

INVESTIGATING THE COMPLIANCE OF THE CITY OF WINDHOEK TO
KING IV CORPORATE GOVERNANCE PRINCIPLES FROM 2018 -2020

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Declaration

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Dedication

The research is devoted to our late pillar of our Kakero family Mr. Kakaru Kakero. Mr Kakaru have dedicated his whole life to his children education. He has made it possible for me and my sibling to achieved what we have in terms of education. Rest well Kakaru KaNdanga.

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Abstract

Corporate Governance remains a serious challenge in Namibia, especially in the public sector organisations including local authorities. For best practices in corporate governance local authorities are guided by the Act No. 23 of 1992 on local authorities, NamCode and the South African King IV. However, despite having these instruments, the City of Windhoek seems to be experiencing challenges in complying with corporate governance. In particular, the City of Windhoek is failing to keep to corporate governance areas and attending to non-corporate issues, a practice which is undermining effective delivery of the council strategy. It is against this background that a qualitative descriptive study was conducted to investigate the City of Windhoek compliance with King IV municipal corporate governance principles. The study analysed a set of 36 council meeting agendas and minutes from 2018 to 2020 to determine compliance to corporate governance business. The same analysis sought to establish the council board attention to non-corporate governance issues. Data from the council meetings minutes were analysed using content analysis. The study also interviewed five departmental heads to determine the extent to which the board is involved in non-corporate governance issues. Data from interviews was analysed using thematic data analysis.

Findings from analysis of the council board agendas and minutes revealed that the City of Windhoek complies with King IV corporate governance principles which include policy making, strategic planning, risks planning and management, stakeholder engagement and management and supervision and monitoring the municipal business. The study also established that the City of Windhoek carries out the fiduciary responsibilities as guided by the Act No. 23 of 1992 on local

authorities. However, the study established that the board over step into non-corporate governance operations which are under department managers. Failure to observe separation of responsibilities was found to negatively affect the character of the board and creating conflict with operations management. Based on these findings, the study recommended the need for the City of Windhoek to revisit its responsibilities and as well analyse the clause on separation of responsibilities. In addition, the study recommended the City of Windhoek board to consider its engagement and communication strategy with the operations department so as to define the link between the two functions.

Key terms: corporate governance; fiduciary; transparency; compliance; King IV; NamCode

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Abbreviations

COW	-	City of Windhoek
GOV	-	Governance agenda
NamCode	-	Corporate Governance Code for Namibia
QDA	-	Qualitative data analysis

CHAPTER ONE: INTRODUCTION

1.1 Background

According to Price (2018) the Corporate Governance topic has a long and rich history and enjoys massive attention. It is a subject that covers shareholder rights, managerial accountability, and board structure. It was already mentioned in the 16th and 17th centuries by the Levant Company, East India Company and the Hudson's Bay Company. Cadbury Committee report (1992) has prompted businesses and organisations to change the way they run business. The Financial Reporting Council, London Stock Exchange and the accountancy profession established a committee in May 1991 to investigate the financial traits of Corporate Governance. The Cadbury report introduced a concept that pushes organisations to shift from profit maximisation to smart partnership. Audit control, environmental sustainability, honest business dealings and no business conflict of interest were advocated. However corporate governance challenges have been experienced globally, regionally and nationally. Nikhil (2020) reports that corporate governance across the globe generally experience challenges of transparency, accountability, stakeholder engagement and supervision. However, Nikhil (2020), notes that the Cadbury brought improved corporate governance in the United Kingdom where the board's company oversight role ensured that the direction and control of the company is firmly in its hands. Similarly, corporate governance in Southern Africa adopted King's Report as their main guidelines. In 1994 South Africa institutionalised the Corporate Governance act after the first King Report. Good financial, social, ethical and environmental practices are the foundation of Corporate Governance. Corporate

Governance promotes a unified method to good governance in the interest of an extensive range of stakeholders. From its commencement the Committee published four reports, i.e. King I -1994; King II - 2002; King III - 2009 and King IV -2016. King IV introduces principles for Municipalities. According to the King IV report, it is applicable to all organisations irrespective of the style and form of incorporation. The Supplement for Municipalities provides guidance as to how municipalities should be governing.

NamCode, is a guiding tool for boards of directors and it gives a list of best practice principles to help the boards of directors to take the right decision for their companies. “The collapse of Corporate Governance in Namibia especially for the State Owned Enterprises (SOE’s) is a dire situation that needs us as a country to rethink and analyse our policies as well as the overall running of the state itself to overcome this challenge” (The Patriot. 2018). Corporate Governance is still a serious challenge in Namibia, especially in the public sector. The public sector in Namibia consists of government entities including the Municipality of Windhoek, which is the largest capital city and biggest stakeholder in the Namibian economy.

According to the Local Authority Act, Act 23 of 1992, the Mayor of Windhoek is the political head of Council and is the Chairperson. Like other elected municipal leaders in Namibia, the Mayor and Councilors of the City of Windhoek have no executive powers but perform their duties on part-time bases like all other towns and municipalities in Namibia. The Management Committee is responsible for the final compilation of the budget for approval by Council. The Management Committee controls the expenditure of Council and reports at meetings of the Council on the

exercise of the powers and the performance of the duties and functions entrusted by Council to them.

As reflected in Article 16 of the municipalities supplement, The NamCode and King IV, the board performs and complies with policy formulation, enforce accountability, strategic thinking and planning and monitoring and supervision. These broad's roles are guided by principles presented in King IV, section on municipalities. In doing its responsibilities, the board governs, gives direction and monitors the organisation activities to ensure quality service delivery.

The situation of corporate governance in Namibia seems to be a challenges especially among state owned enterprises and municipalities. There have been numerous reports in the local print media about poor corporate governance for example, Duddy (2011) claims that there are tens of millions of dollars pocketed through dubious tendering processes, illegal issuing of licenses, bribery, kickbacks and investment schemes. This report echoes the Transparency International report of 2011 on Corruption Perception Index (CPI) which placed Namibia to high level of corruption due poor corporate governance. Furthermore, Nunuhe, (2018) reported that, curtains came down on one of the protracted famous fraud cases in Namibia involving N\$30 million of welfare money siphoned off from the country's Social Security Commission through a dubious asset management firm, Avid Investment Corporation. Minney (2019) regards such cases as a result of poor corporate governance where the board fails to comply with best practices of corporate governance.

Local authorities such as the City of Windhoek are mainly affected by corporate governance non-compliance in the form of failure to account for finances, poor service delivery, poor stakeholders' engagement and focus on non-corporate governance functions. A study by Kalonda and Govender (2021) found that most municipal councils in Namibia suffer deficiency of best practices of corporate governance hence they slide into poor service delivery. In most cases the municipal boards abandon the corporate governance guidelines for example the NamCode and King IV principles of corporate governance and focus on areas which are not core to its responsibility. This is the case with the City of Windhoek where the board is found abandoning corporate governance responsibilities and focus on operation functions which are the responsibility of department managers. Segrestin, Johnston and Hatchuel (2019) and Barlow (2021) acknowledge corporate governance challenges where the board may interfere with the day to day operations of departments, causing conflict. In essence, when the board becomes involved in the day to operations of an organisation, it may imply that it is abrogating its corporate governance responsibilities. It is against these observations that this study sought to investigate the City of Windhoek compliance to corporate governance albeit focusing on non-governance functions.

1.2 Problem Statement

Corporate Governance in Namibia, particularly in the municipalities remains a key problem. All municipalities are expected to run their affairs in line with established principles of Corporate Governance and good practice as prescribed by Local Authority Act (Act No. 23 of 1992) supported by NamCode and King IV.

Meanwhile, the City of Windhoek is mandated to perform its function in line with the established principles of corporate governance and good practices. This is acknowledged by Kahimise (2019), who underscores the strategic benefits of best practices in corporate governance in achieving the City of Windhoek projects. However, the perceived practice of the board that of focusing on department operations, which are non-governance seems to be compromising attention to the corporate governance responsibilities. Such waiver of core responsibility by the board is noted by Barlow (2021) and Einstein (2021) as practice that may create conflict which may affect relationships and the organisation service delivery. Hence this study found it necessary to determine whether the City of Windhoek is run in compliance of with the King IV (Supplement for Municipalities) and Local Authority Act 23 of 1992. The City of Windhoek would be informed by the study to establish its state with regard to corporate governance best practices. This would guide the municipality in making the necessary remedy in order to ensure that the city is governed properly so as to satisfy its residents' needs and ensure compliance to best practices of corporate governance

1.3 Research Objectives

The main aim of this research is to investigate the compliance of the City of Windhoek Council from 2018 to 2020 to Corporate Governance principles in King IV (Supplement for Municipalities).

The following sub-objectives are applicable:

1.3.1 To determine the City of Windhoek boards' compliance with King IV corporate governance principles by analysing council meetings agenda from 2018 to 2020;

1.3.2 To examine the council minutes' agenda to determine the City of Windhoek board's focus on non-corporate governance functions; and

1.3.3 To establish the views and experiences of department managers on the issue of the board diluting its responsibility by focusing on operation functions.

1.4 Significance of the Study

The research guides academics on the way municipalities are governed in Namibia.

The research also identifies challenges faced by COW with regard to compliance with Corporate Governance King IV (Supplement for Municipalities).

1.5 Limitations of the Study

Case study research might lack scientific rigour and offer little foundation for generalisation of outcomes to the broader population or other municipalities. The study is difficult to execute, time consuming and expensive. The researcher has made great effort to ensure that the research is not biased/subjective but as a human being and a single coder it proves impossible to be totally unbiased. Strong academic ethics were applied and software was used to analyse the data.

1.6 Delimitations of the Study

The study focuses exclusively on the Corporate Governance practices at City of Windhoek with explicit reference to the governance compliance framework provided for in King IV (Supplement for Municipalities). Due to time and resource constraints, the study only focused on the agendas from 2018 to 2020 as this was the last period of the former councillors after they took up office in 2016.

1.7 Format of the Research

This thesis has five chapters which include:

Chapter 1 (Introduction) which introduces the study, describes the statement of the problem, outlines the research objectives, describes the significance of the study and explains the limitations and delimitations of the study.

Chapter 2 (Literature review) which reviews the literature related to the study topic.

Chapter 3 (Methodology) which describes, explains and justifies the research design and the research methods adopted.

Chapter 4 (Results & Discussion) which presents and discusses the findings of the research study.

Chapter 5 (Conclusions and Recommendations) which concludes the study and recommends future corrective actions.

1.8 Conclusion

The chapter introduced the study, described the statement of the problem, outlines the research objectives, describes the significance of the study and explains the limitations and delimitations of the study. Corporate Governance has been described as a topic which has a long history and one that enjoys massive attention with regard to shareholder rights, managerial accountability and board structure. Despite being the topic with a long history of attention, Corporate Governance in the municipalities of Namibia is reported to have remained a key problem. The problem identified in the problem statement with regard to City of Windhoek, is the financial pressure associated with failure to upgrade major roads and provision of services in informal settlements - a sign of inability to comply with the King IV (6.2 Supplement for Municipalities) and the Local Authority Act (Act No. 23 of 1992). The significance of this study is that the research guides academics on the way municipalities are governed in Namibia and identifies challenges faced by COW with regard to compliance with Corporate Governance, King IV (Supplement for Municipalities). The next chapter reviews the literature related to the study topic with regard to Corporate Governance and compliance by local authorities.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature related to compliance of local authorities to Corporate Governance principles. The literature reviewed includes the definition of Corporate Governance, Corporate Governance principles, theories of Corporate Governance, the local authorities' governance legislative framework in Namibia, Corporate Governance compliance challenges faced by local authorities and strategies for local authorities to achieve Corporate Governance compliance.

2.2 Definition of Corporate Governance

The term 'Corporate Governance' can be understood by splitting it into two sub-units, namely 'corporate' and 'governance'. Generally, 'corporate' refers to a legal entity, either an incorporated company or organisational entity that can be a school, charity club, sporting body, state owned enterprise or a trust association of persons (Chibarinya, 2014). The term 'governance' is described by Ysa, Albareda and Forberger (2017) as a structure of formal and informal set of policies, policy making, institutional procedures of decision-making as well as compliance and control. From the above, Corporate Governance can be literally viewed as the formal system by which a framework of policy and decision-making is developed and implemented for compliance and control in an organisation.

Shleifer and Vishny (1997) define Corporate Governance as a complex process that involves organisational, legal, economic, motivational, and social tools, the combination of which provides the unique working environment that allows the minimising of costs by reducing the gap between managers' and owners' interests. On another note, Mostepaniuk (2017) defines Corporate Governance as an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders by directing and controlling management activities, with good business savvy, objectivity, accountability and integrity. The last definition to be considered is formulated in terms of directing, administration and control of the corporate organisation. According to Ahmed, Alam, Jafar and Zaman (2008), Corporate Governance is the set of processes, customs, policies, laws and institutions affecting the way in which a corporation is directed, administered or controlled. From the above definitions, Corporate Governance can be described as a process of running a corporate organisation through an established institutional framework of rules, procedures and principles for sound corporate performance.

2.3 Corporate Governance Principles

Corporate Governance principles are formal rules and guidelines that prescribe the implementation of appropriate systems of Corporate Governance to businesses (Mostepaniuk, 2017). The main principles of Corporate Governance cited by Mostepaniuk (2017) are provisions of a Corporate Governance framework, honouring the rights of shareholders, equal treatment of shareholders, honouring the rights of stakeholders, advocating transparency and overseeing the responsibilities of the board. According to Harvard Law School Forum (2016), the guiding principles of

Corporate Governance for effective Corporate Governance require a clear understanding of the respective roles of key corporate actors that include the board, management and shareholders, their relationships with each other, and their relationships with other corporate stakeholders.

While the rights of shareholders are associated with protection of ownership and transfer of shares, rights of stakeholders are associated with transparency and accessibility of information on a corporation's performance (Mostepaniuk, 2017). It is the board's oversight responsibility that the management effectively runs the affairs of the company within the Corporate Governance framework and respects the rights of shareholders and stakeholders (Harvard Law School Forum, 2016).

According to Mostepaniuk (2017), a Corporate Governance framework identifies how investors (shareholders) control the manager's actions and how the responsibilities are divided between owners and managers.

Although different corporate organisations may have varying principles of Corporate Governance, Namibia has a Corporate Governance Code known as the Corporate Governance Code for Namibia (NamCode) that provides a list of best practice principles to assist and guide directors in order for them to make the right choices for their entities. The NamCode was introduced in Namibia in 2014, with the main objective being to respond to the need for a Namibian specific code that addresses international Corporate Governance best practice within the Namibian context (Deloitte Touche, 2016). According to Deloitte Touche (2016), the NamCode is based on King III and provides guidance to all Namibian corporate entities on various governance related aspects, including ethical leadership and corporate

citizenship, boards and directors, audit committees, governance of risk, governance of information technology, compliance with laws, codes, rules and standards, internal audits, governing of stakeholder relationships and integrated reporting and disclosure.

According to Scholl and Sherwood (2014) Corporate Governance is cast around the following pillars, i.e. Teaming, Strategic Leadership, Democracy and Accountable Empowerment and each board or council must ensure that each of the principles is complied with. These principles are the guiding tools to each board function and each board of director must ensure that they are complied with for the success of the organisation.

Proper regulation and legal structures are required to support these pillars, and they must be enforceable and credible.

2.3.1 Teaming

According to Scholl and Sherwood (2014) the board is liable for maintaining board excellence, including establishing and managing its own functions. For the board to be effective, its members must work together as a team to make their functions realistic. For this to be realised, the board must have common agreement about their function, a strong expectation from the team and individual members of the board, a strong and effective way of decision making and strong leadership of the board members. The board is strong and effective if it operates as a unit. Board diversity is very important and highly valuable to the board functions. Even if the board is diverse it must be able to cooperate and learn together. The board must be able to decide and all members must support that decision. The board must support a common culture that agrees with their task.

2.3.2 Accountable Empowerment

For the board to accomplish its fiduciary responsibilities on behalf of owners, a board must be cautious. The board must also delegate power to the CEO or other senior manager to authorise them to act. For one to be effective and able to carry out their work, power is required. Power is essential and good to have. An effective company is required to have both a powerful board and a strong CEO. When the board and CEO have unaccountable power it is a big problem to the company, therefore a board must have an accountable and effective system in place. The company board is practicing good accountability when its expectations from clients, the assigning of responsibilities and auditing are very clear. (Scholl and Sherwood .2014).

2.3.3 Democracy

According to Scholl and Sherwood (2014) the most important aspect of Corporate Governance is that the board must exercise, defend, promote and maintain democratic decision making. Democracy is an essential practice in cooperatives beyond voting.

An effective democracy system provides shareholders with chances to meaningfully contribute to reflection and transformation in their company. All owners have equity right to take part in the cooperative irrespective of their wealth, stock and beliefs. Owners are authorised to have information about the company and boards must understand the different desires of their owners.

2.3.4 Strategic Leadership

Strategic leadership is about setting direction and outlining the purpose. How will boards meet the owners' demands effectively? How will the board set itself in the marketplace? What should the board achieve? The board is tasked with the responsibility of establishing vision or direction and to enable movement toward the desired vision through better management, guaranteeing adequate resources, and observing progress. Providing strategic leadership needs information, understanding and wisdom. Boards must be able to acquire knowledge and build collective wisdom in order to promote foresight and take informed decisions (Scholl and Sherwood .2014).

2.4 Importance of Corporate Governance Principles

In order to avoid huge disaster, organisations must have Corporate Governance that has the intention of increasing accountability (Gupta.2018). Gupta mentions that a prime argument in favour of strong Corporate Governance is expressed in the failure of Enron, its bankrupt shareholders and employees. Soundly executed Corporate Governance must be like a police department's internal affairs section, which cuts and weeds out problems with high prejudice (Gupta.2018). The need and significance of Corporate Governance is based on the importance of social responsibility, Globalisation, a growing number of scams, indifference on the part of shareholders and changing ownership structures.

According to Bosch (2005) optimal utilisation of resources in all firms can be achieved by means of effective Corporate Governance. When the organisation has

effective structures of Corporate Governance of its equity and debt, it will attract good investment for good production, better service delivery and it can expect the maximum good rate of return. That can protect and ensure better utilisation of scarce resources and meeting of the societal needs. Efficiency in any organisation affects its scarce resources and its manager's performance and quality. According to Bosch (2005) Corporate Governance is important and desirable. It reduces the risk of fraud and the collapse of companies. It creates wealth for companies by increasing the performance of honest and good financial companies.

2.5 Board functions

According to Du Plessis, Hargoran & Bagari (2011) board function are four-fold: Set goal for the corporation, Appoints Chief executive to oversee the managers for acquisition and organisation, financial and HR towards attainment of corporate goals, Review at reasonable intervals the corporate progress towards attaining its goal. Du Plessis, Hargoran & Bagari (2011) mention that the boards cannot run the organization's daily functions and that role is left to the executives.

According to the Australian Institute of Company Directors (2016) the function of the board includes governing, giving directions and monitoring a firm's activities and operations. The board oversees the two broad areas of overall compliance/conformance and overall organisational performance. The contradictory prominence of these two parts of organisational performance and conformance/compliance responsibilities can have an outcome that has a conflicting

pressure on board members. The boards need to balance these roles and provide appropriate consideration to both.

2.5.1 Overall compliance/conformance.

For the organisation to develop and implement proper systems, procedures and processes it must comply with existing legislative and organisational obligations. This means an organisation must comply with accounting and corporate standards. The board must ensure that the organisational properties and operations areas are not left open for undue risk by means of ensuring proper risk management (Australian Institute of Company Directors.2016).

2.5.2 Overall organisational performance.

For the organisation to develop and ensure proper implementation of strategy and policies in order to fulfil its objectives as set out in the strategic plan, the board must delegate the day- to- day running of the organisation to the CEO and Management team. But the board should be held accountable by the residents and all stakeholders for organisational performance. The board must monitor and give support to the management in a sustainable environment (Australian Institute of Company Directors.2016). Table 1 (below) provides detailed key functions of the board.

Table 1: The main functions of boards

	Short term focus on 'conformance'	Long term focus on 'performance'
External focus	<p><i>Accountability</i></p> <ul style="list-style-type: none"> • Ensuring external accountabilities are met, e.g. to stakeholders, funders, regulators. • Meeting audit, inspection and reporting requirements 	<p><i>Policy formulation</i></p> <ul style="list-style-type: none"> • Setting and safeguarding the organisation's mission and values • Deciding long-term goals • Ensuring appropriate policies and systems in place
Internal focus	<p><i>Supervision</i></p> <ul style="list-style-type: none"> • Appointing and rewarding senior management • Overseeing management performance • Monitoring key performance indicators • Monitoring key financial and budgetary controls • Managing risks 	<p><i>Strategic thinking</i></p> <ul style="list-style-type: none"> • Agreeing strategic direction • Shaping and agree long-term plans • Reviewing and deciding major resource decisions and investments.

Source: Garratt, 1996.

2.5.3 Providing Accountability.

The board of directors' positions are at the heart of most of the non-profit sector's accountability system. "All board members are prohibited from allocating profits to private investors" is the support of any model of non-profit accountability (Brody, 2006).

Yet lately, researchers and others are increasingly questioning whether these supports are adequate to safeguard accountability.

2.5.4 Strategy formulation.

For a better understanding of how boards may be involved in the business strategy process, it is necessary to clarify first what is meant by "strategic activity".

According to Nadler, the term "corporate strategy" encompasses four different types of activity (Nadler, 2004):

- (1) Strategic thinking.
- (2) Strategic decision making.
- (3) Strategic planning.
- (4) Strategic execution.

The dedicated writings of Corporate Governance record the following advantages of boards' participation in strategy execution (Brauer & Schmidt, 2008):

- (1) Board members' participation in strategy execution is a prerequisite to accomplish their fiduciary monitoring responsibilities. Board members will only be

able to achieve their legal requirement if they understand how management is executing the envisioned corporate strategy, they have assigned to.

(2) The commitment of board members in strategy execution appears to be beneficial since they are mostly industry specialists and the board operates at the corporate internal and external environment interface. This means they can mix external data about competitive variation with the internal situation, which is the key to strategic positioning of any corporate entity.

(3) Board engagement in the strategic execution must not be unlimited but disciplined. They must not be directly engaging in strategic execution because that will create task conflict with management of the corporation.

2.5.5 Monitoring and Supervising.

Van den Berghe and Baelden (2005) mention that monitoring the role of boards of directors has received greater attention in recent years than all other responsibilities, which led to high demand and vigilant monitoring of boards of directors. The board must present a proper framework that modifies the monitoring responsibilities to meet the needs and be explicit to the company.

2.5.6 Policy Formulation.

According to Garratt (1996) corporate boards govern by means of policies that have created, the key difference between board and administration in that the board sets policies and the administration executes that policy.

Policy is what gives the board its voice and their task is to deliberate policy proposals and approval. Their task involves the need to review policy if there is a need in the

industry. They must seek and consider various alternatives for the policy. The board must strive into the direction that makes most sense. (Garratt .1996).

2.6 King IV Municipalities Supplement

The supplement provides Corporate Governance guidelines on the fact that local authorities are all accountable to the communities they serve. Therefore, Marks (2016) expresses the need for municipalities to adapt these guidelines to the Corporate Governance needs of their organisations. The following principles lead in Corporate Governance of municipalities. While the principles are the same for the main part of the King IV document, in this section the principles are tailored to the needs and operations of the municipalities.

2.6.1 Principle one: Lead Ethically and Effectively

Mbecke (2014) regards principle one as an inclusive Corporate Governance guideline which requires municipalities to consider transparency, accountability, integrity, fairness, responsibility and competence. The municipalities' personnel should as individuals and as groups or teams possess and practice these Corporate Governance values. They are expected to follow guidelines which the management of municipalities develops at all levels of the organisations (Adegbite, 2012). These operational values should therefore be part of personnel training and management should closely monitor compliance. According to Mbecke (2014), compliance to ethical leadership results in effective delivery of services, hence the municipality meets the needs of the public (municipal residents). These expectations from

municipalities are raised in the Namibia Constitution Chapter 12, Article 111 and in the Local Authorities Act, 1992 (Act No 23 of 1992), Part V, Article 30. In essence King IV, municipalities supplements principle one, reflects leadership which inspires all municipal personnel to be responsible and accountable to deliver quality service (IDSA, 2016).

2.6.2 Principle two: Establishment of an Ethical Culture

According to the King IV, principle two of municipality supplements, the municipality management should come up with a code of ethics which binds all members to comply with ethical conduct. Masegare and Ngoepe (2018) applaud municipalities for creating codes of conduct and further state that these codes of conduct should be activated through implementation. The codes of conduct should not gather dust in shelves but should be reflected in meetings and reports of supervision. The implementation of a code of ethics benefits the public/consumers. The Namibian code of conduct (NamCode) gives the board of directors the responsibility to create an organisational customised code of conduct to match ethical principles with the enterprise (Deloitte, 2014).

2.6.3 Principle three: Responsible Corporate Citizen

“Corporate citizen” as implied in the King IV supplements, principle three, concerns the objectives of the municipality to deliver quality service to the citizens/public.

Corporate citizen requirements are reflected in Part V, Article 30 of the Local Authorities Act of 1992. This section of the Act spells out the responsibilities of the municipalities.

Mbecke (2014) regards municipalities as unique organisations hence being a responsible corporate citizen requires municipalities to satisfy the unique needs of its stakeholders. Satisfaction of stakeholder needs requires robust management which continuously reminds its personnel of corporate citizen responsibility and engages them therein (Taylor, 2018).

2.6.4 Principle four: Municipality Strategy

The strategy describes the core business of the organisation. King IV acknowledges that municipality operations are legislated, meaning that municipalities follow legislative guidelines hence strategy is modified within the confines of the law (IDSA, 2016). While also taking cognisance of legislative guidelines on municipality operations, Okpara (2010) states that robust strategy can still fit into the municipal guidelines. Municipal strategy is heavily reliant on personnel hence this principle (four) links with principle one. Despite how robust the corporate strategy may look, Adegbite (2012) emphasises the need for implementation, monitoring and reviewing to tailor it to the current needs of the organisation. The implication of Adegbite (2012) is that strategy is dynamic, hence the need to manage it. Management of strategy is viewed through employee engagement and communication.

2.6.5 Principle five: Report to Stakeholders

As postulated by the stakeholder theory, principle five of King IV, municipalities supplement, requires municipalities to engage stakeholders through reporting. In essence it is communicating projects, programmes and issues of interest as a strong Corporate Governance management principle that enhances trust and support from the community. Part V, Article 30 of Local Authority Act of 1992, spells out that the overall role of municipalities is to meet the needs of the stakeholders. Therefore, through reporting, the municipality is transparent and keeps the stakeholder informed (De Lange, 2019). These reports need to be available and recorded to show that principle five is being fulfilled.

2.6.6 Principle six: Serve as the Focal Point and Custodian of Corporate Governance in the Municipality

In the case of principle six, the municipality derives its legislative and executive authority from the constitution. An example is that municipalities in Namibia derive their authority from Chapter 12, Article 111, of the constitution. The legislation and executive power give the municipalities the authority to collect different types of levies from the residents and other stakeholders, but in turn on behalf of the people who elected them, see to it that the funds are used responsibly to meet the needs of residents. Even though the municipalities may have accounting officers, the role of financial accountability should be a shared one. Masegare (2016) indicates that it is through establishing a financial management and a control committee that a municipality's finances are monitored. However regular reporting to the rest of the council keeps everyone informed and provides a picture of how the finances are being used to serve the residents.

2.6.7 Principle seven: Balance of Knowledge, Skills, Experience, Diversity and Independence

King IV, on principle seven, municipalities supplements, acknowledges the challenge of ensuring skills, experience and expertise among the council officials since they are elected (Masegare, 2016). As a way of closing the skill and knowledge gap, the municipality should embark on rigorous induction and thereafter training and developing to equip the councillors with skills to contribute effectively and make decisions that promote quality service delivery. Ayangele and Emmanuel (2013) contend that municipality councillors do not raise cases of non-compliance to

documented Corporate Governance practices because they may not have the knowledge and are unaware of their role and rights. The Supplement for Municipalities, principle seven, provides for all councillors to be knowledgeable, have the required skills and be aware of their roles to take part in ensuring compliance to effective Corporate Governance. Councillors being seconded or elected from different political parties, when doing municipality business, need to be apolitical and professional in order to serve the people effectively (IDSA, 2016).

2.6.8 Principle 8: Delegation to Promote Independent Judgement, Balance of Power and Effective Discharge.

Principle 8 concerns the provision for the development committees within the municipalities. The need for various committees is indicated in Part V, Article 30 of the local authorities' supplements principle eight and the delegated committees include the municipal public accounts, the audit committee and the management committee. The NamCode takes note of such committees as reflected in reports and discussions of their presentations (Deloitte, 2014).

2.6.9 Principle 9: Evaluation Supports Improvement in Performance and Effectiveness

King IV, Supplement Municipalities, principle nine, is acknowledged in a study by Masegare (2016) as necessary to gather performance data for the purpose of making informed decisions. The critical issue raised by principle nine is that evaluation should lead to improved performance. Therefore, the implication is that Corporate

Governance metrics should be used to come up with tangible improvement measures. In practical Corporate Governance, creativity and innovativeness need to be employed to come up with alternative ways to solve the problems at hand. An example hereof is that if a house delivery model is evaluated and found not working, an alternative effective model should be sought. These evaluations of individual performance, team performance and projects should be documented and discussed in departmental and council meetings (Watson, 2016).

2.6.10 Principle ten: Appointment of and Delegation to Management Contribute to Role Clarity and the Effective Exercise of Authority and Responsibilities

King IV, municipalities supplement, principle ten, values the need for the municipality to appoint a qualified manager. A qualified manager is able to intelligently guide the organisation. The implication of this principle is that the performance of the manager is reflected in the operations of the municipality, the programmes undertaken and the decisions made (Homayoun, 2015). Not only is the competence of a manager realised through individual guidance of teams and various committees, but the performance of the whole organisation reflects the manager competences. In municipalities the CEO takes the role of manager and his input is reflected in council meetings minutes and reports. The CEO representing the agent, according to the agency theory is as effective as the board, hence the need for sound Corporate Governance practices (Homayoun, 2015).

2.6.11 Principle 11: Manage Risk in a way that supports the Municipality to achieve Strategic Objectives.

Risk is an invertible occurrence in any organisation, hence risk management supports Corporate Governance and achievement of organisational objectives (Beasley, 2016). Principle eleven considers the diversified functions of the municipality and the possibility of risks that may derail the corporate deliverables. The NamCode acknowledges the importance of governance risk. Deloitte (2014) regards risk management as a component of Corporate Governance which puts the organisation on alert of any uncertainty that may affect the organisation's strategy. Commenting on the need to have a formal risk management plan, Beasley (2016), states that it enhances deployment of resources to reduce the impact of the risks. Commitment to governance of risk is reflected in risk management plans and response strategies. According to Rajoo (2019), risk management is one of the key responsibilities of the board which minimises losses to uncertainties.

2.6.12. Principle 12: Governing Technology and Information in a way that supports the Municipality to achieve its Strategic Objectives.

Jaywalk, & Garg (2008) provide insight and awareness of information technology that can help non-profit organisations such as municipalities to enhance effective Corporate Governance. According to Jaywalk & Garg (2008), there is a misconception that information technology is for profit making organisations only, yet it is equally beneficial and functional in service oriented organisations. Enterprise Resource Planning (ERP) can be customised to fit various departments of

municipalities. Jaywalk & Garg (2008) note that customised ERP aligns people, processes and technology across the organisation. Therefore, as indicated by principle 12, municipalities need to embrace technology as reflected in the day to day Corporate Governance of the municipalities.

2.6.13 Principle 13: Governing Compliance is a contentious challenge among Municipalities.

Even though the municipalities are guided by constitution Chapter 12, Article 111, and by the Local Authorities Act of 1992, non-compliance still exists. Studies conducted by Mbecke (2014), in South Africa and by Cardoso (2015), in Portugal, all found the challenge of non-compliance by municipalities, compromising the achievement of Corporate Governance goals. As indicated by principle 13, municipalities have guidelines which they should use to craft specific strategies to deliver quality Corporate Governance. Codes of conduct and standards governing operations and professional behaviour should be components of a corporation citizen.

2.6.14 Principle 14: Remunerates Fairly, Responsibly and Transparently to promote achievement of Strategic Objectives, and Positive Outcomes in the short, medium and long term.

Principle 14 of municipalities' supplements acknowledges the value of human resources in the pursuance of Corporate Governance and achievements of organisational goals. The same principle links with the municipal strategic plan where the organisation sets short, medium and long term objectives. Okpara (2010)

calls upon Corporate Governance to move away from the disintegrated silo system and adopt integration where human resources are synchronised with all the processes and functions of the organisation. The balance created should lead to effective medium and long term objectives of the organisations, and reports and minutes should reflect these milestones (Taylor, 2018).

2.6.15 Principle 15: Assurance Services and Functions enable an Effective Control Environment and these support the Integrity of Information for internal decision making and of the Municipality's external reports.

Principle 15 concerns assurance services and functions and their role in enabling an effective control environment that supports the integrity of information for internal decision making. The same information should be used to facilitate external reports. The implication of this principle is that Corporate Governance of municipalities should create confidence through ethical governance and support the process of internal decision making (Naharaj & Combrink, 2019). Corporate Governance should continuously communicate with the outside, using reports to show compliance with ethical and effective organisational management.

2.6.16 Principle 16: Adopt a Stakeholder Inclusive Approach

The stakeholder inclusive approach is a key Corporate Governance strategy which takes everyone on board. As postulated by the stakeholder theory, Haarhoff (2019) indicates that the model considers everyone as important. The municipality needs to identify and manage the needs of the stakeholders. Principle 16 requires the municipality to balance the needs of the stakeholders. A study conducted by Haarhoff (2019) in Stellenbosch, South Africa, found stakeholder involvement in the municipality to be beneficial in establishing buy-in, support and cooperation. The approach also enables the municipality to meet the needs of various stakeholders. Embracing stakeholders creates good relationships, empowers residents and the support they give, promotes the Corporate Governance of the municipality (IDSA, 2016).

2.6.17 Summary of King IV Municipalities Supplements

The King IV, municipalities supplements, present sixteen principles which are meant to guide municipalities in order for them to deliver effective Corporate Governance (IDSA, 2016). Marks (2016) notes that King IV recognises that Corporate Governance among all municipalities is not the same. The supplement presents generic principles which individual municipalities can adapt to suit the needs of the local authority. The sixteen principles as described by Watson (2016) focus on ethical Corporate Governance. The principles highlight the need for integrated thinking, corporate citizenship, stakeholder inclusivity and effective quality service delivery to the public. Watson (2016) states that it is through internal engagement,

planning, meetings, training and reporting that municipalities implement these principles. The principles are not the panacea to all challenges encountered by municipalities, but they offer guidelines for sound Corporate Governance best practices.

2.7 Theoretical framework of Corporate Governance

The three essential Eurocentric theories of Corporate Governance are as follows:

2.7.1 Agency Theory

According to Kopp (2020), an agency is a relationship between agent and principal, where the principal hires the agent to represent the principal in the everyday running of transactions. The agent is hired to do duties on behalf of the principal. The agent is given delegated power of decision-making by the principal. Decisions that affect principal finances are taken by the agent on behalf of the principal, but this might lead to differences in opinion, interest and priorities. Agency theory assumes that there is misalignment between the agent and principal interests. This is regarded as the principal-agent problem (Kopp, 2020).

In the case of a municipality such as the City of Windhoek, the board (made up of councillors) represents the principal and the CEO is the agent. According to Homayoun (2015), the board ensures that the municipality business is managed ethically and effectively through sound Corporate Governance practices. While the agency theory acknowledges the need to motivate and give the agent some

autonomy, the checks and balances of the board are not ignored. The significant issue to note is that the board should focus on its oversight role and support the agent to deliver the organisational goals.

2.7.2 Stewardship Theory

The stewardship theory is formed according to a human relations viewpoint and it is based on the opposite of agency theory. It assumes that executives are encouraged by more than their own monetary self-interest. Executives want to do a good job and will perform as effective stewards of an enterprise capital. As an outcome, the executives and owners of the enterprise are better seen as associates (Chambers and Cornforth. 2010). Hence, the key function of the board of directors is not only to ensure administrative compliance, but also to advance organisational performance. According to Chambers and Cornforth (2010), the role of the board of directors is primarily strategic, to work with top executives to set the vision of the organisation, add value to top decisions and advance performance.

In the context of municipality Corporate Governance, the stewardship model views the board of councillors as responsible for meeting the organisation's deliverables through Corporate Governance best practices. This is done, according to Abdullah and Valentine (2009), through focusing on the organisation strategy, empowering and nurturing trust among the family of employees, motivating and putting in place unthreatening balances and checks which are known by all personnel. The stewardship model believes in maximising clients' benefits or deliverables through performance hence the need to execute Corporate Governance best practices

(Abdullah & Valentine, 2009). This role is fulfilled by the board and in the context of this study it is executed by the councillors.

2.7.3 The Stakeholder Theory

The stakeholder theory believes in inclusivity and that every person is important. The model from the perspective of municipalities, regards the residents, the business people and organisations as stakeholders which should be managed. The essence of stakeholder management is to provide a balance among various stakeholders to enhance satisfaction. In a way Haarhoff (2019), describes the stakeholders as similar to subsystems of the systems approach. However, the difference may be that the inputs processing the difference, processing and outputs are not as explicit as in industry situation. In the municipality scenario the municipality needs to identify its stakeholders. The corporate organisation needs to know the needs of each group of stakeholders and their interest and contribution (Marks, 2016). For example, the role of the residents is paying rates. The residents are interested in receiving quality service and the local authority to create employment. To manage the residents, the municipality needs to deliver quality service, engage the residents to report on projects being done and to hear their needs. These engagements with the stakeholders are part of stakeholder management. Other stakeholders include the business municipal area and other organisations in the municipal area. Similar to residents, these stakeholders also require management. Watson (2016), notes that the management of stakeholders focuses on creating relationships and promoting a common purpose spirit. As reflected in Article 16 of the municipalities supplement, King IV, stakeholder engagement, and the public hence should be a practice of democracy in Corporate Governance. In addition, a strong Corporate Governance

practice of stakeholder engagement is consultation and collaboration. Consultation enhances mutual decision making hence the organisation responds to the needs of the consumers.

2.8 The Local Authority's Governance Legislative Framework in Namibia

The establishment of local authorities in Namibia is constitutional. According to the Namibian Constitution, Local Authorities are established in terms of the provisions of Article 102 and are defined in terms of Article 111. Article 102(4) of the Namibian Constitution states that Local Authorities include all municipalities, communities, village councils and other organs of local government. In terms of the governance of local authorities in Namibia, Article 102(3) of the Namibian Constitution stipulates that every organ of regional and local government shall have a council as the principal governing body, freely elected in accordance with this Constitution and the Act of Parliament, Local Authorities Act (Act No. 23 of 1992). Section 6(1) of the Local Authorities Act (Act No. 23 of 1992), states that a municipality shall be governed by a municipal council consisting of such number of members, but not less than seven and not more than 15, as may be determined and specified by the Minister in the notice establishing the municipality. Furthermore, the Local Authorities Act (Act No. 23 of 1992) states that an executive and administration of the local authority shall carry out all lawful resolutions and policies of such council, subject to this Constitution and any other relevant laws.

The management of the municipal council will be run by a management committee defined by Section 21(1) of the Local Authorities Act (Act No. 23 of 1992), which

states that every municipal council and every town council shall elect a management committee. The responsibilities of the management committee are described by Section 26(1) of the Local Authorities Act (Act No. 23 of 1992), which states that a management committee shall be required to ensure that the decisions of the local authority council are carried out.

2.9 Corporate Governance Compliance Challenges faced by Local Authorities

Local authorities including regional councils, municipalities, town councils and village councils are established to offer services and infrastructure development to the residents of their local areas. According to Lwendo (2014), good governance at local authority level aims to enhance efficient, effective and sustainable leadership that promotes the welfare of societies. The efficiency and effectiveness of local authorities are evidenced by their performance and satisfaction of the serviced local communities. Dissatisfaction of local communities due to poor service delivery is one of the elements of poor governance and non-compliance to Corporate Governance principles.

Compliance is the new Corporate Governance and is the means by which firms adapt behaviour to legal, regulatory, and social norms (Griffith, 2016). Non-compliance to Corporate Governance principles in Namibia is associated with a tendency of maladministration, malpractices, favouritism, partisanship and nepotism (Lwendo, 2014). A study by Kiamba (2008) on “The effect of Corporate Governance on financial performance of local authorities in Kenya” revealed that municipalities fail to perform due to failure to conduct regular assessments of their performance, poor

coordination between the internal and external providers of assurance and high staff turnover and transfers from within the top management of the councils. Such failure can be attributed to non-compliance to Corporate Governance principles.

2.10 Strategies to achieve Corporate Governance Compliance by Local Authorities

With regard to compliance to governance compliance in corporate organisations in general, Griffith (2016), suggests that the government's role as the architect of compliance must end and firms must be allowed to adopt compliance programmes on the basis of efficiency concerns alone while still holding them accountable for violations of substantive law. Furthermore, Griffith (2016) suggests that transparency of the compliance function must happen on an ongoing basis through periodic disclosures.

2.11 Planning the Board's Cycle of Meetings to understand what the Board does

To understand what the board does, a well-structured governance cycle of the year or board calendar is required that shows how the board activities are taking place throughout the year. The governance cycle is set up before the start of the financial year, when the governance body is still busy with strategy making (Cornforth 2010).

According to Cornforth (2010), once the strategy and policies are completed and functioning well, regular meetings of the board will concentrate on supervision and monitoring how the corporation and management are performing their day-to-day

and execution of the strategic plan and also considering any major risks the corporation might face that might disrupt its strategic plans and considering taking any action where desired. Toward the end of the financial year, the board must focus on accounting and how the corporation has performed in the calendar year. This will include supervising the preparation of the yearly financial report, engaging external auditors and preparing for the year end general meeting. Figure 1 (below), outlines an example plan for a cycle of board meetings and contains most of the key agenda items that must be considered during the year.

Figure 1: Outline plan of annual cycle of Board meetings

<p>November (Board Away Day)</p> <ul style="list-style-type: none"> ■ Review mission, long-term goals and strategy ■ Team building activities for board and executive <p>January</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Strategic Plan ■ Annual Review of Risk <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executive's report <p>March</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Business Plan ■ Budget for next financial year ■ Review of internal controls <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executive's report <p>May</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Review of human resource policies and practices ■ Review of health and safety policies and practices <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executives report 	<p>July</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Annual Report and Accounts ■ External Auditors Management Letter ■ Compliance with regulatory requirements ■ Annual Review of Complaints <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executives report <p>Mid- September</p> <p>Annual General Meeting</p> <p>Late September</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Review of board member skills and board development plans <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executives report <p>November</p> <p><i>Periodic items:</i></p> <ul style="list-style-type: none"> ■ Schedule of board meetings for coming year ■ Plan of internal audit or review work <p><i>Regular items:</i></p> <ul style="list-style-type: none"> ■ Review of key performance indicators and management accounts ■ Chief executives report
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Source: Cornforth.2010

2.12 Corporate Governance as a Determinant of Performance

Researchers and academics find it difficult to discover the connection between performance and governance. There is a group of researchers that is trying to demonstrate that Corporate Governance may have an influence on performance, while another group of researchers are trying to prove them incorrect. All these researchers have developed various methods to explain the connection between the Corporate Governance and performance. Biswas and Bhuiyan (2008), developed a research in German companies of which the outcome was positive about the link

between good Corporate Governance and good performance. In Germany the perspective is that advancement in Corporate Governance have positive influence on economic activity. Regarding market valuation, they indicated that a high level of good governance indicates a good market rate. Fombrun (2006), also supports this idea by saying that investors are enthusiastic to invest in companies that have good governance. Currently the investors have good information and they are well informed about stakeholder and financial statements regarding decision making on investment

Kaufmann et al. (2010), come up with a governance indicator in order to determine the level of governance. They come up with six key dimensions that contain the method of selection and displacement of governments, the ability of government to implement comprehensive policies, recognition of citizen and state regulated institutions. These dimensions serve the purpose of ensuring better evaluation of governance. For this study the following dimensions are chosen: (1) Board of Directors; (2) Relations with Stakeholders; (3) Transparency and Accountability; (4) Legal and Regulatory Framework. They are from the consolidation of Kaufmann et al. (2010), Busta (2008), OECD 2011 and Brown and Caylor (2004).

2.13 Corporate governance compliance

Corporate governance compliance by the board is determined by a number of factors. Lartey (2020) notes that there is belief that corporate governance is for profit making organisations hence public service organisations do not take it serious. Failure to understand the value of corporate governance in public sector organisation leads non-compliance. Segrestin et al. (2021) acknowledge these attitudes of considering

corporate governance as not important in public sector organisation and further blame the top executive for not promoting awareness and training personnel. A study by Shafuda, Lenz and Mirecki (2020) on SOEs compliance to corporate governance in Namibia found ignorance, no training and lack of evaluation as barriers of corporate governance.

On a different note Barlow (2021) and Eisenstein (2021) share the observation that is not complying with corporate governance principles. According to the two authorities, the board may be caring out fiduciary responsibilities which focuses on the big picture of the organisation. Then a case which may happen at the lowest level for example, theft or corruption may be blamed the board. Also Eisenstein (2021) states that board may be blamed for interfering with the managers yet the board may be carrying out its supervisory role. On the same of interference, Barlow (2021) argues that the overlapping functions of the organisation do not justify any form of interference. Viewing the dilemma of interference from a different point of view, Segrestin et al. (2019) indicates that ineffective communication may result in counter accusations of interference. The solution is engagement, mutual communication and holding meetings to show that the board and managers are focusing on the same goal.

Considering these factors which may affect compliance, there exists a gap on public sector board conception of corporate governance, compliance and communication of corporate governance principles to the rest of the organisation.

2.13 Conclusion

The chapter reviews the literature related to challenges of Corporate Governance compliance by local authorities. The concepts reviewed are the definition of Corporate Governance, Corporate Governance principles, theories of Corporate Governance, the local authorities' governance legislative framework in Namibia, Corporate Governance compliance challenges faced by local authorities and strategies to achieve Corporate Governance compliance by local authorities. From the literature, Corporate Governance has been defined as a formal system by which a framework of policy and decision-making is developed and implemented for compliance and control in an organisation which is guided by the principles of Corporate Governance. Challenges of Corporate Governance compliance faced by local authorities have been found to be associated with a tendency of maladministration, malpractices, favouritism, partisanship and nepotism.

The next chapter describes, explains and justifies the research design and research methodology used for this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents, describes, explains and justifies the methodology used for the study to investigate the compliance of City of Windhoek Council to Corporate Governance principles in King IV as from 2018 to 2020. The elements of research methodology included in this chapter include research design, population of the study, sampling, data collection, data analysis and research ethics.

3.2 Research Philosophy

The world view of how research should be conducted is referred to as research philosophy, which includes assumptions and beliefs about how research should be conducted (Saunders Phillip and Thornhill, 2020, p.130). As a result, one's research philosophy determines how one thinks about what constitutes worthwhile study and how data should be collected and analyzed. Five research philosophies are identified by Saunders et al. (2020). Postmodernism, critical realism, pragmatic positivist, and interpretivism are the four schools of thought. The interpretivist research philosophy was used in this investigation. The best way to grasp social fact, according to interpretivists, is to engage the sources of data and critically the data to deduce meaning. In this study, interpretivism was used to unpack meanings of City of Windhoek governance using past board meetings minutes.

3.3 Research Approach

The research approach for this study is qualitative. A qualitative research approach is one that focuses on an understanding of the meaning constructed by people in order to make sense of their everyday experiences (Crossman, 2020). The motives for using qualitative research on this study is that it is a social science research involving collection of non-numerical data to find meaning from the data and understand the socially constructed meaning employees of the COW assign with regard to Corporate Governance.

3.4 Research Design

There are research designs associated with the qualitative research approach and the common ones include case study, action research, ethnography, participative enquiry, feminist perspective and grounded theory (Nevill, 2007). The research design for this study is a case study and it is a precise research design whereby the researcher seeks for in-depth knowledge about the case being studied. A case study permits an exploration of meaning and key characteristics of the case (McCombes, 2019). According to Creswell (2014), a case study is an in-depth analysis of a case, often a programme, an event, an activity or a process which is bound by time and activity. For the purpose of the COW, it is a specific case bound by the activities of provision

of services to the residents of the City hence the need for good governance to achieve excellent service delivery.

3.5 Population

The study uses content analysis research which is as a systematic, rigorous approach to analysing documents obtained in the course of research (White & Marsh, 2006). Therefore, the population of a research study refers to all elements in the form of documents obtained in the course of research. Specifically, the population of this study refers to all inadvertent data sources in the form of council meetings agenda to be used by the researcher for some purpose other than that for which they were originally intended and these include all documents produced by the COW from its everyday activities of governing the running of the City. The data sources are the COW Municipality meetings agendas and minutes for the period 2018 to 2020. The population was made up of 60 sets of meeting agenda and minutes. The population also include nine department heads. These were regarded as rich informants with regard to corporate governance and non-corporate governance issues.

3.6 Sampling

The City of Windhoek has historical documents backdating to 1990 when Namibia got its independence. Therefore, not all documents will be analysed, but only a sample of documents. The sampling technique was time bound. Non-probability purposive sampling was used to select a sample of documents for a period of three years from 2018 to 2020 for content analysis. Due to a number of meetings and many

items on the agenda, subjective and purposive sampling of meetings was done to select council meetings which had a combination of Corporate Governance and non-Corporate Governance agendas for the period 2018 to 2020 in order to identify governance and non-governance related agenda items, discussions held and conformity achieved to the key functions in Kings IV principles. The sample was made up of thirty-six (36) sets of meeting minutes. Five departmental managers were purposively selected. The selection was based on departments with functions most appearing on the agenda.

3.7 Data collection

Secondary data was collected from minutes of meetings of 2018 to 2020 from municipal archives. Other data was also collected from the City's annual reports and committee reports. The data was available in both hard and soft copies (digital format). Council minutes are public information, and there was no restriction on gathering such information. In addition, face to face semi-structured interviews were conducted with five department managers to determine their views on the board's engagement on non-corporate governance functions.

3.7 Data analysis

The research used the document analysis method that is explained as a method of a qualitative study in which documents are interpreted by the researcher to offer voice and meaning about a study topic (Bowen, 2009). Thematic analysis was the chosen data analysis method for this research. King IV principles are used as the comparable

basis using thematic coding. Patterns and categories are noted for assessment and disparity to decide theoretical explanation. Key themes that emerge from the documents after they are classified. Content is analysed by breaking it up into conceptual items that are then coded or named. Qualitative analysis develops the categories as the analysis takes place (Wilson, 2011).

Key functions of the board as illustrated in the literature review will be used as the comparable basis using thematic coding. Thematic coding is a type of qualitative analysis which includes recording or identifying channels of script that are connected by a common theme permitting you to index the script into themes (Gibbs. 2010).

Gibbs (2010) expresses coding as "how you define what the data you are analysing are about. It involves identifying and recording one or more passages of text or other data items such as the parts of pictures that, in some sense, exemplify the same theoretical or descriptive idea. Usually, several passages are identified, and they are then linked with a name for that idea – the code. Thus, all the text that is about the same topic or exemplifies the same topic is coded to the same name. Coding is a way of indexing or categorising the text in order to establish a framework of thematic ideas about it" Patterns and categories will be noted for assessment and disparity to determine theoretical explanation.

3.8 Research Ethics

The researcher strived for goodness, confidentiality and concealment which include not mentioning the names of the councilors nor dates of the meetings. The

organisation is assured that the information is used for academic purposes only and not for media purposes. The results of the study were not communicated to any person. Data in computers was protected using a password known to the researcher only. The City of Windhoek has granted permission for the research to be undertaken within the organisation.

3.9 Conclusion

This chapter presents, describes, explains and justifies the methodology used for the study to investigate the compliance of City of Windhoek Council to Corporate Governance principles in King IV as from 2018 to 2020. The elements of research methodology included in this chapter are research design, population of the study, sampling, data collection, data analysis and research ethics. The research approach adopted is qualitative, using a case study research design for document analysis of content related to Corporate Governance within the COW. The next chapter presents the results and discusses the results of the study.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the analysis of data to investigate the compliance of the City of Windhoek Council to Corporate Governance principle in King IV for the three-year period from 2018 to 2020. The data analysed is the content of the minutes of City of Windhoek Council meetings together with the Municipal laws that govern the Council business. The analysis of the data collected was guided by the following objectives:

- To examine the topics on the agendas of Council meetings from 2018 to 2020 in relation to key functions in King IV (Supplement for Municipalities).
- To examine the relationship between Municipal laws and King IV (Supplement for Municipalities).

Therefore, the results of the analysis are presented in this chapter in line with the objectives. The results presented as findings are discussed by being compared with Corporate Governance principles in King IV in order to verify the degree and level of compliance.

4.2 Results

4.2.1 Governance topics on the agendas of Council meetings in relation to key functions in King IV

The City of Windhoek (COW) meeting agendas in Corporate Governance items that are abbreviated GOV and itemised or numbered as GOV1, GOV2, GOV3 and so forth. This section analyses the agenda items on COW meetings and minutes of meetings to identify governance topics on the agendas of Council meetings in relation to key functions in King IV. Due to a number of meetings and many items on the agenda, subjective and purposive sampling of meetings is done on this analysis. Firstly, Council meetings for the three-year period 2018 to 2020 were selected and analysed to identify governance related agenda items, discussions were held and conformity to the key functions in Kings IV principles were determined.

Municipal Council meeting agenda and minutes: 2018-01-31

The first COW Council meeting for the year 2018 was held on 31 January 2018. The agenda items related to governance were agenda 10.2.1 GOV1 (Request for approval of the risk register), agenda 10.2.2 GOV3 (Request for approval of the risk management policy and framework), agenda 10.2.3 GOV4 (Staff matter, Hepatitis E outbreak) and the agenda 10.2.4 GOV.5 (EDC Report on the Hepatitis E outbreak in Windhoek),

As for GOV.1 (Request for approval of the risk register), it was resolved that the risks register “*form part of the Performance Management System*” (Municipal Council Minutes: 2019-02-28). The GOV.3 request for approval of the risk management policy and framework for the City of Windhoek was approved. Finally, the GOV.4 Staff matter on Hepatitis E outbreak was resolved that “*education and awareness on the disease is prioritised, and that the involvement of political leadership (local and regional) in the engagement of communities, is key to the success of the City of Windhoek’s Response Plan*” (COW, 2018).

Municipal Council meeting agenda and minutes: 2018. 02.02

GOV.4 (HPH) Windhoek pilot housing project with Oluzizi/AMIBEX – Council on 24 April 2017 has entered into a Memorandum of Agreement for Construction of houses of Windhoek’s pilot project with Oluzizi/AMIBEX Joint Venture to benefit 12 employees and others following waiting list.

The GOV.4 agenda on the 2nd of February 2018 concerns engaging Oluzizi/AMIBEX for the joint venture construction of houses. The agenda links with King IV principles five and sixteen. Both principles (five and sixteen) make reference to the value of stakeholder inclusion and the interdependence benefits. Haarhoff (2019), states that organisations do not exist on islands, stakeholder partnership makes delivery of projects and...? easier hence the City of Windhoek displayed positive corporate government through jointly working with Oluzizi/AMIBEX to deliver 79 residential units.

The same meeting raises the point that eleven employees were to be given first preference on allocation of houses from the Oluzizi/AMIBEX project. Ensuring that its employees get decent accommodation, links with principle 14 of King IV municipalities supplements. Okpara (2010), notes that Corporate Governance is human resources driven, hence addressing the welfare and wellbeing of employees enhances effective execution of their duties.

Municipal Council meeting agenda and minutes: 2018. 04.04

GOV.2: Request for approval of the revised 2017/2018 annual procurement plan, in terms of subsection 25 (4) (a) Public Procurement Act of 2015, with the purpose to promote integrity, accountability, fairness, effectiveness, transparency, competitive supply.

Agenda item GOV.2 on request for approval of the revised 2017/2018 annual procurement plan was in response to subsection 25 (4) (a) of the Public Procurement Act of 2015. By complying with the Public Procurement Act, the city of Windhoek meets King IV, principle 13, which acknowledges that municipalities operate within national statutes and guidelines. The city of Windhoek, therefore complies with the national Public Procurement Act of 2015, a practice which Mbecke (2014) finds to be a challenge among many municipalities.

Municipal Council meeting agenda and minutes: 2018.31.05

GOV.4: Renewal of Windhoek Gaborone Memorandum of understanding which expired in 2005. Renewal in June 2018. MOU to cover governance, budgeting, tourism and investment, health, trade and commerce, solid waste management and cultural exchange.

Item GOV.4 agenda on the meeting held on the 31 May 2018 was on a discussion of the renewal of Windhoek Gaborone Memorandum of Understanding (MOU). The twinning or partnership of the two towns focused on sharing governance practices to deliver quality service. By twinning with Gaborone, the city of Windhoek addresses the entire King IV Corporate Governance practices. The overall aim of King IV corporate principles is to deliver quality service, which is also the philosophy of twinning with Gaborone. Therefore, the partnership strategy which Adegbite (2012) regards as “creativity executed in the confines of law”, enables the City of Windhoek to learn from the partner municipality (Gaborone).

Municipal Council meeting agenda and minutes: 2018.12.07

GOV.2: Appeal against dismissal of employees from the waste Management division for engaging in corrupt practices. GOV.4: Appeal against the suspensive dismissal warning of employees from urban planning division.

Agenda GOV.4 on a meeting held on 12 July 2018 had two related issues. The discussion concerned two employees. The first employee was made aware of the

right to appeal against dismissal for a corruption case. The second employee was also made aware of the right to appeal against the suspensive dismissal warning. The appeals are in line with the Industrial Relations Policy and Procedures and also aligned to the Local Authorities Act, 2018, Section 29 (6). However, the issue of employee dismissals falls under the Human Resources department hence the case can be brought to the attention of the board as a report or if the case becomes complicated. At its basic occurrence this case should be dealt with by the human resources management department.

Municipal Council meeting agenda and minutes: 2018.05.09

Risk Based Annual Internal Audit Plan 2018-2019, allows organisations to focus on high and medium risks, as identified through the Enterprise Risk Management (ERM) process.

Agenda item on review of Risk Based Annual Internal Audit Plan 2018-2019 focuses on allowing the city of Windhoek to focus on the highest and medium risks.

According to Beasley (2011), the determination of the severity of risks is called risk prioritisation. Enterprise Risk management is linked to King IV, principle eleven, that stipulates the need to manage risks that supports the municipality to achieve strategic objectives. By prioritising risks, the city of Windhoek is enabled to deploy resources and attention according to risk severity.

Municipal Council meeting agenda and minutes: 2019.02.28

The first COW Council meeting for the year 2019 was held on 28 February 2019 with the agenda referred to as Municipal Council Agenda: 2019-02-28 (COW, 2019). The governance items on the agenda were 9.3.1 GOV.1 (Update on the procurement of solar photovoltaic plants in line with the renewable energy policy of council), 9.3.2 GOV.2 (Proposed schedule to prepare the statement of estimated income and expenditure for the 2019/2020 financial year), 9.3.3 GOV.4 (HCC Staff matter) and 9.3.4 GOV.5 (CEO Staff matter).

For GOV.1 on procurement, it was agreed and emphasised that the proposed project timelines must, “*comply with the Public Private Partnership (PPP) Act, 2017 (Act 4 of 2017) provisions*” (Municipal Council Minutes: 2019-02-28). With respect to the GOV.2 Participatory Budget Process, it was resolved that, “*key stakeholders would be consulted for input on Capital Projects for the budget of the City of Windhoek*” Finally, the GOV.4 and GOV.5 staff matter agenda items 9.3.3 and 9.3.4 are guided by the terms of section 14(2)(a) of the Local Authorities Act, 1992 (Act 23 of 1992).

Municipal Council meeting agenda and minutes: 2019.02.28

GOV.1: Confidential matter – Every meeting of a local authority council shall be open to the public except for any matter relating to:

- (i) Any offer to be made by the local authority council by way of tender or otherwise, for the purchase of any property

(ii) Any instance when the local authority council by a majority of at least two thirds of its members present at the meeting in question, determine such a meeting to be not so open

GOV. 1 mentions the conditions under which the public are allowed to attend a meeting. The practice is in line with King IV, Principle five and sixteen, which regards Corporate Governance as hinged on addressing the needs of stakeholders. Commenting on how the municipality benefits from stakeholders, Mbecke (2014) indicates that by engaging stakeholders the municipality is made aware of the needs of the people they serve and hence will be able to meet their needs.

Municipal Council meeting agenda and minutes: 2019.04.18

GOV.1 (CEO) Annual Strategic Plan Review: Transformational Strategic plan (2017-2022) –Review and amend to align with current needs.

GOV.1 item on the agenda of the meeting held on 18 April 2019 concerns a review of the strategic plan (The transformational strategic plan 2017-2022). Strategic plans include short term, medium term and long-term objectives hence King IV, principles four and nine, acknowledge the need to continuously review these. Supporting the review of the strategic plan, Adegbite (2012), states that the environment is dynamic hence reviews enable organisations to tailor the strategic plans to the needs of society. An example hereof is that Covid-19 has resulted in a change of strategic plans.

Municipal Council meeting agenda and minutes: 2019.06.27

GOV.5 (CEO) Combined quarters 1 and 2 Organisational Performance Report
(Copy from GOV.1)

Item GOV.5 on the meeting held on 27 June 2019 concerns a report by the management committee on performance management. Reporting implies transparency, inclusivity, respect, effective communication and promoting team work. (Watson, 2016). Through reporting the City of Windhoek Corporate Governance Addresses King IV, principle sixteen on stakeholder inclusiveness, principle five on organisation strategy and principle one on leading ethically and effectively. Mbecke (2014), regards reporting as an inclusive strategy which supports transparency and integrity.

Municipal Council meeting agenda and minutes: 2019.09.26

GOV.3: Anti-fraud Policy and Procedures. The draft was discussed with the improved systems of the operation committee and it was proposed to take it to a workshop with councillors. The draft was reviewed in a workshop with councillors and council approved it.

GOV.3 agenda item concerns a discussion on Anti-Fraud policy and procedures as revised. Communicating the revised policy and procedures informs all employees of the current practices. As in the meeting of 27 June 2019, the city of Windhoek addresses King IV, principles four on strategy, five on reporting to stakeholders,

eleven on risk and sixteen on stakeholder inclusivity. Therefore, the city of Windhoek as noted by Beasley (2016) shared fraud policy which is important for risk management.

Municipal Council meeting agenda and minutes: 2020-01-30

The first COW Council meeting for the year 2020 was held on 30 January 2020 with the agenda referred to as Municipal Council Agenda: 2020-01-30 (COW, 2020). The only governance item on the agenda was 9.2.1 GOV.2 (Confidential matter) whereby the item was dealt with in terms of section 14(2) (a) of the Local Authorities Act, 1992 (Act 23 of 1992) (as amended) with the resolution taken minutes as Council Resolution 09/01/2020.

Municipal Council meeting agenda and minutes: 2020.02.19

GOV.9: Policy review. Review and align policy with the transformational strategic plan. In line with the new organisational strategy pertaining to the engagement on interns, the policy and procedure of governing internships has been considered as a priority. The submission seeks approval of the policy.

The review of internship policy as indicated on the meeting held on 19 February 2020, concerns aligning the policy to the transformational strategic plan (2017-2022). Internship is part of community service and development of human resources. By aligning the internship policy to the organisation strategic plan, King IV, principle seven, on promoting and development of knowledge and skills, principle

four on the organisation strategy and principle one on being responsible, are complied with.

Municipal Council meeting agenda and minutes: 2020.03.19

GOV.11: Request for approval of the city of Windhoek to sign a Memorandum of Agreements (MOA) between NAMPOWER and the city of Windhoek for informal area electrification projects. The MOA addresses conditions of engagement and working relationship. GOV.13: (EDC) Alert on the novel Corona Virus (COVID-19) Outbreak. Align response to COVID-19 measures is in line with the President's Declaration of the state of emergency.

GOV.11 on the agenda concerning Memorandum of Agreement with NAMPOWER is engagement of stakeholders. The engagement with NAMPOWER links with KING IV, principle sixteen and four, on stakeholder inclusivity and organisation strategy, respectively.

The same meeting addresses item GOV.13 on alertness of COVID-19 and responds in line with the President's declaration of the state of emergency. By responding to COVID-19 protocols the practice links with King IV, principle three, which is on responsible corporate citizen. Mbecke (2014) supports the measures taken by the municipality and points out the good Corporate Governance response to uncertainties in order to serve the public.

Municipal Council meeting agenda and minutes: 2020.04.23

GOV.4: (ICT) Board Structure for Special Purpose Vehicle (SPV) submission by the department of ICT and financial sustainability committee. Joint business Venture (JBV) with 51% shareholding for the city of Windhoek.

GOV.4 agenda item for the meeting held on 23 April addresses issues of an ICT project being a joint venture. The ICT project links with King IV, principle 12, which regards governing technology and information in a way that supports the municipality in achieving its strategic objectives as good Corporate Governance. Jaywalk & Garg (2008) contend that sound Corporate Governance cannot be divorced from technology because it has become an enabler of management operations. The study established that the city of Windhoek embraces ICT in its operations.

Municipal Council meeting agenda and minutes: 2020.07.30

GOV.2: (CEO) Request to cancel the 2020 Windhoek Jazz Festival. Council and stakeholders consulted agreed to cancel the festival in line with State of emergency regulations of COVID-19.

GOV.2 agenda item for the meeting held on 30 July 2020 discusses cancelling the Windhoek Jazz Festival for 2020. The COVID-19 challenges caused the city of Windhoek to make this decision. However, it consulted stakeholders, hence the decision links with principles five and sixteen of King IV where stakeholders should

be engaged in decisions concerning the public. The City of Windhoek also addresses King IV, principle one, which leads to ethical and effective management. According to Mbecke (2014), decisions which results in protecting people from danger or harm is corporate responsibility.

Municipal Council meeting agenda and minutes: 2020.08.27

GOV.4: (CEO) Annual strategic plan review 2020/2021: Corporate scorecard CEO to submit strategic plan review to all councillors to prepare for workshop where the reviews are discussed.

The meeting held on 27 August 2020 concerns a review of the strategic plan. By engaging the councillors, the Corporate Governance linked with principle one on leading ethically and effectively, principle four on the organisation strategy that is participation and principle 16 on stakeholder inclusivity. The organisation also addressed King IV, principle seven, on balancing knowledge and skills and principle 14 on remuneration to promote achievement.

Municipal Council meeting agenda and minutes: 2020.09.10

GOV.1: Update on the Council's project for procurement of the 25 MW solar plant. The PPP unit to provide the update. Decision to purchase one 25MW or five 5MW solar plants to be made after receiving request for proposal.

The meeting held on 10 September 2020 concerns an update of the council's project with a partner. The meeting acknowledges working together in a private-public

partnership arrangement. By discussing the conditions of the partnership, the city of Windhoek was being transparent, complying with partnership developing strategy and making strategic decisions on how the municipality would select the solar plant. The organisation complied with King IV, principles one, four, five, eight and sixteen.

Municipal Council meeting agenda and minutes: 2020.11.12

GOV.4: Resubmission: 2019 Transformation Urban Mobility Initiative (TUMI) Global Urban Mobility Challenge. (E-bikes for Windhoek pilot project). Pilot project financed by Germany and E-bikes to be given to selected University students.

The meeting agenda Gov.4 concerns an Urban Mobility Initiative pilot study to be implemented in Windhoek involving E-bikes. The project is technology oriented, would ease transport and would save money because the E-bike does not use fuel. The project would improve travel of university students. Being sponsored by Germany, the city of Windhoek made strategic decisions that would meet the transport needs of students. The decision made, linked with principle 12 on adoption of technology to improve lives of people and principle one on leading ethically and effectively.

4.2.2 The relationship between Municipal laws and King IV

The King report came about as a result of the King Committee of governance that has issued the report and King code of governance principles in 2017, that are called the King IV report.

The King IV report was built on King III. Its intention was to bring it into par with international governance best practices:

- To align it to shifts in the approach to capitalism (towards inclusive, integrated thinking across the six capitals) and to take account of specific Corporate Governance developments in relation to effective governing bodies.
- Increased compliance requirements, new governance structures (e.g. Social and Ethics Committee).
- Emerging risks and opportunities from new technologies and new reporting and disclosure requirements e.g. Integrated Reporting.

The King IV Report deals with all type of entities regardless of the form of incorporation. The principles will lead to good Corporate Governance if correctly adhered to. For that reason, the code has no guidance on how to apply the principles, but each entity has to follow an approach that best fits their entity. The application is given power by law or regulation.

For the purpose of this research the term “company” will be adapted to “Municipality” and “Directors” to “Councillors”. Aspects of governance in the Namibian Municipalities are legislated by Local Authority Act 23 of 1992.

The relationship between Municipal laws and King IV principles for this section were extracted from the Local Authorities Act 1992 (Act No. 23 of 1992), the COW’s mission and values, and Transformational Strategic Plan (2017-2022). The Municipal laws in Namibia are linked to the Local Authorities Act 1992 (Act No. 23 of 1992) among which those associated with governance include conduct of meetings, duties and functions of management committees, public consultative meetings and regulations by local authority councils. The realisation of King IV

principles and outcomes of ethical culture, good performance, effective control, and legitimacy are reflected in the COW's mission and values, and objectives are outlined in the Transformational Strategic Plan (2017-2022). Ethical culture as highlighted in Principle 1 (The council should lead ethically and effectively) and Principle 2 (municipal councils should govern the ethics of the municipality) of the Supplement for Municipalities (Marks, 2016) is related to the COW's value of "Integrity" which has a behavioural aspect of being "trustworthy, responsible and honest in all its dealings" (COW, 2020).

As for good performance and effective control, the COW adopted the King Report on Governance for South Africa, 2016 (King IV) for best practice as its primary governance framework as reflected in its Transformational Strategic Plan (2017-2022) where it ensures maximum transparency and efficiency (COW, 2017). The COW acknowledges transparency and disclosure in managing stakeholder relationships in one of its core values which is "communication", that reads, "*We are transparent and we keep our staff and stakeholders well-informed*" (COW, 2020). One of the COW's key performance areas (KPAs) as highlighted in its Transformational Strategic Plan (2017-2022) is public participation (COW, 2017). According to the COW (2017), public participation enhances understanding of client expectations and user groups, improves public understanding of the City's responsibilities, and ensures greater compliance through increased ownership of solutions. Public participation through public meetings and engagement achieves the element of transparency as advocated by the principles of the King IV Report.

In respect of performance, the COW highlights its obligation and commitment through public participation, public safety and security, organisational performance management, organisational financial performance, risk management and internal audits (COW, 2017). The COW's commitment to performance is reflected in its mission, which is aimed at enhancing the quality of life of its entire people by rendering efficient and effective municipal services (COW, 2020). This aspect of quality and efficient services can be achieved through good governance and enhanced performance.

4.3 Discussions

4.3.1 Council meeting agendas and compliance with Corporate Governance principles

The staff matter agenda 10.2.3 of Municipal Council Meeting Agenda 2018-01-31 prioritises “*education and awareness and involvement of political leadership in the engagement of communities* (COW, 2018). Prioritisation of awareness on the disease and that involvement of political leadership (local and regional) is part of effective control as advocated by the application of King IV principles of identified outcomes.

The municipal council meeting agenda and minutes of 04.04.2018 reflect response to Corporate Governance King IV, principle 13 which states that municipalities operate within national statutes and guidelines. The city of Windhoek, therefore complies with the national Public Procurement Act of 2015, a practice which Mbecke (2014) considers as compliance to other national guidelines. Further, the City of Windhoek

promotes integrity, accountability, fairness, effectiveness, transparency and competitive supply. This meeting therefore was reflective of the role of Corporate Governance.

The municipal council meeting agenda and minutes of 05.09.2018 report on the review of Risk Based Annual Internal Audit Plan 2018-2019. The review informs the board of the highest and medium risks so that resources can be approved in order to mitigate the risks. King IV, principle eleven, emphasises risk management as a key Corporate Governance responsibility that minimises losses and enhances the municipality's capacity to achieve its deliverables. Without a proper risk management plan or strategy, Beasley (2011), expresses that the organisation compromises accountability and responsibility, hence resources are not used for the benefit of the organisation. This study established that the City of Windhoek comply with the King IV principle of risk management.

King IV puts emphasis on transparency as the role of disclosure in managing stakeholder relationships (PWC, 2016). The focus in King IV is on ensuring that the application of the principles achieves specifically identified outcomes that include ethical culture, good performance, effective control and legitimacy (De Lange, 2019). With respect to topics on the agendas of council meetings in relation to key functions in Kings IV, items associated with transparency, ethical culture, good performance, effective control and legitimacy are analysed in this section.

With regard to transparency, it is the legal obligation of any local authority in Namibia to make sure that *“Every meeting of a local authority council shall be open*

to the public” as stated in section 14(2) (a) of the Local Authorities Act, 1992 (Act 23 of 1992). This principle is emphasised on all Staff Matter agendas (COW, 2018; COW, 2019; COW, 2020). The application and recognition of items of the legislative framework is related to the legitimacy outcome as stated by the King IV principles. This is also evidenced on the Municipal Council Agenda 9.3.1 GOV.1 of the Municipal Council Meeting 2019-02-28 on procurement where the principle of legitimacy was applied when the COW complied with the Public Private Partnership (PPP) Act, 2017 (Act 4 of 2017) provisions (COW, 2019). The development and approval of risk management policy and framework by the COW as in the agenda 10.2.2 GOV.3 of the Municipal Council Meeting of 2019-02-28 is an indication of the legislative and legitimacy compliance where operational activities should be guided by a legislative framework.

The municipal council meetings agenda and minutes of 18.04.2019 and 19.02.20 reveal the core role of Corporate Governance, i.e. that of strategic planning. The two meetings address the review of the Transformational strategic plan (2017-2022). Strategic plans include short term, medium term and long-term objectives, hence King IV principles four and nine acknowledge the need to continuously review these to align the organisational strategy to current needs of the consumers. Explaining why the strategic plan should regularly be reviewed, Adegbite (2012) states that the environment is dynamic hence reviews enable organisations to tailor the strategic plans to the needs of society. For example, Covid-19 has resulted in a change of strategic plans. By continuously reviewing the strategic plan, the board is performing its role which is line with King IV principles.

The City of Windhoek board shows compliance to King IV principles 1 and 3 by considering the safety of the public. Item GOV.13 on alertness of COVID-19 in line with the President's declaration of the state of emergency, reflects responsibility and corporate citizenship. Engaging stakeholders and consensus on cancelling the Windhoek Jazz Festival for 2020, links with principles five and sixteen of King IV where stakeholders should be engaged in decisions concerning the public. According to Mbecke (2014) a decision which results in protecting people from danger or harm points toward effective ethical management and corporate responsibility.

However, while the preceding section highlights some meeting agendas that shows the City of Windhoek's compliance to Corporate Governance, there are some agenda topics which are not the core responsibility of the board. The following section addresses this concern.

4.3.2 Council meeting agendas and board functions

The first objective of the study is to examine the topics on the agendas of Council meetings from 2018 to 2020 in relation to key functions in King IV (Supplement for Municipalities). With regard to this objective, the concept of board functions is also analysed to identify compliance to the principles of the functions of the board. A close analysis of the topics on the agendas of Council meetings revealed that some of the topics discussed are operational management issues, such as applications for rezoning and human resource matters which must be left to the management committee and departmental heads.

A specific example hereof is that in the meeting held on the 12.07.18 the agenda item on the right of employees to appeal against dismissal, should have been handled by the human resources department. Also, the agenda topic, “application for the sale of general residential and single residential zone erven by means of tender and offer to purchase methods” should be the concern of the Housing, Property management and Human settlement departments. These operational areas which are done by departments are best left to the various responsible areas so that the board can do its overseer role as indicated by Du Plessis et al. (2011). The monitoring role of the board thus provides balances and checks, hence it introduces effectiveness and efficiency. This function of the board is noted by Chambers and Cornforth. (2010) as the stewardship role of overseeing and driving organisation strategy.

According to Chambers and Cornforth (2010) the role of the board of directors is primarily strategic, i.e. to work with top executives in order to set the vision of the organisation, add value to top decisions and advance performance. Furthermore, the Local Authorities Act (Act No. 23 of 1992) of Namibia specifies that an Executive and Management Council of the local authority (which is the board or municipal council) shall carry out all lawful resolutions and policies of such Council, subject to this Constitution and any other relevant laws. The main purpose is to concentrate on effective leadership for the achievement of ethical culture, good performance, effective control and legitimacy (de Lange, 2019). As stated by Du Plessis, et al. (2011), the board (municipal council) cannot run the daily operational functions and that role is left to the operational management and departmental heads. This means that municipal council as the municipal board must concentrate on strategic and performance matters. Much discussion on operational matters at the expense of

governance issues leads to failure to observe the legal and ethical mandated functions and in turn leads to principal-agent problems which assume misalignment between the agent and principal interests (Kopp, 2020).

With regard to King IV and its application to local authorities, Corporate Governance is defined as the exercise of ethical and effective leadership by the governing body (including the Municipal Council, Board of Directors, etc.) towards the achievement of ethical culture, good performance, effective control and legitimacy (de Lange, 2019). Good performance and effective control are components that must dominate that agenda for council meetings. A study by Kiamba (2008) reveals poor performance of local authorities in Kenya due to failure to conduct regular assessment of their performance. This failure can be attributed to non-compliance to Corporate Governance principles. This may translate to the principal-agent problem where the agent (the municipal board) fails to perform due to lack of compliance.

4.3.3 Municipal laws and compliance with Corporate Governance principles

The Municipal laws in Namibia are linked to the Local Authorities Act 1992 (Act No. 23 of 1992). The performance of the COW with respect to Corporate Governance principles can be analysed through various publications of the COW that reflects its commitment to identified King IV outcomes. The publications include, among others, its mission, its values and its strategic plans.

The identified King IV outcomes include ethical culture, good performance, effective control, and legitimacy (de Lange, 2019). Ethical culture can be reflected on moral

conduct of business that incorporates elements of respect, trust, honest and transparency. The concept of ethical culture is highlighted in Principle 1 (The council should lead ethically and effectively) and Principle 2 (Municipal councils should govern the ethics of the municipality) of the Supplement for Municipalities (Marks, 2016). In line with the need to commit itself to ethical culture, the COW (2020) highlights “Integrity” as one of its values with a behavioural aspect of being “trustworthy, responsible and honest in all its dealings”. COW

The outcomes of good performance and effective control are associated with efficiency and effectiveness in service delivery. In its Transformational Strategic Plan (2017-2022), the COW adopted the King Report on Governance for South Africa, 2016 (King IV) for best practice as its primary governance framework in order for the City to ensure maximum transparency and efficiency (COW,2017). The acknowledgement of transparency and disclosure in managing stakeholder relationships reflects the aspect of communication with stakeholders through public participation which enhances understanding of stakeholder expectations and this ensures greater compliance through increased ownership of solutions. Public participation through public meetings and engagement achieves the element of transparency as advocated by the principles of King IV principle 1, municipalities supplement. The inclusion of the public also links with King IV, principle 16 and the stakeholder theory which postulates that effective quality service delivery is based on stakeholder engagement. It is through embracing the community that the City of Windhoek becomes aware of their needs.

The COW highlights its commitment to performance through key performance areas (KPA's) that include public participation, public safety and security, organisational performance management, organisational financial performance, risk management and internal audits (COW, 2017). The COW's commitment to performance is reflected in its mission, which is aimed at enhancing the quality of life of its entire people by rendering efficient and effective municipal services (COW, 2020). This aspect of quality and efficient services can be achieved through good governance and enhanced performance.

The above, as commitment promises reflected, may or may not translate to compliance with Corporate Governance principles. In fact, it shows commitment promises that can be used as yardsticks to measure actual performance against pre-stated concepts.

4.4 Results from interviews

The section presents data obtained from five Heads of departments on their views on the claim that the board is interfering with operational services while abandoning corporate governance responsibilities.

On heads of departments working relationship with the board, the majority of the participants indicated that they have fairly cordial working relationships which participant 1 and 4 described as,

“So far we have a fairly good working relationship. As long as there is respect and each part respect another party's responsibilities. The board

visits my department and I show them what we do. Mostly they rely on reports,” (Participant 1).

“My department finishes the board with reports and sometimes it summons me for meetings where I give reports. As the overseer of the governance of the city of Windhoek I see no problem in the board requesting for departmental reports,” (Participant 4).

Participant 2 had different experiences to tell and said, thus,

“Sometimes I feel that the board is interfering with my department work when the frequency of inquiries is high and when the board dictates some decisions. Also when the board tables issue of my department without fully consulting. Sometimes the agenda is inaccurate,” (Participant 2).

The results reveal some mixed experiences regarding the relationships between the board and the heads of department. However, the majority of participants expressed cordial relationship with the board. It is important to note that the participants who raised concern about interference, pointed to some from ineffective communication with the board which result in the board being regarded as dictatorial.

The participants were then asked to explain the role of the board as they experienced it their daily work functions. There was unanimous agreement that the board is responsible for corporate governance. Clarifying what is meant by corporate governance, participants 5 said,

“The board makes policies and oversees that the city of Windhoek is being managed well to deliver quality service. However, the board operates through departmental managers,” (Participant 5)

The views expressed by participants were corroborated by all the participants. The experiences of the participants on the role of the board are stated in King IV, municipality section, that corporate government concerns stewardship of the organization. This role can be effectively done through engaging all levels of management.

On the claim that City of Windhoek board is ignoring corporate governance and concentrate on operational functions, taking the role which is not for the board the following responses were presented.

“I do not think that it is interference but an oversight of departmental functions. As the overall overseer, I think the board has the right to do so,” (Participant 3)

“The board I think needs to respect separation of responsibilities. The way how the board bulldozes into the operations of departments may end up causing conflict,” (Participant 4).

“I do not dispute that the board is the overall overseer but the approach and frequency affects the operations of some departments. Departments are run by professional and specialists and these should be given the

opportunity to be in control. The board should focus its responsibilities and leave operations to departments,” (Participant 2).

“The City of Windhoek is a single organization and has specialization in the form of departments. The board is above the departments has the right to know and deliberate on issues affecting the organization. The challenge could be lack of proper engagement and communication. The boss attitudes result in the board being viewed as interfering,” (Participant 1).

The views and experiences expressed by the participants acknowledge the right and the role of the board to exercise its oversight role. The participants agree that departments, through run by specialists, the overall accountability is in the hands of the board. However participant 2 and 4 raised the issue of approach into departmental functions, a situation which Segrestin et al. (2019) and Barlow (2021) view as a problem of communication and engagement. Participant 1 expressed that interference by the board could be an issue of the boss attitudes which scuttles the department heads. Employees may according to participant 1, view the board's attention on burning issues as interference.

On whether the board is abrogating its role of cooperate governance, the participants expressed that, the fact that the City of Windhoek was delivering quality service, the board is functional. Clarifying what they meant, participant 2 and 4 said respectively,

“The fact that the City of Windhoek is managing to fulfil most its functions, the assumption is that corporate governance is being implemented well,” (Participant 2).

“I think corporate governance principles are being attended and implemented because the departments, though there maybe financial constraints are functional and meeting the needs of the residents. Policies from corporate governance are being implemented,” (Participant 4)

The views expressed by participants 2 and 4 were shared by the rest of participants. The participants argued that evidence of functional corporate governance is the operations of the City council working. Corporate governance the participants indicated, is seen through the function of the system. The view of the system is acknowledged by Eisenstein (2021) who indicated that dysfunctional of a single sub system affects the whole system. In this case the smooth function of the departments is proof that corporate governance is functional. However, the issue of the board over stepping into operations territory kept on being raised.

4.5 Discussion of interview data

The results from interviews show that there is unanimous agreement that the board is carrying its corporate governance responsibilities. The participants argued in support of the board as the overall oversee of the City of Windhoek operations. The role of

the board that includes governing, giving directions and monitoring a firm's activities and monitoring a firm's activities and operations, described by Du Plessis et al. (2011) was described as what the City of Windhoek is complying with. However, the issue of the board over stepping and doing roles which are not part of corporate governance was raised.

While Mostepanink (2017) acknowledges that the board delegates responsibilities to the CEO and managers, it remains accountable. Accountability can only be achieved when the board is aware of what is taking place in organization operations. Hence Du Plessis et al (2011) argue that the supervisory role and deliberating on pertinent issues from operations departments is justified and it is a component of corporate governance. Therefore, the views expressed by the participants that the board engages departments is not abrogating its responsibilities. Weighing in, clarifying the role of the board, Mostepanink (2017) states that the board has specific strategic roles and works with department managers. The separation of power or responsibilities should be observed. However, the separation of responsibilities may be blurred because the board and managers work together.

On a negative note, there was an indication of ineffective communication and engagement with operations managers. The top down engagement was expressed as some form of interference. An analysis of the situation revealed lack of interactive engagement and inclusivity. This challenge is noted by Adegbite (2012) and Mbecke (2014) who call upon board members to respect management as professionals and mutually engage them to avoid conflict. The findings regarded this challenge as communication related and not the board abrogating its responsibilities. Instead the

board was found to be carrying its oversight responsibilities, but exhibited some flaws in engagement with department heads. The challenge can be corrected.

4.6 Conclusion

This chapter presented the results of the analysis of data for investigating the compliance of the City of Windhoek Council to corporate governance principles in Kings IV for the three-year period from 2018-2020. The findings reveal that elements of Corporate Governance according to King IV principles are included in Council meetings and the operations of the COW as guided by the Municipal laws reflect the relationship between Municipal laws and King IV (Supplement for Municipalities). The findings show that the City of Windhoek board complies with the following corporate governance principles: Policy formulation, strategic planning, risk planning and management, stakeholder engagement, support the delivery of quality service, attend to serious cases which may affect the operations of the organisation and performs fiduciary duties of enhancing accountability, transparency and ethical. However, while the analysis reveal that the board does the indicated corporate governance roles, the council meeting agendas included a case of an appeal of dismissal of employees who had engaged in corruption practices. Secondly the agenda meetings also included a case sale of residential stands by tender and offer to purchase methods. These two cases were considered to be operational functions which are the concern of the departments. When the board fails to honour separation of responsibilities, it abrogates its role of corporate governance and interfere with the operations functions. However, findings from interviews refute this claim and maintain that operations topics find their way into the board meetings

as reports. The interview findings further supported the right of the board to have access of what is taking place in departments because it needs to perform its supervisory, monitoring and decision roles. Without the information from the departments, the board cannot make informed decisions. However, the findings from interviews indicated ineffective communication and engagement between the board and the departments as possible cause of some friction which may result in the board as interfering with operational functions. Therefore, the study found that the City of Windhoek board complies with corporate governance. The perceived involvement in operational functions which is out of corporate governance, was justified as part of the overseer and supervisory role. However, the study established that ineffective communication and engagement results in the board being accused of over stepping its roles.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study investigated the compliance of the City of Windhoek Council to King IV Corporate Governance principles for the three-year period from 2018-2020. The study was done through literature review and content analysis of the minutes of City of Windhoek Council meetings together with the Municipal laws that govern the council business. The study also conducted face to face interviews with five departmental heads. The study was guided by the following objectives:

- To determine the City of Windhoek boards' compliance with King IV corporate governance principles by analysing council meetings agenda from 2018 to 2020;
- To examine the council minutes' agenda to determine the City of Windhoek board's focus on non-corporate governance functions; and
- To establish the views and experiences of department managers on the issue of the board diluting its responsibility by focusing on operation functions.

Following the literature reviewed in chapter 2 and the results of the analysis presented in chapter 4, this chapter provides the summary of findings, concludes the research study and proposes recommendations for future action in order to enhance compliance with Corporate Governance principles as advocated in King IV.

5.2 Summary of Findings

The City of Windhoek Council realises the importance of Corporate Governance principles in King IV that focus on transparency as the role of disclosure in managing stakeholder relationships achieved through governance outcomes of ethical culture, good performance, effective control and legitimacy. This is reflected in the COW's mission, values and publications such as minutes of council meetings and their Transformational Strategic Plan (2017-2022). Agenda items of meetings and minutes of meetings reflect elements associated with governance principles in King IV. The commitment to compliance is reflected as statements of intent in documents such as the Transformational Strategic Plan (2017-2022). The minutes also show an important Corporate Governance principle, i.e. that of engaging the public.

The main themes associated with the COW's compliance and transparency are public awareness, public meetings and disclosure of minutes. However, the agendas and minutes for the period 2018 to 2020 also show some items which are not part of Corporate Governance but which are operational functions that should be handled by departments and committees.

5.3 Conclusions

This section presents conclusions of the research study to investigate the compliance of the City of Windhoek Council to Corporate Governance principles in Kings IV.

The conclusions are presented in line with the research objectives of the study before making an overall conclusion that addresses the aim of the study.

Objective 1: To determine the City of Windhoek boards' compliance with King IV corporate governance principles by analysing council meetings agenda from 2018 to 2020;

With respect to this objective, it is concluded that the topics on the agendas of Council meetings from 2018 to 2020 include and discuss some issues related to key governance functions related to King IV (Supplement for Municipalities). The results of the content of documents presented in Chapter 4, it can be concluded that there is a relationship between Municipal laws and King IV (Supplement for Municipalities). The municipal laws as reflected in the legislative framework of Municipalities in Namibia reflect elements of transparency, to the public and to the stakeholders. Furthermore, the conducting of meetings and disclosure of minutes of meetings to the public, support the concept of transparency as advocated in King IV (Supplement for Municipalities). Outcomes of ethical culture, good performance and effective control are also reflected in the COW's Transformational Strategic Plan (2017-2022). Therefore, Municipal laws of the COW are related to King IV (Supplement for Municipalities).

Objective 2: To examine the council minutes' agenda to determine the City of Windhoek board's focus on non-corporate governance functions

Despite documentations evidencing realisation of the need and importance of key governance functions related in King IV, the agenda items and minutes of Council meetings reflect a mixture of implementation of key governance functions related to

King IV (Supplement for Municipalities) and operational items. With discussions mixing governance and non-governance issues in Council meetings, the assumption was that the board would compromise attention to corporate governance. However, the study found that the non-corporate governance issues were reports and issues of great concern which were being brought to the attention of the board. By attending to these operational functions, the study established that the board was performing its oversight and supervisory role.

Objective 3: To establish the views and experiences of department managers on the issue of the board diluting its responsibility by focusing on operation functions.

Overall conclusion.

The study concludes that the City of Windhoek Council complies with the Corporate Governance principle in Kings IV as reflected by its legislative framework and Transformational Strategic Plan (2017-2022). With regard to Corporate Governance topical issues discussed in Council meetings, there is evidence of compliance to corporate governance. The study also concludes that operational functions noted in the council meeting agenda show attention to non-corporate governance issues, a practice which is against separation of responsibilities between department management and the board. Attention on non-corporate governance may result in the ineffective implementation of corporate governance hence affect quality delivery of services.

5.4 Recommendations

With regard to results in chapter 4 and the conclusions in this section, there are gaps in governance compliance. It is therefore recommended that the COW should take the following actions in order to close the identified compliance gaps:

- The COW must adopt compliance programmes on the basis of efficiency concerns while still holding themselves accountable for violations of substantive law.
- The COW must put emphasis on prioritising governance issues in its Council meetings as a way to enhance the compliance function on an ongoing basis for discussions of governance issues and challenges.
- The Municipal Council of the COW must be focused on strategic and governance issues in its board meetings and leave operational issues to Departmental heads and Management Committees.
- The Municipal Council of the COW should entertain operational matters which Departments and Committees would have failed to resolve. Other matters from Departments and Committees should only be brought in as final reports.
- As indicated in the King IV (Municipalities Supplement), the Municipal Council should reflect on the skills of its Board/Council considering the fact that the members may be political appointees, hence there is need for thorough induction and continuous training so that they are aware of their roles and deliver thereof effectively.
- The municipal council of the COW should respect the principles of delegation to promote division of responsibilities, responsibility and transparency. If the board interferes with delegated responsibility, it demoralises the employees and affects their performance and accountability.

5.5 Areas for further study

A study of this nature could be done in other municipalities throughout Namibia in order to identify challenges associated with compliance with Corporate Governance principles of King IV Report on Corporate Governance for South Africa, (2016), in accordance with the Supplement for Municipalities. The study should focus on the relevance and applicability of the Corporate Governance principles and the impact of non-compliance.

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APPENDICES

Interview Schedule

SECTION A: Demographics

Department: _____

Manager qualifications: _____

Experience in years as manager: _____

SECTION B: Engagement with the board

1. How is your work relationship with the City of Windhoek board/Council?
2. What is the responsibility of the board?
3. How does the responsibility of the board link with your department?
4. What are your experiences with the claim that the board is interfering with operational functions?
5. When the board deliberates on challenges being experienced by your department, how do you take it?
6. What are your overall views on the working relationship with the board and the issue of interference with operations functions?

[Special Municipal Council Minutes: 2018-06-06]

**4.1 ITEM 9.3.11 FNS.9 [FCS] STATEMENT OF ESTIMATED
OPERATIONAL INCOME AND EXPENDITURE
FOR THE 2018/2019 FINANCIAL YEAR**

(5/1/2/1)

On proposal by Councillor MJ Amadhila, it was

RESOLVED

1 That it be noted that the Statement of Estimated Income and Expenditure for the 2018/2019 Financial Year has been prepared in accordance with the Local Authorities Act, 1992 (Act 23 of 1992) (as amended), Vision, Mission and Strategic Objectives of the City of Windhoek, Council Policies, guidelines given by Management Committee, policies and programmes of the Government of Namibia and in line with the International Public Sector Accounting Standards (IPSAS).

2 That the Operational Budget for the 2018/2019 Financial Year, attached as pages 401 - 412 to the agenda, be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018).

3 That the following average tariff increases and new tariffs be approved:

- 3.1 That the assessment rate tariff be increased with 15 %.
- 3.2 That the tariff adjustment to be proposed for approval by the Electricity Control Board (ECB) will be closely linked to NamPower's requested tariff adjustment, which has not yet been approved by the Electricity Control Board (ECB)
- all tariff increases on the distribution customers are effective as from 1 July 2018.
- 4 That the water basic tariff be increased with 7 %.
- 4.1 That the water consumption tariff for domestic be increased with 11 %.
- 4.2 That the water consumption tariff for non-domestic (business) be increased with 11 %.
- 4.3 That the water consumption tariff for Brakwater Consumers be increased with 11 %.
- 4.4 That the tariff for water from communal standpipes be increased with 12.5 %.
- 5 That refuse removal be increased as follows:
- 5.1 That the household and non-household refuse removal tariff be increased with 15 %.
- 5.2 That the informal settlement refuse removal tariff be increased with 5 %.

- 5.3 That the service availability charge be increased with 10 %.
- 5.4 That the solid waste management tariff be increased with 15 %.
- 5.5 That the sewerage tariffs be increased with 8 %.
- 6 That the semi purified water tariff be increased with 25 %.
- 7 That the bus ticket tariff be increased with N\$1.00 per trip (N\$0.50 per one way).
- 8 That prepaid water meter remote for replacement (handheld device) including technical installation tariff be N\$690.00 (VAT inclusive).
- 9 That the inline water meter test, on-site (if available for 15 mm up to 25 mm only) tariff be N\$500.00 (VAT inclusive).
- 10 That the proposed tariff increases and new tariffs as per paragraphs 3 to 9 above, be implemented with effect from 1 July 2018 after promulgation.
- 11 That the Chief Executive Officer ensure that the appropriate notices be published in the Government Gazette and the electricity tariffs be advertised as prescribed.

12 That the Chief Executive Officer implement strict cost control and saving measures in order to ensure that the deficit be reduced to the absolute minimum.

13 That the total Operational Expenditure and Income Budget of N\$4 947 911 657.00 and N\$4 294 471 617.00 respectively for the City of Windhoek for the 2018/2019 Financial Year, be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018).

14 That the Revised Operational Expenditure and Income Budget of N\$4 714 806 558.00 and N\$ 3 750 899 167.00 respectively for the City of Windhoek for the 2018/2019 Financial Year, be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018).

15 That the 2018/2019 Budget deficit of N\$653 440 040.00 representing 13 %, be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018).

15.1 That once the budget has been approved by the Minister, the public be informed accordingly.

16 That the increases on three (3) households, attached as page 425 to the agenda, be noted.

17 That the resolution be implemented prior to confirmation of the minutes.

RESOLUTION 147/06/2018

[Special Municipal Council Agenda: 2018-05-31]

4.2 ITEM 9.3.12 FNS.10 [FCS] CAPITAL BUDGET

ESTIMATES FOR THE 2018/2019 FINANCIAL YEAR

(5/1/2/1)

On proposal by Councillor MJ Amadhila, it was

RESOLVED

1 That it be noted that the consultative meeting with the Khomas Regional Council (KRC), Namibia Chamber of Commerce and Industry (NCCI), Windhoek Residents and Ratepayers Association, and the National Union of Namibian Workers (NUNW), took place to discuss the Capital Budget for the 2018/2019 Financial Year.

2 That it be noted that the Capital Budget for the 2018/2019 Financial Year has been prepared in accordance with the Local Authorities Act, 1992 (Act 23 of 1992) (as amended), Vision, Mission and Strategic Objectives of the City of

Windhoek, Council Policies, guidelines given by Management Committee, policies and programmes of the Government of Namibia and in line with International Public Sector Accounting Standards.

3 That it be noted that the following factors were taken into account during the consideration of the 2018/2019 Budget Estimates:

3.1 Inflation rate fluctuations;

3.2 Prime interest rate and the exchange rate;

3.3 Fuel price increases;

3.4 Unemployment;

3.5 Rural urban migration;

3.6 Increases by bulk suppliers;

3.7 Consultation with stakeholders;

3.8 Grant to upgrade the informal settlement areas;

3.9 Outstanding debt; and

3.10 Lack of subsidies/grants from Central Government for other shared responsibilities.

4 That the theme for the budget of the City of Windhoek for the 2018/2019 Financial Year, being: *To focus our efforts towards sustainable financial management*, be approved.

5 That it be noted that the Capital Budget of the City of Windhoek for the 2018/2019 Financial Year was compiled taking the following priorities into account:

5.1 Secure the provision of municipal services to all our people;

5.2 Provide serviced land to address the demand in housing; and

5.3 Maintenance of existing infrastructure.

6 That the City continue its efforts to solicit subsidisation from Central Government for services rendered in an effort to make services more accessible and affordable.

7 That the Capital Expenditure Budget of N\$934 198 068.00 for the 2018/2019 Financial Year, attached as pages 426 - 436 to the agenda, be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018).

8 That the Strategic Executive: Finance and Customer Services be authorised to rearrange the source of financing as and when necessary within the current budgetary provisions.

9 That the Strategic Executive: Finance and Customer Services be authorised to source financing on the open market to supplement internal capital funding.

10 That the Strategic Executive: Finance and Customer Services be authorised to only transfer funds within a department with identified savings to be applied for critical expenditure and that the overall limit per department not be exceeded.

11 That the Capital Expenditures (CAPEX) be adopted for approval by the Minister of Urban and Rural Development in terms of section 83(b)(1) of the Local Authorities Amendment Act, 2018 (Act 3 of 2018), subject to availability of financing.

12 That no tender be initiated for any Capital Expenditure project prior to sign off by the Strategic Executive: Finance and Customer Services.

13 That the Strategic Executive: Housing, Property Management and Human Settlement and Chief Executive Officer (Corporate Legal Adviser) look into the Goreangab Extension 4 project which was awarded to the Roads Construction Company (RCC) and provide Councillors with information on how the project is funded.

14 That the Strategic Executive: Economic Development and Community Services investigate defaults at the Katutura Community Hall and solicit funds to repair same.

15 That the resolution be implemented prior to confirmation of the minutes.

RESOLUTION 148/06/2018
