectively reduced through the adoption of board diversity.	58
4.1.10 Board diversity and its ability to strengthen firm value of NamPort.	59
4.1.11 Opinion on why and why not Board diversity can effectively strengthen firm value at NamPort.	60
4.1.12 Advantages of board diversity, as a catalyst for effective reduction of the agency problem and strengthening firm value at NamPort.	60
4.2 Conclusion	61
CHAPTER 5:	62
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	62
5.1 Introduction	62
5.2 Summary of Findings and Conclusions	62
5.2.1 The role of corporate diversity in alleviating agency problem and strengthening firm value	63
5.3.2 The challenges faced by NamPort in the implementation of corporate governance	64
5.2.3 The benefits and costs of incentive contracts transparency as a solution to agency problem at NamPort.	65
5.3 Recommendations	66
5.3.1 Integrate Principles of the NamCode in Corporate Governance	66
5.3.2 Diversify the composition of the Board.	66
5.3.3 Training and development	67

5.3.4	Enforce and implement effective corporate governance policies.....	67
5.4	Areas for future research.....	67
5.5	Chapter Summary	68
	References	69
	Appendices.....	76
	Appendix A: Corporate Governance Framework.....	77
	Appendix B: Board of Directors Charter.....	81
	Appendix C: Board of Directors Meeting Minutes.....	85
	Appendix D: Board of Directors Resolutions.....	89

LIST OF FIGURES

Figure 4.1: Specific Capacity Served	48
Figure 4.2: Role of board diversity in reducing the agency problem.....	49
Figure 4.3: Extent of the role of corporate diversity.....	51
Figure 4.4: Challenges experienced in the Implementation of Corporate Governance.....	52
Figure 4.5: Extent of benefits and costs of incentive contracts.....	54
Figure 4.6: Agency Problem reduced by adopting board diversity.....	55
Figure 4.7: Board Diversity and its ability to strengthen firm value at NamPort.....	57

Acknowledgements

I would like to express my appreciation to my supervisor Dr. Stewart Kaupa for constructive suggestions during the writing of my thesis. Your guidance was highly appreciated.

Special thanks go to the employees of Ministry of Public Enterprise and NamPort for their time and contribution, who made this thesis to be a success.

I must express my profound gratitude to my brother Harvey for his unwavering support and profound affection throughout my studies.

Last but not least I would like to thank my family and my dear friend Gamu for being a constant source of inspiration during the period of writing this thesis.

Dedication

First and foremost, this thesis is dedicated to my brothers Harvey and Harmless whose financial sacrifices, selflessness, encouragement, motivation, inspiration and advice will be forever cherished.

Secondly, I also dedicate this thesis to my parents Mr and Mrs R.A.P.J Mpofu; this thesis is as a result of their counselling and close monitoring during my upbringing. Their calls, encouragement, counselling, and shared stress of being apart helped me focus and believe that everything will be fine and that we will be together again.

Lastly, this research journey got tolerable because of my sister Peggy's long calls and care. Thank you so much; in you I have a wonderful friend and a sister.

Declarations

I, Place Pamburai, declare hereby that this study is a true reflection of my own research and that this work, or part thereof has not been submitted for a degree in any other institution of higher education.

No part of this thesis may be reproduced, stored in any retrieval system, or transmitted in any form or by any means (e.g. electrical, photocopying, recording or otherwise) without the prior permission of the author, or The University of Namibia in that behalf.

I, Place Pamburai, grants The University of Namibia the right to reproduce this thesis in whole or in part, in any manner or format, which the University of Namibia may deem fit, for any person or institution requiring it for study and research; providing that The University of Namibia shall waive this right if the whole thesis has been or is being published in a manner satisfactory to the University.

.....Place Pamburai..... [Signature]

Date 29 April 2021.....

CHAPTER ONE

INTRODUCTION AND ORIENTATION OF THE STUDY

1.1 Introduction

Corporate governance plays a pivotal role in the management of any organisation, this chapter set the foundation upon which this study was built upon. This study was aimed at determining the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort. This chapter meticulously relays the orientation of the study, the problem statement, the study objectives as well as the significance and limitations of the study.

1.2 Orientation of the study

The Namibian Ports Authority, herein referred to as 'Namport' or the "Authority", is a state-owned enterprise, which was established by an Act of Parliament in 1994. Namport, together with its three subsidiary companies, Elgin Brown & Hamer Namibia (Pty) Ltd, Namport Property Holdings (Pty) Ltd and Lüderitz Boatyard (Pty) Ltd, are referred to as the 'Group'. From its headquarters in Walvis Bay, Namport manages Namibia's ports in Walvis Bay and Lüderitz. The Port of Walvis Bay, situated on Africa's southwestern coast, serves a convenient and fast transit route, connecting southern Africa, Europe, Asia and the Americas. The Port of Lüderitz, located 254 nautical miles south of the Port of Walvis Bay, caters for Namibia's southern regions and provides access to South African markets in the Northern Cape. The stable political environment in Namibia continues to attract foreign direct investment, while its ports form a natural gateway for international trade.

Corporate governance refers to a system by which companies are directed and controlled (Cadbury, 2002 as cited by Hilb and Müller, 2015). Lack of good corporate governance is argued

to lead to the agency problem. In general, the agency theory states that agency problem exists in a company when management acts in a way that promotes their self-interest other than in a way that maximizes shareholders' return on investment (Kuypers 2011). For instance, the Enron scandal that led to huge financial losses to the shareholders (Booth, 2002 as cited by Kuypers 2011). Being the key governing body in the corporation, board of directors' work as corporate monitors and advisors, they are involved in the company's most important strategic, investment and financing decisions as well as in hiring, assessing and firing top managers (Adams and Ferreira, 2009 as cited by Tingli, 2017). Belal and Hamate (2016) highlight that adopting good corporate governance principles and practices enhances the level of transparency, accountability and credibility and as a result, improves the performance of an organisation thereby reducing the agency problem.

Furthermore, Juneja (2011) describes corporate governance as a way a corporation is governed. How the management is controlled, the goals set in place to achieve the organisation's ultimate goals. The interaction between various participants in shaping the corporation's performance is important. There must be good communication between shareholders and managers, for them to communicate what their financial resources are going to be used for and how it will generate more income. Managers have to ensure employees understand policies in order to carry out operations effectively. Juneja (2011) further explains that corporate governance deals with the manner that providers of finance guarantee themselves of getting a fair return on their investment. Corporate governance entails determining ways to take effective strategic decisions, this means that the organisation must be able to incorporate strategies that will benefit the company in the long run, and the company must identify the company's strengths and weaknesses and use them as an opportunity for success. Overall, corporate governance ensures transparency which ensures strong and balanced economic development (Juneja 2011).

According to the Institute of Chartered Accountants in England and Wales (ICAEW) (2019), corporate governance is the system by which companies are directed and controlled. Directors and the auditors aim to satisfy themselves that an appropriate governance structure is in place. In addition, corporate governance is about what the board of a company does and how it sets the values of the company, and it is to be distinguished from the day-to-day operational management – performance functions of the company by full-time executives.

Namport corporate governance structure, is aligned to the best corporate governance principles, specifically King IV and NamCode. The Board has a unitary structure comprised of five non-executive directors, each of whom is appointed for a three-year term. The Board of Directors has powers delegated to it by the Governance Agreement signed with the Portfolio Minister. Each director signs a performance agreement with the Portfolio Minister in accordance with the Public Enterprises Governance Act.

The Board, in turn, delegates some of its powers to the Chief Executive Officer, through the Delegation of Authority, a document which clearly sets out the powers of the Portfolio Minister as shareholder, the Board, the Chief Executive Officer, the various board committees and management, as well as the respective limits of authority of each party. The delegation framework serves as a guide to relevant mechanisms for reporting by Board committees, the subsidiary companies and management. The Board and its committees are further guided by a Board Charter, which clearly defines the role and responsibilities of the Board, Board-meeting protocol and related matters. Board committees are appointed to assist the Board in fulfilling its duties and responsibilities. The activities of Board committees do not diminish the responsibilities carried by the Board in regard to its fiduciary position within the company.

The governance structure and its representation are reviewed on a regular basis to ensure the Authority is aligned with international best practices and that the structure meets the strategic and general business requirements of the Authority.

The researcher noted that, from the above definitions it became clear that, corporate governance plays a pivotal role in the functioning of any organisation. NamPort corporate governance considers diversity in their board committees. The current board committee of NamPort has three males and two females. All the females are in the audit committee. They both have vast experience in finance and accounting which is very good and healthy for the financial outlook of the company in financial reporting. Whereas, males have vast experience in law, civil engineering and labour relations. Thus, it is imperative that the management and execution of corporate governance in the organisation should be upheld with utmost effectiveness and efficiency through which board diversity can be easily accomplished, thus the motivation of this study.

1.3 Problem Statement

The NamPort corporate governance is aligned to the best corporate governance principles, specifically King IV and NamCode . However, there have been many complaints against NamPort in recent years. Some of the pressing issues reported against NamPort include, the NamPort directors' big pocket pay-outs reported in the Namibian economy news of the 6th of June 2008 (Maletsky 2008); the leakage of internal data to a Panama company; bribery scandal in Brazil in 2014 by a Trinidad politician to win the Walvis Bay port, to mention a few. All that raised much concern at the Anti-Corruption Commission (ACC). These pressing issues at NamPort, raised questions of concern on transparency and trust on the authenticity of the annual financial reports. Given this background, this study aims at determining the effectiveness of board diversity in reducing the agency problem and strengthening firm value using NamPort as a case study.

1.4 Research Objectives

Given the problem above, this study has a main purpose that is to determine the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort. To achieve this objective, the study focused on the following specific objectives.

- To determine the role of corporate diversity in alleviating agency problem and strengthening firm value
- To examine the challenges in the implementation of corporate governance at NamPort
- To investigate the benefits and costs of incentive contracts transparency as a solution to agency problem at NamPort

1.5 Significance of the study

The findings of the study will serve as a useful instrument for policy makers, particularly at NamPort and in the Ministry of Works and Transport to make the necessary amendments by appropriately implementing corporate governance practices that will help NamPort to improve its transparency and performance. For the organization under review, it will be of great importance as it will make management aware of their good governance status and help them know how best to go. Additionally, the outcome of this study will bridge the knowledge gap in terms of the relationship between board diversity and firm value.

1.6 Limitation of the study

Lack of relevant literature such as annual financial reports, difficulties in accessing classified information, challenges in making appointments and unavailability of the respondents for the interviews limited the study. Officials were reluctant to share information because of fear of victimisation. Another limitation was of the research instruments, due to the COVID-19 pandemic

face to face in-depth interviews which the researcher had initially purposed to use were not utilised in order to comply with the COVID-19 regulations, to curb this limitation the researcher used questionnaires instead, which were sufficient to provide requisite results for the study.

1.7 Delimitations of the Study

The study only focused on NamPort, the only parastatal organisation that provides world-class port services to all sea-borne trade by offering excellent customer service, creating sustainable growth and promoting social responsibility and dedication to the transformation of Namibia into a global logistics hub.

1.8 Summary

This was an introductory chapter which outlined the research problem, aims and objectives, background of study and defined the boundaries of the research. The chapter also laid a foundation from which the rest of the chapters developed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews various aspects of board diversity, agency problem and ways in which board diversity helps alleviate the agency problem and induce transparency at NamPort. This is all important to the reader as it increases the knowledge on the role of board diversity in reducing the agency problem and strengthening firm value. This chapter also discussed the major forms and causes of agency problem, the effect of board diversity in reducing the agency problem, and the possible ways to improve transparency in annual financial reporting at NamPort.

2.2 Board Diversity

The concepts that are discussed in this section include the parameters of board diversity. These concepts are important because they guided the research and provided the structure by which this study was conducted.

According to the NamCode (2014), diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender. However, the researcher selected skills, experience, gender, expertise and knowledge. The proposition for a consideration of diversity and the demographics of the country in the board matters. Board diversity could be considered as critical to ensuring effective governance and long term sustainable financial performance of the company.

Furthermore, the promotion of board diversity in the code of corporate governance, suggests that the selection of the pool of leadership that is entrusted with the provision of oversight into the running of companies should have the right mix of diversity characteristics that will provide the

board with a proper balance that will make it effective when exercising its duties. The NamPort board of directors are independent and free from undue influence when making decisions. NamPort board of directors executes the mandate given by the shareholders (NamPort 2018).

Despite the independent board of directors receiving a mandate that they need to execute on behalf of the shareholders, the author found out that there has been complaints of board of directors' big pockets pay-out and gifts that were skipped in the annual reports. The pay-outs were recorded as expenses in the annual report.

2.3 Globalisation and Internationalisation of Board Diversity

An effective board is the board where people with diverse technical, cultural, religious, ethnic, gender background converge and deliberate on board matters (Matipira, 2015). Board diversity is essentially meant to enhance company performance. Matipira (2015) observed that Cadbury perceptively recalls that, "it was argued in the US that the reason for boards failing was in that their directors had too much in common and were not therefore sufficiently critical in their judgment of performance". Here, Cadbury postulates the importance of introspection and reflection by the board on objective ways of realising the truth in company operations.

The regional or country specific reality is that diversity is shaped by the region just like a country is shaped by its boundary. First, inside the constituency are issues of ethnic divisions where certain ethnic minority groups in the US are marginalised and they are not involved in board participation. Matipira (2015) further contends that countries like Australia and India face similar board challenges like the US when it comes to board diversity. He noted that there is a growing concern of marginalisation of the aborigines and Red Indian communities in these two countries when it

comes to board diversity. In order to enhance a diversified board, Balasubramanian (2010) observed that there is need to induct these minority groups into mainstream corporate activity.

In Africa, particularly Zimbabwe, South Africa and Namibia where the apartheid system remained visible for a very long time, two extreme societies emerged in the form of native Africans and white masters. Apartheid brewed a system of hatred, being selective, dominance and protection of the minority, in reality resulting in native Africans being marginalised when it comes to board diversity. However, following independence and proclamation of self-rule, there have been significant changes in board diversity in these countries. Matipira (2015) noted that globalisation of multinationalism of corporates calls for induction of people from other geo-political spheres and cultures in the board in order to reflect transnational profiles of business approach. Board diversity brings about maturity, balance and depth of understanding of board issues.

2.4 Gender Diversity

Cabo (2012) states that based on Fondas & Sasselos (2000) board diversity or women representation enhances the monitoring role of the board due to having higher expectations than others. Women tend to exhibit better coping with complex issues. Therefore, companies that have weak corporate governance will benefit from gender diversity. Modern organisations are increasingly approaching board gender diversity as a value-driver in organisational strategy and corporate governance (Marinova, Plantenga, and Remery, 2010 as cited by Wagana, 2016).

Cumming, Leung and Rui (2014) indicated that including women on the board mitigates the frequency of fraud. They also, specified that the market response to fraud, as measured by abnormal share price reaction, committed by firms with a gender-diverse board is significantly less pronounced. Generally, evidence that board of directors' gender diversity facilitates improved

corporate governance, insofar as the likelihood and severity of securities fraud is mitigated. This implies that regulators and policymakers should consider the worldwide call for more gender-diverse boards (Cumming et al., 2014).

The researcher realised that NamPort considers gender diversity in their board committees compared to previous years like 2007 or 2008. The current board committee of NamPort has three males and two females. All the females are in the audit committee. They both have vast experience in finance and accounting which is very good and healthy for the financial outlook of the company in financial reporting. Since females are considered ethically sensitive, valuing integrity and transparency, this benefits the company performance and reputation. The researcher also found that in all the reported complaints that the company has received, females were not involved. This concludes that females are rarely involved in fraud and bribery acts despite having high positions in the company (Cumming et al., 2014).

Gender mixture is very important in the board of directors as it gives the employees, clients, investors and the public a guarantee of transparency and consideration of all gender. Gender sensitivity is crucial especially for future potential employees and other investors that will be willing to invest in the company. The public will be free despite their gender to do business in such a gender considerate environment. (Cabo 2012)

2.5 Broad Importance of Gender Diversity

Gender diversity is of paramount importance. Gender diversity improves business outcomes and makes it easier to attract talent. According to the International Labour Organisation report (2016) businesses with genuine gender diversity particularly at senior level perform better and proved to make significant profit increases. Almost three quarters of 70 companies that tracked gender

diversity in their management reported 5 to 20 percent profit increases and 50 percent of them managed to attract and retain talent. The following are some of the reasons why gender diversity is important in a board:

- Large female presence is associated with higher status
- Most admired companies have twice as many women in senior management level than less reputable companies
- Women are believed to have wider influence at decision making level
- Diversity not just across gender but also across culture is proven to improve the company's performance.
- Men are proved to be good at taking action, while women are better suited to carefully analysing a problem. This makes women better leaders and good at executing transparency in the company.
- It is noted that men tend to be more driven to action while women tend to be more conservative in the actions that they take. However, in order for a strong board or organisation to make wonderful decisions, it needs both gender influences. Benefits of diversity are nevertheless recognisable. (Roxas & Stoneback, 2004)

2.6 Gender and Ethicality

Cumming et al. (2014) stated that the first mechanism through which female presence on boards of directors may affect fraud is through the notion that women are more ethically sensitive. The psychology, ethics, and finance literature largely shows that women are more ethically sensitive (Bruns & Merchant, 1990; Cohen et al., 1998; Sundén & Surette, 1998 as cited by Cumming et

al., 2014). One explanation for gender differences in ethical sensitivity stems from the gender socialisation theory (Cumming et al., 2014).

According to gender socialisation theory (Dawson, 1997 as cited by Cumming et al., 2014) men and women learn different sex roles, related values, and concerns, which form their masculine and feminine personalities in childhood. Therefore, men and women exhibit psychological and cognitive differences in moral principles (Cumming et al., 2014). Men are guided by agentic goals, focusing more on the pursuit of personal achievement, while women are guided by communal goals, which put more emphasis on the development of interpersonal relations (Carlson 1972 as cited by Cumming et al., 2014). If it is assumed that women are socialised to embody communal values more than men, then women should be more likely to react ethically in dilemma situations (Mason & Mudrack, 1996 as cited by Cumming et al., 2014).

Women are more nurturing, less aggressive, and less likely to be harmful to others (Radtke, 2000 as cited by Cumming et al., 2014). Women can be more liberal than men in terms of ethical views (Weait, 2001 as cited by Cumming et al., 2014). Women are found to have stronger feelings than men about ethical issues concerning disclosure (Roxas & Stoneback, 2004 as cited by Cumming et al., 2014). According to (Hillman & Dalziel, 2003 as cited by Cumming et al., 2014) agency theory suggests that there should be an appropriate mix of experience and capabilities on corporate boards to successfully perform the necessary monitoring duties.

In the accounting literature, Bruns and Merchant (1990) and Cohen et al. (1998) show that women are more aware of ethical issues in making dilemma decisions (Cumming et al., 2014). Fondas & Sassalos (2000) and Hillman & Dalziel (2003) as cited by Cumming et al. (2014) gender diversity facilitates board monitoring of management and protection of shareholder interests more effectively, by broadening board expertise, experience, and quality. Gender has a significant

impact on the attitudes of managers toward business ethics, with female managers being more positive with respect to the impact of an ethics code and more confident that the code raises ethical standards in business (Ibrahim, Angelidis & Tomic 2009 as cited by Cumming et al., 2014).

“The author believes that it is beneficial to include females in the top positions in the company, including females in the top positions has been found to be the reason that 21% of 500 companies make more money than the 37% of 500 companies lead by man in the world’s largest companies. Therefore, shareholders need to recognize that there is significant evidence that diversity at management level enhances a company’s performance and value” (Ibrahim, Angelidis & Tomic 2009 as cited by Cumming et al. 2014:34).

2.7 NamPort Gender Diversity Profile

According to NamPort (2019) a total of 18.6 percent of permanent employees are female and 81.3 percent are males. The skewed ratio is mainly attributable to a general statistic that males dominate the marine industry, partially due to the reality that many positions require manual labour. For instance, it is confirmed that 72 percent of the male workforce is employed in the operations department. Currently, 28 percent of NamPort’s management is comprised of women, and the number is rising as females assume more leadership positions.

NamPort has become proactive to change the statistics by opening opportunities for women and people living with disabilities in order to advance their gender impartiality. The Affirmative Action Committee has been tasked with actively addressing gender imbalance as far as it is practical.

2.8 Gender Diversity and Talent

According to Cumming et al. (2014) talent is another mechanism through which gender diversity can mitigate fraud. By considering women on the board, there is a greater pool of talent from which

to draw, which can facilitate firm performance (Erhardt, Werbel, & Shrader, 2003 as cited by Cumming et al., 2014). Talent is multidimensional and larger pools of people draw a more diverse and multifaceted talent pool, and diversity can foster creativity (Hoever, van Knippenberg, van Ginkel, & Barkema, 2012 as cited by Cumming et al., 2014). It is possible that both men and women can care about ethical decision-making, while women are quicker to notice concerns (Velthouse & Kandogan, 2007; Erhardt et al., 2003 as cited by Cumming et al., 2014). Once noticed and brought to the board, male directors could be easily convinced of the importance of the fraud.

2.9 Knowledge, Skills and Experience

According to Bear, Rahman and Post (2010) the board's role in monitoring includes functions ranging from strategy implementation to rewarding the chief executive officer (CEO) and top managers of the firm (Hillman and Dalziel, 2003 as cited by Bear et al., 2010). In order to effectively monitor management, the board needs the right skills, experience, expertise and knowledge (Hillman and Dalziel, 2003 as cited by Bear 2010).

Diversity of director resources can be able to assist in providing these skills in the firm or organisation. For instance, at NamPort's board committee, there is a diversity in expertise, experience and knowledge. NamPort's board diversity ranges from great expertise and skill in law, accounting, civil engineering, business administration, banking and labour relations. The board's ability to monitor and advise management is related to expertise, demonstrating that the background and experience of board members is crucial for effective monitoring (Carpenter and Westphal 2001 as cited by Bear et al., 2010).

Bear et al. (2010) stated that the board's human capital resources are based on the collective experience and expertise of board members. This expertise includes insiders with knowledge of company strategy and operations, business experts with knowledge of corporate strategy, support specialists with knowledge of legal and regulatory affairs. Also, a community influential with knowledge and relationships with external stakeholders including the government and local communities (Hillman et al., 2000 as cited by Bear et al., 2010). Diversity of experience is an important asset as studies with management teams have shown that functional diversity can enhance team innovation through the generation of alternative solutions and innovation (Bantel and Jackson, 1989; Joshi and Roh, 2009 as cited by Bear et al., 2010).

According to Badu and Appiah (2017) monitoring and advising require specific knowledge of a firm's business and industry level experience. Industry experienced directors is the most desired attribute for safeguarding board success in the near future and assisting boards in monitoring managers to mitigate agency problems. A broad proportion of directors from suppliers' top management and the ones from the customers' top management industrial background are associated with greater company value.

2.10 Benefits of Experienced, Skilled and Knowledgeable Board

Diverse board members with experience from different fields of study and or industries tend to have better knowledge, skills and experience than those with experience with one company. Mostly they are individuals with much experience in senior positions in the same firm and also from other big outside successful companies. The members with much outside the company experience are prioritised. Experience, skills and knowledge are challenged in larger companies. This is because larger companies are likely to have diffused ownership structures that effectively

separate ownership of residual claims from claims from control of corporate decisions (Badu and Appiah, 2017).

According to NamPort (2019) the financial report gathers all the information for group results for the year. The authority or head office operates from Walvis Bay Namibia. Included is Lüderitz and four subsidiaries. NamPort has nine main customer service centres worldwide and eight key roles to perform. From its headquarters in Walvis Bay, NamPort manages Namibia's ports in Walvis Bay and Lüderitz. Hence, this diffusion and separate ownership and extensive corporate management can be challenging for one to comprehend all the activities and finances recorded if not monitored and controlled closely from different ports and headquarters.

Independent directors need to have the best skills, experience and knowledge in order for them to have comprehensive monitoring and control of NamPort. Greater scale of operation in NamPort is generally the characteristic of large corporations. Therefore, there is greater opportunities and incentives for management to avoid falling into traps. Also, NamPort existed for a long period of time and this also is a factor that increases the agency problem. Hence, NamPort demands more monitoring and controlling compared to newly established companies or businesses. Executive monitoring is a necessity in NamPort as it also reduces agency problem. However, only highly qualified, skilled, experienced and knowledgeable board members can execute that effectively. (NamPort, 2020)

2.11 Board Financial Expertise

The presence of board members with financial expertise, skills and knowledge has been found to improve monitoring and control of the agency problem by previous researchers. According to Badu and Appiah (2017) board skills and financial expertise play an important role in reducing the

agency problem. Furthermore, they mentioned that the board has to have members with qualifications or experience in accounting or finance including expert members of accounting professional bodies. This is crucial because a board without knowledge and experience in accounting and finance is likely to weaken the board monitoring function.

For instance, the NamPort board audit committee always reviews the annual or integrated financial reports to make sure that there is transparency and accuracy in the reporting of the company. However, if there are misunderstandings, complaints or whistle blowing from employees, shareholders, investors or publicity of unfair financial reporting in the company, the audit committee settles them and brings consensus and fairness to all. If consensus is not reached after the audit practices, it means the board has to hold a meeting to discuss means and ways to mitigate the problem before it goes out of hand. Agency theory states that a board that holds face to face regular meetings is more likely to perform their monitoring function effectively and mitigate the agency problem. This consequently leads to improved firm value and performance.

2.12 Benefits of Independent Board of Directors

According to Gupta et al., (2011) the board of directors is used to control managerial activities. Therefore, it should be independent of the company's executing management (Gupta et al., 2011). The number of outside directors should be large and the Chief Executive Officer (CEO) should not act as a chairperson of the board. However, the board should be small enough to be a cohesive group. Members represent a range of business and leadership experience, which are pertinent to understanding the issues the company faces. Audit committees made up of independent directors in all public companies ensure that financial reports are accurate (Gupta et al., 2011). Independent directors represent shareholders on the company's board. Therefore, independent directors must ensure their presence and performance is free from any influence of insiders or management.

Companies appoint independent directors to monitor the performance of executive directors and top management teams. Independent directors pursue the interests of shareholders by maximising shareholders' value. Several areas should be addressed by independent directors that would contribute to the effective formulation of the company strategy (Zinkin 2010 as cited by Sharifah, Syahrina and Julizaerm 2016). Independent directors should ask questions pertaining to the businesses that the company ventures in, product market segmentation, and the valuable customers within the market segmentation (Fuji, Rahim and Tan, 2012 as cited by Sharifah et al., 2016). Independent directors with relevant industry background and wide expertise would be more willing to challenge the CEO and the management team in board discussions (Sharifah et al., 2016)

However, Rowe and Rankin (2002 as cited by Gupta et al., 2011) are in favour of equal representation from independent and dependent directors. They have argued that dependent and independent directors should have equal power because both groups help to preserve strategic control. Independent directors need sufficient power to keep dependent directors from engaging in inappropriate diversification. Dependent directors need sufficient power to ensure that the board has the necessary amount of sensitive, firm-specific information (Rowe and Rankin 2002 as cited by Gupta et al., 2011).

Reiter and Rosenberg (2003) indicated that independent directors bring the sort of rigour and critical analysis required to limit recurrence of disasters. Independent directors can be valuable to the companies they serve, but only if those companies take their responsibilities seriously to provide appropriate, useful and timely information (Reiter and Rosenberg as cited by Gupta et al., 2011). The boards of directors today must act as adjudicators, standing guard between management's daily operations and the longer-term interests of shareholders (Conking and Lesage 2002 as cited by Gupta et al., 2011). According to Gupta et al., (2011), the rise of a new, better-

informed class of investors is forcing companies to comply more with what is publicly perceived as ethical governance behaviour. Personal attributes like integrity and the ability to listen with an open mind are essential requirements for good board members (Salmon 2000 as cited by Gupta et al., 2011). The board as a whole must be able to spot problems early and blow the whistle, exercising constructive dissatisfaction. According to Maletsky (2008) the NamPort Independent board members' big pocket pay-outs were approved not discussed on the board level but when the board's audit committee picked up on the expense, it was investigated and found to be in order. Many employees of NamPort were not happy about it when they realised it and made their unhappiness public through Namibian Anti-Corruption agents.

Therefore, the board of directors always has to resolve raised complaints or issues as soon as they are addressed to them. Solving problems earlier helps the company to keep a good reputation with its clients, investors, employees, shareholders and the public at large. It also boosts the NamPort shareholders' confidence in the board members and value their competency and transparency. However, the NamPort CEO has to always discuss all the payments, incentives and bonuses and gifts at board level in order to mitigate challenges of agency problems like the above-mentioned.

Corporate governance is not about power but about ensuring that decisions are made effectively (Pound, 2000 and Gupta et al., 2011). Pound (2000) advised senior managers and the board to take the advice of shareholders in decision-making. Therefore, most performance crises are the result of errors that arise not from incompetence but from failures of judgment (McCallum 2003 as cited by Gupta et al., 2011).

2.13 The Agency Dilemma (Problem)

According to Matipira (2015), The concept of agency dilemma is as old as history itself and it dates back to the time of Adam Smith. Tricker (2012) quoted Adam Smith (1776) cited in the Wealth of Nations that: *“The directors of companies, being managers of other people’s money, cannot be expected to watch over it with the same vigilance with which they watch over their own”*.

Adam Smith rightly pointed out the agency problem when he highlighted the relationship of directors and shareholders of the business. In this context, it emerges that whenever the owner of wealth (the principal) contracts someone else (the agent) to manage his affairs, the agency dilemma arises (Matipira, 2015).

The issue is experienced in simple contracts where there may be just one principal and one agent, in a limited-liability company where there may be many principals (shareholders) and their agents (directors). In this context, Matipira (2015) further argued that as the number and diversity of shareholders increases, their interests are seldom homogeneous. Berle and Means (1932) argued that, as listed companies grew and their shareholders became more diverse, the separation between owners and directors magnified and power shifted towards the directors, which some of them abused. The assumption explains how boards of directors abuse power in their role as board of directors of the business.

Matipira concluded that public companies experience a chain of agency relationships that can involve strings of agency relations where an individual owner might invest his funds through a financial adviser who in turn invests in a mutual fund or investment trust which gears its portfolio by investing in a hedge fund which invests in a range of equities, property, commodities and other

hedge funds. This brings a huge problem when it comes to issues of tracing the agency chain in such cases and establishing the exposure to agency risk will be highly impossible.

To mitigate the agency dilemma, various responses come into play. In this regard, institutions demand good reporting and transparency, accountability and audit, independent directors, separation of chairman and the Chief Executive Officer (CEO), other regulations and legal requirements and corporate governance codes and principles. These are seen as mechanisms that will enhance good corporate governance in business. Literature reviewed showed that the agency problem is not limited to relations between shareholders in listed companies and their directors only but that the agency dilemma can occur in private companies, joint ventures, not-for-profit charities, health and education bodies, professional institutions, and governmental bodies which include state-owned enterprises like NamPort.

Matipira (2015) indicates that wherever there is separation between the members and the governing body, the agency dilemma can arise. The aforementioned author further argues that the governing body might be called the board of directors, the council, the committee, the governing body, or the holding company. However, overall impression derived from the literature gathered shows that the agency dilemma can arise whenever responsibility for a corporate entity is delegated by members to the members of its governing body. The agency dilemma therefore remains the cornerstone concept in corporate governance.

2.14 Causes of the Agency Problem

Agency problem exists when there is a conflict of interest between the agent and the principal. This typically occurs when the agent acts solely in his own interests. The agency problem will always exist in the sense that managers' behaviour will never completely be aligned with the

interests of the shareholders (Fama 1980 as cited by Kuypers, 2011). However, the agency problem can also exist when the principal or agent has incentives to act differently because they have different risk preferences or may have different tendencies to act opportunistically (Jones and Butler 1992 as cited by Kuypers 2011). The agency theory assumes that firms try to solve the agency problem in the most efficient way by aligning the interests of the managers and shareholders with as little costs as possible (Kulik 2005 as cited by Kuypers, 2011).

2.15 Corporate Governance on Agency Problem

According to Sharifah et al. (2016) the non-executive directors on the board would not be able to exercise their duties effectively, unless they are independent from management and ensure that they provide unbiased business judgment. Independent directors are the persons entrusted by shareholders to represent them.

Independent directors help to reduce agency problems in the company. Furthermore, the code of corporate governance and regulators recommends that the composition of board members should be balanced and consist of independent directors. However, mere compliance with the recommendations is not enough if the independent directors fail to exercise their functions effectively (Sharifah et al., 2016). Therefore, the existence of independent directors on the board should be monitored in order to bring positive shareholder values.

The NamPort corporate board ought to have a structure which would independently verify and preserve the honour of the entity's financial and economic reporting. This has to include all the bonuses and incentives given in the financial period for transparency purposes and rectifying their mistakes. Safeguarding integrity in financial reporting could be achieved through the intervention of the audit committee set up and also, a process to bring about the independence and ingenuity of

the statutory auditors (Mudashiru, Bakare, & Ishmael, 2014). For instance, the report of the NamPort directors big pocket pay-outs should have been included in the financial report but it was only discovered by the board's audit committee that it was missing in the year-end financial report. Then it raised an alarm of transparency problems in the organisation.

Gupta, Hothi and Gupta (2011) stated that empirical evidence does suggest that independent directors do play an important role of shareholder advocate. Shareholders benefit more when independent directors have control of the board in tender offers for bidders (Byrd and Hickman 1992 as cited by Gupta et al., 2011). Independent directors reduce the likelihood of financial statement fraud (Beasley 1996 as cited by Gupta et al., 2011). Bhagat and Black (2007) pinioned that, Enron with eleven independent directors on its 14-member board could not prevent wealth destruction (Gupta et al., 2011). As such, highly independent boards may not be justified.

According to Gupta et al. (2011) a board should contain a mix of dependent, independent, and affiliated directors. Dependent directors are conflicted, but well-informed, whereas, the independent directors are relatively ignorant about the company. Independent directors with relevant industry background and wide expertise would be best as they are more willing to challenge Chief Executive Officers (CEOs) and the management team in board discussions.

2.16 Ways to Mitigate the Agency Problem

According to Berle and Means (1932) agency theory embraces the opinion that agents are driven by their own personal benefits and tend to increase their wealth at the expense of the value of the firm. Therefore, the board has made sure the interests of the agent and the principal are aligned.

- The agent has to aim to pursue the interests of shareholders.

- There should be information symmetry between the agent and the shareholders in order to avoid separation of ownership.
- Information asymmetry distorts the quality of information when managers engage in self-serving activities because it negatively affects shareholders.
- The company board has to serve as a mechanism for monitoring and controlling the activities of the company managers for shareholders.
- Agency theorist states that a company should be having more independent directors for the board to execute their duties effectively.
- The board should be independent from the CEO's influence in executing their duties in order to avoid the CEO's bargaining power in board decision making processes.
- Agency theory suggests that an adequate monitoring mechanism needs to be established to protect shareholders from management self-interest pursuits.

2.17 Board Transparency

Good corporate governance ensures that the business environment is fair and transparent and that companies and institutions can be held accountable for their actions (Belal and Hamate (2016). In addition, Youssef (2009) clarifies that weak corporate governance leads to waste, mismanagement and corruption. According to Fung (2014) transparency and disclosure are essential elements of a robust corporate governance framework. They both provide the base for informed decision making by shareholders and potential investors in relation to capital allocation, corporate transactions and financial performance monitoring. Despite the existence of appointed board of directors and all the monitoring, there is always a challenge of the agency problem that hits every organisation or firm. In order to solve this problem, it is important that the interests of the managers and the shareholders are aligned (Kuypers, 2011). One notes that, this can be accomplished by monitoring

the board of directors, incentives such as salary and stock ownership and threats like a takeover or the competition in the executive labour markets (Rediker & Seth, 1995 as cited by Kuypers, 2011).

Board transparency helps in alleviating the agency problem in general. A board that exercises transparency in its duties gains trust from the shareholders and employees at large. Corporate entities or parastatals like NamPort gain shareholders, employees, clients and public trust in their business duties when they exercise transparency. Transparency also makes employees committed to the company. Lack of transparency can lead to loss of valuable employees that would lead to the success of the company. When a company gains trust through transparency, investors find it easy and risk free to invest in the company.

Transparency helps shareholders not to worry much about fear of losing their wealth and riches that they have entrusted in the hands of the board of directors. In management and organisational theory, the concept of transparency has proven to be a powerful aggregate term for a number of constructs that are of interest for their effects on employee and organisational performance, reputation and employee satisfaction. Transparency leads to employee satisfaction and reduces the challenge of making valuable employees leave the company. Moreover, transparency leads to employee mental stability, as this helps them feel that they belong to the company and to never worry about their future instabilities when the company becomes bankrupt, closes down or is sold to a different investor.

2.18 Ways Good Corporate Governance Creates Company Value

According to Felicite (2019), good corporate governance builds trust and predictability and later generates comfort to investors. In practice, good corporate governance contributes to the creation of company value through:

Risk Mitigation: An effective corporate governance framework assists towards risk mitigation, providing the company shareholders with comfort that though their existence may be difficult, their welfares will be protected by the board and management. A good governance framework induce reflection on exit strategies. This gives additional comfort to the current and future prospective shareholders deciding to invest in the company.

Improved Capital Flow: The increase in confidence by investors and banks in the company due to robust financial management reporting improves access to capital, minimises both cost of capital and cost of equity, and this leads to optimised capital flow. The key element of good corporate governance is deciding on a suitable capital structure. Transparency on everything that is considered by the centre of concern and interest to investors command a lower risk premium, hence lowering the cost of capital and equity.

Reputational Boost: Corporate board transparency in a company especially on internal policies, control mechanisms and the way the board deals with suppliers, vendors, media, staff and government bodies will boost the organisation's reputation and thus strengthening brand and firm value.

Effective and Better Decision-making: Good corporate governance aims for faster decision-making process by establishing a clear description of roles between owners and management.

Improved reporting: Improved reporting on performance helps managers and shareholders make more informed and actual decisions. This ultimately leads to improved sales margins and reduced costs.

Focus on Compliance: Good corporate governance sufficiently relies on policies requiring the company to stay compliant with local laws and regulations. Synchronisation of risk

management and compliance to ensure the company has appropriate control mechanisms, operates efficiently, meets its objectives and regarding the people, processes, technology and information.

Higher Staff Retention: Good corporate governance leads to an increase in staff retention. It also boosts employee motivation in the work environment especially from senior staff. When the company has a well-defined and communicated vision and direction, employees tend to enjoy their work and accomplish their expected work goals. A focus on the company's core business also makes it easier to penetrate the market and attract the interest of shareholders.

Limitation of Disruptive Behaviour and Conflict of Interest: Good corporate governance establishes rules that helps the company to reduce potential fraud and malpractices amongst employees. It also assists in avoiding conflicts of interest specifically through minority shareholders being given their share of voice by being represented by independent directors.

2.19 King IV and NamCode on Corporate Governance

According to both King IV and NamCode (2016), application is based on comply or explain. The governing body has to be satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. Corporate governance is, in essence, a company's practical expression of ethical standards. It follows that all the typical aspects of corporate governance (such as the role and responsibilities of the board and directors, internal audit, risk management, stakeholder relations, and so on) should rest on a foundation of ethical values. Therefore, the ethics of corporate governance requires all deliberations, decisions and actions of

the board and executive management to be based on the following four ethical values underpinning good corporate governance:

Responsibility: The board should assume responsibility for the assets and actions of the company and be willing to take corrective actions to keep the company on a strategic path that is ethical and sustainable.

Accountability: The board should be able to justify its decisions and actions to shareholders and other stakeholders.

Fairness: The board should ensure that it gives fair consideration to the legitimate interests and expectations of all stakeholders of the company. Members of the governing body should direct the organisation in such a way that it does not adversely affect the natural environment, society or future generation.

Transparency: The board should disclose information in a manner that enables stakeholders to make an informed analysis of the company's performance, and sustainability. The governing body should embody ethical values and characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time.

Competence: Members of the governing board should take steps to ensure that they have sufficient working knowledge of the organisation, its industry, the triple context in which it operates, the capitals it uses and affects as well as of the key laws, rules, codes and standards applicable to the organisation. Members of the governing body must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision.

Integrity: Members of the governing body must act in good faith and in the best interest of the organisation. Moreover, members of the governing board must avoid conflict of interest. In case where a conflict cannot be avoided, it should be disclosed to the governing body in full at the earliest opportunity and then proactively managed as determined by the governing body and subject to legal provisions. Governing body should act ethically beyond mere legal compliance. Therefore, members of the governing board should set the tone for an ethical organisational culture.

2.20 Analysis of the NamCode

The NamCode has been drafted on the basis that the practice recommendations are to be applied to achieve the aim and principle that it relates to. It is the legal duty of directors to act in the best interests of the company. Following the “apply and explain” approach, the board of directors, in its collective decision making, could conclude that to follow a practice recommendation as set out in the NamCode would not, in the particular circumstances, be in the best interests of the company. The board could decide to apply the recommended practice and still achieve the objective of the principles of fairness, accountability, responsibility and transparency. They would be explaining how the principles and recommendations were applied, the reasons, results in compliance. In reality, the ultimate compliance officer is not the company’s compliance officer or bureaucrat ensuring compliance with statutory provisions, but the stakeholders (NamCode, 2004).

Furthermore, the philosophy of the NamCode, revolves around leadership and corporate citizenship with a sustainable goal. To facilitate an understanding of the thought process, debate and changes, the following key aspects are highlighted:

- Good governance is essentially about effective leadership. Leaders should rise to the challenges of modern governance. Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of ubuntu or humanness. Responsible leaders direct company strategies and operations with a view to achieving sustainable economic, social and environmental performance.
- The concept of corporate citizenship which flows from the fact that the company is a person and should operate in a sustainable manner. The constitution imposes responsibilities upon individuals and juristic persons for the realisation of the most fundamental rights.
- Sustainability is the primary moral and economic imperative of the 21st century. It is one of the most important sources of both opportunities and risks for businesses. Nature, society, and businesses are interconnected in complex ways that should be understood by decision-makers. Most importantly, current incremental changes towards sustainability are not sufficient. What is needed is a fundamental shift in the way companies and directors act and organise themselves (NamCode, 2004).
- One notes that the above review showed that good governance is achieved through the compliance of the principles of fairness, accountability, responsibility and transparency.

2.21 Analysis of the King IV Report - 2016

On 15 March 2016, the Institute of Directors issued the draft King IV Report in South Africa (SAICA, 2016: 2). The Report is designed to make the implementation of corporate governance principles easier by reducing the principles in the report from seventy-five to seventeen principles.

Major changes in the King IV Report include calls for executive remuneration to be more transparent and for the governing body of the entity to provide strategic direction about executive remuneration. The King IV Report further recommends that organisations include a remuneration report in the Annual Financial Statements. This report includes the disclosure of the background and overview of the main provisions of the organisation's remuneration policy as well as disclosure relating to implementing the remuneration policies. Additional recommendations about the voting and approval of remuneration of Non-Executive Directors should also be established by the entity (SAICA, 2016: 2).

The King IV Report also recognises that risks are ever evolving and, as such, the traditional risk management was expanded to include not only risk management but also managing opportunities of the company. The concept of integrated thinking was confirmed in the King IV Report which recommends that the governing body makes decisions in an integrated manner and so confirms the importance of integrated reporting and thinking. The King IV Report defines integrated thinking as the pro-active "consideration by the organisation of the relationships between various operating and functional units and the capitals that the organisation uses or affects" (IOD, 2016b: 11). Integrated thinking, therefore, has to be embedded in the strategy, risk and opportunities, sustainable development, performance and outcomes of any entity and require a holistic view of an entity (IOD, 2016).

2.22 Summary

The aim of this chapter was to clearly articulate the literature and theoretical framework relevant to the study and also to critically analyse the literature. One notes that Board diversity plays a pivotal role in the steering of an organisation towards stakeholder satisfaction through the mitigation of the agency problem, as was shown through the various literature expounded upon in this chapter. Furthermore, this chapter primarily displayed the knowledge gap that exists with regards to the openness of embracing the issue of board diversity and its practical application in organisational corporate governance.

3.1 Research design

The research design of the study was informed by the objectives of the research project. According to Creswell (2014, 113) "research design are types of inquiry within qualitative, quantitative, and mixed methods approaches that provide specific direction for procedures in a research design." This study adopted a mixed methods approach in order to properly interpret and provide a concise conclusion to the study elements. The research design was built upon the foundation of the research objectives. Saunders et al. (2008) indicate that mixed method research uses both quantitative and qualitative data collection, analysis and analysis procedures either at the same time (parallel) or one after the other (sequential) but does not combine them.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examined the methods the researcher used to collect data. Based on the need to attain a deeper understanding of the role of board diversity in reducing the agency problem and strengthening firm value for the specific case of NamPort. As was outlined in Chapter two, the study sought to determine the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort. This Chapter endeavoured to show the research design, research instruments used in conducting the study, data collection and presentation procedures and methods of analysing data. This chapter outlines the methods that were used to obtain information vital to the research as well as the methods implemented in order to get access to the information.

3.2 Research design

The research design of the study was informed by the objectives of the research project. According to Creswell (2014, 113) “research designs are types of inquiry within qualitative, quantitative and mixed methods approaches that provide specific direction for procedures in a research design.” This study adopted a mixed methods approach in order to properly interpret and provide a concise conclusion to the study elements. The research design was built upon the foundation of the research objectives. Saunders et al. (2009) indicate that mixed method research uses both quantitative and qualitative data collection techniques and analysis procedures either at the same time (parallel) or one after the other (sequential) but does not combine them.

3.3 Population

The population that was utilised for this study emanated from the NamPort board members, management and government officials in the logistics and supply chain department. The population totalled a number of 300.

3.4 Sample Size and Sampling Techniques

Sampling is the process of selecting people or items for investigation, and a sample is a segment from the population (Robson 2012). Samples of units are selected from a data set in order to measure certain characteristics, beliefs or attitudes depending on the problem statement (Rahi 2017). The target population was classified into three strata based on their roles: The management, Board members and government officials are specifically key custodians from the logistics and supply chain fraternity. Therefore, the selected sample for this study is 35 respondents.

3.5 Research Instruments

The researcher used a questionnaire as the research instrument for the research. This instrument provided the basis for the appropriate results being realised and ensured that the purpose of the research was realised. The questionnaires comprised of various types of questions: structured questions (quantitative) with different options such as Likert scale style questions, Yes or No questions, the other questions were non-structured with spaces for the respondent to fill in (qualitative).

To fulfil the requirements of mixed methods, the questionnaire was used to gather data relating to the quantitative nature through the structured section of the questionnaire, and gathering data relating to a qualitative nature through the non-structured section of the questionnaire. In addition,

the questionnaires targeted three main groups that is the board, the management and government officials in the logistics and supply chain division.

3.6 Procedure

Pandey (2015) notes that, researchers require procedures to follow and techniques that allow the researcher to analyse data. Data collection procedures may vary and each tool is suitable for collecting certain types of information. Prior to delivering the questionnaires, respondents were notified, three weeks in advance. After emailing all the respondents, the researcher followed up with telephonic notifications, so as to ensure a better response rate. Accompanying each questionnaire was a covering letter explaining the general purpose of the study, in addition highlighting the ethical considerations.

3.7 Data Analysis

After collecting data, the researcher went through the process of data analysis. The research instrument that is the questionnaire was utilised to create a Data Entry (DE) modular in the Statistical Package for Social Sciences (SPSS) to allow for ease of data entry. All the qualitative responses were pre-coded accordingly. Thereafter, both the qualitative and quantitative data was then entered into the computer. Descriptive statistics such as mean, median, standard deviation, variance and co-variance were deduced from the data using SPSS. The data analysis process involved checking the completeness of the questionnaire, that is, inconsistencies, errors, omissions and proper coding.

3.8 Research Ethics

The researcher ensured that the research results were handled in strict confidence and research participants were kept anonymous. The researcher also ensured participants' rights to decline to participate and to withdraw from the research once it has started, were respected and thus informed consent.

3.9 Validity of the study

According to Heale and Twycross (2015) validity is the extent to which an instrument measures the concepts accurately. The validity of the study was explored using a number of techniques. The researcher ensured that the data accurately stated the participants' responses conveyed in the questionnaires. Validity elucidates on how accurate or well the data collected represents the area of study, which means that one should measure what is intended to be measured (Lumpur, 2016). Thus, the interpretations of the data were not based on the researcher's viewpoint but that of the participants. With regards to this study, the researcher tried by far to capture data from the right sources through the right tools to make the data collected valid. The researcher gathered information from NamPort which addresses the effects of board diversity in strengthening firm value, in relation with the various data sets given that of a quantitative and qualitative nature.

3.10 Reliability of the study

Lumpur (2016) states that reliability is the extent to which measurement of an occurrence provides stable and consistent results that could be tested or measured every time. In terms of this study, the researcher endeavoured to capture data from the appropriate sources through utilising the appropriate tools to make the study reliable. Reliability measures consistency, therefore, each time

an experiment or measure is done by a researcher, it should yield the same results (Heale & Twycross, 2015; Shepa, 2013).

3.11 Summary

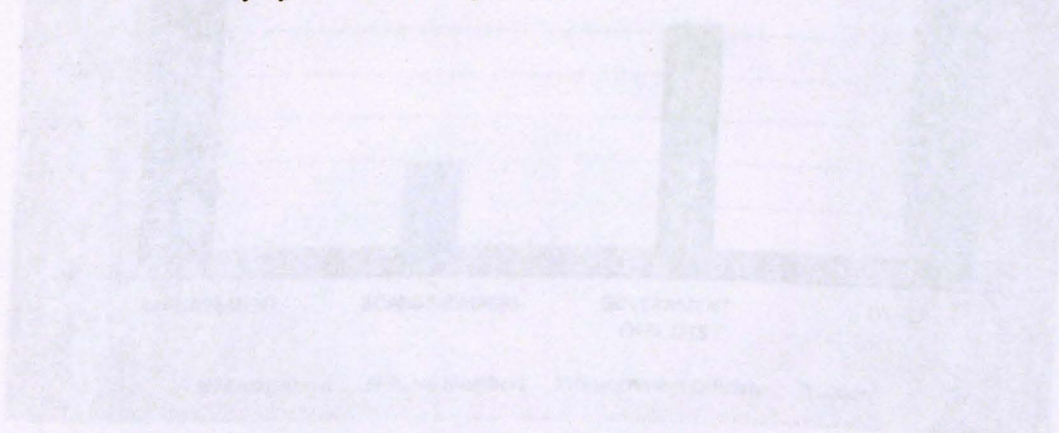
The aim of this chapter was to define the methodology that was used to gather data for the research. The chapter described the research design, the research instruments and the sampling methods used in the study. The data collection plan and the data presentation and analysis procedures were also highlighted thus paving way for Chapter Four, where the presentation and analysis of gathered data was executed.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the results of the study. The study sought to explore the role of board diversity in reducing agency problem and strengthening firm value for the specific case of NamPort. The chapter presents data from interviews and questionnaires. The findings presented are informed mainly by the research objectives.



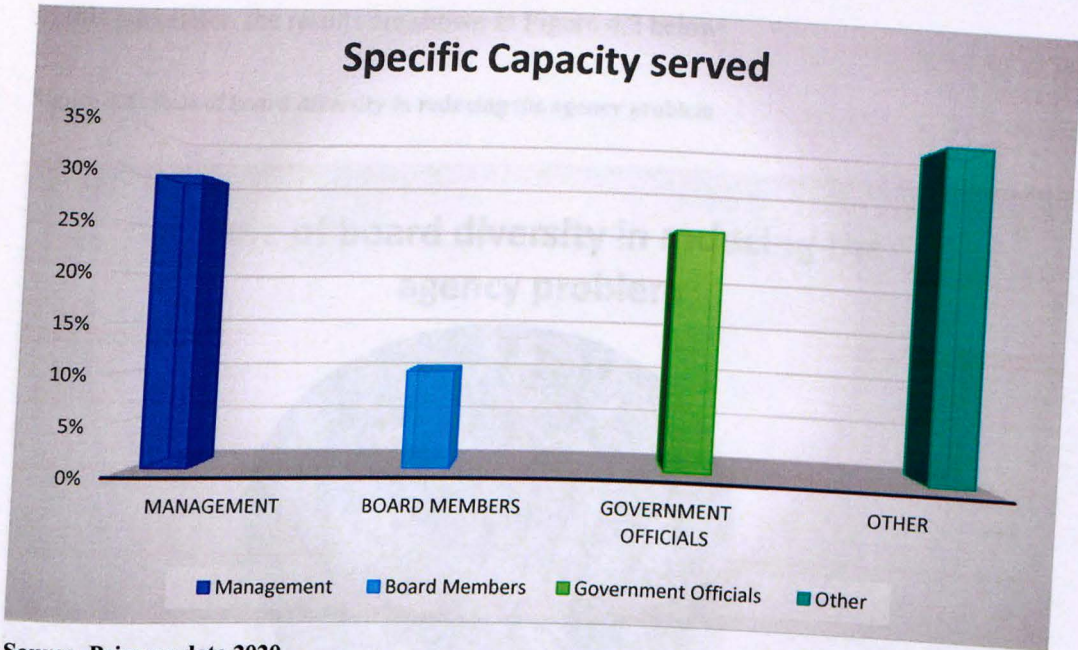
Source: Primary data 2019

As depicted in Figure 4.1 above there is a somewhat fair distribution of respondents across the response of the capacities served in. The greater percentage of respondents are concentrated in the Management and Government officials with approximately 30% and 25% respectively. On the other hand, the lowest members are represented by 25% of the respondents.

4.1.1 Specific Capacity served

The respondents were asked to indicate in which Capacity they Served in, and the results are shown in Figure 4.1 below:

Figure 4.1: Specific Capacity Served



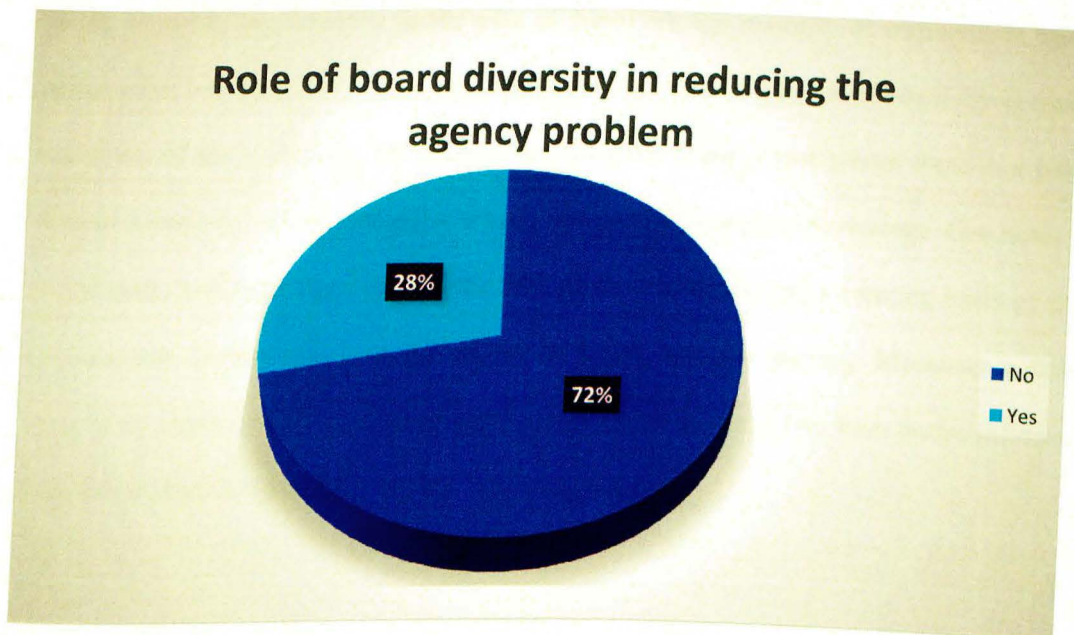
Source: Primary data 2020

As depicted in Figure 4.1 above there is a somewhat fair distribution of respondents across the expanse of the capacities served in. The greater percentage of respondents are concentrated in the Management and Government officials with approximately 30% and 25% respectively. On the other hand, the board members are represented by 10% of the respondents.

4.1.2 Role of board diversity in reducing the agency problem and strengthening firm value at NamPort

This study was aimed at determining the role of board diversity in reducing the agency problem and strengthening firm value at NamPort, the respondents were asked their opinion with regards to this parameter, the results are shown in Figure 4.2 below:

Figure 4.2: Role of board diversity in reducing the agency problem



Source: Primary data 2020

As shown in Figure 4.2 above, 72% of the respondents were of the opinion that board diversity does not play a major role in reducing the agency problem and strengthening firm value at NamPort, while 28% of the respondents agreed with the aforementioned notion that board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort.

4.1.3 The role of board diversity in reducing the agency problem

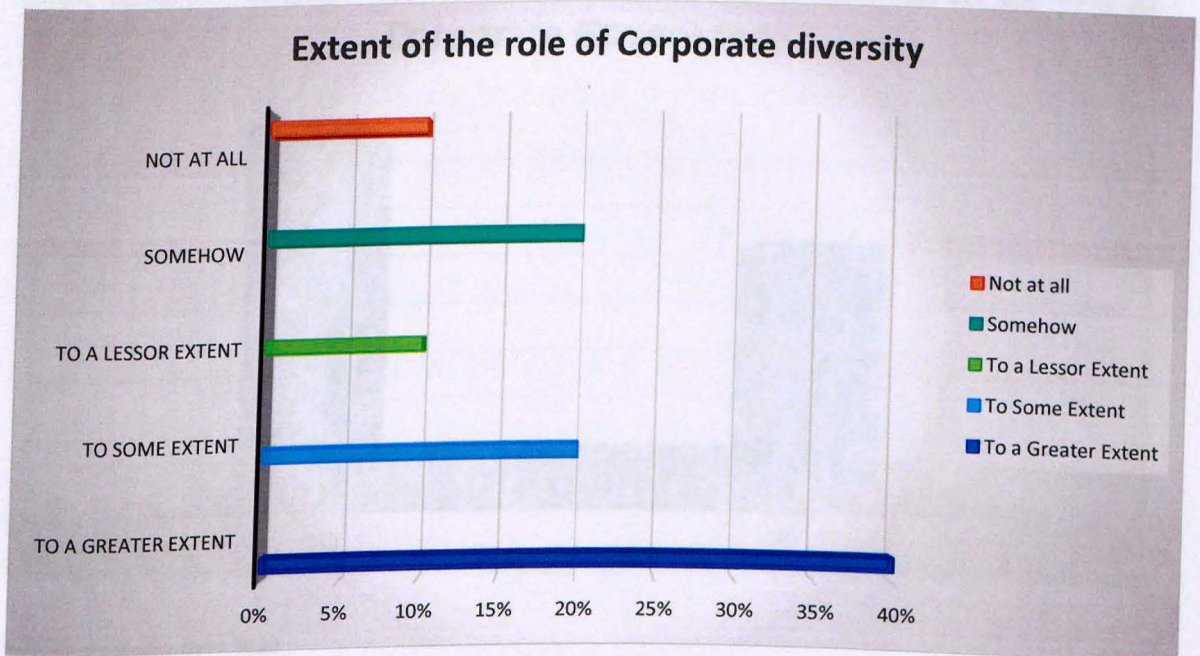
The respondents were asked to give reasons to support their responses on their opinion of why they think that board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort. The following are some of the responses:

The respondents were of the opinion that board diversity is pivotal to the development and strengthening of firm value, as board members would be fully equipped to act in the best interests of the organisation, however in the case of NamPort, the majority of respondents were of the opinion that board diversity plays an insignificant role in the execution of board representation and execution of key functions. In addition, an effective board is one where there is a plethora of diverse technical, cultural, religious, ethnic, and gender background coverage. One notes that, the respondents indicated there is a drastic lack of these characteristics forming basis of the board composition thereby owing to the calibre of board decision making. Moreover a few of the respondents indicated that board members act independently and free from undue influence when it comes to decision making.

4.1.4 Role of corporate diversity in alleviating the agency problem and strengthening firm value at NamPort.

The study sought to find out the role corporate diversity plays in alleviating the agency problem and strengthening firm value in NamPort. This is reflected in Figure 4.3 below:

Figure 4.3: Extent of the role of corporate diversity



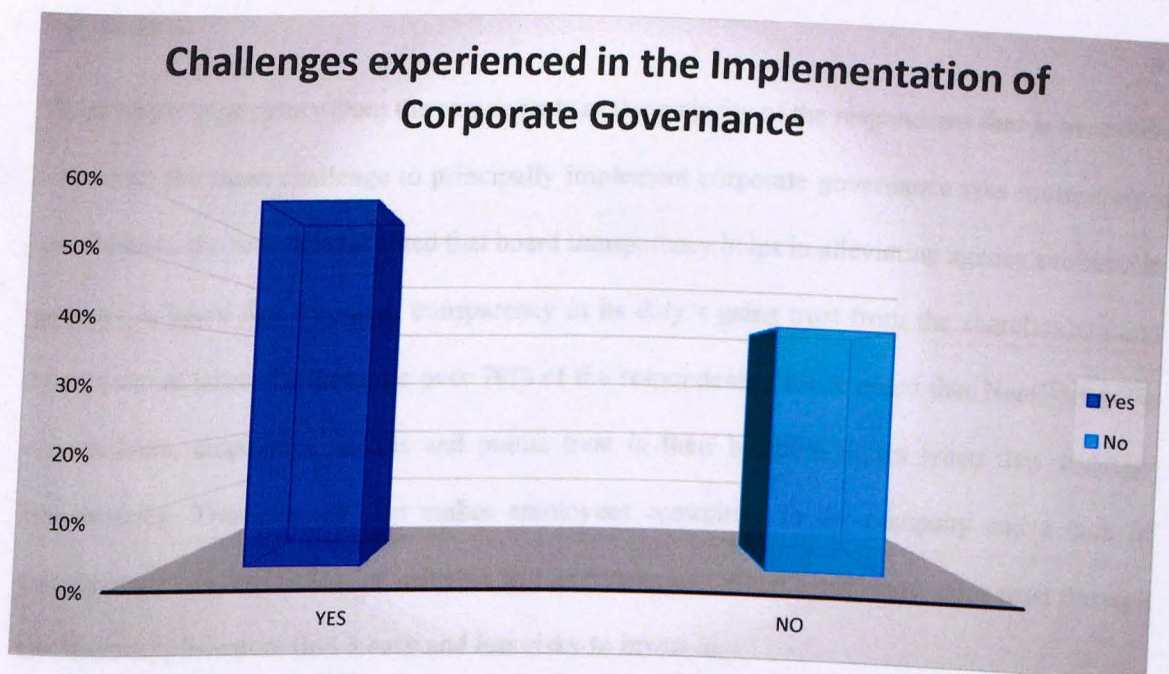
Source: Primary data 2020

As depicted in Figure.3 above, the study indicated that 40% of the respondents agree to a greater extent that corporate diversity plays a role in alleviating the agency problem and strengthening firm value at NamPort as well as 20% indicated that to some extent corporate diversity plays a role in alleviating the agency problem and strengthens firm value. However, on the other hand there was a lacklustre response in that approximately 40% of the respondents disagreed with the notion that corporate diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort.

4.1.5 Challenges experienced in the implementation of Corporate Governance

The respondents were asked if in their opinion they thought that NamPort experiences challenges in the implementation of Corporate Governance. The responses are shown in Figure 4.4 below:

Figure 4.4: Challenges experienced in the Implementation of Corporate Governance



Source: Primary data 2020

As shown in Figure.4 above 60% of the respondents are of the persuasion that NamPort experiences challenges in the implementation of Corporate Governance, however on the other hand 40% of the respondents beg to differ with the above notion that NamPort experiences challenges in the implementation of Corporate Governance.

4.1.6 Challenges experienced by NamPort in the implementation of Corporate Governance

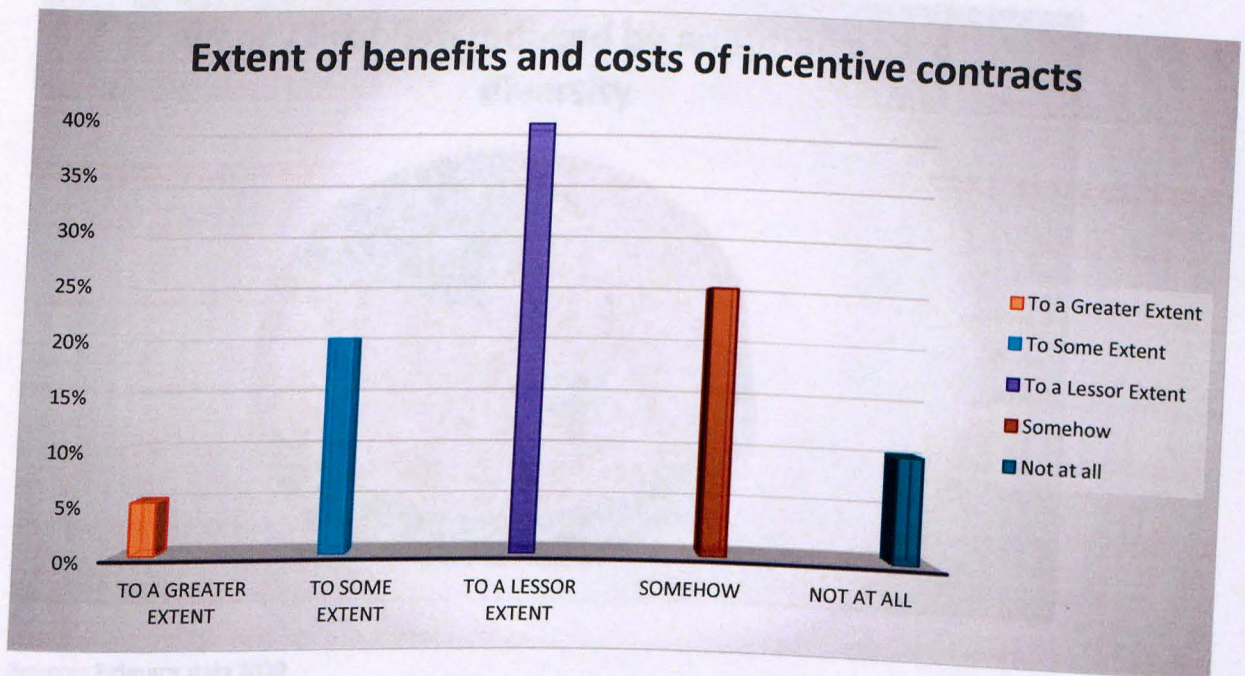
The respondents were asked to elaborate more on the specific challenges that NamPort faces in the implementation of corporate governance, the following are some of the responses from the respondents:

There was a huge outcry from the respondents as the majority of the respondents that is over 80% noted that the main challenge to principally implement corporate governance was transparency and fairness, the respondents noted that board transparency helps in alleviating agency problem in general. A board that exercises transparency in its duty's gains trust from the shareholders and employees at large. Furthermore over 70% of the respondents further noted that NamPort gains shareholders, employees, clients and public trust in their business duties when they exercise transparency. Transparency also makes employees committed to the company and a lack of transparency can lead to loss of valuable human resources. When a company gains trust through transparency, investors find it easy and less risky to invest in.

4.1.7 Benefits and costs of incentive contracts transparency

The respondents were asked to what extent were the benefits and costs of incentive contracts transparent as a solution to the agency problem at NamPort. The responses are depicted in Figure 4.5 below:

Figure 4.5: Extent of benefits and costs of incentive contracts



Source: Primary data 2020

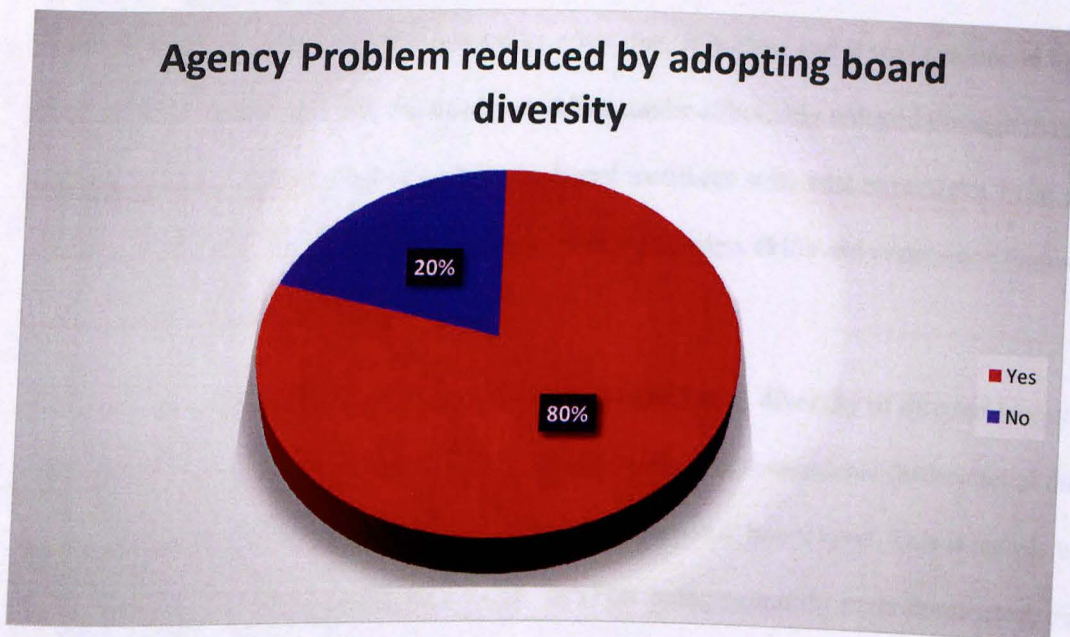
As shown in figure 5 above a 25% of the respondents agreed with the notion that the benefits and costs of incentive contracts are transparent as a solution to the agency problem at NamPort to a greater extent and to some extent. On the other hand, 40% of respondents agreed with the notion but to a lesser extent, 20% were of the opinion that somehow benefits and costs are transparent as a solution to the agency problem and 10% did not agree at all with the aforementioned notion.

4.1.8 Agency problem at board level being effectively reduced through the adoption of board diversity

The respondents were asked that in their opinion they thought that the agency problem at NamPort at board level and whether it can be effectively reduced through the adoption of board diversity?

The results are shown in the Figure 4.6 below:

Figure 4.6: Agency Problem reduced by adopting board diversity



Source: Primary data 2020

As shown in Figure.6 there is an overwhelming response from the respondents that of 80% which agree with the notion, of that the agency problem at NamPort at board level can be effectively reduced through the adoption of board diversity. Conversely 20% of the respondents disagree with the notion of that the agency problem at NamPort at board level can be effectively reduced through the adoption of board diversity.

4.1.9 Reasons why the agency problem at board level being effectively reduced through the adoption of board diversity

The respondents were asked to elaborate more on the specific reasons why in the opinion they thought that the agency problem at board level can be effectively reduced through the adoption of board diversity, the following are some of the responses from the respondents:

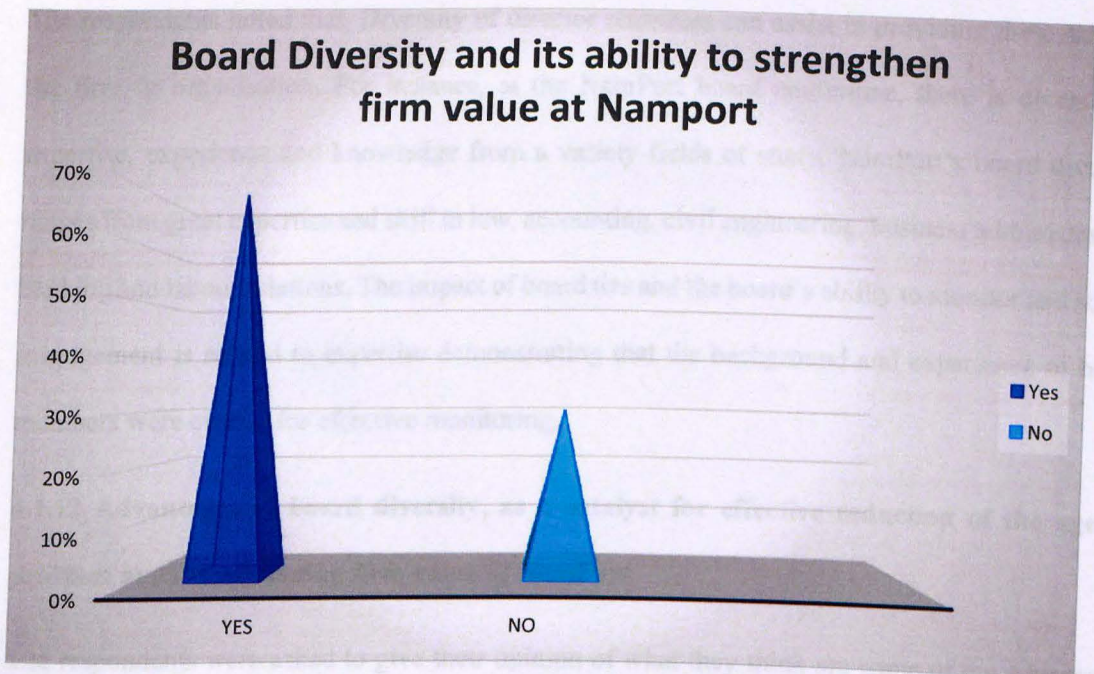
From the above section 4.1.9 the researcher notes that, it is clear and it was evidenced by 80% of the respondents agreeing that, the agency problem can be effectively reduced through the adoption of board diversity, this is because: Diverse board members with vast experience from different fields of study and or industries tend to have better knowledge, skills and experience than someone with experience with one company.

Furthermore, more than 50% of the respondents indicated that, diversity of director resources can assist in providing these skills in the firm or organisation. The respondents further noted that there is a drastic lack of gender diversity and gender representation at board level. This is mainly because of the notion of the nature of operations of NamPort being primarily male dominated, however female presence on board of directors may reduce fraud through the notion that women are more ethically sensitive.

4.1.10 Board diversity and its ability to strengthen firm value of NamPort

The respondents were asked if in their opinion they thought that board diversity can effectively strengthen firm value of an organisation, specifically NamPort. The results are shown in the Figure 4.7 below:

Figure 4.7: Board Diversity and its ability to strengthen firm value at NamPort



Source: Primary data 2020

As shown in Figure. 7 above, 70% of the respondents indicated that board diversity can effectively strengthen firm value at NamPort, while 30% of the respondents disagreed with the notion that board diversity can effectively strengthen firm value at NamPort.

4.1.11 Opinion on why and why not Board diversity can effectively strengthen firm value at NamPort

The respondents were asked to give reasons to support their responses on their opinion of why they think that board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort, the following are some of the responses:

The respondents noted that, Diversity of director resources can assist in providing these skills in the firm or organisation. For instance, at the NamPort board committee, there is diversity in expertise, experience and knowledge from a variety fields of study. NamPort's board diversity ranges from great expertise and skill in law, accounting, civil engineering, business administration, banking and labour relations. The impact of board ties and the board's ability to monitor and advise management is related to expertise demonstrating that the background and experience of board members were crucial for effective monitoring.

4.1.12 Advantages of board diversity, as a catalyst for effective reduction of the agency problem and strengthening firm value at NamPort

The respondents were asked to give their opinion of what they think are some of the advantages of board diversity as a catalyst for effective reduction of the agency problem and strengthening firm value at NamPort, the following are some of the responses:

The respondents were of the opinion that, a harmonised and diverse board, diverse technically, culturally, religiously, ethnically and in gender background can effectively reduce the agency problem and strengthen firm value. There are significant advantages to having a board that is diverse in all facets, as the board would be rich in knowledge and expertise which can effectively steer the organisation to greater heights.

4.2 Summary

This chapter highlighted the presentation of the results uncovered through this study, and these results were relating to the objectives of this study. One notes that this chapter forms a basis of the next chapter which discusses the summary of findings, conclusions and recommendations.

This Chapter presents a summary of the findings obtained during the course of the research and links the conclusions drawn from this research, as well as setting the foundation for necessary recommendations and for future study on the field of study. The researcher notes that, this study was aimed at investigating the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NatPort. To achieve this objective, the study focused on the following specific objectives:

- To determine the role of corporate diversity in alleviating the agency problem and strengthening firm value.
- To examine the challenges in the implementation of corporate governance principles at NatPort.
- To investigate the benefits and costs of incentive contracts transparency as a solution to the agency problem at NatPort.

5.1 Summary of Findings and Conclusions

From the study it is apparent that board diversity plays a pivotal role in the crafting and execution of corporate governance of any organisation as it entails the involvement of the make-up and characteristics of a board which in turn enables effective execution of roles and responsibilities of the organisation and others. The researcher was on a journey to explore the role of board diversity in reducing the agency problem and strengthening firm value for NatPort. One notes that as was

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This Chapter presents a summary of the findings attained during the course of the research and coins the conclusions drawn from this research, as well as setting the foundation for necessary recommendations and for future study on this field of study. The researcher notes that, this study was aimed at determining the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort. To achieve this objective, the study focused on the following specific objectives:

- To determine the role of corporate diversity in alleviating the agency problem and strengthening firm value
- To examine the challenges in the implementation of corporate governance principles at NamPort
- To investigate the benefits and costs of incentive contracts transparency as a solution to the agency problem at NamPort

5.2 Summary of Findings and Conclusions

From the study it is apparent that board diversity plays a pivotal role in the crafting and execution of corporate governance of any organisation as it entails the enrichment of the make-up and composition of a board which in turn enables effective execution of roles and responsibilities of the organisation as a whole. The researcher was on a journey to explore the role of board diversity in reducing the agency problem and strengthening firm value for NamPort. One notes that as was

shown in the previous chapter, much can be drawn from this study that is there is a desperate need to diversify the board of the organisation as it is essential in strengthening the firm's value.

The conclusions drawn were anchored on Badu and Appiah (2017), who noted that, "diverse board members with experience from different fields of study and or industries tend to have better knowledge, skills and experience than those with experience with one company. Mostly, individuals with much experience in senior positions in the same firm and also from other big outside successful companies are of benefit. The members with much outside experience are considered most. Experience, skills and knowledge are challenged in larger companies. This is because larger companies are likely to have diffused ownership structures that effectively separate ownership of residual claims from claims from control of corporate decisions"

5.2.1 The role of corporate diversity in alleviating the agency problem and strengthening firm value

The study concluded that board diversity does not play a major role in reducing the agency problem and strengthening firm value at NamPort. It was established from the findings through a statistical representation of 72 percent of the respondents who agreed with the notion, while 28 percent of the respondents disagreed with the aforementioned notion that board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort.

The study established that there is a desperate need to implement diversity in the board in order to reduce the agency problem and strengthen firm value. Gupta et al. (2011) agree with this notion as they note that, "a board should contain a mix of dependent, independent, and affiliated directors. Dependent directors are conflicted, but well-informed whereas, the independent directors are relatively ignorant about the company. Independent directors with relevant industry background

and wide expertise would be best as they are more willing to challenge Chief Executive Officers (CEOs) and the management team in board discussion”.

More so, the study concluded that corporate diversity plays a major role in strengthening firm value and reducing the agency problem. The majority of the respondents agreed with the notion that it is to a greater extent that corporate diversity reduces the agency problem and strengthens firm value. This is because, the agent aims to pursue the interests of shareholders through information symmetry between the agent and the shareholders in order to avoid separation of ownership. In addition, the board should be independent from the CEO's influence in executing their duties in order to avoid the CEO's bargaining power in board decision making processes. Agency theory suggests that adequate monitoring mechanisms need to be established to protect shareholders from management's pursuit of self-interest.

5.3.2 The challenges faced by NamPort in the implementation of corporate governance

The study concluded that the main challenges to principally implement corporate governance are mainly transparency and fairness, as was indicated by the participants of this study. Board transparency helps in alleviating agency problem in general. A board that exercises transparency in its duty gains trust from the shareholders and employees at large.

The respondents further noted that NamPort gains shareholders, employees, clients and public trust when they exercise transparency. Transparency also makes employees committed to the company and a lack of transparency can lead to loss of valuable employees that would be important for the success of the company. When a company gains trust through transparency, investors find it easy and less risky to invest in the company. This notion was supported by Fung (2014) who notes that, “transparency and disclosure are essential elements of a robust corporate governance framework.

They both provide the base for informed decision making by shareholders and potential investors in relation to capital allocation, corporate transactions and financial performance monitoring. Despite the existence of an appointed board of directors and all the monitoring, there is always a challenge of the agency problem that hits every organisation or firm”.

5.2.3 The benefits and costs of incentive contracts transparency as a solution to the agency problem at NamPort

From the study, it is evident that the agency problem at board level can be effectively reduced through the adoption of board diversity as it improves transparency. This is depicted by the evidence of 80 percent of the respondents agreeing that, the agency problem can be effectively reduced through the adoption of board diversity.

Besides, the study revealed that diverse board members with vast experience from different fields of study and or industries tend to have better knowledge, skills and experience than someone with experience with one company. Moreover, some of the respondents indicated that, diversity of director resources can assist in providing these skills in the firm or organisation.

The study concluded that there is a drastic lack of gender diversity and gender representation at board level, this is mainly because of the notion of the nature of operations of NamPort being primarily male dominated. However female presence on the board of directors may affect fraud through the notion that women are more ethically sensitive.

To sum up, one can say that, a harmonised and a board that is diverse technically, culturally, religiously, ethnically and in gender background can effectively reduce the agency problem and strengthen firm value.

5.3 Recommendations

Based on the above key findings, this study proposes the following recommendations:

5.3.1 Integrate Principles of the NamCode in Corporate Governance

As confirmed by the study findings, in order to effectively reduce the agency problem and strengthen firm value through the integration of the principles of the NamCode in Corporate Governance, the board should assume responsibility for the assets and actions of the company and be willing to take corrective actions to keep the company on a strategic path that is ethical and sustainable. More so the board should ensure that it gives fair consideration to the legitimate interests and expectations of all stakeholders of the company. Members of the governing body should direct the organisation in such a way that it does not adversely affect the natural environment, society or future generation. In addition, the board should disclose information in a manner that enables stakeholders to make an informed analysis of the company's performance, and sustainability. The governing body should embody ethical values and characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time.

5.3.2 Diversify the composition of the Board

According to NamPort (2019) a total of 19 percent of permanent employees are female and 81.3 percent are males. The skewed ratio is mainly attributable to a general statistic that males dominate the marine industry, partially due to the reality that many positions require manual labour. It is therefore recommended that diversification on all facets should be adopted as it will ensure effectiveness and success of the organisation, as was evidenced through the study. The researcher concluded that the expertise of board members transverses the trajectory of corporate governance.

This expertise includes insiders with knowledge of company strategy and operations, business experts with knowledge of corporate strategy, support specialists with knowledge of legal and regulatory affairs.

5.3.3 Training and development

It emerged from the study that there is a lack of knowledge and skills to effectively manage and execute corporate governance in the organisation. This is drawing lessons from other successful countries that have championed diversification of their board structures thereby strengthening firm value and effective corporate governance.

5.3.4 Enforce and implement effective corporate governance policies

The study acclaims that NamPort must enforce policies that encourage the diversification of the board composition. This will ensure that at any given financial period, the board is diversified, as a diversified board yields greater benefits for the organisation. This was expressly revealed by the study.

5.4 Areas for future research

Based on this research study, the following recommendations were made for future research. The recommendations were guided by the observations above. These recommendations are as follows:

- One can further study the parameter of board diversity as a comparative analysis between organisations in different industries.
- More so, one can further investigate and evaluate the extent to which an organisation has been successful in the implementation of board diversity principles and policies.

- A study can be conducted focusing on the impact that board diversity has on the overall performance of the organisation in a given financial period.

5.5 Chapter Summary

The chapter highlighted the summary of the findings and presented the conclusions, and this formed a basis for recommendations and areas where studies can be embarked on in future.

References

- Adams, R., & Ferreira D. (2009). Women in the Boardroom and their Impact on Governance and Performance. *Journal of Financial Economics* 94, 291-309.
- Badu, E. A., & Appiah, K. O. (2017). Determinants of Board Monitoring Effectiveness in Anglo Countries in West Africa: An Empirical Investigation. *Business, Management and Economics Research*. Presbyterian University College, Ghana. ISSN 2412-1770, ISSN: Vol. 3, No. 9. Ghana.
- Bhagat, S., & Black, B. (2001). The Non-Correlation between Board Independence and Long-Term Performance. *Journal of Corporation Law*, Stanford Law School.
- Bear, S., Rahman, N., & Post, C. (2010). The Impact of Board Diversity and Gender Composition on Corporate Social Responsibility and Firm Reputation. *Journal of Business Ethics* (2010) 97:207–221. DOI 10.1007/s10551-010-0505-2.
- Belal, Z., & Hamate, M. (2016). An Overview of Corporate Governance Practices of Selected Islamic Banks. *Journal Paradaban Islam*. ISSN: 1411-0334. Vol. 12, No 1. Malaysia.
- Berle, A. and C. G. Means (1932). *The Modern Corporation and Private Property*. Chicago: Commerce Clearing House.
- Booth, C. (2002) Called to Account. In *Business & Tech*. Retrieved May 12, 2020, from <http://www.time.com/time/business/article/0,8599,263006,00.html>.
- Bruns, W. J. Jr., & Merchant, K. A. (1990). The dangerous morality of managing earnings. *Management Accounting*, 72(2): 22-25.

- Cabo, R. M., Gimeno, R., & Nieto, M. J. (2012). Gender Diversity on European Banks' Boards of Directors. *Journal of Business Ethics*.
- Carlson, R. (1972). Understanding Women: Implications for Personality Theory and Research. *Journal of Social Issues*, 28: 17-32.
- Cadbury (2002). Corporate Governance and Chairmanship: A Personal View, Oxford University Press
- Carpenter, M. A., & Westphal, J. D. (2001). The Strategic Context of External Network Ties: Examining the Impact of Director Appointments on Board Involvement in Strategic Decision Making. *Academy of Management Journal* 44, 639–660.
- Conklin, D. W., & Lesage, F. (2002). Ethics and Competencies. *Ivey Business Journal*.
- Creswell, W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches*. (4th Ed.). Los Angeles: SAGE.
- Cumming, D., Leung, T. Y., & Rui, O. (2014). Gender Diversity and Securities Fraud. Schulich School of Business. York University.
- Dawson, L. M. (1997). Ethical Differences between Men and Women in the Sales Profession. *Journal of Business Ethics*, 16(11): 1143-1152.
- Erhardt, L. N., Werbel, J. D., & Shrader, C. B. (2003), "Board of Director Diversity and Firm Financial Performance", *Corporate Governance: An International Review*, 11:102-110
- Felicite, J. (2019). Company Admin & Employee Solutions Market Entry & Expansion. 8 ways Good Corporate Governance Creates Company Value. www.ocorian.com

- Fondas, N., & Sassalos, S. (2000). A Different Voice in the Boardroom: How the Presence of Women Directors Affects Board Influence Over Management. *Global Focus*.
- Fung, B. (2014). The Demand and Need for Transparency and Disclosure in Corporate Governance. *Universal Journal of Management* 2(2): 72-80, 2014 <http://www.hrpub.org>
DOI: 10.13189/ujm.2014.020203
- Fuzi, S. F. S., Rahim, M., & Tan, A. (2012). Factors Influencing Performance of Independent Directors in Malaysia, 2012 IEEE Symposium on Humanities, Sciences and Engineering Research.
- Gupta, A., Hothi, B. S., & Gupta, S. L. (2011). Corporate: Independent Directors in the Board. *Global Journal of Management and Business Research*. Global Journals Inc. (USA). Volume 11 Issue 1 Version 1.0. ISSN: 0975-5853
- Heale, N. C., & Twycross, M. I. (2015). *Research Methodology: A network approach. A review on diffusion of environmental business practices*: Wiley Online Library.
- Hilb, M., & Müller, R. (2015). *Corporate Governance of State-Owned Enterprises in Uzbekistan*. (Doctoral Dissertation). University of St. Gallen.
- Hillman, A. I., Dalziel, T. (2003). Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives. *Academy of Management Review* 28, 383-396.
- Hoever, I. J., Van Knippenberg, D., Van Ginkel, W. P., & Barkema, H. G. (2012). Fostering Team Creativity: Perspective Taking as Key to Unlocking Diversity's Potential. *Journal of Applied Psychology*, 97: 982-996

- Ibrahim, N., Angelidis, J., & Tomic, I. M. 2009. Managers' Attitudes toward Codes of Ethics: Are there Gender Difference? *Journal of Business Ethics*, 90: 343-353. Industry Canada. SME financing in Canada. Retrieved March 10, 2020 from <http://strategis.ic.gc.ca/epic/internet/insbrprppe.nsf/en/rd00617e.html>.
- ICAEW. (2019). What is Corporate Governance? Retrieved March 10 2020, from <https://www.icaew.com/technical/corporate-governance/principles/principles-articles/does-corporate-governance-matter>
- International Labour Organisation report (2016). Women in Business and Management. Business Case for Change. www.ilo.org
- IOD. 2016b. Draft King IV Report on Corporate Governance for South Africa 2016.
- IODSA (2004). The NamCode: The Corporate Governance Code for Namibia. Namibia Stock Exchange (NSX).
- Juneja, P. (2011). Corporate Governance- Definition, Scope and Benefits. What is corporate governance? Retrieved from <https://www.managementstudyguide.com/corporate-governance.html>
- King IV Report on Corporate Governance for South Africa. (2016). South Africa Stock Exchange.
- Kulik, B. W. (2005). Agency Theory, Reasoning and Culture at Enron: In Search of a solution. *Journal of Business Ethics*, 59, 347 – 360.
- Kuypers, A. (2011). How to Deal with the Agency Problem and what is the Role of the Board of Directors in it: www.arno.uvt.nl/show.cgi?fid=129369

- Lorsch, J.W. (2000). *Empowering the Board: Harvard Business Review on Corporate Governance*. Harvard Business School Publishing, Boston.
- Lumpur, S. R., (2016). Reverse logistics and social sustainability. *Corporate, Social Responsibility and Environmental Management*, 17(6), 337–354. <https://doi.org/10.1002/csr.220>
- Maletsky, C. (2008). NamPort Directors Pocket Big Pay-outs. *The Namibian Economic News*. www.namibian.com.na/45717/archive-read/NamPort-directors-pocket-big-payouts
- Matipira, L. (2015). *Glass Ceilings and Oak-Panelled Walls: Women on Corporate Boards*, Prime Database Directory. New Delhi. India.
- McCallum, J. S. (2003). The Socratic Director. *Ivey Business Journal*, May/June 2003
- Mudashiru, A., Bakare, I. A. O., Babatunde, Y., & Ishmael, O. (2014). Good Corporate Governance and Organisational Performance: An Empirical Analysis. *International Journal of Humanities and Social Science* Vol. 4, No. 7(1).
- Marinova, J., Plantenga, J., & Remery, C. (2010). *Gender Diversity and Firm Performance: Evidence from Dutch and Danish Boardrooms*. Utrecht School of Economics, Tjalling C. Koopmans Research Institute, Discussion Paper Series 10-03.
- NamCode (2014). *The Corporate Governance Code for Namibia, Namibian Stock Exchange (NSX) and the Institute of Directors in Southern Africa (IoDSA)*.
- NamCode (2016). *The Corporate Governance Code for Namibia, Namibian Stock Exchange (NSX) and the Institute of Directors in Southern Africa (IoDSA)*.
- NamCode (2019). *The Corporate Governance Code for Namibia, Namibian Stock Exchange (NSX) and the Institute of Directors in Southern Africa (IoDSA)*.

- NamCode (2020). The Corporate Governance Code for Namibia, Namibian Stock Exchange (NSX) and the Institute of Directors in Southern Africa (IoDSA).
- Pandey, R. L. (2015). Retail reverse logistics: An International Journal of Physical Distribution & Logistics Management, 3, 11-15.
- Pound, J. (2000). The Promise of the Governed Corporation. Harvard Business Review on Corporate Governance. Boston, MA.
- Radtke, R. R. (2000). The effect of Gender and Setting on Accountants' Ethically Sensitive Decisions. *Journal of Business Ethics*, 24(4): 299-312.
- Rahi, B. (2007). Dissertation Skills for Business and Management Students. London: Martins the Printers Ltd.
- Robson, C. (2016). Real world research: A Resource for Social Scientists and Practitioner-Researchers. Oxford, UK: Blackwell Publishers.
- Reiter, B. J., & Rosenberg, N. (2003). Meeting the Information. Needs of Independent Directors. *Ivey Business Journal*.
- Rowe, G. W., & Rankin, D. (2002). Insiders or Outsiders: Who should have More Power on a Board? *Ivey Business Journal*.
- Roxas, M. L., & Stoneback, J. Y. (2004). The Importance of Gender across Cultures in Ethical Decision-making. *Journal of Business Ethics*, 50: 149-165
- Salmon, W. J. (2000) How to Gear up Your Board. Harvard Business Review on Corporate Governance.

- Saunders, M., Thornhill, A., & Lewis, P. (2009). *Research methods for business students*. Essex: Pearson Education Ltd.
- Sharifah, S. F. S., Syahrina, A. A. H., & Julizaerm, M. K. (2016). Board Independence and Firm Performance. *Procedia Economics and Finance* 37: 460 – 465
- Sundén, A. E., & Surette, B. J. (1998). Gender Differences in the Allocation of Assets in Retirement Savings Plans. *American Economic Review*, 88: 207-211.
- Tingli, P. (2017). The Impact of Board of Directors Diversity upon Corporate Financial Performance. Retrieved from <https://dspace.spbu.ru/bitstream/11701/9533/1>
- Tricker, B. (2012). *Corporate Governance Principles, Policies and Practices*, Oxford University Press
- Velthouse, B., & Kandogan, Y. (2007). Ethics in Practice: What are Managers Really Doing? *Journal of Business Ethics*, 70: 151-163
- Wagana, D. M. (2016). Corporate Governance, Board Gender Diversity and Corporate Performance: A Critical Review of Literature. Jomo Kenyatta University of Agriculture and Technology, Kenya. *European Scientific Journal* March 2016 edition vol.12, No.7
ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431
- Weait, M. (2001). The Workplace Ethic: Is it crime? *Management Today*. January Issue, 52-57
- Youssef, M.T. (2009). *Corporate Governance: An Overview around the Globe*. Grant Thornton. Egypt.
- Zinkin, J. (2010), Independent directors must learn to ask CEOs the right questions. *The Star*.

Appendices



APPENDIX 1: Board Members Questionnaire

TOPIC: Exploring the role of board diversity in reducing agency problem and strengthening firm value: A Case of NamPort.

My Name is Place Pamburai I am a Masters student at the University of Namibia. As part of the requirements for my course I have to conduct a research project.

The purpose of this questionnaire is to gather data so as to determine the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort.

The findings of the study will serve as a useful instrument for policy makers, particularly at NamPort and in the Ministry of Works and Transport to make the necessary amendments by appropriately implementing corporate governance practices that will help NamPort to improve its performance transparency. No personal identification will be disclosed, and all responses will be used for educational purposes only.

Kindly fill in this questionnaire to the best of your ability.

This questionnaire will take about 20 minutes to complete and your participation will be highly appreciated.

Yes	
No	

Instructions: Please answer the following questions by indicating with an (X) against the appropriate response or writing down your answer in the space provided.

1. Please specify your gender?

Male	
Female	

2. Age range?

19 - 28	
29 - 38	
39 - 48	
49 +	

3. What is your highest Level of Qualification?

Secondary Education		Degree	
Diploma		Masters	
Post graduate Diploma		Doctorate	

4. To which specific capacity they serve in?

Government Officials	
Board Members	
Management Staff	
Other	

5. In your opinion, do you think board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort?

Yes	
No	

6. With Reference to question 5, can you please give reasons to support your answer?

.....

.....

.....

.....

7. To what extent does the role of corporate diversity play in alleviating the agency problem and strengthening firm value in NamPort?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

8. In your opinion, do you think NamPort experiences challenges in the implementation of corporate governance?

Yes	
No	

9. With reference to question 8 above if your answer was yes can you elaborate more by pointing out some of the challenges NamPort faces in the implementation of corporate governance.

.....

10. To what extent are the benefits and costs of incentive contracts transparent as a solution to the agency problem at NamPort?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

11. In your opinion do you think the agency problem at NamPort at board level can be effectively reduced through the adoption of board diversity?

Yes	
No	

12. With reference to question 11 can you please give reasons for your answer?

.....
.....
.....
.....
.....
.....

13. Do you think Board diversity can effectively strengthen firm value of an organisation, specifically that of NamPort?

Yes	
No	

14. In what ways do you think Board diversity can effectively strengthen firm value of an organisation, specifically that of NamPort?

.....
.....
.....
.....
.....

15. In your opinion what are some of the advantages of board diversity, as a catalyst for effective reduction of the agency problem and strengthening firm value at NamPort.

.....
.....
.....
.....
.....

Thank you for your participation.



UNAM
UNIVERSITY OF NAMIBIA

APPENDIX 2: Government Questionnaire

TOPIC: Exploring the role of board diversity in reducing agency problem and strengthening firm value: Case of NamPort.

My Name is Place Pamburai I am a Masters student at the University of Namibia. As part of the requirements for my course I have to conduct a research project.

The purpose of this questionnaire is to gather data so as to determine the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort.

The findings of the study will serve as a useful instrument for policy makers, particularly at NamPort and in the Ministry of Works and Transport to make the necessary amendments by appropriately implementing corporate governance practices that will help NamPort to improve its performance transparency. No personal identification will be disclosed, and all responses will be used for educational purposes only.

Kindly fill in this questionnaire to the best of your ability.

This questionnaire will take about 20 minutes to complete and your participation will be highly appreciated.

Instructions: Please answer the following questions by indicating with an (X) against the appropriate response or writing down your answer in the space provided.

1. Please specify your gender?

Male	
Female	

2. Age range?

19 - 28	
29 - 38	
39 - 48	
49 +	

3. What is your highest Level of Qualification?

Secondary Education		Degree	
Diploma		Masters	
Post graduate Diploma		Doctorate	

4. In your opinion, do you think board diversity plays a major role in reducing the agency problem and strengthening firm value at any governmental organisation?

Yes	
No	

5. With Reference to question 5 can you please give reasons to your answer?

.....

.....

.....

.....

.....

.....

.....

.....

Yes	
No	

6. To what extent does the role of corporate diversity play in alleviating the agency problem and strengthening firm value in various governmental organisations?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

7. In your opinion, do you think various governmental organisations experience challenges in the implementation of corporate governance?

Yes	
No	

8. With reference to question 8 above if your answer was yes can you elaborate more by pointing out some of the challenges governmental organisations face in the implementation of corporate governance.

.....

.....

.....

.....

.....

.....

.....

9. To what extent are the benefits and costs of incentive contracts transparency a solution to the agency problem at various governmental organisations?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

10. In your opinion do you think the agency problem at various governmental organisations at any level can be effectively reduced through the adoption of board diversity?

Yes	
No	

11. With reference to question 11 can you please give reasons for your answer?

.....
.....
.....
.....
.....
.....

12. Do you think Board diversity can effectively strengthen firm value of an organisation?

Yes	
No	

13. In what ways do you think Board diversity can effectively strengthen firm value of an organisation?

.....
.....
.....
.....
.....

14. In your opinion what are some of the advantages of board diversity, as a catalyst for effective reduction of the agency problem and strengthening firm value at any governmental organisation.

.....
.....
.....
.....
.....

Thank you for your participation.



APPENDIX 3: Management Questionnaire

TOPIC: Exploring the role of board diversity in reducing agency problem and strengthening firm value: Case of NamPort.

My Name is Place Pamburai I am a Masters student at the University of Namibia. As part of the requirements for my course I have to conduct a research project.

The purpose of this questionnaire is to gather data so as to determine the effectiveness of board diversity in reducing the agency problem and strengthening firm value at NamPort.

The findings of the study will serve as a useful instrument for policy makers, particularly at NamPort and in the Ministry of Works and Transport to make the necessary amendments by appropriately implementing corporate governance practices that will help NamPort to improve its performance transparency. No personal identification will be disclosed, and all responses will be used for educational purposes only.

Kindly fill in this questionnaire to the best of your ability.

This questionnaire will take about 20 minutes to complete and your participation will be highly appreciated.

Instructions: Please answer the following questions by indicating with an (X) against the appropriate response or writing down your answer in the space provided.

1. Please specify your gender?

Male	
Female	

2. Age range?

19 - 28	
29 - 38	
39 - 48	
49 +	

3. What is your highest Level of Qualification?

Secondary Education		Degree	
Diploma		Masters	
Post graduate Diploma		Doctorate	

4. In your opinion, do you think board diversity plays a major role in reducing the agency problem and strengthening firm value at NamPort?

Yes	
No	

5. With Reference to question 5 can you please give reasons to your answer?

.....

.....

.....

.....

.....

.....

.....

6. To what extent does the role of corporate diversity play in alleviating the agency problem and strengthening firm value in NamPort?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

7. In your opinion, do you think the Management of NamPort experiences challenges in the implementation of corporate governance?

Yes	
No	

8. With reference to question 8 above if your answer was yes can you elaborate more by pointing out some of the challenges NamPort faces in the implementation of corporate governance.

.....

.....

.....

.....

.....

.....

.....

9. To what extent are the benefits and costs of incentive contracts transparent as a solution to the agency problem at NamPort?

To a greater extent	
To some extent	
To a lesser extent	
Somehow	
Not at all	

10. In your opinion do you think the agency problem at NamPort at management level can be effectively reduced through the adoption of board diversity?

Yes	
No	

11. With reference to question 11 can you please give reasons for your answer?

.....
.....
.....
.....
.....
.....

12. Do you think Board diversity can effectively strengthen firm value of an organisation, specifically that of NamPort's management?

Yes	
No	

13. In what ways do you think Board diversity can effectively strengthen firm value of an organisation, specifically that of NamPort?

.....
.....
.....
.....
.....
.....

14. In your opinion what are some of the advantages of board diversity, as a catalyst for effective reduction of the agency problem and strengthening firm value at NamPort.

.....
.....
.....
.....
.....
.....

Thank you for your participation.

APPENDIX 4: LANGUAGE EDITING CERTIFICATE



The Rev. Dr. Greenfield Mwakipesile

TtD. MBA. HBS | mwakipg@outlook.com

CONTACT

PO Box 99539,
UNAM,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

9th December 2020

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF PLACE PAMBURAI'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **PLACE PAMBURAI's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **EXPLORING THE ROLE OF BOARD DIVERSITY IN REDUCING THE AGENCY PROBLEM AND STRENGTHENING FIRM VALUE: A CASE STUDY OF NAMPORT**

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

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

Please feel free to contact me should the need arise.

Yours Sincerely,

A handwritten signature in black ink that reads "Dr. Greenfield Mwakipesile".

The Rev. Dr. Greenfield Mwakipesile



greenfield.mwakipesile



@mwakipg



+264813901701



Dr. Greenfield
Mwakipesile