

**INVESTIGATING CORPORATE GOVERNANCE PRACTICES AND
CHALLENGES IN NAMIBIA: A CASE STUDY OF NAMPOWER**

A THESIS SUBMITTED IN PARTIAL FULFILMENT

OF

THE REQUIREMENTS

FOR

THE MASTER OF BUSINESS ADMINISTRATION DEGREE

OF

THE UNIVERSITY OF NAMIBIA

BY

JOSEA MUFETI NGHIHEPA

200135406

OCTOBER 2020

SUPERVISOR: PROF HEIKKI HEINO (UNAM)

ABSTRACT

The aim of the study was to investigate corporate governance practices and challenges at NamPower, Namibia. The main and specific objectives of the study were: to have an in depth investigation into the corporate governance practices and challenges at NamPower; to determine the relationship between corporate governance practices used and performance level at NamPower; to determine successes and challenges facing the current corporate governance practices at NamPower; and to determine the determinant factors for implementing good corporate governance at NamPower.

The study adopted a mixed method approach for the collection of data on the investigation of corporate governance practices and challenges in Namibia. The finding of the study indicated a significant negative relationship between corporate governance practices used and performance level at NamPower (beta = -1.63, $p < 0.001$). The findings imply that a 1% increase in the current corporate governance practices would result in a 1.63% reduction in the firm performance of NamPower.

This study recommends that NamPower should consider finding the best model of corporate governance to induce positive level of performance. The study also recommends that NamPower should invest on corporate governance awareness which is critically important to the successful implementation of corporate governance practices at NamPower, this would induce enhancement of firm performance, corporate governance practices and corporate governance outcomes. Since NamPower's implementation of a successful corporate governance depends on external factors, it is also recommended that it should monitor external influences from politics and the environment from time to time.

It is further recommended that a study be conducted, to investigate the relationship between corporate governance and performance level on NamPower in the energy sector.

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS	iii
LIST OF FIGURES	vii
LIST OF TABLES	viii
LIST OF ABBREVIATIONS / ACRONYMS.....	ix
ACKNOWLEDGEMENTS	x
DEDICATIONS	xi
DECLARATIONS	xii
CHAPTER 1	1
INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background of the study	1
1.2 Statement of the problem	7
1.3 Research Objectives.....	8
1.4 Significance of the study	9
1.5 Limitations.....	9
1.6 Delimitations of the Study	10
1.7 Chapter Summary	10
CHAPTER 2.....	11
LITERATURE REVIEW	11
2.0 Introduction.....	11
2.1 The definition of corporate governance.....	11

2.2 The importance of corporate governance.....	13
2.3 Challenges of corporate governance	17
2.3.1 Conflicts of interest.....	17
2.3.2 Insider trading	18
2.3.3 Governance standards.....	19
2.3.4 Short-termism.....	19
2.3.5 Diversity	20
2.3.6 Accountability issues	21
2.4 Corporate governance practices	22
2.4.1 Corporate power.....	23
2.4.2 Board structure.....	24
2.4.3 Board performance.....	24
2.4.4 Accountability and assurance	25
2.4.5 Transparency of information	27
2.4.6 Corporate citizen	28
2.4.7 Shareholder and stakeholder treatment	28
2.4.8 Code of ethics.....	29
2.5 The agency dilemma.....	30
2.6 Theories of corporate governance.....	31
2.6.1 The Agency Theory.....	32
2.6.2 Critique of the Agency Theory.....	36
2.6.3 Limitation of Agency Theory	37
2.6.4 Stewardship Theory.....	38
2.6.5 Criticism of the Stewardship Theory.....	40
2.6.6 The Resource Dependency Theory	42
2.6.7 The Stakeholder Theory.....	42
2.7 Corporate governance reports and codes	43
2.7.1 South Africa King Code IV	43
2.7.2 The NamCode	44
2.7.3 The UK corporate governance code.....	45
2.8 Corporate governance reports	45

2.8.1 The Cadbury Report	45
2.8.2 The Sarbanes Oxley Act of the USA	46
2.9 The Impact of governance practices on sustainability	47
2.10 Board of directors.....	49
2.10.1 Board composition and size.....	49
2.10.2 Board committees	50
2.10.3 Board diversity.....	50
2.10.4 Board compensation	51
2.10.5 Board size.....	52
2.10.6 Corporate governance practices and firm performance.....	52
2.11 Chapter summary.....	54
 CHAPTER 3.....	 55
RESEARCH METHODS.....	55
3.0 Introduction.....	55
3.1 Research design.....	55
3.2 Population.....	58
3.3 Sample.....	58
3.4 Research instruments	59
3.5 Procedure.....	59
3.6 Data analysis.....	59
3.7 Research ethics.....	61
3.8 Chapter summary	61
 CHAPTER 4.....	 62
RESULTS AND DISCUSSIONS.....	62
4.1. Introduction.....	62
4.2. Demographic profile of the survey respondents.....	62

4.3. The characteristics of the board of directors.....	64
4.4. Corporate governance practices of the board	66
4.5. Effectiveness of corporate governance implementation at the company	70
4.6.1 Research Objective 1 (RO1): To determine the relationship between corporate governance practices used and performance level at NamPower.....	77
4.6.2 Research Objective 2 (RO2): To determine successes and challenges facing the current corporate governance practices at NamPower.....	78
4.6.3 Research Objective 3 (RO3): To determine the determinant factors for implementing good corporate governance at NamPower.	79
4.7 Chapter summary	80
CONCLUSIONS AND RECOMMENDATIONS.....	81
5.0 Introduction.....	81
5.1 Research objectives revisited	81
5.2 Conclusions.....	82
5.3 Recommendations	83
5.4 Points of further research.....	84
5.5 Chapter summary	85
REFERENCES.....	86
Appendix A.....	104
Appendix B.....	105
Appendix C.....	111
Appendix D.....	112
Appendix E.....	113
Appendix F	114

LIST OF TABLES

LIST OF FIGURES

Figure 2.1: Theories and philosophies of corporate governance: Corporate governance principles, policies and practices.33

Figure 2.2: Theories and philosophies of corporate governance: Corporate governance principles, policies and practices.38

Figure 2.3: Building a sustainable business48

Figure 4.1: Maximum Likelihood Regression Estimates for the successes and challenges facing the current corporate governance practices at NamPower76

LIST OF TABLES

Table 2. 1: Theoretical framework: Agency Theory and Stewardship Theory.....	41
Table 4. 1: Demographic Profile of Respondents	63
Table 4. 2: Board Characteristics	65
Table 4. 3: Correlational Matrix for Board Corporate Governance Practices	67
Table 4. 4: Composite Variables (averages)	69
Table 4. 5: Hierarchical Cluster Dendrogram of Board Members and Management Responses	71
Table 4. 6: The Total Standardised Effects from the Maximum Likelihood Regression Estimates of the Priori Cluster Factors	76

OECD

Organization for Economic Co-operation and Development

RO

Research Objective

SME

Small Medium Enterprise

SOE

State-Owned Enterprise

SWAELC

South West Africa's Water and Electricity Corporation

LIST OF ABBREVIATIONS / ACRONYMS

CEO	Chief Executive Officer
CG	Corporate Governance
DJSWI	Dow Jones Sustainability World Index
HPP	Harambee Prosperity plan
NamPower	Namibia Power Utility
NDP	Namibia Development Plan
OECD	Organization for Economic Co-operation and Development
RO	Research Objective
SME	Small Medium Enterprise
SOE	State Owned Enterprise
SWAWEK	South West Africa Water and Electricity Corporation

ACKNOWLEDGEMENTS

I hereby extend my profound gratitude to the following individuals for their support during the time I was working on this thesis. Firstly, I thank my supervisor, Prof Heikki Heino for the guidance he provided me from the beginning to the point of completion of this thesis. Secondly, I thank the MBA class, intake of 2017 at the Namibia Business School, University of Namibia, for their unwavering support. Lastly, special thanks go to my parents and siblings for the prayers, support and encouragement for the successful completion of this MBA programme.

DEDICATIONS

This thesis is dedicated to my beloved parents Mr and Mrs Nghihepa and siblings for believing and giving me time to reach this stage of the MBA degree program.

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

I, James Mufoti Nghihepa, grant 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.

James Mufoti Nghihepa



Name of student

Signature

15/12/2010
Date

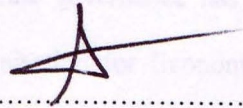
DECLARATIONS

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

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

I, Josea Mufeti Nghihepa, grant 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.

Josea Nghihepa



Name of student

Signature

15/12/2020

Date

CHAPTER 1

INTRODUCTION

1.0 Introduction

The chapter introduces the study by providing details about the background of the study, accounts of the problem statement, research objectives, the importance of the study, as well as its limits and delimitations.

1.1 Background of the study

Since the establishment of the Cadbury Report, corporate governance has grown much and it is now at the centre of the global Organisation for Economic Co-operation and Development (OECD) economies. Notably is the significant number of challenges incurred since the beginning of the millennium. The fall of multinational companies such as Enron, Worldcom and many others has prompted the inception of the Sarbanes Oxley Act in (2002), which in return has changed the corporate governance scene towards strictly imposed controls (Tricker & Mallin, 2016).

Arthur Anderson, a renowned global auditor firm was one of the 'big five' company affected by the fall of Enron. The chain of events did not only affect the United States of America (USA) but Italy, UK, France, Netherlands and other countries in different parts of the world (Blair, 2003). Corporate governance has become a worldwide phenomenon, incorporated in functions of organisation under which they compete in different environments, and societies versus organisations with diverse background such as ethics and cultural norms (Davies, 2011).

There have been several blows of corporate governance to date as a result of human error. The Cadbury Report is a direct outcome of numerous scandals committed in the 1980s. Those subsequent scandals have harnessed the desire to have the allocation of power to be controlled (Wixley & Everingham, 2005). As of to date, the lack of corporate governance in various organisations within the financial sector has also led to the collapse of Lehman Brothers and many companies within the financial sector such as the AIB that needed to be recapitalised in order to survive (Barker & Iris, 2018).

Corporate governance across the world continues to call for an increased need to promote good governance amidst the 2009 economic crisis that had a negative impact on Greece and its fellow counterparts in the European Union. It is in that regard that corporate governance attained a significant level of attention. This has however received congruent debates stemming from scholars of various disciplines. According to Daily, Dalton and Rajagopalan (2003), the most important issue that could highlight all risk in time is to perform audits on, liquidity, capital and balance sheet consolidation.

Bekiaris and Koutoupis (2013) state that, there is evidence suggesting that studies are conducted over the years to investigate corporate governance practices and challenges in the world. However, such studies in the context of Namibia are scarce. Corporate governance practices and challenges are some of the key pressing issues that organisations are dealing with. Earlier studies have produced conflicting views about the practices and challenges of corporate governance. Albeit board committees and structures of the board previously focused on by past studies, factors such as gender diversity and board compensation have largely been set aside (Hendrikse &

Hendrikse, 2012). Therefore, the aim of the study is to investigate corporate governance practices and challenges by focusing on NamPower as a case study.

Namibia is experiencing its own corporate governance failures. Whereby companies such as the SME Bank are undergoing curatorship by the reserve bank, and parastatals such as TransNamib have incurred huge losses that have crippled the state coffer. The resounding loss of confidence of the invested government money has led to substantial financial losses amounting to billions of tax payer's money (Heita, 2017). The recent scandals have been identified by both the public and expert to be the main cause of failed corporate governance.

Over the years, emerging market economies such as the BRICS nations have demonstrated that having a resonant private sector that largely relies on the state for operating a reliable corporate governance network works effectively best. Equally and prior to the latest scandals, more efforts have been driven by financial abuses ever since the beginning of the 1990s. The developed nations understood impact of corporate governance on economies and created appropriate governance structures and measures.

According to Nicholson (2011), South Africa had its fair share of companies such as Leisurennet collapsing. The collapse of the group was regarded as the highest in the history of South Africa. Whereby Peter Gardener and Rob Mitchell, both executives were found guilty of fraud, for having concealed their interest to a German company and insider trading (Nicholson, 2011).

However, in Nigeria corruption has made its way in its systems. Although it is suggested that there is sufficient evidence pointing out that its governance corruption

index globally has improved on the marginal level (Okougbo & Okike, 2015). According to Kairiza (2018), Zimbabwe has also not been spared from the scandals. It has been alleged that the Public Service Medical Aid, Zimbabwe Broadcasting Corporation and Air Zimbabwe were the recipient of the top notch media coverage. The claims were criminal abuse of power by the top management and members of the board by having acted in conflict of interest. That has resulted in possible fraud and excessive special rights.

Namibia experienced failures in corporate governance that can be regarded as belonging to poor governance since the beginning of the 20 century. Specifically, the crises as result had a number of companies reengineered and liquidated. The liquidation of the SME Bank that has prompted a sudden uncontrollable fear to the account holders was caused by a lack of corporate governance (Menges, 2019).

Despite this, the state owned enterprises in Namibia kept on making the headlines for a lack of good corporate governance. State Owned Enterprises (SOE) such as TransNamib, Air Namibia, Namibia Airport Company and Social Security Commission have so far been involved in massive failures of corporate governance. In most instances, board of directors of such enterprises are reported to be having a shortage of knowledge and the required level of autonomy (The Patriot, 2017). Thus, stakeholders feel neglected by the board of directors, as they continue to suffer the aftermath of inadequate overall sight of the affairs of their enterprises (Immanuel, 2018).

Poor corporate governance lies at the heart of the poor performance of SOEs throughout the world, including Namibia (Boamah, 2007, cited in Kefas, 2014). Corporate governance continues to be a demanding task in Namibia, especially in the

public sector. Good governance in SOEs could provide a solid base for economic and social development, as well as contribute significantly to state budgets. Poor governance in SOEs could be a crushing financial and political burden to the government. Over the past 10 years, SOE in Namibia have been involved in numerous high profile scandals mainly caused by bad corporate practices on board appointments, ministers appointing unqualified cronies to the board of directors, who then over-step their authority and try to run the day-to-day affairs of the SOEs (Kefas, 2014). This has resulted in misappropriation of funds and over millions of dollars lost through fraudulent investments (Katswara, 2005).

NamPower is one of the critical SOEs in Namibia, as a result of the nature of the service it provides. NamPower provides electricity which is a key to unlock economic development of a developing Namibia. It was established by the Act of Parliament in the year 1996 which is a transformation of South West Africa Water and Electricity Corporation (SWAWEK). As a public enterprise, NamPower is obliged under state owned Enterprises Governance Act (Act No. 3 of 2006), the electricity Act (Act No. 4 of 2007) the company Act (Act No. 28 of 2004) and all other legislation essential to obey the legal and regulatory framework of its line of business (NamPower, 2018). The Board of Directors are responsible for the enterprise's overall strategic direction and governance of its affairs.

NamPower's strategic direction is to enhance its mission, which is "to provide for the energy needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders" through the provision of quality and reliable products and services at a reasonable cost in a sustainable manner (NamPower, 2018). According to NamPower (2016), NamPower inherited the state owned

enterprise from SWAWEK, which was formed on 19 December 1964 and by then it was a fully-fledged company that belonged to the Industrial Development Corporation of South Africa. SWAWEK was the company behind the key success of the Ruacana hydropower station. In July 1996, SWAWEK became NamPower.

NamPower's main sources of power generation have the capacity demand of 498.5 MW versus the national demand of 695 MW. Since its establishment, NamPower has not been able to sufficiently meet the nation's demand due to the lack of capacity and the inability to upgrade the facilities.

NamPower has four main sources of power supply, which are as follow:

- 120 MW coal-fired Van Eck Power Station in of Windhoek
- 24 MW diesel-powered Paratus Power Station at Walvis Bay
- 22.5 MW ANIXAS diesel-powered station at Walvisbay
- 332 MW hydro-electric Ruacana Power Station at Ruacana

The above main sources of power are designed for the administration of the power sector through the ministry of mines and energy, to effectively enable it reach the economies of scale. It is believed that the reason that NamPower is unable to meet the electricity crisis in the country is that the capacity to generate electricity is less than the demand (Nunuhe, 2019). Since NamPower does not have the capacity to generate power for the entire nation, it is now depended on South Africa and Zimbabwe to cater for its additional power requirement. There were incidences in 2005 and 2015 whereby the top management was involved in the allegation of corruption and improper tender floating that contravened the accepted standards of behaviour (Honorine, 2014).

The lack of corporate governance practices at the state owned enterprise has brought the corrupt tender floating to a halt or controllable level. There was an outcry from members of the public whether or not the top management is above the law as the style of management, conflict of interest, act of professionalism and ethics were questioned. The level of crimes committed against these enterprises has put them into refute and the board of directors are constantly questioned about their ability to influence performance at state owned enterprises.

It is against this background that the research aimed at realising the intent meaning of corporate governance practices and challenges at NamPower. The enterprise however realised that, it was going to find it hard to constantly provide electricity to the public. As the main supplier, Eskom has experienced a continuous load shedding continuously. Nevertheless, NamPower has entered into an agreement with Zimbabwe, Zambia and Mozambique to be provided with a supply of power (Nakashole, 2018).

1.2 Statement of the problem

Namibia's sustainable social economic transformation, a blueprint for the nation to be an industrialised state by the year 2030, the Namibia Development Plan 5 (NDP5) and Harambee Prosperity Plan (HPP) have set out clear targets to emphasise the need to achieve availability, reliability and affordability of power supply as an incentive to promote economic growth and improve citizen's standard of living (NamPower, 2018).

The failures of most of the SOEs are directly linked with the government's direct intervention in its enterprises' activities. Kefas (2014) argues that the poor performance of the state-owned enterprises is attributed to political interference in the activities of the organisations which include the selection and recruitment of the board of directors. For example, there is no woman recently at NamPower who is in top management level. The top management level comprised of men only hence rendering it gender-insensitive. The problem identified by Chahal and Kumari (2013), is this that there is lack of proper guidelines to ensure good corporate governance in the selection of board members, and an effective nomination committee is hindering the effectiveness of government SOE.

Despite the current economic challenges corporate governance malpractices continues to undermine SOEs and become an accepted norm in these enterprises.

1.3 Research Objectives

The main objective of this study was to have an in-depth investigation into the corporate governance practices and challenges at NamPower. The study had the following sub-objectives which were, to:

- Determine the relationship between corporate governance practices used and performance level at NamPower;
- Establish successes and challenges facing the current corporate governance practices at NamPower; and
- Ascertain the determinant factors for implementing good corporate governance at NamPower.

1.4 Significance of the study

The term corporate governance has taken on a much more significant direction of its own during the last decades. The attempt of this study was to investigate corporate governance practices and challenges at NamPower. Moreover, the study implored whether or not NamPower was meeting the required set standards of good corporate governance performance. The study also revealed issues inhibiting the public enterprises from complying with the governance framework seen to be effective in foreseeing good governance. Therefore, the outcome of this study might assist NamPower in abiding to the principles of corporate governance and accepted good practices. The researcher anticipates that the research would enhance the broader understanding of corporate governance practices and challenges in Namibia.

Furthermore, the study is significance to the rest of African states those whose political scene, culture and economic condition are similar to Namibia. It also yields results that might have an advantage over the stakeholders to introduce newer standards befitting the best practices of the enterprise.

1.5 Limitations

There was lack of access to required information in NamPower as a result of confidentiality and sensitiveness of the study. Due to the nature of the study, the participants were mostly not open to provide the required information at the beginning considered critical to this study the researcher explained to them that the study was mainly for academic purposes. Furthermore, as the research was wholly for academic purposes, the respondents were informed about the level of confidentiality involved. However, the researcher was also subjected to the use of

materials sourced from universities and research institutions locally and internationally.

1.6 Delimitations of the Study

The issues surrounding corporate governance in Namibia affect almost all public enterprises, however, this study only focused on NamPower as a case study, due to its importance in the National Economy. The quality of sampled population will be taken from Nampower only. Inclusive will be the board of directors and senior management that will be selected to make up a sample size of 16. As an academic research, the sample size established meets the minimum rules regarding the depth of the study.

1.7 Chapter Summary

Chapter one has started with the introduction, followed by the background of SOE in the subject of corporate governance. This is then followed by the research problem which was the main area of concern and on which the study focused. The research objectives demonstrated the rationale and driving force behind this case study. The extent and depth of the case study is revealed in the scope of the research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This study investigated corporate governance practices and challenges in Namibia. This chapter is an expression that reviews the literature that give account of the study. The chapter made it much easier to understand the research objectives and provided the underlying basis upon which the study stood. The definition of corporate governance and importance are given. The discussion tables around the key issues of corporate governance. Cited are cases of corporate governance of other countries and Namibia. The chapter also regards challenges involved in implementing practices, benefits, and indicators of both good and bad corporate governance. The theoretical frame of corporate governance is also analysed and put together to provide a coherent and summarised proposition.

2.1 The definition of corporate governance

According to Tocelovska and Vaidere (2006), there are a number of authors and presenters who have tried to define 'corporate governance' but even though not being contradictive to each other, their definitions not always overlap and more complement each other than substitute thus leaving the space for too many economic issues to be covered by the term.

Corporate governance gives detailed accounts from an understanding of using perspectives that are leaned to branches of management, economics, law and political

science (Hendrikse & Hendrikse, 2012; Tricker, 2012). Its definition is mainly influenced by the subject matter, it is concerned with the 'exercise of power over corporate entities' (Tricker, 2015). Moreover, it is defined by Davies (2011) as a system by which companies are controlled and directed.

Whilst Moon, Orlitzky, and Whelan (2010) state that, corporate governance concerns the structure of rights and responsibilities among the parties with a stake in the firm. Corporate governance provides a foundation upon which the firm's objectives are set, and the determination under which the planned goals and assessed performance are achieved (Clarke, 2014). Furthermore, sound corporate governance provide a sense of accountability and promote the effective usage of resources (Kyereboah-Coleman, 2007).

The term 'corporate governance' is said to have its originality from a Greek word, 'Kyberman' that stands for steer, and also from the Latin word 'gubernare' meaning guide and the French word 'governer' meaning to govern, which when put together refer to the processes of implementation and decision making (Tricker, 2012).

The OECD (2004) from the operational point of view, described corporate governance as largely about the structures, procedures, practices and processes that are concerned with the direction and control of the organisation. Corporate governance also involves supervising the performance of management by ensuring that they are accountable to shareholders and other stakeholders (Wixley & Everingham, 2005).

Corporate governance also produces the intended results by providing effective monitoring and enabling the firm to promote the use of resources more efficiently

(OECD, 2004). Corporate governance is also the way in which managers are controlled and by making sure that the decisions taken are in line with stakeholder's interest (Tricker, 2012). Aguilera and Jackson (as cited in Chikumba, 2014) state that corporate governance is to do with power and influence over decisions. Moreover, this resonates well with what Tricker (2012) deemed as the relationship perspective that looks at corporate governance as a structure considered to be a giving point for rights and responsibilities. The previous studies were used to understand deeper situations of Nampower.

2.2 The importance of corporate governance

Over a year's research, Gibbs (1993) investigated institutional arrangements that mitigate the potential manager-stakeholder conflict and attempted to understand why these arrangements vary from firm to firm. Furthermore, amongst the many mechanisms that reviewed these conflicts are the strength of outside directors on the board. Impressively, the sequence of events that have led to the collapse of major multinational companies such as Enron, due to misconduct, managerial fraud, reckless and negligence have resulted in losses amounting to billions of dollars (Shukla, 2008). Corporate governance has great effects such that it sustained the long term value of organisations, complements the image, reduced risks and increased the potential growth (Chakrawal, 2006). It is clear that it is essential for ensured corporate achievements, and bettered economic growth, as well for maintaining the level of investor's confidence of which an organisation can be a pull factor for investments (Sari & Tjoe, 2017).

Parras, Paraz, and Hernandez (2017) argue that there is an increasing awareness of the importance of improving the mechanisms of governance that may help to achieve

greater effectiveness and efficiency in the management of resources and awareness of society. Good corporate governance alleviates the inadequate set of standards to report financial statements, accountability and transparency (Haj Youssef & Teng, 2019) and that would guarantee a sense of protection to investors and shareholders. Thus, the aim of corporate governance is to ensure that there is commitment from the board in managing the company in a transparent manner for having to maximise the long term value of the company for its shareholder and all the other parties involved (Hendrikse & Hendrikse, 2012). It combines the process of economic and social standing to those involved.

For corporate governance to be successful, it integrates policies, controls, procedures and control of the organisation impetus to its objectives whilst attending to the stakeholders needs (Solomon, 2013). A study undertaken by the McKinsey group of companies offered an insight of how significant corporate governance is in assessing the level of investment (Coombes & Watson, 2000). The study revealed that occasional investors at emerging countries with emerging companies are 30% most likely to purchase stocks in companies with good corporate governance practices.

As reflected in majority of organisations that demonstrate good corporate governance that, integrity in appointments at all levels, both internally and externally, could result in a leadership and management that would be capable and strong to deal with aspects of the organisation (Soltani & Maupetit, 2015).

However, in the view of Blair (2003), corporate governance is meant to prevent massive catastrophic events from taking place. The importance of corporate governance that is not solid can be demonstrated by the fall of Enron, and the series of events that followed.

None of the issues challenging corporate governance are new and neither has any of them being dealt with at an acceptable level. The UK's Institute of Directors (IOD) had made strides in coming up with suitable practices of corporate governance by making the regulations and codes 'fit for purposes' rather than religious (OECD, 2004).

Issues coming up as a result of a lack of corporate governance influence the profits and beliefs of the organisation. Lawsuits, fines, and image damage may forth come as discrepancy within the policies of the companies (Lombard, Trequatrini, Cuozzo, & Rubio, 2019). Corporate governance also gave accounts of participants who have an interest in the manner under which the organisations have been operating (Du Plessis, Hargovan, & Bagaric, 2011). In a nutshell, corporate governance at its core, is as raw as its business plan.

Moreover, the shareholders' rights are of paramount importance to the company, since the overall goal of the company is to add value by providing employment and making sure that the company is financially stable and sound (Takeshi, 2001).

It is clear that corporate governance is the centre of events under which an organisation is managed. It also reflects on the rational aspects and gives a clue on the type and style of leadership (Elmasry & Bakri, 2019). It is identified that it is needed to create a business environment where the stakeholders are guaranteed that as a going concern the political and financial interest are disturbed.

Krechovska, Prochazkov and Petra (2013) state that, the importance of corporate governance dramatically increased at the beginning of the twenty-first century after a series of corporate fraud, managerial misconduct and negligence cases

that caused a massive loss of shareholder wealth. The fact that government is the prominent figure in the corporate world through the presence of state owned enterprises, can only mean that most business activities are politicised.

The power to appoint directors of state owned enterprises and that of managing directors are vested in the line ministries (Ngatjiheue, 2016). According to Chamwe (2018) The Honourable Leon Jooste, the public enterprise minister in Namibia, noted that some boards were abusing their mandates, citing a board that sat 46 times last year.

It is for the same reason that those positions were diverted to benefit a few selected. The dominance of state owned enterprise by government frequently underestimate the notion of corporate governance of an organisation (Brandt, 2017). Soltani and Maupetit (2015) state that, as a result of its double-edged responsibilities toward internal and external environment of corporations, corporate governance has an important role to play in improving the functioning of the financial market, in restoring confidence for the future and helping companies to control and monitor operations. There is an excessive number of interventions demanding power over the state owned enterprises, such as the line ministry, cabinet and holding company (Matodzi, 2018).

Ultimately, the environment into which investors decide to place their investment, is such that the risks associated are understandable and that there will most likely be protection against fraud (Cohen, Dey, & Lys, 2013). Good corporate governance practices and positive images are some of the key areas upon which investors base their decisions to invest. To attract a vast amount number of foreign direct investment, to curb unemployment and help uplift the development commitments of

government good corporate governance and practices should be the order of the day (Teixera, Roglio, & Macron, 2017).

According to Krechovska et al. (2013), the role of corporate governance is indispensable; every business needs a governing body that ensures that the enterprise is running in the right direction and running well.

2.3 Challenges of corporate governance

According to Som (2013), the rise of state capitalism constitutes one of the biggest changes in the world economy in the modern era. Consequently, governments and regulators have seen its growth rise to a number of challenges. Scandals like that of Enron and Worldcom have demonstrated to the world that rules are an essential part when pursuing self-interest (Tricker, 2015).

Tan, Puchniak, and Varonil (2015) state that the key to effective corporate governance appears to be finding a system that fits each particular jurisdiction's economic, institutional. For corporate governance to effectively curb the challenges, the following areas of concern should be addressed:

2.3.1 Conflicts of interest

According to Hendrikse and Hendrikse (2012), a conflict of interest arises where the same person or entity can act in more than one capacity and relationship in the care of any contract or transaction. It mostly happens when a shareholder or member has other financial interests capable of jeopardising the decision making process of the company. According to Fagan (2018), corporations should only employ advisory firms if they want to, and shareholders need to be able to trust that the

recommendations they receive are neutral and non-biased. An example is when a director of a company is also a director of another company, when there are dealings between the companies then there must be a declaration of interest to any transaction taking place. However, it is not yet known as to what extent does Nampower manage this very important issues of conflict of interest, hence this is what this study intend to look at, since there is a gap.

2.3.2 Insider trading

The 2 main categories identified to be a concern to corporate governance are market abuse and organisational malpractices that make the largest give away to corporate fraud. According to Dai, Fu, and Kang, (2016), a number of previous studies emphasize that informed insider trading allows insiders to exploit their information advantage over other market participants and thus enables them to extract private benefits.

This in itself interrupts the sound operations of the financial markets, lowers the investors level of confidence and causes a public outcry, thus leaving the state for a sustained economic maturity and wealth creation astray (Tricker, 2015). With insider trading, information regarding the share prices are made known prior to the knowledge of the public. Whereas in Taiwan, various cases of illegal insider trading have led to substantial losses for investors and caused great damage to the Taiwanese market (Huang, Hou, & Cheng, 2012). These scandals were largely blamed on poor corporate governance. Market manipulation is the disruption of mechanisms upon which the price determination of financial instruments is based. The competing profession is an issue which has never been investigated in Namibia's Public

Enterprises sector, this is a serious gap which this study have identified, which need to be filled by this study.

2.3.3 Governance standards

With rising global assets under management, the investment management sector has become much more influential in ways that their investments are being governed (Barker & Iris, 2018). No matter how fair the rules, regulations and policies are, if the board is failing to produce the required standard across the entity, then its chances of achieving its objectives will be minimal. It seems that this matter is of a serious nature in the daily operations of Public Enterprises in Namibia and Nampower in particular, one cannot tell as to what corporate governance standard has Nampower adopted and to what extent do they follow those adopted standards.

According to Cheffins (2011), bad managers can undermine good corporate governance at the tactical level, putting the business at risk, that it may be bound to violate laws and damage its image. A clear policy of corporate governance need to be regulated, reinforced, applied continuously, as a check and balance for the actions against the executive management.

2.3.4 Short-termism

Lee, Park, and Folta (2018) state that management and finance scholars have shown that when managers' time preferences are misaligned with those of the shareholders, time-based agency problems occur. As a result of maximising managerial interest in personal utility, managers may opt for the short-term profit rather than long-term outcomes.

According to Dallas (as cited in Gonzalez & Andre, 2014), short-termism consists of the excessive focus on short-term results, whether quarterly earnings or short-term portfolio returns, and repudiation of concern for long-term value creation and the fundamental value of firms.

Good corporate governance must propagate that boards get the mandate to control and manage organisations for longer terms, in order to generate wealth. This can be an issue for the following reasons: First, short term performances are treated with utmost importance to give the shareholders an advantage (Wixley & Everingham, 2005). Managers are expected against all odds to produce good quarterly results, since even a slight fall of the earnings per share by a cent or two can send the company's stock price down. This issue actual is portrayed in Nampower, where the entity is mostly implementing short term project to please the shareholders and not to the advantage of the entity's on going concern.

The second issue is that directors' time of office is limited and once their time has expired, they then go up for re-election. While it is considered to have some advantages, it is also in the same vain that it is considered to distort the board's long term unintentional failure to notice and vital expertise (Davies, 2011).

2.3.5 Diversity

The concept of diversity entail that the board has the right mix of talent and skill drawn from the anatomy society (Tricker, 2015). For example, countries such as Norway, Finland and Iceland have in 2003, 2005 and 2010, respectively passed a law, that require 40% of the corporate board members to be female (Sarham, Ntim, & Najjar, 2019). The composition of the board should be such that its composition

offers diverse and broader objectives. It is a few boards that do observe their composition and see if it does reflect on the age, gender, race and stakeholder composition of the company (Solomon, 2013).

Kaczmarek (2017) state that despite its undeniable appeal as a descriptor of team structure and dynamics, an unequivocal definition of the notion of diversity has eluded academic efforts. Although there is a visible divert in terms of composition of the board and management, the issues of non-performance is still prevailing in Nampower, the question which is yet to be answered by this study is how have the issue of diversity benefited the entity.

2.3.6 Accountability issues

Brennan and Solomon (as cited in Virtanen & Takala, 2016) write that accountability to shareholders can no longer be the sole aim and objective of corporate governance in that they provide a shift from the traditional predominantly adopted agency theory to the joint goals of shareholder wealth maximisation and stakeholder accountability.

The heart of accountability is accounting and the flow of information to the business. The board is expected to report to the shareholders and management is expected to report to the board under normal circumstances (Solomon, 2013). The group mostly under the protection of corporate governance is not the stakeholders but the shareholders. Votes considered to be crucial are held in the hands of the shareholders. Because of lack of good corporate governance coupled by shareholders interfering in Nampower it is very difficult to pinpoint as to who is to be held accountable for non-performance.

Whilst it is important to have at times the work of the board examined by the owners in that way, not only does it denote that the events of corporate governance have guidelines but effective (Grossi, Papenfub, & Tremblay, 2015). Other than the shareholders, stakeholders are also obligated to the companies via the corporate social responsibilities and ethical conducts. Stakeholders' interests must also be at the helm of the companies' agenda.

In summary of the above variables which depicts proper requirements for corporate governance, it seemed they are opposite with the case of Nampower corporation, this is due to the fact that the issue of conflict of interest is not properly in line with what the above authors have stated, which is to make sure that all conflict of interest is eliminated, hence that is why in some literatures there has been some pockets of observations concerning the issue of conflict of interest at Nampower, therefore there is a gap between what is required and what Nampower does in terms of the conflict of interest issue.

2.4 Corporate governance practices

Corporate governance presents the general rule for board members to be most operative in bringing the strategic value to the company. According Ofuani, Sulaimon, and Adebisi (2018), although the modern public corporation is characterised by a separation of ownership and control, the fact remains that public organisations in Nigeria are still bedevilled with agency problems. It is vital that board of directors play the key role of ensuring that the organisation understands its success by implementing strong corporate governance practices.

Cadbury (as cited in Alatassi & Letza, 2018) argue that corporate governance is a key driver in the world's economic and political strategies due to the significant growth of international businesses. Rendering support to Sir Adrian Cadbury's assertion are various research projects and studies that found that countries with proper corporate governance infrastructures attract more investors. Good corporate governance harmonises the shareholders by encouraging trust and bettering the organisation's overall performance (Naidoo, 2009). Good corporate governance offers for reliable strategic planning and enhanced risk management.

Due to the absence of corporate governance practices in Nampower, one cannot clearly test most of the gaps in the principles of corporate governance practices, however this will be addressed by using other studies such as of Hendrikse and Hendrikse (2012), who identified and explained eight basic rules or principles of corporate governance practices:

2.4.1 Corporate power

These are ways taken by the company to achieve its organisational purposes, and it is not mandatory that it is included in the organisational charter. Plus, it is a confirmation that there exists a difference between the shareholders and the manner under which the organisation is controlled in addition to the rights of the owners and voters (Perrow, 1986).

2.4.2 Board structure

This is a composition of both the management and directors and a representation feature for both the internal and external members. The insiders are however elected by the CEO, together with the managing officers to make up the executive board (Tricker, 2015). It was suggested that given the prevailing conditions of outside presentation of non-executives, sitting on the board might be a key criterion of board effectiveness. A study conducted by Byrd and Hickman 1992 (as cited in Alabede, 2018) for example, suggests that a greater representation of non-executive directors improves the control and strategic functions of the board.

However, another strand of study suggests that given the characteristics of non-executive directors such an effect may give rise to limited information about the company, hence a lack of requisite for the board to perform their duties (Kakabetse, Yang & Sanders, 2010). This issue is portrayed in Nampower where majority of the board of directors are non-executive members. Similarly the Namcode recommended a balance between the executive and non-executive directors.

2.4.3 Board performance

Hendrikse and Hendrikse (2012) referred to board performance as the qualities of leadership and accountability that assess the organization's accomplishment that are provided for by the board of directors. Although numerous boards do not have the sense to process effectively, effectiveness is vital in corporate governance. Studies on corporate governance and firm performance recognized numerous board of director's qualities that affect corporate performance. A number of literature on the influence of

the board of directors on corporate performance has both been related to certain standards and norms.

Scholars such as Nicholson (2009) conducted empirical investigations on the influence of the board of director's qualities on the performance of a company. The studies examined the direct relationships between board variables and the performance of the company. However scholars such as Davies (2011) and Blair (2003) states that it is critical to carry out more investigations on the connection between board of directors qualities and firm performance. Alexandrina (2014) states that although the performance of board of directors has been studied extensively from a resource-dependency perspective, little empirical research was available on the governing performance of the boards within the company of the few studies available.

Furthermore, Kumar and Zattoni (2016) acknowledged that the impact of the board's governance on corporate performance was most likely to be indirect and confined to particular incidents in which the board actively intervenes in the company's strategic decision making in order to prevent management from making decisions that are in conflict with stakeholder's interests.

2.4.4 Accountability and assurance

Solomon (2013) states that accountability and assurance is when a company takes the overall opportunity of its activities by availing a fair, equal and understandable evaluation of its position and chances of succeeding to stakeholder. It also ensures that the quality of the company's accounting and financial reporting system are in place plus the internal controls and risk management systems are effective. In

addition, Rashid (2016) states that accountability and assurance also ensures that the company's accounting and financial reporting quality systems are well placed with the internal controls and risk management systems are effective. However, the failures of most of the SOEs are directly linked to the lack of accountability, assurance and intervention in their enterprises' activities.

No matter how fair the rules, regulations and policies are, if the board is failing to produce the required standard across the entity, then its chances of issuing corporate governance reports to achieving its objectives will be minimal (Segui-Mas, Bolla-Araya & Polo-Garrido, 2018).

As a result in Namibia, corporate governance of SOEs had come under public scrutiny with greater emphasis on accountability and assurance. Fiscal constraints in many economies are said to have restricted the financial support given to these SOEs. Many companies have now adopted what is termed assurance to enhance credibility of their corporate governance reports. While there has been some studies on corporate governance failures and fraud with regards to governance and accountability.

There are more corporate events that could add insights into corporate governance understanding of assurance and accountability such as, companies going public, takeovers, mergers and acquisitions. Chakrawal (2006) suggested that board of directors accept satisfactory performance whenever and during boom times. It is therefore imperative to examine and accountability in a more unusual non-routine context when boards behave differently. Virtanen & Takala (2016) also pointed to changes in governance system occur during firm life cycle and suggested a conceptual framework that rejects a notion of universal governance template.

2.4.5 Transparency of information

The desire of the company to avail good information to the owners and other stakeholders, by making sure that the stakeholders still continue to have confidence in the company's decision making process (Hendrikse & Hendrikse, 2012).

According to Santosh & Valeed (2014) a company holding a strong position on a given market while being managed without the necessary degree of transparency and prudent corporate governance policies will be exposed to hotbeds of abusive market practices. Namibia has been rocked by corporate governance scandals, especially the state owned enterprises.

The relevance of good corporate governance such as transparency to curb corruption to maintain the stakeholder's confidence has been to a test. Cristina (2014) states that transparency of information reduces the information asymmetries by clarifying interests of conflicts, making corporate insiders accountable for their actions and not least protecting shareholders.

Nampower takes the issue of transparency, ethics and accountability serious, as it creates a strong and sustainable value for its shareholders and promote the wellbeing of the company over a long-term (Nampower, 2018). However, in 2005, Dr Leake Hangala (NamPower CEO for more than a decade) left the power utility following accusations that he had exceeded his signing authority in an N\$65m power-line contract, despite sidestepping the company's N\$20m limit regulations (Honorine, 2014). It seems that there are indications that performance could also have an impact on transparency and disclosure on corporate governance.

2.4.6 Corporate citizen

It involves the appreciation that a company or any other organisation has on the community by meeting it half way through its social responsibilities. Recognising the increasingly significance of corporate citizen is vital as stakeholders and the investors are looking into sorting out companies that do have corporate social responsibility. For example, Adams and Zatschi (2004) argued that companies with good corporate citizen have managed to attract and return most of their skilled employees and that has inevitable led to good business.

According to Nampower (2019) NamPower prides itself in being committed to ploughing back into the communities within which it operates and continues to go above and beyond its mandate to contribute towards the socio-economic development of Namibia through its Foundation.

2.4.7 Shareholder and stakeholder treatment

Above all, companies are managed to enhance the shareholders' interests. Other means said to increase management powers, respect and admiration are only acted upon to favour the communities through their corporate social responsibility (Tricker & Mallin, 2016).

The rights of the stakeholders are sometimes considered to be against those of the shareholders so as not to allow them to get a fair share of their revenue (Du Plessis, Hargovan, & Bagaric, 2011). Both are considered to be able to coexist together and effectively contribute toward the long term strategic planning of corporate

governance and development. One of the ways considered to be effective in rebuilding a ship of capitalism without wholesale refurbishing would be to increase the level of employee ownership program (Clarke, 2014). An option that would allow employees direct access to vote on specified board seats, by restricting shareholders liability. Companies would have the potential to create considerable amount of wealth (Kyereboah-Coleman, 2007).

However, as a result the enjoyed success led to a number of crisis and frustration that neither government nor the business can sufficiently address. The functions of stakeholders in the corporate governance of SOEs has been a topic for some time. In Namibia complaints have been laid by consumers about the poor service and sensible conclusions that SOEs were being managed in favour of a few sectional interests at the expense of the public. Which in essence would lead to the development of consumer bodies attached to regulators other than the organisation.

Furthermore, it's been argued as owner of parastatals government may incline to use SOEs in a non-transparent ways not befitting the long term interest of the public or budget.

2.4.8 Code of ethics

According to Hendrikse and Hendrikse (2012) Code of ethics is regarded as an instrument of corporate governance that proves the identity of corporate governance in relation to stakeholders. Top management has always been required to obey particular guidelines when executing duties of the organisation. That included a wide range of discussions, directed toward the stakeholders. Ethics does also give an account of what is right in terms of the corporation's goods or service and in

connection with stakeholders; transparency, accountability and truthful leadership that can be determined unto the right thing even when no one is looking (Naidoo, 2009).

The Namcode deliberate that ethic is the underlying basis for corporate governance and, as such decisions and actions of the board be based on the ethical values, namely: responsibility, accountability, fairness and transparency (Deloitte & Touche, 2016). To be sustainable the board should ensure that management frequently acquire a culture ethical conduct and sets the value to which the company can align itself (Davies, 2011). In this regard there are increasing concern about corruption, conflict of interest and human rights abuses.

According to Tjitemisa (2020) Namibia has scored 52 on the latest corruption perceptions index (CPI), announced by transparency international. The score of 52 is said to have declined, compared to the 53 achieved during 2018. This suggests that SOEs in Namiba would have to put in place corporate governance systems to ensure that companies are effectively managed. The systems would include an operational whistle-blower protection office despite the fact that the law was passed three years ago. Internal and external audits that would also help detect unethical and illegal activities, as good ethics impacts organizations positively.

2.5 The agency dilemma

In this case it refers to a conflict interest between the shareholders and the management. The manager acting as the shareholder's agent has the duty to make informed decisions on how to maximise the owners' wealth (Raelin & Bondy, 2016). Even though at the same time it is the onus of the managers to maximise their own

personal wealth. There is an assertion for the agent to act in complete fairness, loyalty and fidelity to their shareholders (Tricker, 2015).

The agency dilemma occurs as a result of the incentives and the manner in which the tasks are completed. Normally, in the situation of the agencies, the parties have a lack of access to information (Rashid, 2013). The directors are well known more about the company than the shareholders, who in return must honour them. Directors are powerful in that they decide the type of information to relay to the shareholders, beyond volume require by regulators and those set out on a legal basis (Davidson, Bouresli, & Singh, 2006).

Naidoo (2009) states that instead of serving as watchdogs for the shareholders who elect them, corporate directors, it has been suggested, far too often act as lapdogs for the executives who handpick them. Disregarding the fact that the directors are chosen by and will continue to be accountable to the organisation's shareholders, even though the shareholders do not have a proper guideline to follow when considering candidates for nomination. In actual fact, it is the directors and management that choose and propose candidates to the shareholders for appointments.

2.6 Theories of corporate governance

There is a lack of theory that covers and unite every aspect in corporate governance. The known theoretical framework in corporate governance is the Agency Theory that has led to the discovery of the evolution of the Anglo-Saxon model of corporate governance that is currently in use to assist the board of directors in alleviating the excessive executive power at the helm of management (Liao, Luo, & Tang, 2015). However, the less distinctive roles of principal and agent, the widespread governance

framework in use, have gone beyond a point that does not yield the desired effect (Kultys, 2016).

An attempt to improve the Agency Theory with the modest theoretical frameworks such as the Stakeholder Theory and the Stewardship Theory have, at several occasions, placed the board of directors in serious disagreement with the judicial obligations needing them to work toward the best interests of the shareholders (Glinkowski & Kazmarek, 2015).

The theoretical framework concepts discussed under this section are, the Agency Theory, Steward Theory, Resource Dependency Theory and Stakeholder Theory. Both the agency, stewardship, and stakeholder theories are considered of utmost importance to the European customs (Santosh & Valeed, 2014).

2.6.1 The Agency Theory

Du Plessis et al. (2011) define the Agency Theory as an assumption that provides a detailed description about the relationship between the principal and agents in business. It weighs closely to find the relationship between the agents and principals in business. There are two parties that make up the agency relationship, the agent and principal, whereby the managers act as agents for the latter and the board of directors' act as agents for the shareholders (Kultys, 2016). The theory is tabled around the relationship between the principal and agent and the issues that may emerge as a result of differences in understanding risks associated with the goals of the business.

The most talked about common example of agency theory is the way in which governments operate. The masses take to the poll to elect their political

representatives to administer the country in a way that maximises the interests of the citizens. The voters are promised by the representatives of various political parties that there will be changes once voted into power. Just to realise that the voters have been cheated by dishonest and unfair candidates who turn a blind eye on them, after assuming office. In the example, the voters are the principals who have elected their government representatives to act on their behalf as agents (Raelin & Bondy, 2016).

The below mentioned figure shows the relationship between the principals and agents.

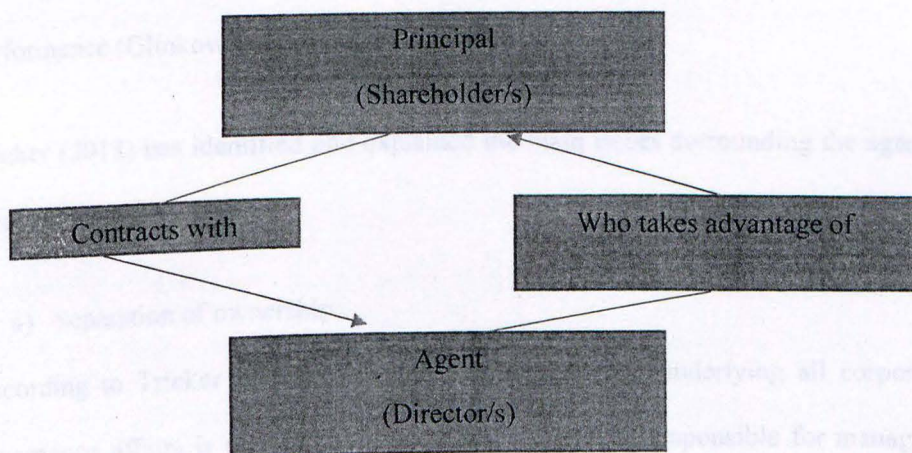


Figure 2.1: Theories and philosophies of corporate governance: Corporate governance principles, policies and practices.

Source: Tricker (2015).

According to Tricker (2015), the Agency Theory, or Principal Agent Theory, as some writers refer to it, looks at corporate governance practices and behaviour through the lens of the agency dilemma. It is regarded by far the most researched and

has become the centre of institutional reasoning underlying the concept of corporate governance. It has gone on to be the major dominant figure in areas such as accounting, economics, marketing and finance (Cuevas-Rodriguez, Gomez-Mejia, & Wiseman, 1998). There is an assumption that there is an incomplete goal between the principal and agents perpetuating the different aims that the two have, as a result there is constant conflict between their choices (Santosh & Valeed, 2014).

For example, directors may dangerously use the corporate funds on riskier ventures, mergers and acquisitions against the will and desire of some shareholders. The only way available for the investors to conclude whether the board has made a sound decision on their investment is by looking at the organisation's prospects, reports and performance (Glinkowski & Kazcmarek, 2015).

Tricker (2012) has identified and explained the main issues surrounding the agency theory:

a) Separation of ownership

According to Tricker (2015), the fundamental challenge underlying all corporate governance affairs is not new. The company's directors, responsible for managing the investor's money, can simply not be expected to keep a watchful eye over it, with the similar zeal as they will, toward their own money. The idea is based on the notion that managers put their interests before those of the owners. Managers may want to purchase expensive luxurious goods such as the office furniture, vehicles and some other goods at the cost of the owners. By bypassing the interests of the owners the price at which they pursue their interests increases so does the cost to the company (Rashid, 2016).

Adam Smith made it clear that where there is a separation of ownership and management 'negligence and profusion' is most likely to occur. Meaning that the owners are not entirely in control of their investments. Similarly, Naidoo (2009) believes that, for board members to dedicate themselves to the cause, they must be competent, reliable, trustworthy, honest and independent. Furthermore, Du Plessis et al. (2011) concur that the agency theory must be made applicable to the board of state owned enterprises so as to strike a balance between the management's interests and those of the stakeholders and shareholders.

b) Information asymmetry

Information asymmetry is at the core of the agency dilemmas stemming from the harmful selection and moral peril. Information asymmetry emerges when one of the parties has a better understanding or more knowledge than the other. In a nutshell, managers possess more information about the undertakings of the company than anyone. Shareholders are only given the information once the financial statements are out. The shareholders never exactly know who their appointees are other than their profiles. It is merely impossible to ascertain who the agent is. As a result, the directors never know that the agent will adopt some form of behaviour that can be risky and detrimental to the organisation.

c) Utility maximisation and opportunism

Opportunism is regarded as an individual with cunning intelligence who pursues self-interest. With the shifting of power, some management cadres and directors develop a tendency to misuse the power that has been vested in them. The core of corporate governance has been seized in majority of the state owned enterprises, making it hard

to track the chain through which the funds are invested. In the end it encourages opportunism and making it a safe haven for corruption to take effect.

d) Conflict of interest

People are most likely to make decisions based on their own self-interest, they do so selfishly. Corporate governance seeks to correct and straighten interests of the agent with those of the directors and principals, which is the point of concern in modern corporate governance. Corporate governance involves a system of checks and balances, both internal and external to the organisation that make certain that companies do discharge their accountability and transparency to the stakeholders. The divergence of ownership and control mean that the interests of the owners are not alike. The theory is under the assumption that there will be a divergent of interest between the agents and principals, which can only be corrected once the issue of incentive is addressed. As a result, conflict of interest maybe termed as an astray corrupt practice undesirable to many.

2.6.2 Critique of the Agency Theory

Segrestin and Hatchuel (as cited in Kultys, 2016) states that the critics of Agency Theory and its applications to the issues of corporate governance focus on such problems as unrealistic premises concerning managers' motivations and actions, ineffective recommendations inferred from the theory and dubious legal interpretations of corporate governance being made on its basis.

Tricker (2015) notes that some critics of Agency Theory emphasize its relatively narrow theoretical scope. Whereas Perrow (as cited in Panda & Leepsa, 2017) criticised that positivist agency researchers have only concentrated on the agent side

of the 'principal and agent problem', and opined that the problem may also happen from the principal side. Critics have also observed that agents are lured into working in dangerous environments. The agency theory does not affect the principals, but the agent. Donaldson (1990) raises an argument that persists in the finance literature and has become a prominent theory known as Stewardship. The theory believes that people are noble and will continue to work ethically for the sake of progress.

Several other studies (Cuevas-Rodriguez, Gomez-Mejia & Wiseman, 1998; Sanders & Carpenter, 2003; Pepper & Gore, 2012) criticise the Positive Agency Theory by Eisenhardt (1989) on different grounds and they have put forward what they call a Behavioural Agency Theory. The Behavioural Agency Theory propounded an exchange of conflicting views that the required Standard Agency Theory only gives value to the principal and agent conflict, agency cost and the state of both parties' interest to reduce the agency dilemma (Saltaji, 2013). Several recommendations have been done by the Behavioural Agency Model to modify level of motivation, risk averseness, and a balanced compensation. The main reason was that the agents are the main custodians of the principal-agent relationship and they heavily rely on their own timing, power and action.

2.6.3 Limitation of Agency Theory

Albeit the pragmatic and popularity alluded to, the Agency Theory continues to bear the suffering of its own restrictions and this has been widely publicised by various authors (Eisenhardt, 1989; Shleifer & Vishny, 1997). The Agency Theory accepts a consensus across the parties for a specified or unspecified period where the future is unknown. Muth and Donaldson (as cited in Tricker, 2015) challenge the findings of other agency theoretical research that boards with well-connected executive directors

perform better than those that followed corporate governance codes on the use of independent directors. The theory also suggests that hiring can eradicate the problem of agency, but in real life situations it meets so many impediments like information asymmetry, conflict of interest, shirking and opportunism.

2.6.4 Stewardship Theory

Due to its restrictions inability to examine the impact that the sociological and psychological mechanisms has on the inherent theory of agency in corporate governance. Academics have been exploring with disapproving comments the perspective of agencies in corporate governance.

The below mentioned figure shows the relationship between the shareholders and directors.

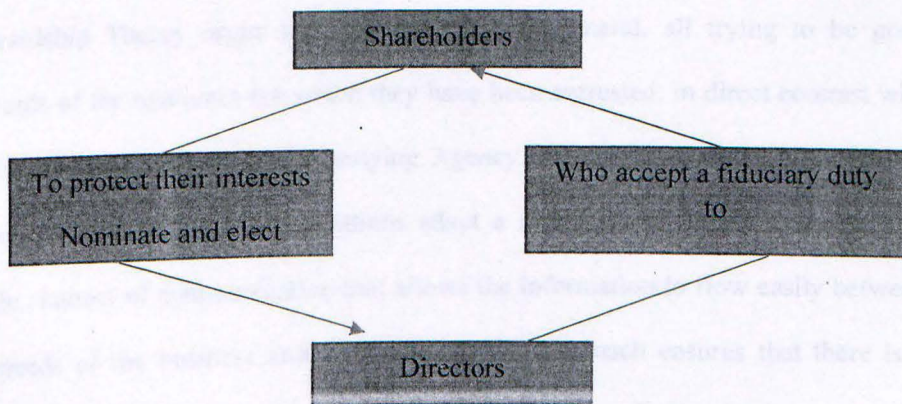


Figure 2.2: Theories and philosophies of corporate governance: Corporate governance principles, policies and practices.

Source: Tricker (2015)

The Stewardship Theory represents a model that differs from that of the agency, however it is regarded as an alternative. In the Stewardship Theory, company executives protect the interests of the shareholders and by acting in their best interest when making decisions on their behalf. The managers' main objective is to run a viable and most purposeful company for the sake so the shareholders' interests. Firms known to support the stewardship theory entrust the role of a CEO and Chairman under one executive, with a board that is mainly made up of the organisation's members.

The Stewardship Theory has a clearly stated aim and that is to satisfy the shareholders. Du Plessis et al. (2011) state that the Stewardship Theory acknowledges a larger range of human motives including orientations towards achievement, altruism, and the commitment to meaningful work. According to Davis, Schoorman and Donaldson (as cited in Kumar & Zattoni, 2016), the Stewardship Theory argue that managers are, in general, all trying to be good stewards of the resources for which they have been entrusted, in direct contrast with the behavioural assumptions underlying Agency Theory. It is also vital under the Stewardship Theory that organisations adopt a single leader approach to create a single channel of communication that allows the information to flow easily between the needs of the business and shareholders. The approach ensures that there is a person in charge during difficult times to prevent chaos from erupting. However, Tricker (2015) argue that conflict of interest between stakeholder groups and the company should be met by competitive pressures in free markets, backed by legislation and legal controls to protect the consumers, customers, employees and society.

2.6.5 Criticism of the Stewardship Theory

According to Du Plessis et al. (2011), a consequence of stewardship theory is the argument that there is not the same imperative to separate the roles of the chairman and chief executive in the corporation; rather it is considered favourable that boards have a majority of specialist executive directors rather than a majority of independent directors, as managers who are entrenched in the corporation are naturally drawn to pursue what is best for the corporation. Since the theory has its roots in the law, it is said to be normative. The theory does not regard the others' view, it is more about what must be done and it is unable to relate the connection between various forms of behaviours and corporate performance (Tricker, 2015).

Agency Theory	Stewardship Theory
- Focus on self-interest	- Focus on the good of the organization
- Separation of roles	- Overlap of roles
- Short-term focus	- Long-term focus
- Large number of independent directors	- Large number of executive directors
- Shareholder rights	- Board theory
- Discretion	- Discretion

Source: Jensen & Meares (2014)

This table compares agency and stewardship theories of corporate governance. The table also helps to understand and relate the Agency and Stewardship theories of corporate governance.

The table below contrasts the Agency Theory and Stewardship Theory which are the main theories underlying the concept of corporate governance.

Table 2. 1: Theoretical framework: Agency Theory and Stewardship Theory

	Agency Theory	Stewardship Theory
Theoretical basis	Economics	Organisational psychology and Sociology
Performance criterion	Shareholder value	Interest of the company / Stakeholder value
Owner–manager-relationship	Goal conflict	Goal alignment
Model of man	Individual Opportunism	Pro-organisational behaviour
Managerial motivation	Extrinsic	Intrinsic
General approach to uncertainty about managerial behaviour	-Distrust -Avoidance	-Trust -Acceptance
Representative design recommendations	-Monitoring as primary board role -Independence of directors -Sharing decision rights -Incentives	-Advice as primary board role -Large discretion for management decisions - Fixed salary

Source: Santosh & Valeed (2014).

Are managers' agents or stewards of their principals: Logic, Critique, and reconciliation of two conflicting theories of corporate governance. The table also helps to understand and regard the Agency and Stewardship theories of corporate governance.

As shown in the table, the agent-principal relationship is largely depended on the behaviour inherent by both the agent and principal. Usually managers portray themselves as agents or stewards in ways conforming to particular traits befitting the situational factors that they are faced with.

2.6.6 The Resource Dependency Theory

According to Tricker (2015), the Resource Dependency Theory sees the governing body of a corporate entity as the linchpin between the company and the resources it needs to achieve its objectives. It is important to note that the Resource Dependency Theory in corporate governance is regarded to be of a strategic nature. The theory has taken over from the Resource Based Theory. The basic proposed scheme of the Resource Dependence Theory has been the desire for an operative system of links between the company and external resources. The resources can for example be the linkages to outside surroundings such as access to markets and finances. In this regard, directors are seen as a hub that connect the business to its external environment by diverting the resources needed to continue surviving.

2.6.7 The Stakeholder Theory

Du Plessis et al. (2011) clearly points out that rather than justifying stakeholder interests on the basis of moral value and fundamental human rights, the 'Instrumental Stakeholder Theory' legitimises stakeholder value on the grounds that stakeholder management is an effective means to improvement of efficiency, profitability, competition and economic success. The theory is of the view that all those involved, generally make contributions in order to derive advantages or profits from the firm. External forces such as the unions, trade associations, political parties and

government might be involved in the affairs of the firm. The theory gives a detailed description of firm behaviour by combining social performance and economic performances.

2.7 Corporate governance reports and codes

Deloitte (2013) defines the codes of corporate governance as a set of 'best practice' recommendations with regard to the behaviour and structure of the board of directors of a firm. Codes of corporate governance are said to have been in existence for longer than 2 decades and to have been developed in many parts of the world.

Currently, some codes have surpassed their limits to incorporate the corporate governance characteristics and behaviour of the institutional investors. Codes are the Code of Corporate Governance, applicable to listed companies in most countries worldwide on a comply-or-explain basis. The Codes of Corporate Governance's objective is to encourage a high level of corporate governance in most parts of the world by promoting principles of good corporate governance, best practices and terms and conditions within which companies are expected to operate and comply (Delloite, 2013).

2.7.1 South Africa King Code IV

On 1 April 2017, the king committee as a going concern introduced the King IV code a modification of the previous King I, II and III reports. Albeit the underlying principles of its predecessors on which it is based. It gives special importance to stakeholder inclusion, IT governance and disclosure than ever before. The King IV Code has distanced itself from the state that applies or explains of King III, seemingly to the one that ask the board to apply or explain, based on the

recommended practices adopted by the board, how they were adopted by the board and the ones that the board still wants to continue adopting in its next financial year (Hendricks & Wyngaard, 2010).

2.7.2 The NamCode

According to Deloitte and Touche (2016) On 1 January 2014, the NamCode which is based on South Africa's King III came into existence to give guidance to the Namibian companies on several governance related issues such as:

- Ethical leadership and corporate governance
- Boards and directors
- Audit committees
- Governance of risk
- Governance of risk and information technology
- Compliance with the laws, codes, rules, and standards
- Internal audit
- Governing stakeholder relationships
- Integrated reporting and disclosure

The NamCode has surpassed the financial and regulatory aspect by publicly recommending a combine approach to good corporate governance to the benefit of the stakeholders. There are, however no statutory obligation for companies to comply with the NamCode. Companies are rather urged to apply or explain with the recommended practice, it is not by force that the companies are to comply. The main focus of the NamCode is to put emphasis on sustainability by building on the already founded principles of the triple bottom line.

According to Honorine (2014) the NSX emphasises that the directors are accountable to shareholders and other stakeholders, and where directors opt not to implement the recommended practices as set out in the NamCode, they should be able to explain their reasoning and motivation to shareholders. Importantly is that the presence of the NamCode elevates the level of risk control, measurement and performance of companies. Furthermore, it enhances the level of confidence in investors and that increases the overall level of investment.

2.7.3 The UK corporate governance code

Nordberg (2017) states that the UK corporate governance code places much of its emphasis on the relations between companies, shareholders and stakeholders. It is responsible for the alignment of corporate culture to the organisation's purpose, business strategy, and enhancing the company's integrity and diversity. Under the listing rules of the UK, companies deemed to have a premium listing of the equity shares must report on how they have applied the above code (Yeoh, 2019). As part of the code's provision, companies are also obliged to explain on how they have complied based on their personal circumstances. In the event that companies do not want to comply, then they must give a transparent and sensible reason. By doing so, the shareholders will be in a position to understand the reason behind and decide whether the approach taken by the company is appropriate.

2.8 Corporate governance reports

2.8.1 The Cadbury Report

According to Chambers, Harvey, Marrion, and Marshall (2013), the corporate governance committee in the UK was established in May 1991, by what was then

referred to as the reporting council, the London stock exchange and accountancy profession in reaction to the ongoing concerns affecting the level of financial reporting and accountability. The financial aspect of corporate governance published in December 1992 came to be known as the Cadbury Report. The Cadbury Report is perceived for the best practices at the time. Some of its best highlights is that of dividing the roles of CEO and chairman, increasing the strength of non-executive directors to not less than three and by creating the audit committees (Jones & Pollitt, 2004). Another important aspect that the code publicly support is institutional investors to take up a more active role for encouraging good practice in corporate governance.

2.8.2 The Sarbanes Oxley Act of the USA

In July 2002, the United State of America established the Sarbanes-Oxley Act of 2002. It was established to help protect the interests of investors from the fraudulent financial activities by big corporations. It has come to be known as the SOX Act of 2002 and the Corporate Responsibility Act of 2002, strict reforms have been adapted on the already existing securities regulations and lawbreakers have been introduced to newer and tougher penalties than before (Hassan, Nassar, & Whitherspoon, 2019). Its aim is to assess the legislative audit requirements and to protect the interests of investors by bettering the accuracy and reliability of corporate disclosures.

The Sarbanese-Oxley Act of 2002 has been designed in such a way that it narrows down on corporate fraud. According to Natarajan and Zheng (2019), the Public Company Accounting Oversight Board was created as a result of the Act to supervise the accounting industry. It has helped to offer protection to the whistle-blowers and

forbidding executives from obtaining company loans. The Act has however given power to the independence and financial literacy of corporate boards.

The Sarbanes-Oxley Act of 2002 is a result of the prolonged period of financial scandals that has happened in the early 2000s. The scandal has involved companies such as Enron Corporation and WorldCom. Bora, Meza, Richardson, and Vyas (2014) demonstrate that, the investors' confidence was brought to a halt as a result of the high-profile scandal of corporate financial statements and led many to demand an overhaul of decades-old regulatory standards.

2.9 The Impact of governance practices on sustainability

Hendrikse and Hendrikse (2012) define sustainability as a super-ordinate goal of business – that integrates economic, social, and environmental performance into one triple bottom line benefit for the company, shareholders, business stakeholders and society. Ricart, Rodriguez, and Sanchez (as cited in Sharma & Khanna, 2014) examine the governance systems of leading firms in 18 market sectors that formed a part of Dow Jones Sustainability World Index (DJSWI) to study the relationship between corporate governance and sustainable development.

As a result, a Sustainable Corporate Governance Model was proposed which stated that board members through the formation of board committees should address the concerns of sustainable development apart from the traditional issues. Klettner, Clarke, and Boersma (2014) state that the task of integrating sustainability into the business models of financial institutions is an important objective: sustainability should not be a separate policy but integrated in the entity's strategy and business model.

The figure shown below shows the sustainable business model

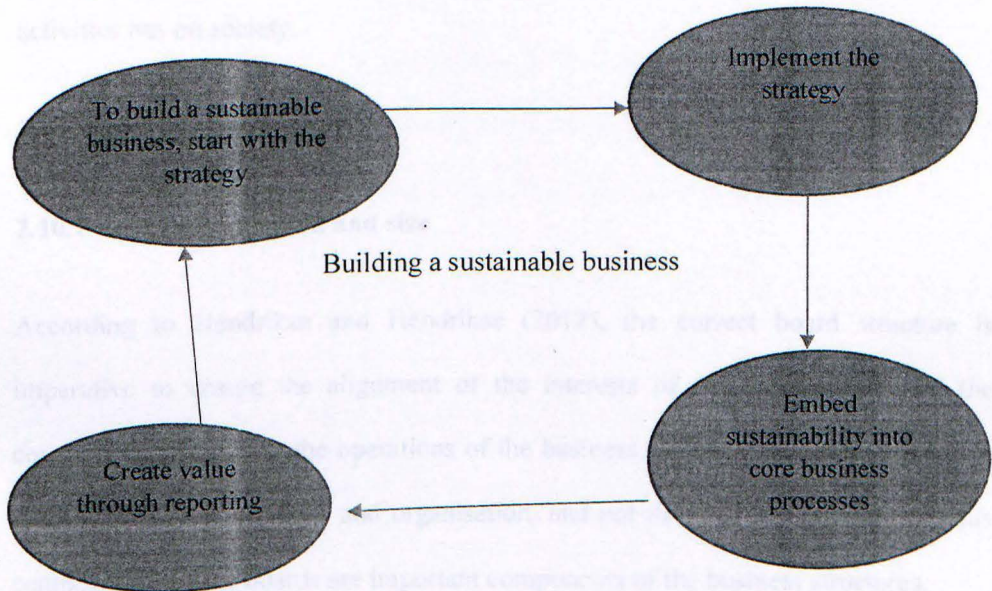


Figure 2.3: Building a sustainable business

Source: Institute of Chartered Accountants / KPMG. (2011).

For the business to succeed it need a well-balanced sense of transparency and However, the institute for research and innovation in sustainability in Canada (as cited in Tricker, 2015) define sustainability as being about living and working in ways that meet and integrate existing environmental, economic and social needs without compromising the wellbeing of future generations. The transition for a sustainable development must concur well with the society of the day and help facilitate with building a fulfilling future of children.

Interestingly, sustainability has impacted companies in a good way such that they are able to orient their disclosure toward a more sustainable objective (Solomon, 2013). Another benefit of sustainability is that stakeholders are given assurance about the

organisation's on going concern, continuity, survival and the impacts that its activities has on society.

2.10 Board of directors

2.10.1 Board composition and size

According to Hendrikse and Hendrikse (2012), the correct board structure is imperative to ensure the alignment of the interests of the shareholders and the company. Furthermore, the operations of the business are run effectively in the best interest of the shareholders and organisation, and not those of the executives. Thus compositions of the boards are important components of the business structures.

The following are issues of which board compositions centres around the appointment of directors:

- Director's competence
- Board independence
- Board mix
- Board transformation
- Unitary board structure

The board is made up of the following directors, executive directors, non-executive directors and independent non-executive directors, who by all means must possess the solid credentials, culpable with the necessary experience and skills. It is required that an independent director must not have any affiliation to the company other than the seat on the board. By doing so, there will be an avoidance of conflict of interest.

2.10.2 Board committees

King III (as cited in Deloitte & Touche, 2016) states that the board committees constitute an important element of the governance process and should be established with clearly agreed reporting procedures and a written scope of authority.

Moreover, The Act does also recognise the right of board to set up board committees, by doing so, the board is not free from complying with its legal responsibilities. The OECD Principles of Corporate Governance, eloquently recommend that as a best practice, companies set up an audit committee and, especially in the case of large companies, remuneration and nomination committees (OECD, 2004).

In addition, many companies, especially in the financial sector, also need to have an ethic and risk committee. By having a representative on the committee to whom the tasks are delegated, boards are able to spend their time more productively.

2.10.3 Board diversity

According to Tricker (2015), diversity in board membership has become a major interest around the world in recent years, particularly gender diversity, driven by a concern for greater equality between men and women at the top of large corporations.

Furthermore, Mubwandarikwa (2013) acknowledges that the call for diversity stems from recognition of the fact that all directors or employees, with their similarities and differences, can contribute to the strategic competitive advantage of the organisation, and that no one should be excluded from participation on the basis of factors unrelated to productivity. A study by McKensey and Company (as cited in Solomon,

2013) concludes that companies with a larger proportion of women at board and top management level perform better than those with fewer women.

Another example is that of, Saudi Arabia, a highly conservative Islamic country, has in an unprecedented manner, recently extended a number of major economic, financial, governance, political and social rights, and freedoms to women, such as banking, driving, politics (e.g., to stand and be elected as political office holders), executive (e.g., to be appointed as directors), and voting rights, among others (Kamrava, 2012; Merrill, 2017; Salloum et al., 2017 as cited in Sarhan et al., 2019).

2.10.4 Board compensation

Hendrikse and Hendrikse (2012) state that the director's remuneration, should in all cases, be determined in terms of a clear strategy set by the remuneration committee of the board and approved by the company's shareholders. The manner in which the directors are to be remunerated equally based on their skills remains a daunting task to date. Another challenge identified by Tricker (2015) is that of providing a sufficient incentive to attract and retain top management in a competitive market for talent, rewarding success, while avoiding excesses and apparently rewarding failure.

According to Kumar and Zattoni (2016), the explosive increase of executive compensation in the US since the early 1980s, especially with respect to equity-based compensation, has attracted considerable public scrutiny and the multidisciplinary attention of scholars, and differences among countries with respect to executive compensation practices and levels have been widely studied.

The aim of looking at ideal board remuneration is that the ideal remuneration has long lasting effect on the board performance and, in return, impacts the board in the

most profitable manner. It has however been noted that the state of developing an ideal board remuneration in most emerging and developing countries has relatively been linked to a lack of research in state owned enterprises (Sari & Tjoe, 2017).

2.10.5 Board size

Chaudhary and Gakhar (2018) refer to board size as the total number of members of a board. According to the economic and strategic management literature, the effects of agency problem can be mitigated by the board of the organisation.

Lipton and Lorsch (as cited in Huunaida, 2015) argue that as a board gets larger in size, slow decision making and free rider problem cause the board to function ineffectively. For this reason, firms must therefore welcome the smaller boards. Advantageously, a larger board may have the upper hand in displaying a much more suitable advisory role. Looking down on the fact that the optimal board size does not exist for all firms, it is therefore imperative to note that the size of the board seem to affect corporate value.

2.10.6 Corporate governance practices and firm performance

Subramanian (2015) states that theoretically, improved corporate governance practices would bring more value to the shareholders through better managerial and hence firm performance. However, that argument is based on the Agency Theory's view and the strategic management literature by connecting corporate governance with the 'resource-based view' and the 'Managerial Rents Theory'.

According to Black, Klapper, and Love; Gompers, Ishii and Metrick; Beiner and Schmidt (as cited in Ibrahim & Zulkafli, 2016) corporate governance plays an

important role in improving the performance of a firm and there is a direct relationship between the two in both developing and developed financial markets.

Despite significant amounts of effort in research on corporate governance practices, there are still no congruent answers between researchers. Based on previous studies, some researchers indicate that there is positive relationship between board size and firm performance (Shukeri et al., Adam & Mehran, Mak & Kusnadi, Kiel & Nicholson, as cited in Kamilah & Khaw, 2016) Bathala, Rao, and Hutchinson (as cited in Ibrahim & Zulkafli, 2016) said that in spite of the generally accepted notion that effective corporate governance enhances firm performance, other studies have reported negative relationship between corporate governance and firm performance.

In 2005, Dr Leake Hangala (NamPower CEO for more than a decade) left the power utility following accusations that he had exceeded his signing authority in an N\$65m power-line contract, despite sidestepping the company's N\$20m limit regulations (Honorine, 2014). This verdict underpin how CEOs use state owned enterprises funds for their personal interests which gives a bad picture to most SOE. Deloitte and Touche (2012, cited in Kefas, 2014), highlight that the worst institutions in terms of adopting sound and well-crafted corporate governance policies in Namibia are the SOEs.

Meanwhile, Paulinus Shilamba was among three top executives who were suspended in connection with tender irregularities at the power utility in 2015 (*The Namibian*, 2015). The Namibian newspaper of 23 July 2015 reported that Shilamba and two senior officials were implicated in an investigation which confirmed that the power utility spent N\$30 million on a contract that was only supposed to cost N\$2 million

(Smith, 2017). This clearly point to the loop holes that are found in state owned enterprises in terms of governance. The top officials are misusing funds which lead to the poor performance and inefficiency of most state owned enterprises.

Moreover, corruption and nepotism are major contributing factors in SOEs. People are not employed on merit. Most people are holding top positions in most SOEs for their strong political muscles as well being the relatives of the influential people. In another SOE in Namibia, Immanuel (2018) agree and state that Titus Haimbili (former Trans-Namib Chief Executive Officer) was discharged five months before his five-year contract came to an end and his wrong-doing was incompetence.

2.11 Chapter summary

Chapter Two was about the literature review on the investigation of corporate governance in Namibia. The researcher commenced with the introduction, followed by the definitions and the importance of corporate governance. The researcher has given a brief discussion on the background of the governance models. The models covered in the chapter are Agency Theory, Stewardship Theory, the Resource Dependency Theory and Stakeholder Theory. The researcher also took an overview of the practices and issues affecting corporate governance. The chapter ended with the board of directors, looking at the committees, practices and performances, also included are the various codes and reports. The chapter has also covered tables as a visual and diagrammatic enhancement to corporate governance.

CHAPTER 3

RESEARCH METHODS

3.0 Introduction

This chapter examines the overall research approach used in this study. Major areas of concern covered are research design, population, sample, research instrument, procedure, and data analysis and research ethics. Both primary and secondary data are used in the chapter.

3.1 Research design

Cooper and Schindler (2011) defined research design as the plan and structure of investigation so conceived as to obtain answers to research questions. Furthermore, the researcher was helped with limited allocation of resources by giving vital choices in the methodology. The research adopted an exploratory study, which relies heavily on qualitative techniques, even though both qualitative and quantitative technique were applicable. In this context, a non-experimental research design was used for the research.

Non experimental design is a research design in that the researcher naturally observes the phenomena as they take place, in which none of the external variables are introduced and the variables are not manipulated. The main approach in the study was the descriptive research with emphasis on a case study research strategy. Saunders, Lewis, and Thornhill (2012) state that the object of descriptive research is to gain an accurate profile of events, persons or situations. A NamPower case study

was of a high magnitude since it allowed for an in-depth and accurate investigation into issues of corporate governance.

Yin (as cited in Quinlan, 2011) implores that, a case study calls for the in-depth study of the phenomenon under investigation. The investigated phenomenon could be regarded as an issue to individuals or organisations. Case studies are associated with themes, and themes according to Zikmund, Babin, Carr, and Griffin (2010) are identified by the frequency with which the same term arises in the narrative description. The phenomenon under investigation in this case study was the corporate governance challenges and practices in Namibia. A case study approach was vital to this research as it relied on multiple source of evidence, in that researches use various approaches, such as observations, unstructured, semi structured and structured interviews together with the readily available secondary data (Cooper & Schindler, 1998).

The study also relied on annual reports and press analysis on certain occasions. An in-depth relationship with the elements was required to make some observation techniques apply and consider a long encounter, while a short encounter was required to study the documents and interviews, as the required information and respondents were accessed. Case studies are known to have the freedom to search for whatever possible data an investigator considers crucial, makes the success of any case study heavily dependent on the alertness, creativity, intelligence, and motivation of the individual performing the case study (Zikmund et al., 2010). The researcher considered multiple vital points whilst conducting the research, such as the validity, both the internal and external validity and reliability method of the case study (Quinlan et al., 2015).

According to Quinlan (2011), a measurement of the validity of the research is the degree to which the research project measures what it set out to measure, the degree to which to the research project accomplishes what it set out to accomplish. There are many different types of validity and the two major varieties considered are internal validity and external validity. Zikmund et al. (2010) demonstrate that internal validity exists to the extent that an experimental variable is truly responsible for any variance in the dependent variable. In contrast, external validity is concerned with the interaction of the experimental treatment with other factors and the resulting impact on the ability to generalise to and across times, settings, or persons (Cooper & Schindler, 2011).

Saunders et al. (2012) state that, reliability refers to whether your data collection techniques and analytic procedures would produce consistent findings if they were repeated on another occasion or if they were replicated by a different researcher. Qualitative researchers while in the field gather empirical data to present original and an in-depth account of the experiences of the participants on their research. Guba and Lincoln (as cited in Quinlan et al., 2015) argue that this thick description allows for judgements to be made in relation to whether or not the findings of the research are transferable to other contexts, rather than generalizable to other contexts in a quantitative research sense.

The researcher saw this study as the best possible method of research, provided that it was in fact the situation of NamPower's corporate governance model that made it interesting. This is by showing that, NamPower's performance is a result of corporate governance that exceed the expectation of other Namibian SOEs. Thus,

this study adopted a mixed approach in a case study design to investigate corporate governance practices and challenges at NamPower.

3.2 Population

Quinlan (2011) defined the population of a study as all of the individuals, items or units relevant to the study. The population of this study comprised of all members of the board, the Government Republic of Namibia (owners) and the management team of NamPower. NamPower was chosen on the basis, as it appeared in some cases, that the company complied with certain criteria. Some senior managers on the executive committee had been embroiled in numerous high profile scandals involving corruption and inflating tender prices. The population of this study consisted of 16 members of the board and the management together. The study investigated corporate governance practices and challenges in Namibia, a case study of NamPower.

3.3 Sample

The sampling frame for any probability sample which is a true representative of the whole population was chosen using a convenience sampling technique. A sample of 16 participants is used in the study and the sample consist of members who had an impact on the challenges and practices of corporate governances at NamPower. Since the population of study was 16 which is smaller, there was no need for sampling, the whole population was covered. Purposive sampling method is a non-probability sampling method which occurs when the sample is chosen by the judgement of the researcher (Saunders, 2012).

3.4 Research instruments

The primary data, defined as data collected and used for the very same purpose to collect by use of a structured questionnaire. The questionnaire was drafted and designed in accordance with the research problem and eloquently clear objectives to allow for the inclusion of all the necessary questions meeting the objectives. Interviews are a good method of collecting data in a qualitative research. A structured questionnaire was administered by the researcher through the face to face interview guide (Appendix B). According to Saunders et al. (2012), research interviews are purposeful conversations between two or more people, requiring the interviewer to establish rapport, to ask concise and unambiguous questions, to which the interviewee is willing to respond, and to listen attentively. In the event that the participant cannot reply to the questionnaire in front of the researcher, participants would thus be left with the questionnaire to complete.

3.5 Procedure

The researcher obtained approval from NamPower, informing Managing Director that he was to conduct research at NamPower. After that, the researcher made appointments with participants at NamPower. The standardised open-ended and closed-ended questions which had 16 sub questions to answer the three research objectives.

3.6 Data analysis

According to Cooper and Schindler (2014), data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques. Zikmund et al. (2010) state that like any

specialised tool, statistical packages are more tailored to the types of analyses performed by statistical analysts, including business researchers. After all, questionnaires were completed by respondents, and the questionnaires were screened to check if each of them was completed properly. Afterwards, a code book was developed, and all questionnaires were coded. Then, the data were captured in Statistically Package for Social Scientists (SPSS) version 26 for analysis.

However, since the sample size was small, the assumptions for inferential statistics could possibly be violated, therefore, the study used non-parametric assessment methods such as Spearman's Rank Correlation and Hierarchical Clustering for data screening and dimension reduction. The methods proved appropriate considering the sample size (Pallant, 2010).

Hierarchical Clustering Procedure (HCP) in SPSS attempts to identify relatively homogeneous groups of cases (or variables) based on selected characteristics, using an algorithm that starts with each case (or variable) in a separate cluster and combines clusters until only one is left (IBM SPSS, 2019). The HCP procedure is a Multi-Response Permutation Procedure (MRPP) that provides a non-parametric alternative to the Analysis of Variance (NP-ANOVA) (Cai & Low, 2004).

The Multi-Response Permutation Procedure (MRPP) was first introduced by Mielke, Berry, and Johnson (as cited in Good, 2000) as a technique for detecting the difference between a priori classified groups. However, it had since become a versatile data-analytic framework from which a number of applications fall out, such as the measurement of agreement, multivariate correlation and association coefficients, and the detection of autocorrelation (Cai & Low, 2004).

The study further uses maximum likelihood (ML) regression methods in SPSS AMOS to model multivariate relationships towards answering the study's research questions. SPSS AMOS ML regression method relies on an extension of the general linear model (GLM) and provides a more comprehensive multivariate analysis that combines multiple regression, path analysis, factor analysis and analysis of covariance in one procedure (IBM SPSS, 2019). The ML regression was used to evaluate and compare the different priori cluster factors, towards answering the research questions. The findings were presented in graphs, tables and charts.

3.7 Research ethics

In respect of this, the researcher observed the research ethics throughout the entire duration of this study. The researcher was under obligation that the participants were not being exposed to lame physical and psychological harm as a consequence of them participating in the study. Whatever information the participant provided was treated with confidentiality.

3.8 Chapter summary

Chapter Three has covered the research methodology and research design of the study. All the elements of the study comprising the board of directors and management are listed in the population. The selection and description of elements taken to represent the population are described in the sample. Data analysis show how information was orchestrated to get some meaning out of the data collected. Procedures were stressed on how far the researcher went about engaging the various respondents.

RESULTS AND DISCUSSIONS

4.1. Introduction

This chapter presents the analysis and interpretation of the findings. The collected data were analysed following data entry, cleaning, and checking. The data from questionnaires were directly transferred to the prepared SPSS version 26, matching the format used for the questionnaires. The systematic checking of the questionnaire responses followed and included data validation. The data validation involved range, structure and consistency checks using the codebook function in SPSS to allow for the detection and immediate correction of errors in data entry. At this stage, questionnaires with gross errors that could not be resolved were not considered for analysis. To achieve the objectives of the study, univariate descriptive analysis, cross tabulation, bivariate analysis and non-parametric inference statistics were used to interpret the findings of the study.

4.2. Demographic profile of the survey respondents

The two structured questionnaires (Appendix B), were sent out to the board and management of NamPower. Table 4.1 presents the demographic profile of the respondents.

Table 4. 1: Demographic Profile of Respondents

Variable	Board Member		Management		Total	
	N	%	N	%	N	%
Gender						
Male	2	50.0%	5	71.4%	7	64%
Female	2	50.0%	2	28.6%	4	36%
Age Group						
41-50	3	75.0%	2	28.6%	5	45%
51-60	1	25.0%	5	71.4%	6	55%
Academic Qualifications						
Degree			3	42.9%	3	27%
Master's Degree	4	100.0%	3	42.9%	7	64%
PHD			1	14.3%	1	9%
Years of Experience						
10+ Years	4	100.0%	7	100.0%	11	100%

Source: Research Results

Table 4.1 findings indicate the demographic profile of the respondents. The findings indicated that all board members had a Master's degree and more than 10 years (100%). While, the majority of the board members were in the 41 to 50 years' age group (75%). The findings suggest that at a minimum, the NamPower board has equal gender representation (50%), with a minimum of age above 40 years, as well as having a Master's degree and more than 10 years' experience.

Additionally, the findings indicated that the majority of the management respondents were male (71.4%), with more than 10 years' experience (100%) and aged between 51 to 60 years (55%). While, the academic qualifications of the management indicated that the majority were either having a Bachelor's degree (42.9%) or

Master's degree (42.9%). Overall, the findings suggest that NamPower as a highly technical company requires high levels of education and experience from both their board and management. While, gender mainstreaming is taken more seriously at the board than at the management level. From the finding there seems to be a good balance in terms of representation for both male and female in NamPower, however, if that was one of the factor to influence corporate governance positively that could be seen clearly from the findings above.

4.3. The characteristics of the board of directors

In Section B of the questionnaire, the respondents were asked questions related to the corporate governance practices and board characteristics. In order, to understand the context of the board of directors, the study focused on responses which had 100% response rates with zero variance. The zero-variance indicated that all the members agreed with the given statements. Hence, allowing the researcher to classify these responses, as representing the board characteristics. Table 4.2 presents the results.

Are there any female in the senior management staff?	Yes	Yes	Yes	Yes
The board has an equal representation of both men and women	Yes	Yes	Yes	Yes
The structure of the board is taking the suitable board of directors criteria	Yes	Yes	Yes	Yes

Source: Research Results

Table 4.2 presents the findings on the board characteristics of NamPower. The characteristics represents responses were all the respondents chose the same answer resulting in a zero variance. The findings suggest that NamPower has a 7-member board, with 6 non-executive directors' criteria by the exempt list of their board. The board has an equal representation of both men and women, with the interviewed

Table 4. 2: Board Characteristics

Section B Statement	Respondent	Respondent	Respondent	Respondent
	A	B	C	D
Directors are currently serving on board	7	7	7	7
Number of Non-Executive Directors	6	6	6	6
Gender	Male	Male	Female	Female
Age group	41-50	41-50	41-50	51-60
Academic qualifications	Master's degree	Master's degree	Master's degree	Master's degree
Years of experience	10+ years	10+ years	10+ years	10+ years
Does the board comprise of non-executive directors	Yes	Yes	Yes	Yes
Does the company arrange an introductory course to prepare directors	Yes	Yes	Yes	Yes
Does the board have sub committees in place	Yes	Yes	Yes	Yes
Remuneration sub-committee	Yes	Yes	Yes	Yes
Audit sub-committee	Yes	Yes	Yes	Yes
Risk and management sub-committee	Yes	Yes	Yes	Yes
A diversified board as an important board	Yes	Yes	Yes	Yes
Are there any female on the senior management team	Yes	Yes	Yes	Yes
The board has an equal representation of both men and women	Yes	Yes	Yes	Yes
The company place limits on finding the suitable board & committee members	Yes	Yes	Yes	Yes

Source: Research Results

Table 4.2 presents the findings on the board characteristics of NamPower. The characteristics represents responses were all the respondents chose the same answer resulting in a zero variance. The findings suggest that NamPower has a 7-member board, with 6 non-executive directors' criteria for the composition of their board. The board has an equal representation of both men and women, with the interviewed

members also showing this 50:50 compositions. Additionally, the board is fairly diversified with sub-committees on remuneration, audit and risk management. Furthermore, the company arranges an introductory course on the board operation to prepare directors and ensure the effective running of the board.

Moreover, the company places limit on finding the suitable board and committee members. The finding clearly indicates that although there seems to be adequate evidence that the board balanced in terms of composition, as well as meeting academic requirement, there seems to be lack of good corporate governance, which means that for an entity to have good corporate governance it goes beyond composition and academic qualifications, issues of integrity and good ethics plays a big role.

4.4. Corporate governance practices of the board

In Section B of the questionnaire, the respondents were also asked questions related to the corporate governance practices. In line with the research objective of determining the successes and challenges facing the current corporate governance practices at NamPower. The study only focused on responses that had considerable variations with the correlational association. The non-parametric Spearman's rank correlation was used. Table 4.3 presents the Correlational Matrix results from the Spearman' rank.

Table 4.3 findings indicates the Spearman's rank associations. The analysis was done to identify collinear variables ($r > 0.8$). The collinear variables usually lead to multi-collinearity in multivariate analysis. However, in this study these collinear variables are of interest due to the small sample size ($N=4$). As such, the results indicated that

Table 4. 3: Correlational Matrix for Board Corporate Governance Practices

Code	Section B Statements	1	2	3	4	5	6	7	8	9	10	11	12
1	Respondent No	1.00											
2	Gender	0.89	1.00										
3	Age group	0.77	0.58	1.00									
4	How are directors appointed to the board – nominations			-0.58	1.00								
5	If yes which of the following - nominations subcommittee	-0.77	-0.58	-0.33	-0.58	1.00							
6	How are directors appointed to the board – invitation	0.77	0.58	1.000**	-0.58	-0.33	1.00						
7	How are directors appointed to the board – shareholders	-0.89	-1.000**	-0.58		0.58	-0.58	1.00					
8	Are director's performance evaluated on an annual basis	-0.26	-0.58	0.33	-0.58	0.33	0.33	0.58	1.00				
9	Are any of the directors serving on more than 6 board of other companies	0.77	0.58	1.000**	-0.58	-0.33	1.000**	-0.58	0.33	1.00			
10	Are there criteria in place to select the board of directors	-0.95	-0.94	-0.82	0.24	0.54	-0.82	0.94	0.27	-0.82	1.00		
11	Which of the aspects of board diversity are considered by the company	0.89	1.000**	0.58		-0.58	0.58	-1.000**	-0.58	0.58	-0.94	1.00	
12	The board has a skill audit process accompanying each appointment			0.58	-1.000**	0.58	0.58		0.58	0.58	-0.24		1.00
14	The company has a policy on gender mainstreaming	-0.45		-0.58		0.58	-0.58		-0.58	-0.58	0.24		

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Results

9 out of the 14 questionnaire items had strong collinear associations ranging from 0.82 to 1.00.

Table 4.3 indicated the corporate governance practices of the NamPower Board. The findings show that board members' opinions were influenced by their age and gender. As such, age group has a significant association with views on how the board of directors were appointed, with regards to invitations ($r = 1.00$, $p < 0.01$), and whether the board members served on more than 6 boards from other companies ($r = 1.00$, $p < 0.01$).

These findings may imply inconsistencies in the board rules governing invitations and the number of boards one currently serves. Consequently, this affects the effectiveness of the individual board members' performance and may lead to conflicts of interest and poor corporate governance. The issues of strengthening the board recruitment systems and processes seems to be coming out here, the inconsistencies in the process has contributed to failure in finding the best boards for Nampower, which is now manifesting in poor performance.

Table 4.3 also indicated significant associations influenced by gender. These included board appointment by shareholders ($r = -1.00$, $p < 0.01$), board diversity aspects ($r = 1.00$, $p < 0.01$), the criteria for the selection of the board members ($r = 0.94$, $p < 0.1$). The findings clearly show that board members perceptions on diversity and gender mainstreaming were influenced by their gender, with the male board members viewing diversity on gender basis only, while the female members viewed it from a broader view. Lastly, the findings indicated varied views on the board member nominations and whether the board had a skill audit process

Table 4.4 above shows the means of the variables observed by the study. The finding reveals that corporate governance practice had a range of 0 to 2, with zero indicating either a missing value or skipped question. The effect of 1% is to 1.63% indicates a significant percentage of 63% since the range is only up a maximum range of 1. For the data measures of central tendency. Appendix E elaborate more on the average of the variables.

4.5. Effectiveness of corporate governance implementation at the company

In Section C of the questionnaire, the respondents were also asked questions related to the factors affecting the effectiveness of corporate governance implementation and practices on individual and company performance. The study used the non-parametric classification method of hierarchical clustering in SPSS version 26 to come up with a dendrogram presented in Table 4.5.

Table 4. 5: Hierarchical Cluster Dendrogram of Board Members and Management Responses

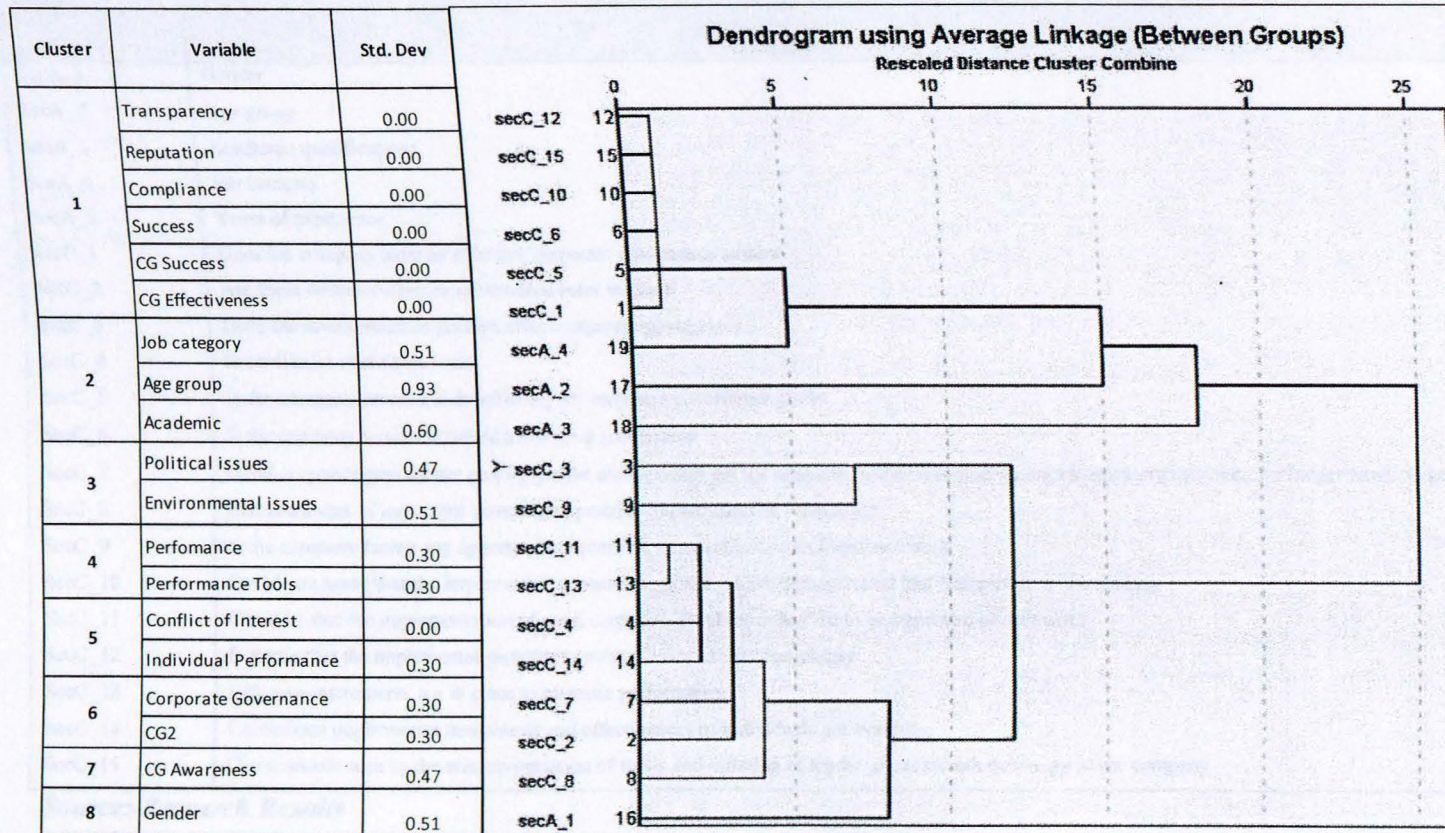


Table 4.5 presents a dendrogram that shows the hierarchical relationship between Section A and Section C questionnaires items that were asked in both the board members and management questionnaires in Appendix A and B. The dendrogram is an output created from hierarchical clustering classification of the 19 items from the questionnaires. The dendrogram is used to work out the best way to allocate the questionnaire items to clusters. The study then used the 8 dendrogram clusters to come with 6 prior cluster factors including 4 composite variables (see Appendix E for their calculation and development).

CG outcomes

Cluster 1 and 2 in Table 4.5 were used to come up with a corporate governance outcomes factor (CG_Outcomes). The factor represents the expectations of the respondents with respect to the successful implementation of corporate governance at the company. The outcomes include improved transparency (SecC_12), enhance company reputation (SecC_15), improved regulatory compliance (SecC_10), successful achievement corporate governance goals (SecC_5), company success linked to good governance (SecC_6), effective corporate governance system (SecC_1). Table 4.5 results shows that these CG outcome expectations were influenced by demographics like job category (board member or management), age group and academic qualifications.

External factors

Cluster 3 became the External factors composite variable and comprised of the environmental issues (SecC_9) and political interference (SecC_3).

Firm performance

Cluster 4 and 5 in Table 4.5 were combined to form the firm performance factor. Cluster 4 represents the company performance (SecC_11) and performance measurement tools (SecC_13). While, Cluster 5 represented individual performance (SecC_14) and conflict of interest issues (SecC_4). Consequently, the cluster 4 and 5 were computed to a firm performance variable (see Appendix E).

CG Practices

Cluster 6 became the Corporate Governance Practices composite variable which comprised of the corporate governance mandated management control (SecC_7) and written corporate governance rules (SecC_2).

CG Awareness

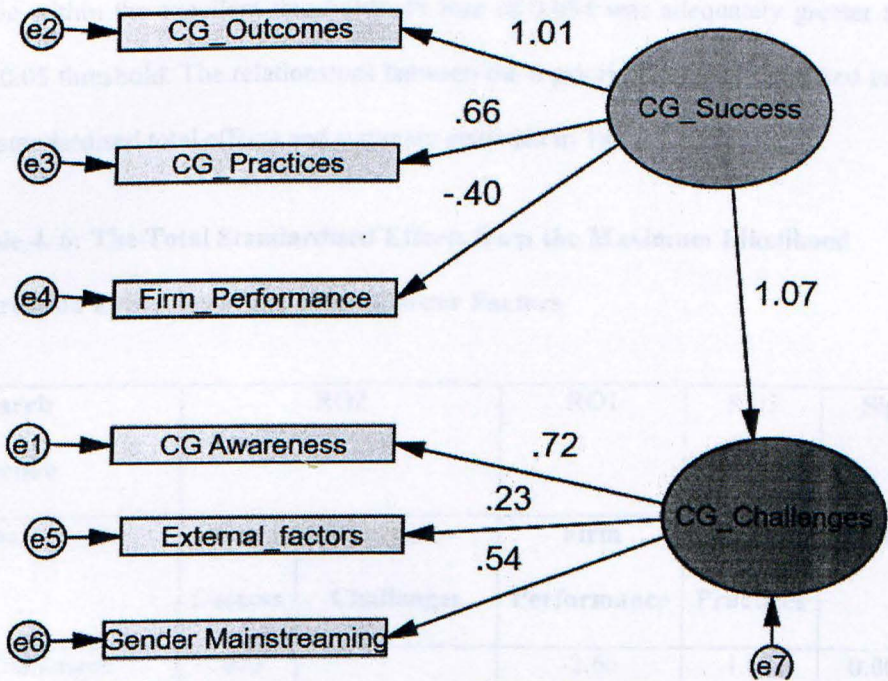
Table 4.5 indicated that CG awareness, as the awareness of any major governance practice in the company (SecC_8).

Gender mainstreaming

The gender of respondents' (SecA_1) variable represented the gender mainstreaming perceptions in the company which saw females having different perceptions when compared to their male counterparts. Consequently, these six priori cluster factors derived from the dendrogram in Table 4.5 were taken to SPSS AMOS for the further analysis. Using a Maximum Likelihood regression procedure in SPSS AMOS version 23, the study carried out a path analysis and maximum likelihood regression to iteratively link the clusters guided by the different layers of the dendrogram and

using the Multi-Response Permutation Procedure (MRPP) logic that provided the basis of non-parametric alternative to the normal linear regression model.

The path analysis relationships and standardised regression beta values are presented in Figure 4.1.



Measure	Estimate	Threshold	Interpretation
CMIN	17.100	--	--
DF	9	--	--
CMIN/DF	1.900	Between 1 and 3	Excellent
CFI	0.618	>0.95	Need More DF
SRMR	0.337	<0.08	Terrible
RMSEA	0.300	<0.06	Terrible
PClose	0.054	>0.05	Excellent

The above Figure 4.1: Maximum Likelihood Regression Estimates for the successes and challenges facing the current corporate governance practices at NamPower. Source: Research Results

Figure 4.1 results indicated that the model fitness statistics met some of the Hu and Bentler (1999) cut-off thresholds. The Chi-square minimum (CMIN =1.9) was found to lie within the excellent thresholds, PClose of 0.054 was adequately greater than the 0.05 threshold. The relationships between the 6 priori factors are presented using the standardised total effects and summary statistics in Table 4.6

Table 4. 6: The Total Standardised Effects from the Maximum Likelihood Regression Estimates of the Priori Cluster Factors

Research Objective	RO2		RO1	RO3	Sig.
Factor	CG Success	CG Challenges	Firm Performance	CG Practices	P-value
CG Challenges	-1.073		-2.66	1.63	0.001
External factors	-0.251	0.234	-0.62	0.38	0.408
Gender Mainstreaming	-0.577	0.538	-1.43	0.88	0.056
Firm Performance	0.404		1.00	-0.61	0.001
CG Practices	-0.659		-1.63	1.00	0.02
CG_Outcomes	-1.015		-2.51	1.54	0.001
CG Awareness	-0.77	0.718	-1.91	1.17	0.001

Source: Research Results

Note: The research objective 2 (RO2) results and the relationship significance (P-values) are estimates from regression results from SPSS AMOS Output. The results for objective 1 (RO1) and 3 (RO3) were calculated from the CG Success estimates.

Table 4.6 indicated the total standardised effects of the ML regression in Figure 4.1. The findings show that all the relationships were statistically significant at the 0.05 level, except for Gender mainstreaming ($p = 0.056 < 0.10$) at the 10 % level of significance and External factors, which was not significant. The interpretation of the findings was presented against the study's original objectives as follows:

4.6.1 Research Objective 1 (RO1): To determine the relationship between corporate governance practices used and performance level at NamPower.

With respect to research objective 1 (RO1), the study findings indicated a significant negative relationship between corporate governance practices used and performance level at NamPower ($\beta = -1.63$, $p < 0.001$). The findings imply that a 1% increase in the current corporate governance practices would result in a 1.63% reduction in the firm performance of NamPower. An increase in the current corporate governance practices entails continuing without any written corporate governance rules and having poor corporate governance practices that does not propagate that management should get the mandate to control and manage the organisation.

Consequently, leading to poor performance for both the organisation and individuals. This means that if NamPower enhance its performance, they will need to do away with its current corporate governance practices, since it is the cause of lack of performance, there is a need to use different corporate governance practices which will enhance performance of the entity.

4.6.2 Research Objective 2 (RO2): To determine successes and challenges facing the current corporate governance practices at NamPower.

The findings indicated that the successes of corporate governance practices at NamPower were related to how well the respondents viewed firm performance, CG practices, CG outcomes, and CG awareness. The findings suggested that a significant negative relationship between the CG success variable and CG awareness had critically affected the responses of the other variables. As such, CG awareness was found to be critically important to the successful implementation of CG practices at NamPower.

The finding implies that CG awareness, which asked the respondents whether they were aware of any major governance practise implemented in NamPower had a big impact on the responses. As lack of awareness would lead to a 1.91% reduction in firm performance, which increased awareness would in a 1.17% improvement in the CG practices. The absence of corporate governance awareness has caused serious shortfalls in performance of Nampower, if there was some efforts to strengthen corporate governance awareness.

Ibrahim and Zulkafli, (2016) supports the statement and said that, corporate governance plays an important role in improving the performance of a firm and there is a direct relationship between the two in both developing and developed financial markets. Subramanian (2015) also agrees and stated that theoretically, improved corporate governance practices would bring more value to the shareholders through better managerial and hence firm performance. However, that argument is based on the Agency Theory's view and the strategic management literature by connecting

corporate governance with the 'resource-based view' and the 'Managerial Rents Theory'.

4.6.3 Research Objective 3 (RO3): To determine the determinant factors for implementing good corporate governance at NamPower.

With respect to research objective 3 (RO3), the study findings in Table 4.6 indicated that the determinants of good corporate governance implementations included External factors (beta = 0.38, p = 0.408), Gender mainstreaming (beta = 0.88, p = 0.056), Firm performance (beta = -0.61, p = 0.001), CG challenges (beta = 1.63, p = 0.001), CG outcomes (beta = 1.54, p = 0.001), and CG awareness (beta = 1.17, p = 0.001). Since, the variable was reverse coded with increments in each variable indicate a positive response. Therefore, findings may imply that implementing good governance at NamPower was independent of external influences from politics and the environment. While, improvements in gender mainstreaming, CG awareness and CG outcomes would result in improvements in the implementation of good corporate governance systems at NamPower.

In addition to the above, the findings suggest that a reduction in the company and individual performance would result in improvements in the implementation of corporate governance practices. As poor performance will drive initiatives for major corporate governance at the company (CG awareness). It is not only about having corporate governance by name, but making sure that the ingredients of corporate governance is known and implemented in the entity, the absence of the implementation of ingredients of corporate governance is the same as not having corporate governance in place, and that does not help anything at all.

4.7 Chapter summary

This chapter presented, results, and discussed the empirical findings of the study. The chapter started with demographic profile and the characteristics of the NamPower Board. This was followed by an analysis of the corporate governance practices at the board level. Finally, the chapter looked at the effectiveness of corporate governance implementation at both the board and management levels by combining the responses. The responses were screened and reduced using non-parametric procedures and a maximum likelihood regression method as applied in answering the research questions and addressing the three research objectives. The next chapter, Chapter Five, presents the conclusion, policy implications, and areas for further study.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, Chapter, the research questions are revisited and presented, a conclusion to the findings is presented and recommendations for future research are presented followed by the summary of the chapter. The purpose of this study was to have an in depth investigation into the corporate governance practices and challenges at NamPower.

5.1 Research objectives revisited

The findings, together with the relevant theoretical information used in the study, led the researcher to arrive at several conclusions. The study was guided by the research objectives in subsection 5.1.1 below.

5.1.1 Research objectives outlined below:

- To determine the relationship between corporate governance practices used and performance level at NamPower;
- To determine successes and challenges facing the current corporate governance practices at NamPower; and
- To determine the determinant factors for implementing good corporate governance at NamPower.

5.2 Conclusions

The analysis of the research findings indicates a significant negative relationship between corporate governance practices used and performance level at NamPower. This would imply that a 1% increase in the current corporate governance practices might result in a 1.63% reduction in the firm performance of NamPower.

An increase in the current corporate governance practices entails continuing without any written corporate governance rules and having poor corporate governance practices that do not propagate that management should get the mandate to control and manage the organisation. Consequently, leading to poor performance for both the organisation and individuals.

The study concluded that the successes of corporate governance practices at NamPower were related to how well the respondents viewed Firm performance, corporate governance practices, corporate governance outcomes, and corporate governance awareness. The findings conclude that a significant negative relationship between the corporate governance success variable and corporate governance awareness had critically affected the responses of the other variables. As such, corporate governance awareness was found to be critically important to the successful implementation of corporate governance practices at NamPower.

The findings concludes that Corporate Governance awareness, which asked the respondents whether they were aware of any major governance practice implemented in NamPower had a big impact on the responses. As lack of awareness would lead to a 1.91% reduction in Firm performance, which increased awareness would in a 1.17% improvement in the corporate governance practices.

The study concludes that corporate governance practice had a range of 0 to 2, with zero indicating either a missing value or skipped question. The effect of 1% is to 1.63% indicates a significant percentage of 63% since the range is only up a maximum range of 1. For the data measures of central tendency.

The study concludes that the determinants of good corporate governance implementations included External factors, Gender mainstreaming, Firm performance, corporate governance challenges, corporate governance outcomes, and corporate governance awareness. Thus, the variable was reverse coded with increments in each variable indicate a positive response. Therefore, findings imply that implementing good governance at NamPower was independent of external influences from politics and the environment.

While, improvements in gender mainstreaming, Corporate governance awareness and Corporate governance outcomes would result in improvements in the implementation of good corporate governance systems at NamPower. Additionally, the findings suggest that a reduction in the company and individual performance would result in improvements in the implementation corporate governance practices, as poor performance will drive initiatives for major corporate governance at the company.

5.3 Recommendations

Considering the conclusions provided above, the following recommendations are made by the researcher:

- Since there is significant negative relationship between corporate governance practices used and performance level at NamPower. Implying that a 1% increase in the current corporate governance practices might result in a 1.63% reduction in the firm performance of Nampower. It is recommended that NamPower find the best fit model of corporate governance to induce positive level of performance, by revising its corporate governance model.
- NamPower should invest on corporate governance awareness which is critically important to the successful implementation of Corporate Governance practices at NamPower, this would induce enhancement of Firm performance, corporate governance practices and corporate governance outcomes. This could be made via senior management retreats and meetings.
- Since NamPower's implementation of a successful corporate governance depends on external factors, it is recommended it should monitor external influences from politics and the environment from time to time. This will result in striking the balance between the shareholders and those that are running Nampower to influence better corporate governance practices. By coming up with quarterly review from time to time.

5.4 Points of further research

It is further recommended that a study be conducted to investigate the relationship between corporate governance and performance level on NamPower in the energy sector of Namibia. This might add value in understanding the impact of NamPower's performance to the entire sector.

A study could also be carried out to investigate the relationship between corporate governance and performance level at its influence to the socio-economic development of Namibia.

5.5 Chapter summary

The chapter presented the conclusions of the study, it highlighted the recommendations of the entire study and ended with points of further research.

REFERENCES

- Alatassi, B., & Letza, S. (2018). Best practice in bank corporate governance: the case of islamic banks. *Economics and business review* 4(4), 115-133.
doi:10.18559/ebr.2018.4.7
- Barker, R. M., & Iris, H.-Y. c. (2018, January 1). from value protection to value creation: Rethinking corporate governance standards for firm innovation. *fordham journal of corporate and financial law* 23 (2), 437-502. Retrieved May 05, 2019, from web.b.ebscohost.com.ezproxy.unam.edu.na
- Bekiaris, M., & Koutopis, A. G. (2013). economic crisis impact on corporate governance and internal audit: the case of greece. *Corporate ownership and control* 11(1), 45 - 50.
- Blair, M. M. (2003). Post-Enron reflection on comparative corporate governance. *Journal of Interdisciplinary Economics*, 14(2), 113-124.
doi:10.1177/02601079X03001400202
- Bora, F., Meza, M., Richardson, G., & Vyas, D. (2014). The Sarbanes - Oxley Act and exit strategies of private firm. *Contemporary Accounting Research*, 31(3), 818-850. doi:10.1111/1911-3846.12049
- Brandt, E. (2017, September 07). Ministries accountable for SOE boards - Thieme. *New Era*. Retrieved March 15, 2019, from <https://neweralive.na/posts/ministries-accountable-for-soe-boards-thieme>

- Cai, T. T., & Low, M. G. (2004). *An Adaptation theory for parametric confidence interval*. pp. 1805-1840. Retrieved July 19, 2019, from <https://projectedclid.90s/1098883773>
- Chahal, H., & Kumari, K. (2013). Examine talent management using corporate governance as proxy measures: a case study of state bank india. *Corporate governance*, 198-207.
- Chakrawal, A. K. (2006). Corporate governance and accountability. *Asia Pacific Business Review*, 2(1), 88-97. doi:10.1177/097324700600200109
- Chambers, N., Harvey, N., Marrion, R., & Marshall, J. (2013, October). *Towards a framework for enhancing the performance of NHS boards: A synthesis of the evidence about board governance, board effectiveness and board development*. doi:10.5465/AMR.1998.192967
- Chamwe, K. (2018, March 19). Civil servants on boards to get paid. *Windhoek Observer*. Retrieved March 17, 2019, from <https://www.observer.com.na/index.php/business/item/9430-civil-servants-on-boards-to-get-paid>
- Chaudhary, N., & Gakhar, K. (2018). Corporate governance and financial performance with a perspective on board size and frequency of board meetings. *Drishtikon: A Management Journal*, 9(1), 37-64. Retrieved September 2, 2019
- Cheffins, B. R. (2011). *The history of modern U.S. corporate governance* (Vol. 2). Cheltenham: Edward Elgar Publishing Limited.

- Chikumba, P. (2014, August). *Investigating corporate governance practices and their impact on sustainability of NGOs in Zimbabwe*. Harare, Zimbabwe. Retrieved June 23, 2019, from ir.uz.ac.zw/jspui/bitstream/10646/3014/1/chikumba_investigating_corporate_governance_practices.pdf
- Clarke, T. (2014, March). the impact of financialisation on international corporate governance: The role of agency theory and maximising shareholder value. *Law and financial markets review*, 8(1), 39-51. doi:10.5235/17521440.8.1.39
- Cohen, D. A., Dey, A., & Lys, T. Z. (2013). Corporate governance reform and executive incentives: Implications for investments and risk taking. *Contemporary Accounting Research*, 30(4), 1296-1332. doi:10.1111/j.1911-3846.2012.01189x
- Coombes, P., & Watson, M. (2000). *Three surveys on corporate governance*. McKinsey Quarterly, 4. Retrieved July 16, 2019
- Cooper, D. R., & Schindler, P. S. (1998). *Business Research Methods* (6th ed.). Singapore: McGraw-Hill Companies, Inc.
- Cooper, D. R., & Schindler, P. S. (2011). *Business Research Methods* (3rd ed.). Berkshire, United Kingdom: McGraw-Hill Education Limited.
- Cooper, D. R., & Schindler, P. S. (2011). *Business Research Methods* (11th ed.). New York, United States of America: McGraw-Hill/Irwin.

- Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods* (12th ed.). New York, United State of America: McGraw-Hill Education.
- Cuevas, R., Gomez, M. L., & Wiseman, R. (1998). A behavioural agency model of managerial risk taking. *Academy of Management Review*, 23(1), 133-153. doi:10.5465/AMR.1998.192967
- Dai, L., Fu, R., & Kang, J. K. (2016, October). corporate governance and the profitability of insider trading. *journal of corporate finance* 40, 235-253. doi:10.1016/j.jcorpfin.2016.08.002
- Daily, C. M., Dalton, D. R., & Rajagopalan, N. (2003, April). Governace through ownership: centuries of practice, decades of research. *Academy of Management Journal*, 46(2), 151-158. doi:10.5465/30040611
- Davidson, W., Bouresli, A., & Singh, M. (2006). Agency costs, ownership structure and corporate governance in pre and post - IPO firms. *Corporate Ownership and Control*, 3(3A), 88-95. Retrieved April 14, 2019, from <https://pennstate.pure.elsevier.com/en/publications/agency-costs-ownership-structure-and-corporate-governance-in-pre->
- Davies, A. (2011). *The globalisation of corporate governance: The challenge of clashing cultures*. Surrey: Gower Publishing Limited.
- Deloitte. (2013, September 12). *Corporate governance for Namibia*. Retrieved from Delloite & Touche: Retrieved March 5, 2018, from http://www.deloitte.com/view/en_NA/na/1

- Deloitte, & Touche. (2016). NamCode. *The corporate governance code of Namibia*. Retrieved July 8, 2019, from https://www2.deloitte.com/content/dam/Deloitte/na/Documents/risk/za_Deloitte_NamCode_Brochure.pdf
- Donaldson, L. (1990, July). The ethereal hand: Organisational economics and management theory. *Academy of Management Theory*, 15(3), 369-381. doi:10.5465/AMR.1990.4308806.
- Du Plessis, J. J., Hargovan, A., & Bagaric, M. (2011). *Principals of contemporary corporate governance* (2nd ed.). New York: Cambridge University Press.
- Eisenhardt, K. M. (1989, January). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57-74. doi:10.5465/AMR.1989.4279003
- Elmasry, M. O., & Bakri, N. (2019). Behaviors of transformational leadership in promoting good governance at the Palestinian public sector. *International Journal of Organizational Leadership*, 8(1), 1-12. Retrieved May 10, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=bsu&AN=133966164&site=ehost-live&scope=site>
- Fagan, M. (2018). third party institutional proxy advisors: conflicts of interest and roads to reform. *university of michigan journal of law reform*, 51(3), 621-641. Retrieved April 25, 2019, from web.b.ebscohost.com.ezproxy.unam.edu.na

- Gibbs, P. A. (1993). Determinant of corporate restructuring: The relative importance of corporate governance, take over threat and free cash flow. *Strategic Management Journal*, 14, 51-58. Retrieved May 15, 2019, from <http://www.jstor.org.ezproxy.unam.edu.na/stable/2486420>
- Glinkowski, B., & Kaczmarek, b. (2015, Dec). Classical and modern concepts of corporate governance (stewardship theory and agency theory). *Management*, 19(2), 84-92. doi:10.1515/manment-2015-0015
- Gonzalez, A., & Andre, P. (2014, January). Board effectiveness and short-termism. *Journal of Business Finance and Accounting*, 41(1/2), 185-209. doi:10.1111/jbfa.12045
- Good, P. (2000). *Permutation test* (2nd ed.). New York: Springer Science and Business Media. Retrieved from https://books.google.com.na/books?id=pK3hBwAAQBAJ&pg=PA11&lpg=PA11&dq=Mielke,+Berry+and+Johnson+1976&source=bl&ots=qWIE8FMGxE&sig=ACfU3U3LKBGs0qIXH7rv_jjBpBQ6eFfyEw&hl=en&sa=X&ved=2ahUKEwiRsu2c-
- Grossi, G., Papenfub, U., & Tremblay, M. S. (2015). Corporate governance and accountability of state owned enterprise: relevance for science and society and interdisciplinary research perspectives. *international journal of public sector management* 28 (4-5), 274-285.
- Haj Youssef, M. S., & Teng, D. (2019). Reaffirming the importance of managerial discretion in corporate governance: A comment on Andersen (2017).

Corporate Governance: The International Journal of Business in Society,
19(2), 240-254. Retrieved April 18, 2019, from

<http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=eoah&AN=49691723&site=ehost-live&scope=site>

Hassan, M., Nassar, R., & Whitherspoon, A. (2019). Impact of internal control over financial reporting under the sarbanes - oxley act on a firm's stock price and stock volatility. *International Journal of Business, Accounting and Finance*, 13(1), 1-13. Retrieved May 2, 2019, from

<http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=bsu&AN=136169327&site=ehost-live&scope=site>

Heita, D. (2017, March 08). Details emerge in SME bank scandal. *New Era*.

Hendricks, P. S., & Wyngaard, R. G. (2010, February 04). South Africa's King 3: A commercial governance code determining standards of conduct for civil society organisations. *International journal of not-for-profit law*, 12(2). Retrieved March 17, 2019

Hendrikse, J. W., & Hendrikse, L. H. (2012). *Corporate governance: Principles and practice* (2nd ed.). Cape Town: Juta and Company Ltd.

Honorine, K. (2014, July 14). Compliance to NamCode compliance. *the villager*. Retrieved April 25, 2019, from www.thevillager.com.na

Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation*

Modeling: A Multidisciplinary Journal, 6(1), 1-55.

doi:10.1080/10705519909540118

Huang, Y., Hou, N., & Cheng, Y. (2012, September). Illegal insider trading and corporate governance: Evidence from Taiwan. *Emerging markets finance and trade* 48 (3), pp. 6-12. doi:10.2753/REE1540-496X4805S301

Huunaida, D. (2015). Conflicts of interest in agency theory. *Global Journal of Human - Social Science: E Economics*, 15(1), 17-22. Retrieved March 26, 2019, from https://globaljournals.org/GJHSS_Volume15/2-Conflicts-of-Interest-in-Agency.pdf

Ibrahim, H. I., & Zulkafli, A. H. (2016). Corporate governance, human resources practices and organisational performance. *Socio-Economic Problems and the State*, 14(1), 30-40. doi:10.14254/2223-3822.2016.14-1.4

Immanuel, S. (2018, July 18). Namibia: Board blames government for transnamib failures. *The Namibian*.

Jones, I., & Pollitt, M. (2004). Understanding how issues in corporate governance develop: Cadbury report to Hiss review. *Corporate Governance: An International Review*, 12(2), 162-171. doi:10.1111/j.1467-8683.2004.00355.x

Kaczmarek, S. (2017, Dec). Rethinking board diversity with the behavioural theory of corporate governance: opportunities and challenges for advances in theorising. *Journal of Management and Governance* 21 (4), 879-906. doi:10.1007/s10997-016-9362-4

Kairiza, T. (2018, April). AirZim scandals reflects parastatal rot. *Zimbabwe Independent*.

Kamilah, A., & Khaw, K. W. (2016). Corporate governance practices and firm performance. *Procedia Economics and Finance*, 35, 287-296.
doi:10.1016/s2212-5671(16)00036-8

Katswara, T. (2005, 10 21). corporate governance under the spotlight. *The Namibian*.

Kefas, N. N. (2014). *an evaluation of corporate governance practices on board member selection and recruitment in Namibian state owned enterpris.*
windhoek: polytechnic of Namibia.

Klettner, A., Clarke, T., & Boersma, M. (2014). the governance of corporate sustainability: Empirical insights into the development, leadership, and implementation of responsible business strategy. *Journal of Business Ethics*, 122(1), 145-165. Retrieved April 12, 2019, from <https://www-jstor-org.ezproxy.unam.edu.na/stable/42921423?Search=yes&resultItemClick=true&searchText=the&searchText=governance&searchText=of&searchText=corporate&searchText=sustainability%3A&searchText=empirical&searchText=insights&searchText=into&searchT>

Krechovska, M., Prochavzkov#225, & Petra, T. (2013). Sustainability and its integration into corporate governance focusing on corporate performance management reporting. *Annals of DAAM and Proceedings*, 24(1), 1144-1151.
doi:10.1016/j.proeng.2014.03.103

- Kultys, J. (2016). Controversies about agency theory as theoretical basis for corporate governance. *Oeconomia copernicana*, 7(4), 613-634.
doi:10.12775/OeC.2016.034
- Kumar, P., & Zattoni, A. (2016, January). Executive compensation, board functioning and corporate governance: An international review. *Corporate governance: an International Review*, 24(1), 2-4. doi:10.1111/corg.12150
- Kyereboah-Coleman, A. (2007). Corporate governance and shareholder value maximization. *Africa Development Review*, 19(2), 350-367.
doi:10.1111/j.1467-8268.2007.00165.x
- Lee, J. M., Park, J. C., & Folta, T. (2018, October). CEO career horizon, corporate governance and real options: The role of economic short-termism. *Strategic Management Journal*, 39(10), 2703-2725. doi:10.1002/smj.2929
- Liao, L., Luo, L., & Tang, Q. (2015). Gender diversity, board independence, environmental committee and greenhouse gas disclosure. *The british accounting review* 10, 350 - 400.
- Lombard, R., Trequattrini, R., Cuzzo, B., & Rubio, M. (2019). Corporate corruption prevention, sustainable governance and legislation: First exploratory evidence from the italian scenario. *Journal of Cleaner Production*, 217, 666-675.
doi:10.1016/j.jclepro.2019.01.214
- Matodzi, R. (2018, November 25). Government should let state owned companies appoint their own CEO's. *News24*. Retrieved March 14, 2019, from

- <https://www.news24.com/Columnists/GuestColumn/government-should-let-state-owned-companies-appoint-their-own-ceos-20181125>
- Menges, W. (2019, February 26). Zim shareholders lose SME bank case . *The Namibian*.
- Moon, J., Orlitzky, M., & Whelan, G. (2010). *Corporate governance and business ethics* (2nd ed.). Northampton, UK: Edward Elgar Pub.
- Mubwandarikwa, I. (2013). *an exploration of corporate governance and performance of a state owned enterprise: A case study of Transnamib in Namibia*. Windhoek: Polytechnic of Namibia.
- Naidoo, R. (2009). *Corporate governance: An essential guide for South African companies* (2nd ed.). Durban: Juta Company.
- Nakashole, N. (2018, November 15). Namibia resistant to eskom power woes. *Die republikein*.
- NamPower. (2016). *NamPower annual report 30 June 2016*. Windhoek. Retrieved from NamPower web site: www.NamPower.com.na
- NamPower. (2018). *NamPower 2018 annual report*. Windhoek, Khomas.
- NamPower suspends Shilamba. (2015, July 23). *The Namibian*.
- Natarajan, R., & Zheng, K. (2019). Clawback provision of SOX, financial misstatements and CEO compensation contracts. *Journal of Accounting, Auditing and Finance*, 34(1), 74-98. doi:10.1177/0148558X16686740

- Ngatjiheue, C. (2016, September 02). Board of directors position to be advertised. *The Namibian*, p. 20. Retrieved March 20, 2019, from <https://www.namibian.com.na/155156/archive-read/Board-of-director-positions-to-be-advertised-%E2%80%93-Jooste>
- Nicholson, Z. (2011, March 21). End of the road for leisurenet fraudsters. *Cape times*.
- Nordberg, D. (2017). Board ethos and institutional work. *Economic & Business Review*, 3(1), 73-96. doi:10.18559/ebr.2017.1.4
- Nunuhe, M. (2019, February 18). Namibia not affected by eskom crisis. *Southern times*.
- OECD. (2004). *Corporate governance: A survey of OECD countries*. Paris: OECD Publications.
- Ofuani, A. B., Sulaimon, A. H., & Adebisi, S. A. (2018). Corporate governance practices: A comparative study of selected public corporation in Nigeria. *Academic journal of economic studies* 4 (1), 192-202.
- Okougbo, P., & Okike, E. (2015). corporate governance and earnings management: Empirical evidence from Nigeria. *Corporate ownership and control* 12(4), 312 - 326.
- Pallant, J. (2010). *SPSS survival manual: A step by step guide to data analysis using SPSS*. England: Open University Press.

- Panda, B., & Leepsa, N. M. (2017, June 02). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*, 10(1). doi:10.1177/0974686217701467
- Parra, J. M., Paraz, M. V., & Hernandez, A. M. (2017). Corporate governance in Colombian Universities. *International Review of Administrative Sciences*. doi:10.1177/0020852317707331
- Pepper, A., & Gore, J. (2012, September 27). Behavioural agency theory new foundations for theorizing about executive compensation. *Journal of Management*, 41(4), 1045-1068. doi:10.1177/0149206312461054
- Perrow, C. (1986). *Complex organisations*. New york: NY Random house.
- Quinlan, C. (2011). *Business Research Methods*. Hampshire: South-Western Cengage Learning EMEA.
- Quinlan, C., Babin, B., Carr, J., Griffin, M., & Zikmund, W. G. (2015). *Business Research Methods* (1st ed.). Hampshire, United Kingdom: Cengage Learning EMEA.
- Raelin, J. D., & Bondy, K. (2016, September). putting the good back in good corporate governance: the presence and problems of double layered agency theory. *Corporate governance: An international review*, 21(5), 420-435. doi:10.1111/corg.12038

- Rashid, A. (2013, November). CEO duality and agency cost: Evidence from Bangladesh. *Journal of Management and Governance*, 17(4), 989-1008.
doi:10.1007/s10997-012-9213-x
- Rashid, A. (2016, September). Managerial ownership and agency cost: Evidence from Bangladesh. *Journal of Business Ethics*, 137(6), pp. 609-621. Retrieved April 10, 2019, from
<http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=eoah&AN=34948278&site=ehost-live&scope=site>
- Saltaji, I. M. (2013, Dec). Corporate governance and agency theory how to control agency cost. *Internal auditing and risk management*, 8(4), 47-60. Retrieved may 08, 2019, from
<http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=bsu&AN=94967439&site=ehost-live&scope=site>
- Sanders, G., & Carpenter, M. (2003, April). Strategic satisficing? A behavioural agency theory perspective on stock repurchase program announcements. *Academy of Management Journal*, 46(2), 160-178. doi:10.2307/30040612
- Santosh, P., & Valeed, A. A. (2014, January 01). A theoretical framework for corporate governance. *Indian journal of corporate governance*, 7(1).
doi:10.1177/0974686220140104
- Sarhan, A. A., Ntim, C. G., & Najjar, B. (2019, April). Board diversity, corporate governance, corporate performance and executive pay. *International Journal of Finance and Economics*, 24(2), 761-786. Retrieved April 22, 2019, from

- <http://web.b.ebscohost.com.ezproxy.unam.edu.na/ehost/detail/detail?vid=3&sid=93d5e7e3-5c0f-4f8a-88ee-3d15aeb3df9e%40sessionmgr120&bdata=JnNpdGU9ZWhvc3QtG12ZSZzY29wZT1zaXRI#AN=49801452&db=eoah>
- Sari, S. A., & Tjoe, T. F. (2017). Board remuneration and good corporate governance in Indonesia state owned enterprises. *Global Business Review, 18*(4), 861-875. doi:10.1177/0972150917692213
- Saunders, M., Lewis, P., & Thornhill, A. (2012). *Research Methods for Business Students* (6th ed.). Essex, England: Pearson Education Limited.
- Sharma, J. P., & Khanna, S. (2014, January). Corporate social responsibility, corporate governance and sustainability: Synergies and inter-relationships. *Indian Journal of Corporate Governance, 7*(1), 14-38. doi:10.1177/0974686220140102
- Shleifer, A., & Vishny, R. W. (1997, June). A survey of corporate governance. *Journal of Finance, 52*(2), 737-789. doi:10.1111/j.1540-6261.1997.tb04820.x
- Shukla, H. J. (2008). Corporate governance practices by Indian corporates. *Asia Pacific Business Review, 4*(3), 124-129. doi:10.1177/097324700800400315
- Smith, S. (2017, July 07). Shilamba receive N\$2 million golden handshake. *Windhoek observer*.
- Solomon, J. (2013). *Corporate governance and accountability* (4th ed.). West Sussex: John Wiley & Sons.

- Soltani, B., & Maupetit, C. (2015). Importance of core values of ethics, integrity and accountability in the European corporate governance. *Journal of Management and Governance*, 19(2), 259-284. doi:10.1007/s10997-013-9259-4
- Som, L. (2013). Corporate governance of public sector enterprise in India. *Money and Finance*, 53-75. Retrieved April 09, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=bsu&AN=92689323&site=ehost-live&scope=site>
- Subramanian, S. (2015, June 1). Corporate governance, institutional ownership and firm performance in Indian state-owned enterprises. *Asia-Pacific Journal of Management Research and Innovation*, 11(2), 117-127. doi:10.1177/2319510x15576273
- Takeshi, I. (2001). From industrial relations to investor relations? Persistence and change in Japanese corporate governance employment practices and industrial relations. *Social Science Japan Journal*, 4(2), 225-241. Retrieved March 24, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=eoh&AN=5070680&site=ehost-live&scope=site>
- Tan, C. H., Puchniak, D. W., & Varonil, U. (2015). State owned enterprises in Singapore: Historical insights into a potential model for reform. *Columbia Journal of Asian Law*, 28(2), 61-97. Retrieved April 27, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=asn&AN=121363110&site=ehost-live&scope=site>

- Teixera, M., Roglio, M., & Macron, R. (2017). Institutional logics and the decision-making process of adopting corporate governance at a cooperative organisation. *Journal of Management and Governance*, 21(1), 181-209. doi:10.1007/s10997-016-9340-x
- Tocelovska, N., & Vaidere, I. (2006). Corporate governance: Its definitions and applications in Latvia. *Economic science for rural development conference proceedings*(11), 140-144. Retrieved May 14, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=asn&AN=23771291&site=ehost-live&scope=site>
- Transnamib bypasses !Naruseb. (2017, May 12). *The patriot*.
- Tricker, B. (2012). *Corporate governance principles, policies and practices* (2nd ed.). New York: Oxford University Press.
- Tricker, B. (2015). *Corporate governance: Principles, policies, and practices* (3rd ed.). Oxford: Oxford University Press.
- Tricker, B., & Mallin, C. (2016, September 12). *A new idea in corporate governance - Shareholder senates*. Retrieved from Archive for the US Sarbanes - Oxley Act' category: <http://corporategovernanceoup.wordpress.com/category/us-sarbanes-oxley-act/>
- Virtanen, A., & Takala, T. (2016, January 1). Accountability of corporate boards in Finland. *Management research and practice* 8 (1), 5-24. Retrieved from web.b.ebscohost.ezproxy.unam.edu.na

Wixley, T., & Everingham, G. (2005). *Corporate governance* (2nd ed.). Cape Town: Creda Communications (Pty) Ltd.

Yeoh, P. (2019). Corporate governance codes in the UK: The risk of over-reliance? *Business Law Review*, 40(1), 19-27. Retrieved June 9, 2019, from <http://search.ebscohost.com.ezproxy.unam.edu.na/login.aspx?direct=true&db=eoa&AN=48217702&site=ehost-live&scope=site>

Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). *Business Research Methods* (8th ed.). United Kingdom: South-Western, Cengage Learning.

Appendix A

Josea Mufeti Ngihepa

P O Box 705
GOBABIS
081-3155036
August 2019

The Human Resources Manager

Nampower Holdings Limited
P O Box 2864
Windhoek
061-2054111

Dear Sir / Madam


RE: Request for permission to conduct a research

My name is Josea Mufeti Ngihepa, a student studying the degree of Master of Business Administration, Management strategy at the University of Namibia.

I am conducting a research to investigate corporate governance practices and challenges in Namibia. This is in partial fulfillment for the award of the Degree of Master of Business Administration.

I therefore ask permission to conduct a research in your organization in order for me to get information related to my studies where applicable? Your assistance in this regard is greatly appreciated.

Yours faithfully


Josea Mufeti Ngihepa

Joseanghihepa@gmail.com

Appendix B

Date.....

Respondent Number.....

Section A: Demographics

Do complete the entire questionnaire truthfully.

Tick the response you consider most appropriate

1. Gender

Male

Female

2. Age group

20 – 30

31 – 40

41 – 50

51 – 60

over 60

3. Academic qualification

Diploma

Degree

Master Degree

Doctorate Degree

None

4. Job category

Board member

Management

5. Years of experience

1 year 2 – 5 years 5 – 10 years over 10 years

Section B

Board of Directors

1. How many directors are currently serving on the board?

.....

2. How directors' are appointed to the board? Tick the appropriate

response Nominations Invitation Shareholders

3. Does the board comprise of non – executive directors?

Yes No

If yes, how many

4. Does the company arrange an introductory course to prepare the directors before taking up their appointment

Yes No

5. Does the board have sub committees in place?

Yes No

If yes, than which of the following

Remuneration Audit subcommittee

Nominations subcommittee risk and management committee

6. Are directors performance evaluated on an annual basis?

Yes No

7. Are any of the directors serving on more than 6 board of other companies?

Yes No

8. Are there criteria in place to select the board of directors?

Yes No

9. Which of the aspects of board diversity are considered by the company?

Age Gender Race All

10. Do you regard a diversified board as an important board?

Yes No

11. Are there any female on the senior management team?

Yes No

If yes, how many?

12. The board has a skill audit process accompanying each appointment of the board?

True False

13. The board has an equal representation of both men and women?

Yes No

14. Does the company place limits on finding the suitable board and committee members?

Yes No

15. The company has a policy on gender mainstreaming?

Yes No

Section C

Corporate governance

1. Does the company have an effective corporate governance system?

Yes No

2. Are there written corporate governance rules in place?

Yes No

3. Does the involvement of politics affect corporate governance?

Yes No

4. Is conflict of interest an issue?

Yes No

5. Is the company successful in achieving its corporate governance goals?

Yes No

6. Is the company's success linked to its good corporate governance policies?

Yes No

7. Good corporate governance propagate the management get, the mandate to control and manage organizations for longer terms, to generate wealth, is it the case?

Yes No

8. Are you aware of any major governance practice implemented in NamPower over the years?

Yes No

9. Is the company facing any operating environment issues affecting its implementation of good corporate governance practices?

Yes No

10. Could you agree that the implemented corporate governance policies have demonstrated that NamPower is a law abiding state owned enterprise?

Yes No

11. Can it be that the implementation of good corporate governance has led to an improved performance of NamPower?

Yes No

12. Is it true that the implementation of good corporate governance lead to accountability and transparency?

Yes No

13. Effective instruments are in place to measure performance?

Yes No

14. Continuous performance assessment and effectiveness of individuals such as the directors, and management are available.

Yes No

15. Can scandals such as the misappropriation of funds and inflating of tender prices tarnish the image of a company?

Yes No

Appendix C

Namibia Power Corporation (Pty) Ltd
PO Box 2864, Windhoek, Namibia, NamPower Centre, 15 Luther Street
Tel: +264 61 205 4111
Fax: +264 61 232 805
Email address: register@nampower.com.na
Website address: www.nampower.com.na



Mr Josea Mufeti Nghihepa
University of Namibia
MBA Management Strategy
Student No: 200135406
Cell: 081355036
Email: joseanghihepa@gmail.com

Enquiries: Dr Simeon Amunkete
Tel : 061 – 205 2446
Date : 24 September 2019

Dear Mr Nghihepa

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT NAMPOWER TITLED
"INVESTIGATING CORPORATE GOVERNANCE PRACTICES AND CHALLENGES IN NAMIBIA"

We acknowledge receipt of your permission request letter of your intended research topic titled:
"Investigating corporate governance practices and challenges in Namibia".

NamPower hereby grants permission for you to carry out research and data collection as per your indication. Kindly take note that you are allowed to contact NamPower employees to participate in your study.

Kindly further take note that information from any NamPower document, will only be used for the study mentioned above and will under no circumstances be used for other purposes without prior written consent from NamPower.

Should the research be published, the source of data i.e. NamPower should be acknowledged in the report. Upon completion of the research, NamPower requires that a copy of the study should be submitted to the Records Management Section for future research and record keeping.


For further enquiries, kindly feel free to contact the Human Resources Division.

Recommended by


Dr Simeon Amunkete
Senior Manager: Human Resources

24/09/2019
Date

Approved / Not Approved


Mr Kahenge S Haulofu
Managing Director

26-09-2019
Date

Appendix D



31 July 2019

TO WHOM IT MAY CONCERN

Re: MBA Management Strategy, Student – Mr. Josea Ngihepa, Student No: 200135406

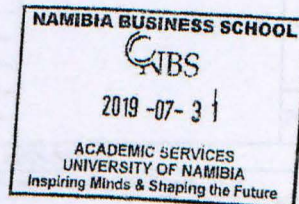
As part of our Masters Programme, students are expected to submit a research report after completion of their course-work. They need to explore in detail, some concepts and issues pertaining management strategies. To do that effectively, they need to conduct interviews and obtain practical examples.

Mr Ngihepa has chosen your organization to approach for information. It is against this background that I wish to kindly request you to assist Mr Ngihepa with the information he requires. Accept our assurance that the data will be used for academic purposes only. A copy of the completed document will be available at the Namibia Business School for perusal. His research synopsis indicates that his topic touches on *"Investigating corporate governance practices and challenges in Namibia."*

Your kind assistance is highly appreciated.

Yours sincerely

Greenfield Mwakipesile, Dr
Research Co-Ordinator
Namibia Business School
University of Namibia
Tel: +246 61 413 500
Fax: +246 61 413 512
Email: mwakeup@nbs.edu.na



340 MandumeNdemufayo Ave. – Private Bag 16004 – Pionierspark – Windhoek – Website: www.nbs.edu.na
Tel: + 264 (61) 413500 – Fax +264 (61) 413512 – E-mail: info@nbs.edu.na

Appendix E

APPENDIX C: SPSS Syntax for the Composite Variables										
COMPUTE CG_Outcomes=(SUM(secC_12,secC_15,secC_10,secC_6,secC_5,secC_1)*(secA_3-1)/(secA_4*secA_2))/6										
Composite	Calculated value	secC_12	secC_15	secC_10	secC_6	secC_5	secA_4	secA_2	secA_3	
CG_Outcomes	1	yes	yes	yes	yes	yes	management	41-50	Degree	
		yes	yes	yes	yes	yes	management	41-50	Degree	
		yes	yes	yes	yes	yes	management	51-60	Masters	
		yes	yes	yes	yes	yes	board member	51-60	Masters	
	2	yes	yes	yes	yes	yes	management	41-50	Masters	
		yes	yes	yes	yes	yes	management	41-50	Masters	
		yes	yes	yes	yes	yes	management	41-50	PHD	
	3	yes	yes	yes	yes	yes	board member	41-50	Masters	
	4	yes	yes	yes	yes	yes	board member	41-50	Masters	
		yes	yes	yes	yes	yes	board member	41-50	Masters	
	SPSS Syntax									
	COMPUTE Firm_Performance=(secC_4 + secC_14) * (secC_11 + secC_13)									
Composite	Calculated value	secC_11	secC_13	secC_4	secC_14					
Firm_Performance	0	no	no	no	yes	Individual	3			
	2	yes	yes	no	no		No Individual	1		
	4	yes	yes	no	yes	Ideal Firm + Individual	2			
		yes	yes	no	yes					
		yes	yes	no	yes					
		yes	yes	no	yes					
		yes	yes	no	yes					
		yes	yes	no	yes					
		yes	yes	no	yes					
		yes	yes	no	yes					
SPSS Syntax										
COMPUTE External_factors=(secC_3 + 2)/(secC_9+1)										
Composite	Calculated value	secC_9	secC_3			Descriptive	Recoded to			
External_factors	1	yes	no			Environmental only	2			
		yes	no							
		yes	no							
	1.5	yes	yes			Both	1			
	2	no	no			None	4			
		no	no							
		no	no							
		no	no							
	3	no	yes			Political only	3			
		no	yes							
SPSS Syntax										
COMPUTE CG_Practices=(secC_2+2) * (secC_7+1)										
Composite	Calculated value	secC_7	secC_2			Descriptive	Recoded to			
CG_Practices	3	no	yes			Written CG Rules	2			
	4	yes	no			No CG Rules	1			
	6	yes	yes			Management Mandated by CG Rules	3			
		yes	yes							
		yes	yes							
		yes	yes							
		yes	yes							
		yes	yes							
		yes	yes							
		yes	yes							

Appendix F

KUKU COMMUNICATION & CONSULTANCY

P. O. Box 21537
Windhoek
Namibia
Cell +264 810 336 206
Email: colettakandemiri173@gmail.com

...kcc...

M.A. IN ENGLISH STUDIES (UNAM), BA HONOURS IN ENGLISH (UZ)

12 May 2020

To whom it may concern

LANGUAGE EDITING – JOSEA MUFETI NGHIHEPA

This letter serves to confirm that the Master's thesis entitled: *Investigating corporate governance practices and challenges in Namibia: A case study of NamPower* for Josea Mufeti Ngihepa student number 200135406, was submitted to me for language editing.

The thesis was professionally edited, track changes and suggestions were made in the document which if followed by Josea Mufeti Ngihepa, will result in a thesis with a high standard English.

Yours faithfully



Coletta Kandemiri
PHD IN ENGLISH (J.P. - UNAM)
M.A. IN ENGLISH STUDIES (UNAM)
B.A. HONS IN ENGLISH (UZ)

KUKU CONSULTANCY
Communication Editing & Training
PO Box 21537 Windhoek, Namibia
Cell: (+264) 81 033 6206
colettakandemiri173@gmail.com