ASSESSING THE IMPACT OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF THE NAMIBIA INSTITUTE OF PATHOLOGY

A THESIS SUBMITTED IN PARTIAL FULFILMENT

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Abstract

The study investigated the impact of corporate governance on the Namibia Institute of Pathology's performance. The research was descriptive in nature, taking a mixed-methods approach, consisting of qualitative and quantitative approaches. Primary data was gathered using both structured and non-structured questionnaires distributed to the persons who make up the governance of Namibia Institute of Pathology (NIP), namely: members of the board of directors and the Chief Executive Officer of NIP. Secondary data was acquired from NIP's annual reports covering a period of 5 years (2017-2021). Seven out of eight respondents completed the questionnaire, which is 87.5% of the sample. Quantitative information was displayed as percentages, frequency distributions, means, and standard deviations based on the total replies. Whereas quantitative data was analysed using both correlation and regression. The findings of this study established that larger board sizes are prone to conflicts, making it difficult to reach a consensus. Conversely, a larger board is most likely to possess variable skills and experience to make informed decisions. The study established that board members are appointed by all stakeholders with no direct political influence. Moreover, it was revealed that NIP board members were comprised only of non-executive members. With regards to board committees, it was found that the NIP board operates primarily through committees. However, it was noted that there is no committee for auditing the board of the NIP. The study also establishes that board meetings had a high turnout and that all board members possess the necessary qualifications. Multiple regression analysis revealed that all components of corporate governance had no significant effect on NIP's performance. Finally, the study recommends that the shareholders form an independent audit committee to audit the board committees for accountability.

Table of Contents

List of Tables

List of Figures

List of Abbreviations and Acronyms

ANOVA	Analysis of variance
BoD	Board of Director
CACG	Commonwealth Association for Corporate Governance
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
EM	Executive Management
M	Mean
NamCode	Corporate Governance Code for Namibia
NBC	Namibia Broadcasting Corporation
NDA	Non-disclosure Agreement
NGOs	Non-Governmental Organisations
NIP	Namibia Institute of Pathology
OECD	Organisation for Economic Co-operation and Development
PEs	Public Enterprises
ROA	Return on Assets
SD	Standard Deviation
SPSS	Statistical Package for Social Science
UNAM	University of Namibia

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I dedicate this project to my dear husband Dr. Festus Panduleni Nashima, our daughter Camilla Laimi Nashima and our son Marcello Longeni-Nawa Nashima, for always believing, trusting and encouraging me in all spheres of life. I further dedicate my MBA to My grandmother Kuku Selma Niilonga Johannes who took care of me since I was a kid, she made sure I got the right education and she took care of me throughout my young age. I also dedicate this thesis to the memory of my late parents, my mother Victoria Shuuya and my father Marcus Bauleth, my late aunties Kaarina Shuuya and Loise Shuuya who departed this earth without seeing their daughter's success. Their love and effort shall always be cherished. May their souls rest in peace and rise again in glory!

Declarations

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

………………… 31 October 2022

Signature Date

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

There is a great interest in better performance measurement and management that is linked to questions around corporate governance as well as the continuous search for appropriate ways to deliver public services effectively and efficiently (Grossi *et al*., 2015; Addink, 2019). Corporate governance has recently garnered more attention because of high-profile incidents involving corporate power abuse and, in some cases, alleged criminal behaviour by corporate leaders (Vig & Datta, 2018).

Most companies have established formal systems of accountability, oversight, and control in a form of corporate governance. This is done to avoid unethical and illegal processes in companies. When there is accountability, it helps the key players such as employees, customers, investors, government regulators and other stakeholders to understand the company’s operations and goals (Ferrel & Ferrel, 2011; Sabir, 2021; Doni *et al*., 2022). It is through corporate governance that the company delegates tasks, makes decisions as well as balances power within the institution. Governance also establishes mechanisms to identify risks and take appropriate corrective actions.

The Namibia Institute of Pathology (NIP) is a public entity that is mandated to provide medical laboratory services. It has been in operation since December 2000 with 23 laboratories countrywide. According to the NIP annual report 2017-2018, the number of laboratories has grown to 40 laboratories over the years. It has also extended its service to private healthcare facilities. The company is at the forefront of diagnosing life-threatening diseases like COVID-19, HIV/AIDS, Tuberculosis, Malaria, and other diseases, allowing patients to receive the necessary medical care. NIP has a strategic plan in place which is built on six pillars, namely: quality; market growth; capacity, delivery of service, innovation, and public health. These pillars stand for the key result areas that help to guide the company and they are the core elements in the company's decision-making processes.

1.2 STATEMENT OF THE PROBLEM

The Namibia Institute of Pathology is expected to carry out its mandate as per the established corporate governance code. It should maintain its position as Namibia's best company to work for, as awarded by Deloitte Namibia's Audit in 2017 (NIP, 2018). However, NIP and other public enterprises have been reported with issues related to governance such as allegations of corruption, misconduct, and abrupt contract terminations, inter alia (Asheela-Shikalepo, 2021). This is suggestive of a corporate governance crisis at this company; thus, it can have a direct negative impact on the company's performance and policies aimed at promoting good governance.

According to Guluma (2021) there is some evidence that poorly-governed firms have lower operating performance, lower valuations, and pay out, less dividends to their shareholders. This study aimed at reviewing and evaluating the corporate governance mechanisms of the NIP, based on elements such as board size and composition, independence of the board, frequency of board meetings and their impact on NIP's performance. It is believed that the findings will make a significant contribution to the performance of the NIP and other Namibian Public Enterprises (PEs).

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to assess the impact of corporate governance on the performance of the NIP

The specific objectives of the study are:

a) To analyse the impact of board size and composition on the performance of the NIP
b) To determine the impact of the independent board and committee on the performance of the NIP
c) To assess the impact of the frequency of board meetings on the performance of the NIP

1.4 SIGNIFICANCE OF THE STUDY

The study revealed important knowledge gaps related to understanding key elements of corporate governance that can explain the low level of operating performance in public sector organisations in Namibia. Moreover, this study contributes to the body of corporate governance, evaluation research and particularly adds to evaluation studies of Public Enterprises in Namibia. Furthermore, it examined the corporate performance of the NIP in relation to principles of good governance.

1.5 LIMITATION OF THE STUDY

Response bias may occur because of social desirability, in which individuals may wish to present a favourable image of themselves or the board and hence bend the facts to look good. As a result, the researcher assessed the validity of the outcome, which yielded a coefficient value of .71, which was considered acceptable and appropriate for the purpose. Furthermore, the researcher analysed the data received from other board members and found no obvious inconsistencies.

1.6 DELIMITATION OF THE STUDY

The scope of this study was limited to the NIP as one of the Public Enterprises in Namibia. Therefore, it does not cover corporate governance issues of all Public Enterprises. The data was collected from key informants in corporate governance, namely: the board of directors of the NIP and the company's CEO. Thus, it does not include views of the overall NIP employees and the Namibian government at large. The study only focused on the relationship between corporate governance and corporate performance as one of the many aspects of governance in the organisation.

1.7 SUMMARY

This chapter focused on the introduction of the study. It gave insight into the background of the study, by providing a comprehensive understanding of the corporate governance of the NIP. The problem statement followed, and thereafter the study's purpose, significance, limitations, and delimitations were discussed. The next chapter presents the literature review of the study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter covers literature review in relation to the research problem at hand. Firstly, it gives an in-depth definition of corporate governance, outlines a historical concept of corporate governance, and then it provides a theoretical review by means of prior studies on the subject matter. This chapter also discusses the corporate governance theories in relation to the study as well as the corporate governance model. Furthermore, it provides a conceptual framework and identified the gaps in the literature. It also discusses the importance of corporate governance and zooms into corporate governance for Namibian Public enterprises. The chapter concludes with an overview of the governance structure at NIP.

2.2 CORPORATE GOVERNANCE DEFINITION

The term corporate governance became popular in the 1990s, following the publication of the Cadbury Report in the United Kingdom in 1992 (Tricker, 2015). According to Amara (2021), corporate governance is defined as the management of a company's relationships with its shareholders, management, and stakeholders, with the goal of providing a structure to set and achieve the company's objectives. Zingales (2018) defined corporate governance as a complex set of constraints that form the ex-post bargaining over the quasi-rents generated by a company.

Defining corporate governance varies depending on the context and culture as well as the researcher’s perspective (Ishekwa, 2019). O’Connell and Ward (2020) argues that a company’s responsibility is mainly to maximise the shareholder’s values, however, Paine and Srinivasan (2019) argued that a company does not only have a shareholder’s obligation but operates in favour of all stakeholders who contribute immensely to the success of the company. Henry (2008, as cited in Amunyela, 2019), views corporate governance as a process whereby firms are made responsible to the rights and wishes of stakeholders.

Based on Ishekwa (2019) corporate governance is a system that entails striking a “balance between economic and social goals and between individuals and communal goals, the aim is to align as nearly as possible the interests of individuals, corporations and society”. He further quoted the OECD’s 2004 detailed definition of corporate governance as “the system by which business corporations are directed and controlled, the corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, and shareholders and spells out the rules and procedures for making decisions on corporate affairs”. For this study, Ishekwa's definition was adopted because it is comprehensive in its approach and covers aspects of how organizations are managed and controlled under the watchful eye of the organization's board.

2.3 HISTORY OF CORPORATE GOVERNANCE

Corporate governance date back to the 16th and 18th centuries with companies such as the Hudson’s Bay Company, East India Company and several charted companies (Price, 2018). A rule passed in 1919 in the Michigan Supreme court in the case of Dodge v. Ford Motor co. indicated that business exists for the shareholders’ profit and therefore the board of directors should focus on that objective (Ferrel, Fraedrich & Ferrel, 2011). Although the concept and systems of corporate governance have existed for centuries, the term has not come to life until the 1970s. The term corporate governance was only used in the United States of America by that time (Cheffins, 2011). The financial crisis that occurred in the early 1990s made corporate governance a topic of interest to academics, executives as well as investors (Ishekwa, 2019). Corporate governance then became an international agenda as an integral part of financial reform. In Africa, the term corporate governance emanated from the Kings Report which was issued in 1994.

In the early 21st-century corporate governance become a sensitive subject because of the collapse of large corporations such as ENRON Corporation which was an American energy, commodities, and Services Company based in Houston, Texas during the late 20th century. Between 2000 and 2002, Enron committed one of the largest accounting scandal frauds in history, resulting in the passage of the Sarbanes-Oxley Act in 2002 (Farrell, 2005). Corporate governance became crucial in restoring public trust in large corporations and financial markets as a result. Following that, governments around the world began to enact a slew of regulations and policies aimed at preventing corporate scandals, holding companies accountable, and improving their ethical and financial performance (Rezaee, 2007).

2.4 THE THEORETICAL FRAMEWORK

Corporate governance has become an integral part of the discussion when it comes to the issue of PEs management. This term is however not limited to PEs as it extends to the general management of societies, such as major donor funds and other international financial institutions. In terms of PEs, it comes to note that they do represent the country in the global context. A failure or dilemma in a PE, reflects on the country's economy. One perfect example is Air Namibia which prided itself on the slogan, "caring the spirit of the nation". Thus, the liquidation of Air Namibia has been attributed to Namibia as a nation. The PE's governance is therefore not only a matter of that institution alone but an issue of whom it represents as well as they community that they serve. This is the essence of corporate governance in a broader context.

A corporate governance model cannot be a one size fits all approach (Sonmez & Yildirim, 2015). It focuses on two key issues namely the value of shareholders and the role of stakeholders in the management of corporations. Hence, this study's theoretical framework revolves around five theories namely the agency theory, stewardship theory, stakeholder theory, institutional theory, and resource dependency theory.

2.4.1 Agency theory

According to Gillette (2016), the agency dilemma is one of the major issues that companies are faced with, and it lies in motivating the agent to act in the principal's interest rather than simply in the agent's own interest. As the company grows and expands, so is the gap that develops between shareholders and the owners of the company. The agency theory dates back to the early 70s in American literature. It has been developed from the theory of the firm, as stated by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). The theory refers to the relationships between the owners of a company and the directors, relationships incorporated in an agent contract which consists in the principal part that engages the agent part to perform some services on their behalf.

The fundamentals of agent theory can be found in the writings of Smith (1976): "You cannot expect those who manage other people's money to be as careful and caring as it would belong to them. Waste and negligence are present, always, more or less, in the management of every business." Although the development of agency theory is found only in the 70s, the idea of separating the control government has been highlighted since the 30s by Berle and Means (1932). Based on the findings of these authors, the divergence between ownership and control can lead to conflict between shareholders and management.

The shareholders / the principals are expecting the directors/ the agents to lead and make decisions in their interest, and the interest of those who have been mandated. The conflict of interests between owners and managers was initially highlighted by Berle and Means (1932) and Smith (1976) followed by Ross (1973) and then expanded by Meckling (1976). Agency theory triggers the need to harmonize the interests of managers with those of shareholders. This aims at maximizing the company value without affecting the competing interests of managers in different decision-making circumstances. However, several authors, criticized the agency theory (Yusof, 2016; Bower & Paine, 2017). Bower and Paine (2017) contend that the agency theory should be replaced with a better system since it is no longer an accurate representation of the current corporate environment in which the board watches over the organisation and is thus ineffective as a tool for managing managers and reducing the possibility of their misusing their position. Yusof (2016) reiterates that due to the fact that corporate governance does not take place in a social vacuum but rather is influenced by a number of other institutional elements as well as the local environment, agency theory is unable to give adequate knowledge on many practices-related concerns. So, different viewpoints or theories, such institutional theory, should be used by the academics in order to better understand corporate governance in emerging nations.

2.4.2 Stewardship theory

The stewardship theory is rooted from social sciences. It originates from psychology and sociology with an assumption that managers are faithful, responsible, and effective and hence can be entrusted with administrators of the resources. It describes the role of executive management such that they should act in the interest of the shareholders by maintaining and developing the company's value.

According to Castrillón (2021), a steward works in favour of shareholders and maximizes their wealth which in turn maximized utility functions. From this perspective, directors and managers work for shareholders ensuring the growth of shareholders' wealth. The stewardship theory is related to the foundation of work motivation theories by McGregor in the '60s, specifically to the Y Theory that assumes that executives are logical beings, hence it is not necessary to excessively track their behaviour as opposed to the assumption of the agency theory (Torfing & Bentzen, 2020). In comparison to the agency theory, whereby managers are tempted to make self-centred decisions and not for the owners, the steward theory assumes that managers act not in their own interests, but they put the company's interests before their personal ones in case of a conflict-of-interest situation.

Stewardship theory considers the board of director structure to be composed of executive members as they know best the company's dynamics thus they can react accordingly (Fulop, 2011). It was further stated that, if the board of directors only comprises non-executive directors, they don't react as promptly to the burning issues of the company. Mira *et al.* (2019) also expressed, non-executive directors, can only monitor the maximization of the company performance on a short-term basis as compared to the executive. Though Stewardship theory has been suggested as an alternate strategy to Agency theory, it is similarly vulnerable to criticism because it is founded on radical but distinct assumptions (Chrisman, 2019). The limitations of stewardship theory is the trust issue because managers may sometimes exploit their position for personal gain (Chrisman, 2019; Tilba, 2022).

2.4.3 Stakeholder theory

The term "stakeholders" refers to people, groups, or institutions that have an impact on the company's activity or can be influenced by the company (McGrath & Whitty, 2017). This includes the owners, shareholders, investors, business partners, employees, customers, suppliers, competitors, the government, local government, Non-Governmental Organisations (NGOs), pressure groups, communities, and media. Each of them somehow interacts with and influences the operation of the company. Stakeholder theory has shifted the shareholder's paradigm of O'Connell and Ward (2020) who believes that maximizing the financial results for shareholders is the important concern of a company.

Stakeholder theory came about due to the high demand for corporate social responsibility (CSR) in the current context of transition from an industrial society to a new society known as a post-modern or post-industrial or post-capitalist or post-structural society. This new economy is comprised of a complex and profound change in all sectors, with major social and environmental implications in CSR areas. The theory of corporate governance based on maximizing the interests of all stakeholders has proved to be the most efficient in history, not only because it conducts to the economic success of the company, but also because it works to achieve a competitive advantage due to gain people's trust and consequently a goodwill on the market (Clarke, 2004).

Stakeholder theory detractors claim that it is impossible to fairly balance the requirements and interests of the numerous stakeholder groups (Freeman *et al.*, 2020; Valentinov, 2022). This is because according to the stakeholder theory, stakeholders represent a number of significant and varied groups (McGrath & Whitty, 2017), and one or more of those groups will unavoidably lose out on important decisions at some time.

2.4.4 Institutional theory

According to Crouch (2006, as cited in Ishekwa, 2019) this theory is not only well established in the context of social science. The Institutional Theory consider institutions' rules and norms established, as well as what causes them who they are. It is widely acknowledged that firms' behaviour is governed by their institutional environment or fields, which include the organisation's social context, the scope of its activities, and its network of social responsibilities (Dash, 2000, as cited in Ishekwa, 2019). On the other hand, the presence of external factors encourages organisations to practice social responsibility, this is according to Nieto (2008, as cited in Ishekwa, 2019). He went on to say that the roots of institutional theory run deep through the formative years of the social sciences, enlisting and incorporating scholars' creative insights. Institutional theory is concerned with a more profound and resilient aspect of social structure.

The main critiques of institutional theory have been its ideas of institutionalization's lack of consideration for strategic behaviour and the exercise of influence, as well as its assumptions regarding organizational passivity (Mohamed, 2017). Munir (2019), reiterates that institutional theory cannot be taken seriously unless they recognise and address the greater power disparities within the organisation.

2.4.5 Resource dependency theory

According to the resource dependence theory is that allocating resources improves organisational functioning, firm performance, and firm survival (Mentari *et al*., 2019). The "resource dependency theory" focuses on the role of board directors in providing access to resources required by the enterprise, according to Abdullah and Valentines (2009, as cited in Limbo, 2019). They go on to say that the resource dependency theory is similar to the stakeholder theory in that directors are influenced by external forces when it comes to securing and allocating resources to the enterprise.

On the other hand, Hillman *et al.* (2000) pointed out that the board of directors brings resources to the firm such as information, skills, and access to key constituents such as suppliers, buyers, public policymakers, social groups, and legitimacy. However, it is important to note that resource dependence grows as the demand for resources grows and alternative sources of resources become less available. Since external actors can be unpredictable, and firms are frequently unable to control those actors' behaviour perfectly, resource dependence is frequently accompanied by uncertainty (Hillman *et al.,* 2000).

According to a number of scholars, the idea of resource dependency can make a company's position less secure (Yli-Renko *et al.*, 2020; Sutton *et al.*, 2021). For instance, managers may spend a lot of time planning preventative actions in the event that there is a supply or provider issue. This can take valuable time away from managing other aspects of the company's business strategy. Sutton *et al*. (2021) assert that excessive dependency breeds uncertainty, which puts companies at danger of outside control. The way things operate, such as how funding is provided to projects or employment choices are made, may be significantly impacted by these external controls, which may be implemented by the government or other organizations (Sutton *et al*., 2021).

2.5 ELEMENTS OF CORPORATE GOVERNANCE

2.5.1 Board size

Board size is defined as the number of directors on the board. It is one of the important factors in determining the effectiveness of the board. Yan *et al*. (2021) argued that a larger boards will have more agency costs, and can be less effective as opposed to small boards as they are mostly associated with issues such as social loafing and higher coordination costs. Muchemwa *et al*. (2016) on the other hand indicated that a bigger size board of directors may improve the company's board effectiveness. A larger board supports the management in reducing the agency costs that come as a consequence of poor management and thus leads to better financial results. The larger board the board, the more agency problems may increase. There may be issues of directors tagging along as free riders, this may result in less accountability. A very small board may lack inclusivity and there may be no needed experts to offer advice and opinion as opposed to having larger boards. However, if the board becomes too big to manage and it becomes more of a symbolic role rather than fulfilling its mandate. The existing relationship between board size and company performance turns out to be inconclusive.

2.5.2 Board independence

Boss and Philips (2016) stated that the independence of the board of directors is an added value to a company in the sense that it enhances responsibility and provides sound judgment of self-governance. They further indicated that board independence works in favour of business network connections between the board and executives and moderates the power of the CEO and chairman of the board. When the board is comprised of non-executive directors who are independent of the management, it can be beneficial to the company's financial performance as they tend to work better on the company value. Ramachandran (2015) found a negative effect of the board of directors' independence on a company's financial performance. It revealed that the companies that increase the proportion of independent board members are performing poorly as it is compared to other companies. It shows that if the board is highly independent, then the board members do not depend on the CEO and management due to its composition issues. The non-executive members are not involved in the daily company operations, but they are more likely to think more independently when it comes to the company's financial performance (Ramachandran, 2015). Few researchers do not show the effect of non-executive directors on the board and the company's performance (Armstrong, 2015). However, there are also a number of researchers that do not show any improvement in the company's performance based on non-executive board members.

2.5.3 Board diversity

Diversity is a combination of people with various factors that set them apart or bring them together in one way or another (Ghairat, 2020). There are two types of diversity namely, demographic, or observable diversity which refers to gender, age, culture, race and ethnicity; and cognitive diversity or less visible which refers to education industrial experience, organisational functional and occupational background. Gender diversity is significantly increasing, and there has been significant progress in female representation on the board of directors. Board gender diversity is a significant aspect of corporate governance as it is defined as the presence of female directors on the board of directors' corporations (Muchemwa *et al*., 2016).

Many researchers indicated that there is a positive relationship between company performance and gender diversity on the board of directors of the company (Chappi & Humphrey, 2014). Although there are a few researchers with conflicting results, it is evident more are leaning on the positive side.

2.5.4 Frequency of board meetings

Board meeting is a meeting held by the company's board of directors at certain times of the year to discuss the company's related issues and policies. These types of meetings are vital to the company because people in charge of the company get a change to define and discuss issues pertaining to the company. Every resolution passed or decision made during the exercise is legal and becomes operational in the company.

Board meeting frequency is referred to the number of meetings held during a year. There has been a consistent argument in literature with regard to the essence of board meetings and the performance of the board. Some scholars believe that for board members to effectively fulfil their functions of strategy setting and management monitoring, there is a need for frequent meetings from time to tie (Barroso-Castor, 2017). On the contrary, other scholars are of the view that frequent meetings can lead to wasting managerial time and an increased financial burden in terms of traveling expenses and board sitting allowance given to each board member. It is stated that more frequent board meetings do not improve performance, but the quality of such meetings does (Oyerinde, 2014).

2.5.5 Board committees

The board committees have become a more regulated and formal component of the board of directors in the world today. Most of the studies in corporate governance focus on the board of directors as the main of the study. There are few studies on board committees, which have predominantly examined the effect of the characteristics of a single committee on performance. A study by Stiles (2013) indicated that the most relevant board decisions are made in committees and not in the whole board setting. It further stated that "there is a positive relationship between the expertise and independence of board committees and key effectiveness measures, although process research determines that there are tensions which committees face."

2.6 ROLE OF THE BOARD OF DIRECTORS

The board is placed in a central position to balance the interest and conflicts in different companies as failure to balance these may result in failure to maximize shareholder wealth. Other than directors, managers of corporations are the shareholder's fiduciaries. They are trusted to use due care and loyalty by acting in the best interests of the organisations. This comes with a duty of diligence to make informed and prudent decisions (Ferrel, Fraedrich & Ferrel, 2011).

According to King's report as stated by Wixley and Everingham (2010), directors should exhibit the following characteristics:

- **Competence:**

They should have a great understanding of the financial, industrial, and social environment of the company as well as the effect of the economy on the business. They are able to take informed decisions; therefore, they should acquire the necessary information and documents to make sound and timely decisions.

- **Commitment:**

Make time to properly carry out their duties. Attend meetings regularly and be diligent in giving responsibilities to meaningfully contribution to the company. Strive to increase shareholders' value with due regard to other stakeholders' interests.

- **Fiduciary responsibilities**

Be able to work in good faith, honesty, and integrity, acting independently from external influences. They should always act in the best interests of the company. Disclosing potential conflicts as early as possible and avoiding conflicts of duties and interests. They always stand their ground and should disagree with colleagues on the board when they see fit.

- **Oversight**

Ensure that there are procedures and systems in place to act as checks and balances on information received, ensuring the preparation of annual budgets and forecasts against which performance can be monitored. They should have confidentiality on sensitive matters and avoid divulging them to anyone without having the authority to do it. When in doubt, they seek independent professional advice as soon as possible.

Wixley and Everingham (2010) further mentioned five broad categories of liability:

- Breaching of fiduciary duty, or a failure to perform with due care and skill in relation to common law principles.
- Knowingly acting when not properly authorized.
- Defrauding a creditor, shareholder, or employee.
- Being party to the issue of false or misleading financial statements
- Having been at a meeting or participated in a decision without voting to the contrary led to a contravention of the Act.

King III suggests that board effectiveness can be improved through regular reviews. Board appraisals should be done regularly to improve the effectiveness. It is suggested that it can be done once a year and may be carried out by external consultants who can bring an objective view to help identify possible areas for improvement. In terms of internal evaluation, the chairman, company secretary and nomination committee should take charge of the process. Thereafter, the board can discuss the evaluation results and perform remedial actions such as additional training or induction courses (Wixley & Everingham, 2010).

When carrying out board performance evaluation, it should be noted that the real measure of success is the output. The first areas to examine are the strategy, vision, and goals. A board is not usually responsible for the entire process of strategy formulation; its main job is usually to examine the plans put forward by management in a robust but constructive manner. It follows that one of the first things to be assessed about a board is the board members' level of understanding of the company's business. This assessment should include the quality of the information distributed to the board by management.

If the board is too large or too small, this factor alone may hamper its effectiveness. Aspects such as the time allowed for meetings, who should attend, how agendas are set, the comprehensiveness of board papers, their distribution in good time, venues and other arrangements for meetings must all be properly dealt with to ensure that meetings are effective.

2.7 FEATURES OF GOOD CORPORATE GOVERNANCE

A company with a balance of good corporate governance structure and a healthy corporate culture is more likely to be sustainable, have long-term economic stability, and have better access to the capital market good corporate governance enhances accountability, transparency, confidentiality, and competitiveness. Corporate governance is not a one-size-fits-all solution for any corporation to resolve agency conflicts, however, it should be goal-specific and relevant regardless of the industry in which the company operates.

To have effective corporate governance and subsequently reduce agency dilemmas in the company, the following characteristics are important:

- Promoting a reporting system: First, having a good reporting system in place allows for visibility and gives a comprehensive view of how the organization is performing. Secondly, business reports are a vital and significant source of information to all the stakeholders, these information may include company's finances, business tactics, and future plans and goals for expansion.
- Demonstrating transparency: It is essential for the principal and the agent to communicate openly and honestly with one another in order to minimize the likelihood of agency issues developing.
- Showing accountability: Making organisation employees responsible for their action essentially encourages them to value their job and take ownership of achieving the organization's goals.
- Meeting audit requirements: This may prevent issues of conflict of interest within the organisation.
- Having independent directors: Instead of a board made up of dependent directors, the organization would be better suited to have independent directors supervise the CEO, which might help with agency dilemma problems.
- Avoiding duality by having a chairman who is not the CEO of the company: Agency theory claims that duality encourages CEO entrenchment by weakening board oversight, therefore it should be avoided.

- Complying with all regulations and legal requirements: Agency issues can be minimized by complying with rules and legal requirements or by rewarding an agent for acting in the principal's best interests.
- Adhering to corporate governance principles and codes: Adhering to the standards and principles of good governance can help an organization deal with its agency conundrum problems.

According to Matipira (2015) an effective board should constitute a team that is well-balanced in all its characteristics. There should be balanced competencies, objectivity and commitment. The characteristics should be in line with the company's mission.

2.8 THE STATE OF GOVERNANCE FOR NAMIBIAN PUBLIC ENTERPRISES

The guide to the Namibian Economy (2017) states that since independence, the government of the republic of Namibia has devoted attention to the formulation and policy development of PEs (formerly known as parastatals). This resulted in a major increase in PEs from 12 in 1990 to 45 in 2003. According to published information, Namibia has 72 PEs (Sherbourne, 2017). . These PEs have been used as an important training ground for new Namibian professionals (Sherbourne, 2017).

Many Namibian public enterprises have been plagued by board mismanagement and corruption in the past (Asheela-Shikalepo, 2021). This trend has been accelerated by political interference in boards and the appointment of board members based on political considerations rather than qualifications. The newly established Ministry of Public Enterprises, which has revoked the appointment system, is currently revamping this practice. In the previous recruitment system, the State-Owned Enterprise Governance Council's secretariat drafted a list of requirements and a list of names to recommend for the position in collaboration with the line minister. The council would provide recommendations to the Minister, who would appoint the board members (Weylandt, 2017). The Ministry of Public Enterprises has developed principles, policy frameworks, and directives that must be followed, and the process must be formal and transparent for stakeholders to have faith in it (Weylandt, 2017).

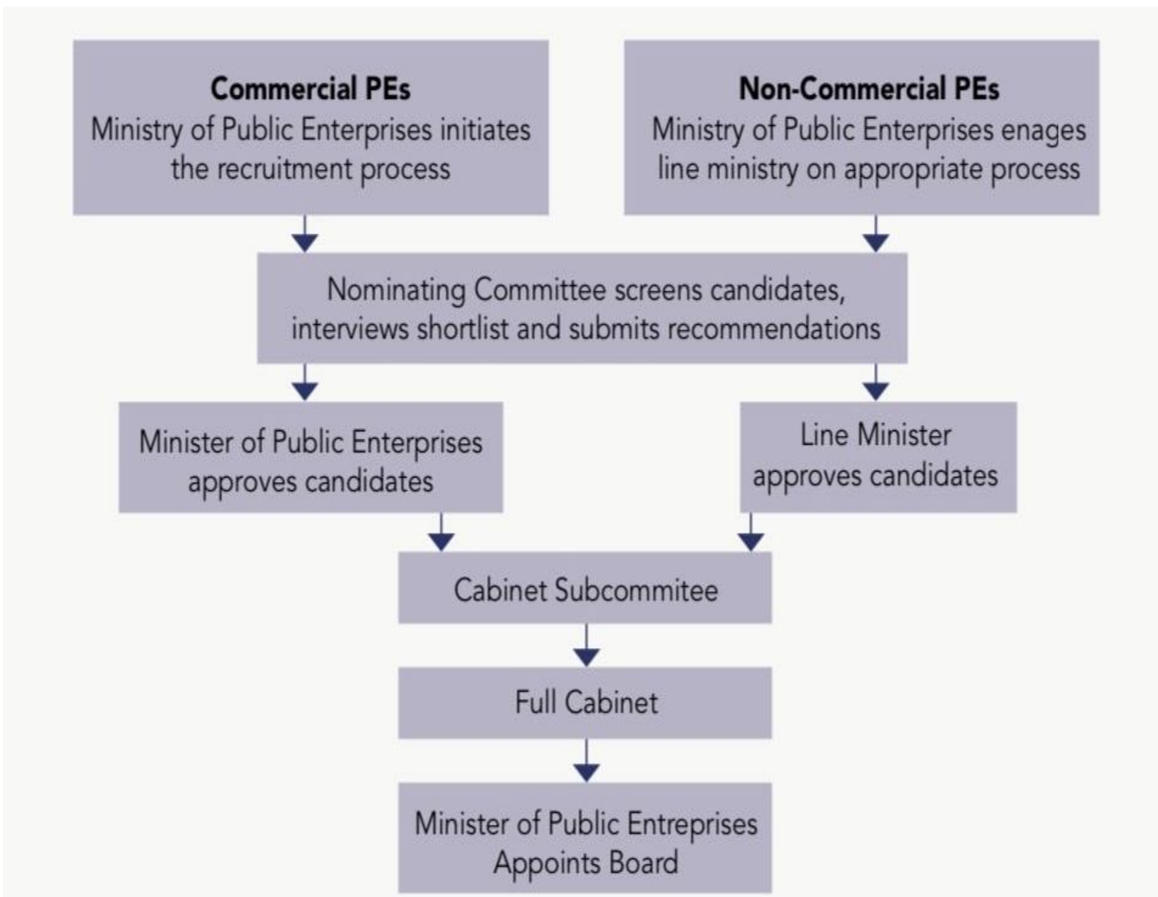

Figure 2.1. The process of Board Appointment (*Source: Ministry of Public Enterprises, "Principles, Policy Frameworks and Directives for Public Enterprises in Namibia" P.49***)**

In 2015, the Public Enterprises Governance Amendment Act replaced the State- Owned Enterprises Governance Council and created the Ministry of Public Enterprises. This legal amendment led to the Minister of Public Enterprises and his team coming up with a reformed model termed the 'Hybrid Governance System' which was introduced in 2016.

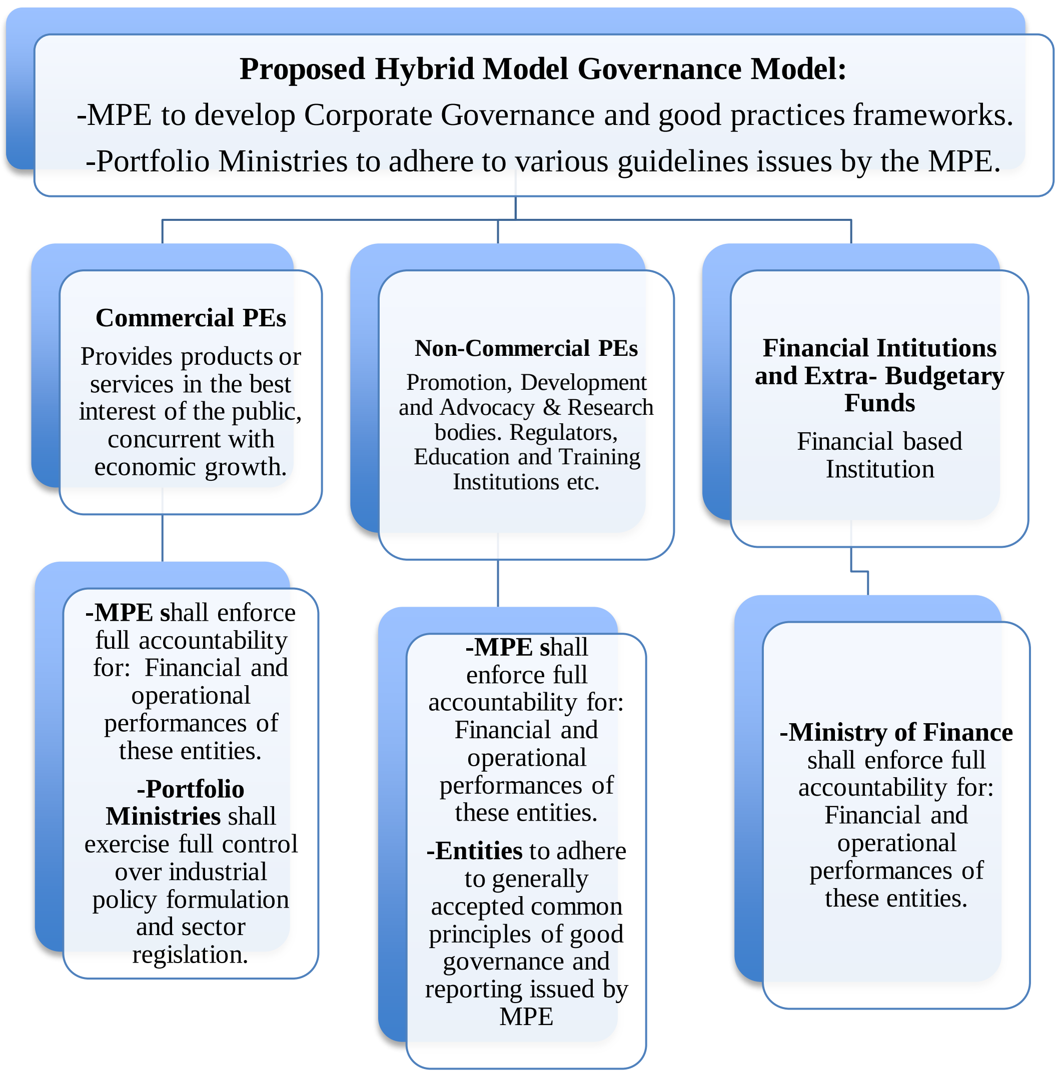

Figure 2.2. The Hybrid governance model

Guldbrandsen (2011) explains that a hybrid institution is one that exists between or across sectors, government departments, and geographic units, or combines the governance regimes of "traditional dichotomies" such as the state and the market. Commercial public enterprises, non-commercial public enterprises, and financial institutions can all benefit from a hybrid model (Figure 2.2). Under the hybrid Governance Model system, the Ministry of Public Enterprises would become the full shareholder of all commercial enterprises (with the potential to generate profit), while non-commercial enterprises (mostly dealing with regulatory aspects) would be under the respective line ministries, and financial enterprises would be under the Ministry of Finance. It should be noted that, in addition to these classifications, portfolio ministries are still in charge of the regulatory aspects of their respective sectors (Limbo, 2019; MPE, 2019).

A commercial public enterprise is defined as a state-owned and/or controlled entity that, guided by market principles, provides a product or service in the best interests of the public while promoting economic growth and fulfilling its mandate. Whilst a non-commercial public enterprise would be any other entity that is not of a financial nature (MPE, 2019). Table 2.1 shows entity groupings based on the hybrid model.

Table 2.1. Classification of PEs based on a hybrid model

Commercial Pes	Non-Commercial Pes	Financial Institutions and Extra Budgetary funds
• Air Namibia • Epangelo Mining • Henties Bay Waterfront • Luderitz Waterfront • NamCor • Namibia Airport Company • Namibia Industrial Development Agency • Namibia Institute of Pathology • Namibia Ports Authority	• Accreditation Board of Namibia • Communications Regulatory Authority of Namibia • Diamond Board of Namibia • Electricity Control Board • Fisheries Observer Agency • Karakul Board • Meat Control Board • Namibia Agronomic Board • Namibia Fish Consumption Promotion Trust • Namibia Press Agency	• Banks • Road Fund Administration • Motor Vehicle Accident Funds

• Namibia Wildlife Resorts • NamPost • NamPower • National Fishing Corporation • Roads Authority • Roads Construction Company • TransNamib Holdings • Zambezi Waterfront	• Namibia Statistics Agency • Namibia Training Authority • National Arts Gallery • National Commission on Research, Science and Technology (NCRST) • Namibia Broadcasting Corporation (NBC) • University Namibia (UNAM)	

Source: MPE (2019, p 10)

2.9 THE GOVERNANCE STRUCTURE AT THE NAMIBIA INSTITUTE OF PATHOLOGY

According to the Namibia Institute of Pathology Act (Act No. 15 of 1999) and the Companies Act (Act No. 61 of 1973), The NIP is governed by a non-executive seven-member Board of Directors including the board chairperson appointed by the Minister of Health and Social Services. The issue of board size is hotly debated and is still a topic of academic discussion. Several academics have claimed that the larger the board, the less effective it is and the more difficult it is to control. In this case, it is believed that 7 board members are a reasonable and sufficient size in terms of NIP.

The current board members were appointed in January 2020 for 3 years. They consist of 4 women and 3 men which is a fair case on gender representation. Analyzing their profiles based on reports and the industry in which they operate shows that they have relevant experience and appropriate qualifications to bring a diverse set of skills to the company. The team consists of a Medical Doctor and a Medical Technologist who in the researcher's opinion are a perfect fit for the company as they bring in the medical and laboratory wealth. There is also a health executive director who not only has sound knowledge of government ministerial issues, but he serves in the health ministry, which is a line ministry for NIP, hence, he comes in as the ex-officio. Other team members have financial, business, and legal backgrounds respectively.

The NIP's organogram consists of an executive management committee, which includes the Chief Executive Officer (CEO), who is responsible for the company's strategic leadership as well as day-to-day operational management. The other management team members are;

- Chief Operations Officer
- Chief Strategy & Business Development Officer,
- Chief Financial Officer
- Chief Human Capital Officer
- Chief Technology Officer
- Senior Manager Quality Assurance
- Senior Manager Technical Operations
- Senior Manager Specialized Services

This team is in charge of the institution and is a key determinant in the company's decision-making processes, as well as ensuring that NIP achieves its strategic objectives. They report regularly to the board of directors through the CEO.

2.10 CONCEPTUAL FRAMEWORK

A conceptual framework is a representation of the expected relationship between variables, or the characteristics or properties of variables that aid in visualizing and implementing the research. It also helps to best explain the natural progression of the phenomenon under investigation. (Imenda, 2014; Shikalepo, 2020). The conceptual framework was developed based on a thorough review of the literature (Wixley & Everingham, 2010; Oyerinde, 2014; Matipira, 2015; Boss & Philips, 2016; Barroso-Castor, 2017). This study considered five major factors which can influence corporate governance which were evaluated to determine their impact on the corporate governance of NIP. The five factors include board size, board composition, board independence frequency of meetings and board committees (Figure 2.3).

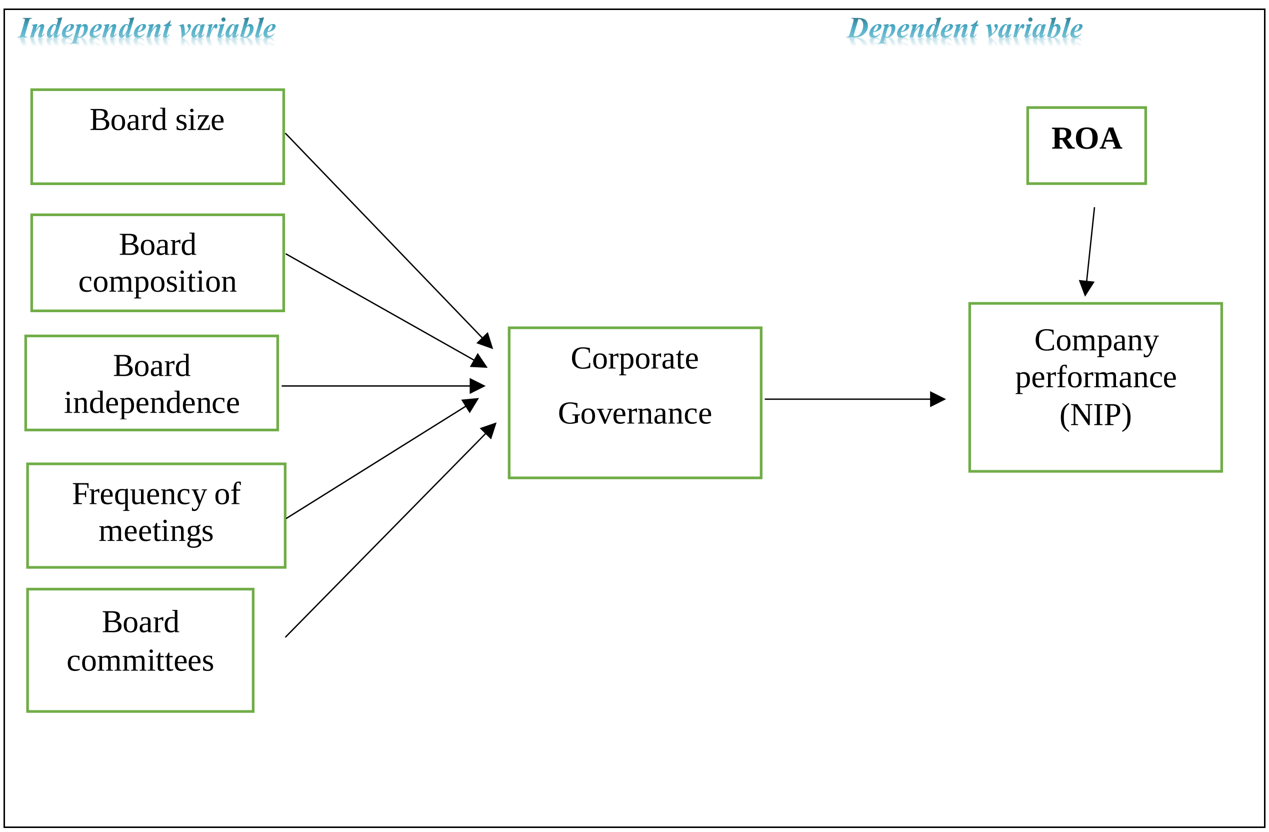

Figure 2.3. Relationship between corporate governance and company performance

It was theorised that corporate governance is influenced by several factors which subsequently impact the company's performance. Based on this study, corporate governance is an independent variable and company performance is the dependent variable. The independent variable has five measures namely: Board size, Board composition, Board independence, Board committee and frequency of meetings. NIP’s performance was measured based on Return on Assets (ROA); a tool used to measure how well a company utilised its assets to generate income (Tamplin, 2022).

2.11 RESEARCH GAP

Based on the literature, this study identified some gaps, which were then addressed by this research. Amunyela (2019) researched corporate governance processes in Telecom Namibia. Telecom Namibia, on the other hand, is a private company with the state as the majority shareholder. Therefore, there are possibilities that processes, and elements of governance may differ from those of PEs. Another author Ishekwa (2019) investigated the impact of corporate governance on the performance of Air Namibia. The study focused on the performance of Air Namibia in general with more focus on financial performance. It did not stick to one type of performance (financial or operational). Moreover, the study was based on the transport industry. A similar study in another area of practice for instance health industry is needed.

Moreover, Mohan (2018) investigated the effects of corporate governance on firm performance: An empirical study. Instead of a comprehensive study on a single company, the study focused on different companies to determine the effects of corporate governance on performance. Shahid (2018) conducted a similar study in Pakistan, but this study did not consider the factors that influence corporate governance practices. In Ethiopia, a related study was conducted by Getachew (2014) on selected insurance companies. The data collection method for this study was mainly on document analysis based on the annual reports of companies in Ethiopia. The study should have used both primary and secondary data to be inclusive of management and board of directors' perspectives.

To help address gaps in the literature, this study used NIP, a public enterprise entity in the health industry. Furthermore, this study considered major factors that influence corporate governance at NIP, and it used primary data from questionnaires administered to NIP's board of directors.

2.12 SUMMARY

This chapter discussed a review of the literature on corporate governance. Literature defined corporate governance as a system that involves striking a "balance between economic and social aims, as well as between individuals and community goals, with the purpose of aligning as nearly as feasible the interests of individuals, corporations, and society." It was reported that corporate governance issues stretch back to the 16^{th} and 18^{th} centuries. Although the notion and processes of corporate governance have existed for millennia, the name was not coined until the 1970s. However, the early 1990s financial crisis piqued academics', executives', and investors' interest in corporate governance. Thereafter, corporate governance was then added to the international agenda as part of financial reform. In Africa, the word corporate governance emanated from the Kings Report which was issued in 1994.

Corporate governance became a contentious subject in the early twenty-first century because of the failure of huge organisations such as ENRON Corporation, an American energy, commodities, and Services Company centred in Houston, Texas in the late twentieth century. When it comes to the subject of PE management, corporate governance has become an important topic of discussion. This word, however, is not restricted to PEs; it also refers to the general management of societies, such as significant donor funds and other international financial institutions. Corporate governance can be related to a theoretical framework based on five theories: agency theory, stewardship theory, stakeholder theory, institutional theory, and resource dependency theory. This chapter also discussed different aspects of corporate governance, such as board size, independence, board composition, meeting frequency, and board committees. Moreover, the characteristics of excellent corporate governance were addressed, as were the background components of corporate governance at NIP. The research gap in the literature was identified and discussed.

CHAPTER 3: RESEARCH METHODS

3.1 INTRODUCTION

This chapter presents information on the type of research design that was utilized in the study, the population and the sample employed by the study. It discusses the data collection, data analysis and data presentation techniques that were used in the study.

3.2 RESEARCH DESIGN

According to McCombes (2019) a research design is a comprehensive plan that includes methods and procedures for collecting, analysing, and interpreting data. Wanyama and Olweny (2013) reiterate that a research design should aim at enabling the researcher to conceptualise an operational plan by utilising the different techniques and required tasks for the completion of the study. They further ascertained that the procedures used should be sufficient to capture valid, accurate and precise responses to the research objectives.

This study adopted a convergent parallel mixed-method approach employing both qualitative and quantitative research techniques to explore the impact of corporate governance on the performance of the Namibia Institute of Pathology. The convergent parallel mixed-method approach is a concurrent approach and involves the simultaneous collection of qualitative and quantitative data, followed by the combination and comparisons of these multiple data sources (Lee & Yun, 2020). The aim of collecting both qualitative and quantitative data was to converge and validate results and merge the two forms of data to have greater insight into the problem as opposed to obtaining either type of data separately. This research design was appropriate for this study because it represents the combination of two types of data (qualitative and quantitative) and can aid in the development of a better understanding of the research objectives.

3.3 RESEARCH PARADIGMS

When it comes to science and knowledge, there are various schools of thought that researchers use to view the world, based on philosophical paradigms. This research employed a pragmatism philosophy to guide it. According to Kaushik and Walsh (2019) the pragmatist paradigm holds that no single point of view can ever provide a complete picture of the worldview and that multiple realities may exist. Pragmatism research was chosen for this study because it considers the use of both qualitative and quantitative methods to determine which works best for the specific research question under consideration (Kaushik & Walsh, 2019). Alternative ideologies include positivism and interpretivism; these approaches utilize a single qualitative or quantitative methodology respectively, which was not the case for this study. This study used an inductive research method, which entails doing focused research before drawing broad conclusions. This approach was appropriate for this study as it entails making an inference based on investigation of data collected for this study.

3.4 POPULATION OF THE STUDY

According to Majid (2017) a population is a group of individuals or units drawn from the general population who share similar characteristics. The target population of this study consisted of eight (8) members of the board of directors of the NIP who are accountable to the owners for the performance of the company. This includes the Chief Executive Officer (CEO), who is a member of the board and also oversees the performance of the company, as directed by the board's overall strategy. The board members of the NIP were considered appropriate for this study because they are responsible for the company's governance.

3.5 SAMPLING

According to Saumya *et al*. (2017) sampling is a technique for selecting a subset of a population to make statistical inferences from the entire population. The study utilised a non-probability sampling method by means of a purposive sampling technique. Bless *et al*. (2006, as cited in Matipira, 2019) indicate that a subset of the whole population whose characteristics can be generalised to the whole population is investigated by a researcher. This sampling technique was chosen because the study wished to reach out to all members of the NIP board of directors.

3.6 SAMPLE SIZE

A sample is a subset of the population selected to participate in a study (Casteel & Bridier, 2021). For this study, the population was manageable, hence the whole population or a census was applied for the study. As a result, the study included eight participants who form the NIP's board and are as such responsible for corporate governance.

3.7 RESEARCH INSTRUMENTS

Canals (2017) states that a research instrument is a device that collects, measures, and analyses data related to a researcher's interests. A questionnaire is an instrument delivered to a number of people in order to collect statistical information (McLeod, 2018). The present study used research questionnaires (See appendix A). The research instruments used in the present study consist of a questionnaire with structured and unstructured questions (See appendix A) to gather primary data using the 5-point Likert scale questions. Structured questions provide quantitative or numerical data, whereas unstructured questions provide qualitative or text information.

The questionnaire was deemed appropriate for this study since it is a quick, efficient, and relatively cheap way of obtaining a large amount of information from a sample of key informants. The questions were designed in a manner which incorporated all the key aspects of corporate governance aimed at addressing the research objectives. The questionnaire covered issues related to corporate governance of the public entity with reference to the King's report (2016), NamCode (2016), the OECD guidelines (2015) and the Commonwealth Association for Corporate Governance, CACG principle (1999).

The research questionnaires were divided into four (4) broad sections capturing the following: (A) Personal data of the participant, (B) Board size and composition, (C) Board independence and Committee, (D) Frequency of board meetings. Moreover, the Namibia Institute of Pathology's annual reports for the past 5 years (2017-2021) were also used to collect secondary data comprising of ordinal datato understand the impact of corporate governance on company performance as measured by the Return on Assets (ROA).

3.8 PROCEDURE

The study utilised both primary and secondary data. Primary data was collected from NIP's board of directors who are responsible for the company's corporate governance. Following the granting of permission from the Executive director of the MHSS to conduct a study with the NIP board of directors, questionnaires were administered by the researcher in person, while for those who were not available in person, they were sent by email. However, because some board members did not respond to emails after two weeks, the researcher hand-delivered some questionnaires to the chairperson of the board, who then distributed them to other board members. Six completed questionnaires were collected over the course of four weeks. The request to participate in research was done telephonically prior to administering questionnaires. To increase accuracy in the research, the questionnaire was simple and short. Secondary data was obtained from NIP's annual reports for the past 5 years (2017-2021).

3.9 DATA ANALYSIS

A Computer-Aided Data Analysis (CADA) programme NVivo 14.0 software was used as an analysis support tool for content analysis of qualitative data. The information gathered from the open-ended questions in the questionnaires was analysed with content analysis using a framework developed by Elo and Kyngas (2008). The analysis enabled the identification of themes and sub-themes that emerged from the qualitative primary data. Descriptive analysis was performed to profile the data which was presented in percentages as well as frequency distributions.

Quantitative data which comprised values of ROA obtained from the past five years' annual reports (2017 - 2021) was analysed using Spearman correlation to measure the strength and direction of the relationship between two quantitative variables. Spearman correlation analysis was suited for this investigation as it measures a linear relationship between two variables using raw data values of ordinal scale variables (Miot, 2020). Board size, board composition, board independence, meeting frequency, and board committees were all independent variables, while ROA was the dependent variable. Each independent variable was examined separately. All statistical tests were performed using the Statistical Package for the Social Sciences (SPSS) software version 28.0 for data analysis. The statistical procedures were applied as part of quantitative data analysis, which included descriptive statistics and inferential statistics with the aim to determine information on the strength and direction of the linear relationship between two variables.

Moreover, to test for the relationship between variables and to help identify how variables affect each other, multiple regression analysis with ANOVA was performed on SPSS using the following equation:

$$NIPP = \alpha+\beta1+X1+ \beta2+X2+\beta3+X3+ \beta4+X4 +\beta5+X5+e$$

Where:

NIPP	= NIP's performance measured by ROA
α	= Constant term (total assets)
βi	= Beta Coefficient of variable I which measures whether there is responsiveness of y to change i
$\beta1+ X1$	= Board size
$\beta2+ X2$	= Board composition
$\beta3+ X3$	= Board independence
$\beta4 + X4$	= Board committees
$\beta5+ X$	= frequency of meetings held
e	= Error term

3.10 RESEARCH ETHICS

As per the guidelines of the University of Namibia (UNAM), research ethics were adhered to at all stages of the research process. Firstly, the researcher sought approval from the UNAM Postgraduate Research Committee for clearance to conduct the study (see appendix C: Research Permission letter from UNAM). Thereafter, the Ministry of Health and Social Services (MoHSS) gave permission for the researcher to conduct research in the Namibia Institute of Pathology (See Appendix D: Research Permission from MoHSS). The company's permission was also granted by the CEO and the researcher signed a Non-Disclosure Agreement (NDA; See Appendix B: NIP Confidentiality and Non-disclosure agreement).

Informed consent was sought from all participants before administering the questionnaire. They were made aware that their participation was voluntary and that they could withdraw at any point during the research. There was no form of deception in the study that could instigate any form of fear and intimidation among respondents. The data collected was kept confidential and was not disclosed to any unauthorised individuals and is being kept in a locked cupboard. Information on the desktop and the laptop is protected with a password. Data will be kept for 5 years and thereafter the researcher will destroy it by shredding and burning. Plagiarism has been avoided at all costs hence, borrowed ideas from other researchers have been well acknowledged.

3.11 SUMMARY

This chapter described the study's research methodology. The study used a mixed-methods research approach to sample both qualitative and quantitative data. For data collection, a non-probability sampling method was employed using questionnaires administered to board members of the NIP. The researcher used NVivo 14.0, an analysis software, applying content analysis to identify patterns from the qualitative data. On the other hand, quantitative data was analysed in SPSS using Spearman correlation analysis. This helped in the determination of the strength and direction of the relationship between variables.

CHAPTER 4: RESULTS AND DISCUSSION

4.1 INTRODUCTION

This chapter focused on the analysis, findings and discussion of the data collected on the impact of corporate governance on performance of Namibia Institute of Pathology. The data was acquired from the persons that form up corporate governance of NIP namely the Board of Directors (BoD) and it's CEO. This was done through questionnaires. The data was analysed using descriptive statistics such as frequencies, standard deviations, means, and percentages before being presented in the form of tables and figures. Following that, the study's findings are presented and interpreted.

4.2 RESPONSE RATE

A total of eight structured questionnaires were administered to the members of the board of directors of Namibia Institute of Pathology and the CEO. The questionnaires were completed by a total of 7 respondents of which six are members of the board of directors and one is the company's CEO. A response rate of 87.5% was achieved. One member of the board did not respond even after following up by the researcher.

Respondents were asked to indicate how strongly they disagreed or agreed with various statements. The statements were rated on a 1-5 Likert scale. The mean scores recorded were interpreted using the following scale (Table 4.1).

Table 4.1. Respondents scored using a Likert scale subjected to the following interpretation

Scale	**Interpretation**
1	Strongly disagree
2	Disagree
3	Neither agree nor disagree
4	Agree
5	Strongly agree

4.3 RELIABILITY TEST

A reliability test was performed using Cronbach's Alpha in Excel which considers taking the average covariance and dividing it by the average total variance. A coefficient value of .71 with 27 items was obtained (Table 4.2). The results showed that the research instrument was at coefficient value of .71 which means that it was acceptable and good for the purpose.

Table 4.2 Reliability statistics

Cronbach's Alpha	N of Items
.71	27

4.4 GENDER DISTRIBUTION

The study sought to ascertain the extent to which different genders participate in the management of the Namibia Institute of Pathology. Figure 4.1 depicts the study findings.

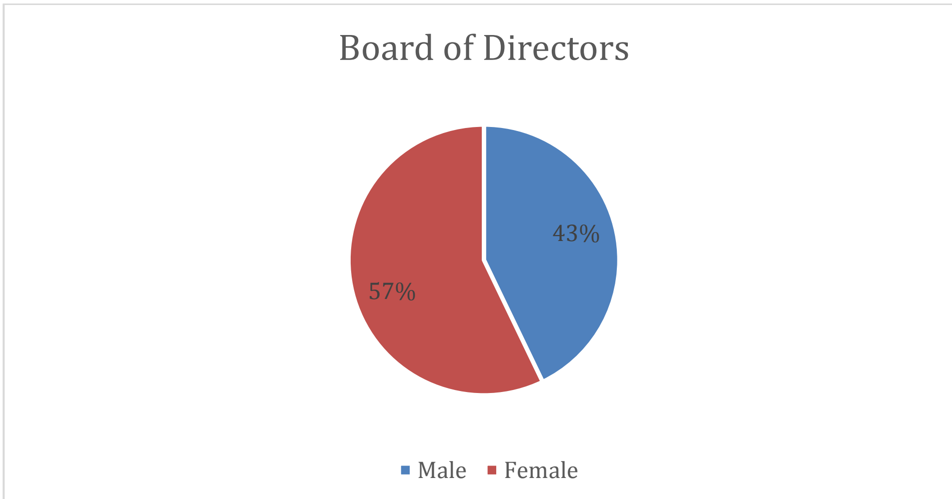

Figure 4.1. Gender distribution of respondents from the Board of Directors of Namibia Institute of Pathology

4.5 AGE CATEGORY

The results derived from this study show that the majority of respondents on the NIP board of directors are between the ages of 40 and 50, accounting for 57% of the total. While 29 percent of respondents are above the age of 50. The age categories of all participants in this study are depicted in table 4.3.

Table 4.3. The age category of all respondents in this study from the board of directors at Namibia Institute of Pathology

Age category	Frequency	Percentage	Cumulative percent
30-40	1	14.28	14.28

40-50	4	57.14	71.42
50+	2	28.57	100
Total	**7**	**100**	**100**

4.6 LENGTH OF SERVICE

The study also looked at how long respondents served as a member of the board of Namibia Institute of Pathology. The results show that all current members of the board of directors and the CEO are relatively new as they served for a period between 1- 5 years. The results are shown in table 4.4 below.

Table 4.4. The length of service the respondents have been members of the board of directors at the Namibia Institute of Pathology

Length of service	Frequency	Percentage	Cumulative percentage
1-5 years	7	100	100
Total	**7**	**100**	

4.7 THE IMPACT OF ELEMENTS OF CORPORATE GOVERNANCE ON PERFORMANCE OF NIP

This study focused on five major corporate governance elements in order to assess their effects on NIP's performance. These elements include the board size, composition, independent, committee, and frequency of board meetings. This section included the qualitative data that was obtained from the questionnaire's questions using a 5-point Likert scale, and it was presented using an aggregate mean and standard deviation (Appendix E). The outcomes of these elements are discussed further below.

4.7.1 Board size

The findings indicated that board size affects the performance of Namibia Institute of Pathology, which is indicated by the aggregate mean (M = 3.3, SD = 1.00; Table 4.5). It was further revealed that a smaller board improves company performance (M = 3.60, SD = 0.98) and that a larger board of directors is likely to have conflicts thus making it difficult to reach consensus (M = 3.30, SD = 1.11). The respondents also agreed to some extend that a larger board covers a wide range of skills by increasing resource availability in the company and subsequently leads to improved company performance (M = 3.10, SD = 1.35). Furthermore, (M = 3.30, SD = 0.76) they agree to a certain extent that a large board improves the performance of the company.

Table 4.5. The impact of Board size on Namibia Institute of Pathology performance

Statement	**N**	**Mean**	**Std. Deviation**
A smaller board improves company performance.	7	3.60	0.98
A larger board covers a wide range skill and increase resources availability in the company, which leads to the improvement of company performance.	7	3.10	1.35
A larger board is likely to have more conflicts among board members thus making it difficult to reach a consensus.	7	3.30	1.11
A large board improves the performance of the company by ensuring objectivity.	7	3.30	0.76
Aggregate Mean		3.3	1.00

According to Yan *et al*. (2021), board size is an important factor in determining board effectiveness. In comparison to a larger board, a very small board may lack the inclusivity and expertise to advise and provide opinion. A larger board, on the other hand, may exacerbate agency issues in an organisation, where the board becomes more of a symbolic role rather than fulfilling its mandate (Muchemwa *et al*., 2016).

4.7.2 Board composition /diversity

Table 4.6 revealed an aggregate mean of (M = 3.90, SD = 0.70) indicating that the respondents agree that the board composition has an impact on the company's performance. They strongly agree on the fact that the board members have a variety of skills required, relevant qualifications and necessary industry experience as shown by (M = 4.60, SD = 0.53), (M = 4.60, SD = 0.53) and (M = 4.30, SD = 1.11) respectively. This supports the resource dependence hypothesis, which argued that a diversified board of directors provides the company with resources like knowledge, skills, and access to important stakeholders like customers, suppliers, policymakers among others (Hillman *et al*., 2000). On the other hand, the respondents disagreed on the appointment of the board being politically influenced. To a certain extent, they agreed that the board has been appointed by all stakeholders (M = 2.60, SD = 0.98).

Table 4.6. The impact of Board composition on Namibia Institute of Pathology performance

Statement	**N**	**Mean**	**Std. Deviation**
The board members have a variety of skills required in the company's governance.	7	4.60	0.53
The board members have been appointed based on relevant academic qualifications.	7	4.60	0.53
The board members have the necessary industry experience to carry out the company's mandate.	7	4.30	1.11
The appointment of the board has been politically influenced.	7	1.70	0.70
The board has been appointed by all stakeholders.	7	2.60	0.98
Both genders are represented on the board.	7	.70	0.49
The board is comprised of people with diverse cultural, religious, and ethnic backgrounds.	7	4.70	0.49
Aggregate Mean		**3.90**	**0.70**

The results further show a strong agreement that the board is represented by both genders and is comprised of people with diverse cultural, religious, and ethnic backgrounds (M = 4.70, SD = 0.49). According to Muchemwa *et al*. (2016), gender balance on corporate boards of directors is an important aspect of corporate governance. Therefore, it is commendable that NIP has achieved gender balance on its board of directors. Overall, a diverse board of directors must include a wide range of perspectives, skills, ages, genders, cultures, and ethnicities to be successful. Therefore, a diverse board of directors is critical as it translates into effective decision-making, guidance, and risk management of the organisation (Chappi & Humphrey, 2014; Hakovirta *et al*., 2020).

4.7.3 Board independence

The results indicate that the respondents agree that board independence has an impact on NIP's performance as expressed by the aggregate mean (M = 4.30, SD = 0.90; Table 4.7). Moreover, the findings of this study revealed that NIP's board is comprised of more non-executive as opposed to the executive (M = 4.60, SD = 0.53), some of which clearly indicated that the whole board is comprised of non-executive members. This observation is a positive aspect of NIP's corporate governance. Respondents agree that the more non-executive directors, the more independent is the board (M = 4.10, SD = 0.90). According to Boss and Philips (2016), having a board of non-executive directors who are independent of management is beneficial to the company because they work better on the company's values and avoid conflicts of interest. On the contrary, Ramachandran (2015) reiterates that having only non-executive members of the board has a detrimental impact on the financial success of a firm since some members might not sufficient knowledge of organisation. Further reiterating this point, Mira *et al*. (2019) state that, in comparison to executive members, having non-executive directors only permits short-term monitoring of the company's performance maximization. While other researchers found no correlation between non-executive board members and firm success (Armstrong, 2015). Although some studies have produced contradicting findings, it is clear that more researchers are in support of having an independent board in an organisation.

Table 4.7. The impact of Board independence on Namibia Institute of Pathology operation performance

Statement	N	Mean	Std. Deviation
Non-executive directors add value to companies by bringing in a different perspective.	7	4.50	0.53
The number of non-executive directors is greater than the number of executive directors.	7	4.60	0.53
The more the non-executive directors, the more independent board becomes.	7	4.10	0.90
Executive directors can handle the affairs of the company better because they have a more in-depth understanding of its operations.	7	3.70	1.50
The CEO has never served as the board's chairperson.	7	4.40	0.79
Aggregate mean		**4.3**	**0.9**

Moreover, in table 4.9 above it was strongly agreed that non-executive directors bring in a different perspective (M = 4.50, SD = 0.53), although at the same time they agree that executive directors can handle the affairs of the company better because they have a more in-depth understanding of its operations (M = 3.70, SD = 1.25). Respondents strongly agreed that the CEO has never served as the board of chairperson M = 4.40, SD = 0.79). This indicated that no record of duality exists at NIP. This is a practice in which the CEO of the company also serves as the chairperson of the board of directors, which can lead to issues with corporate governance in the company (Da Costa & Martins, 2019).

4.7.4 Board committee

According to Chen and Wu (2016), the board functions through board committees. The board committee is a small working group identified by the board, consisting of board members, for the purpose of supporting the board's work. The study's findings revealed that respondents agreed that the number of board committees influences NIP's performance when viewed as an aggregate mean (M = 3.40, SD = 1.00). Table 4.8 contains evaluated statements about the board committee's impact on the corporate governance of NIP.

Table 4.8. The impact of Board committee on Namibia Institute of Pathology performance

Statement	N	Mean	Std. Deviation
The board operates through committees.	7	4.3	0.76
There is a committee that audits the board.	7	2.40	1.27
Audit committees are ineffective in dealing with risk; they are simply overburdened.	7	1.90	1.57
The presence of independent committees improves the company's competitiveness and operational performance.	7	4.30	0.76
The audit committee is independent, financially literate, competent, well-compensated, and well-equipped.	7	4.30	0.76
Aggregate mean		**3.52**	**0.93**

Moreover, the respondents strongly agree that the board operates through committees (M = 4.3, SD = 0.76), however, they disagree that there is a committee that audits the board (M = 2.40, SD = 1.27). Some of which further revealed that the board members do self-audit. In this case, the aspects of accountability may be seriously compromised because the committee will be unable to hold itself accountable. Having an audit committee may help prevent concerns of conflict of interest inside the organization. This can be seen as a weakness in NIP's corporate governance, which might ultimately raise agency difficulties in the firm (Matipira, 2015). On the other hand, respondents also disagree that the audit committees are ineffective in dealing with risk (M = 1.90, SD = 1.50) which means the audit committee is necessary for dealing with risks.

The results further show that there is a strong agreement that the presence of independent committees improves the company's competitiveness and operational performance as indicated by (M = 4.30, SD = 0.76). The respondents also strongly agree that the audit committee is independent, financially literate, competent, well-compensated, and well-equipped (M = 4.30, SD = 0.76). According to Stiles (2013), these are important characteristics of corporate governance for the board to possess as it improves the effectiveness of the board.

4.7.5 Frequency of board meetings

Results from Table 4.9 revealed that participants agreed that the number of board meetings has an impact on NIP's performance as indicated by the aggregate mean (M = 3.20, SD = 1.00). Moreover, the results show that respondents strongly disagree on a low turnout of the board meetings and on whether other members attend board meetings without being gazetted as shown by (M = 1.70, SD = 0.95) and (M = 1.40, SD = 0.79), respectively.

Table 4.9. The impact of Frequency of board meetings on Namibia Institute of Pathology performance

Statement	N	Mean	Std. Deviation
The company has a well-defined board calendar.	7	4.60	0.79
Meetings of the board have a low turnout.	7	1.70	0.95
All of the board meetings have been pertinent to the organisation's mission and vision.	7	4.40	0.79
The board meetings have been presided over by board members who have the necessary qualifications.	7	4.30	0.95
Other members have attended board meetings despite not being gazetted as its members.	7	1.4	0.79
The number of board meetings has an impact on the company's performance.	7	2.9	1.46
Aggregate mean		**3.20**	**1.00**

Findings also revealed that there is a strong agreement (M = 4.30, SD = 0.95) that the board meetings have been presided over by board members who have the necessary qualifications. Furthermore, the respondents strongly agree (M = 4.40, SD = 0.79) that all board meetings have been pertinent to the company's mission and vision. They also neither agree nor disagree (M = 2.90, SD = 1.46) that the number of board meetings has an impact on the company's performance. According to Barroso-Castor (2017), frequent board meetings are required for the board to effectively fulfil its functions of strategy setting and management monitoring. Overall, it is observed that there is minimal variation in the respondent's opinion of the respondents as indicated in table 4.9 above. However, it should be noted that the frequency of board meetings does not, by itself, increase the company's performance; rather, it depends on the quality output of such meetings (Oyerinde, 2014).

4.8. CORRELATION ANALYSIS

The study sought to determine the relationship between various components of corporate governance and the performance of NIP, using Return on Assets (ROA) as an indicator/ independent variable. The ROA figures were taken from NIP yearly reports covering a five years period (2017 – 2021; NIP, 2018). The following corporate governance components were examined separately. This includes the board size, board composition, board independence, number of board committees, and frequency of board meetings. Spearman correlation analysis was performed in SPSS to provide information on the strength and direction of the linear relationship between two variables which comprised five elements of corporate governance and ROA, analysed separately.

The result of the Spearman correlation depicted a negative linear relationship between ROA and frequencies of the board meetings; however, the results were all non-significant ($p>0.05$). Whilst board size, board composition, board independence as well as board committees depicted a positive linear relationship with ROA which were again not significant (Table 4.10). SPSS output of Spearman correlation is also provided in Appendix F.

Table 4.10. **Spearman Correlation between all components of Corporate Governance and Return on Assets of Namibia Institute of Pathology**

Component of Corporate Governance	ROA	
	R	*p-value*
Board Size	0.000	1.000
Board Composition	0.066	0.745
Board Independence	0.013	0.948
Board committees	0.032	0.875
Frequencies of board meetings held	-0.013	0.949

4.9 REGRESSION ANALYSIS

SPSS version 28.0 was used to conduct the multiple regression analysis. Regression analysis estimates parameters in a linear equation that can be used to predict the values of one variable based on the values of another (Pérez-Domínguez *et al.*, 2022). The following are the regression analysis results, which show how variables affect each other.

4.9.1 Model Summary

Table 4.11 displays the results of determining whether ROA is linearly dependent on the independent variables (corporate governance). The study discovered an R = 0.070 correlation between components of corporate governance and ROA performance. This indicated that there is a weak linear relationship between the two variables. The R-square value of 0.005 was established and adjusted to -0.232.

Table 4.11. Model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.070[a]	.005	-.232	6.78157

a. Predictors: (Constant), Frequencies of board meetings, Board composition, Board committees, Board independence, Board size

4.9.2 Analysis of variance (ANOVA)

An analysis of variance was used to assess if there were any statistically significant differences between the means of the independent variables. The ANOVA test yielded a non-significant value of p = 1.000. This shows that the regression model was not significant at 95% confidence level and thus not reliable in establishing the associations between corporate governance and ROA. These results are shown in Table 4.12 below.

Table 4.12. Analysis of variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.765	5	.953	.021	1.000[b]
	Residual	965.783	21	45.990		
	Total	970.548	26			

a. Dependent Variable: ROA

b. Predictors: (Constant), Frequencies of board meetings, Board composition, Board committees, Board independence, Board size

4.9.3 Regression coefficients

The following components represent aspects of corporate governance: board size (t = -0.256, p = 0.801), board diversity (t = 0.182, p = 0.857, board independence (t = 0.220, p = 0.828, board committees (t = 0.296, p = 0.770, and frequency of board meetings (t = 0.223, p = 0.826). The statistical values were greater than the t-value of p = 0.05 (Table 4.13). This demonstrates that corporate governance has a positive linear relation on NIP performance, though not significant, with the exception to board size which showed a negative t value (t = -0.256). The results of the full regression are shown in Appendix G. The regression model expressed that:

NIPP = 12.433 + -5.959 X1 + 0.242 X2 + 1.323 X3 + 0.738 X4 + 0.535 + X5

Where:

NIPP = NIP's performance measured by ROA

α = Constant term (total assets)

βi = Beta Coefficient of variable I which measures whether there is responsiveness of y to change i

β1+ X1 = Board size

β2+ X2 = Board diversity

β3+ X3 = Board independence

β4 + X4 = Board committees

β5+ X = frequency of meetings held

Table 4.13. Regression coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	21.433	49.368		.434	.669		
	Board size	-5.959	23.286	-.137	-.256	.801	.165	6.061
	Board composition	.242	1.332	.046	.182	.857	.738	1.355
	Board independence	1.323	6.019	.077	.220	.828	.383	2.614
	Board committees	.738	2.493	.122	.296	.770	.279	3.584
	Frequencies of board meetings	.535	2.402	.110	.223	.826	.194	5.146

a. Dependent Variable: ROA

Given the ROA as an indicator of NIP performance, it suggests that further unit changes in most components of corporate governance, except for board size, are likely to result in significant improvements in NIP performance.

4.10 SUMMARY OF RESULTS AND DISCUSSIONS

This study investigated the impact of corporate governance on performance at NIP. The study used questionnaires administered to all board members of NIP including the CEO. The response rate was 86%. Respondents provided demographic information such as gender, highest qualification, and the number of years serving on the board of NIP. Based on the results, four out of five elements of corporate governance assessed (i.e., board composition, board independence, board committees, and frequencies of board meetings held) in this study revealed having an impact on the organisation output of NIP. The results indicated that larger board sizes are more likely to have conflicts, making consensus difficult to achieve. It was also noted that to a certain extent the respondents agreed that a larger board improves the performance of the company, most likely by bringing more expertise and experience to the board.

On other hand, respondents also agreed that board diversity had an impact on the performance of NIP as demonstrated by the mean of 3.90 and standard deviation of 0.70. The majority of respondents strongly agreed that the board members have a diverse set of skills, relevant qualifications, and industry experience to assist the board in carrying out its functions and executing informed decisions. However, respondents disagreed that board appointments are politically influenced, stating that board members were appointed by all stakeholders. The shareholders typically elect directors at the annual general meeting (AGM), or in extreme cases, at an extraordinary general meeting (EGM). A vote on the appointment resolution is conducted, and it is deemed successful if a majority of shares cast their ballots in favour (Renneboog & Zhao, 2020; Wijethilake & Ekanayake, 2020).The findings further show that board independence has a strong effect on NIP performance. Moreover, the respondents revealed that the whole board consists of non-executive members who are not part of the management. This finding runs counter to stewardship theory, which contends that executive members should also make up the board of directors since they are best positioned to understand the inner workings of the organisation (Fulop, 2011). Fulop (2011), further claimed that a board of directors made up solely of non-executive members would be less quick to respond to urgent business matters. Respondents further strongly agreed that the CEO has never served as the board chairperson. According to the literature, having separate people in the positions of CEO and Chairperson of the board helps to avoid corporate governance issues in the organisation. The presence of duality in a company is a sign of poor corporate governance and makes it challenging to hold the CEO accountable (Da Costa & Martins, 2019). According to agency theory, duality should be avoided since it weakens board monitoring and promotes CEO entrenchment (Matipira, 2015).

The results of the board committees revealed that the number of board committees has an effect on NIP performance, as demonstrated by the mean of 3.52 and standard deviation of 0.93. It was further revealed that the NIP board operates primarily through committees. However, respondents strongly disagreed that the board is audited by a committee. According to some respondents, the board audits itself, however, this can be viewed as a weakness in corporate governance as the committee because the committee will be unable to hold itself accountable. It is also noted that the presence of independent committees improves the organisation's financial performance, and the audit committee is independent, financially literate, competent, appropriately compensated, and well-equipped. An independent audit committee is necessary to guard against insiders influencing the committee's monitoring and the organization's overall financial status (Lutfi *et al.*, 2022). Thus, establishing an independent audit committee may help an organization deal with agency dilemma-related issues more effectively (Matipira, 2015).

Regarding the frequency of board meetings, respondents strongly agreed that the number of board meetings has an impact on NIP's performance as indicated by the aggregate mean of 3.20 and standard deviation of 1.00. However, respondents strongly disagree on the low turnout of the board meetings and on whether other members attend board meetings without being gazetted. There was also a strong consensus that board meetings were presided over by board members who possessed the necessary qualifications. All board meetings have been relevant to the company's mission and vision, according to the respondents. Finally, it was believed that the frequency of board meetings as long as they result in high-caliber output could have an impact on the performance of the organization. Spearman correlation analysis revealed a negative linear association between ROA and frequency of board meetings held, however a positive linear relationship between ROA and board size, board composition, board independence, and board committees were observed. Unfortunately, all results were not significant. The Analysis of Variance (ANOVA) results in regression revealed a non-significant result with a p-value of 1.000. The goodness of fit model, which established whether various elements of corporate governance (i.e., board size, board diversity, board independence, board committees, and board meeting frequency) have a linear dependence on the independent variable (ROA), shows a weak relationship with a correlation value of R = 0.070. The findings also revealed an R-square value of 0.005, indicating that the ROA as an indicator of NIP performance accounted for 0.5% of the variance. This means that the non-significant effects of corporate governance on NIP performance, can be explained by 0.5% of the variance and the remaining percentage can be explained by factors, which are not captured in this study.

Investors can use ROA to identify promising stock possibilities since the ratio demonstrates how well a business uses its assets to produce profits (Purba & Bimantara, 2020; Kasuma, 2021). Since ROA demonstrates how well a business uses its assets to make profits, investors may use it to identify promising stock prospects. In general, a ROA of over 5% is regarded as good, and one of over 20% as exceptional (Ibendahl, 2018). The ROA for NIP was 0.5%, showing a poor correlation with the variables that were assessed.

4.11 SUMMARY

This chapter presented the results of the study and discussed them in relation to the study's main objective, which was to assess the impact of corporate governance on the performance of NIP. The study's findings demonstrated a negative relationship between ROA and one component of corporate governance, the board frequency. All of the other components of corporate governance demonstrated a positive linear association that was not statistically significant. Regression analysis revealed no significant association between variables. As a result, it is suggested that future studies look into different measures of NIP performance.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This final chapter of the study presents the major conclusions derived from the findings of this study. Furthermore, this chapter provides recommendations based on the findings of this study. Finally, the research provides suggestions for areas for further research.

5.2 MAJOR FINDINGS FROM THE STUDY

The study aimed at determining the impact of corporate governance on the performance of the NIP. The study used Likert scale questions to evaluate various corporate governance statements relating to all five components of corporate governance. These are: board size, board composition, board independence, board committees, and frequency of board meetings. To determine the impact of corporate governance on NIP's performance, correlation and regression analysis were performed using the SPSS software version 22.0.

The first objective intends to investigate the impact of board size and composition on the performance of the NIP. The study's findings, which were gleaned via questionnaires containing Likert scale questions distributed to the board members, showed that bigger boards are more likely to have disputes, which makes it challenging to come to an agreement. It was observed that a larger board was found to improve company performance, most likely by bringing more expertise and experience to the board. The study revealed that the board members of the NIP have a diverse set of skills, relevant qualifications, and industry experience to help the board carry out its functions and make informed decisions. Further revelation shows that appointment of NIP board members is not politically influenced, but they are appointed by all stakeholders on merits. The study employed ROA values taken from the NIP yearly reports to gauge whether the two components of corporate governance (board size and composition) influenced NIP performance. This relationship was not statistically significant.

The second objective investigated the impact of the independent board and committee on the performance of the NIP. Similarly, to board size and composition, ROA as an indicator of NIP performance was not significant for both board independence and the committee at NIP. With regards to the aspects of board independence, it was found that the whole board members of the NIP consisted of non-executive members who are not part of the management. It was further, revealed that there is no issue of duality at the NIP. With regards to board committees, it was found that the NIP board operates primarily through committees. However, it was noted that there is no committee for auditing the board of the NIP.

The third objective considered the frequency of meetings, the study shows a high turnout of the board meetings, and that board meetings were presided over by board members who possessed the necessary qualifications. Furthermore, the board meetings have been relevant to the company's mission and vision. Overall, statistical analysis indicated no statistically significant implications for any of the corporate governance factors examined in this study when related to ROA.

The regression findings show that there is a weak association ($R = 0.070$) between various elements of corporate governance and ROA. Moreover, the ANOVA result indicates a non-significant result of $p = 1.00$. This suggests that when utilising the ROA as a performance metric, the observed impact in all the areas of corporate governance investigated in this study had no effect on the NIP’s performance. As a result, other factors not included in this analysis may explain the impact of corporate governance on NIP’s performance.

5.3 RECOMMENDATIONS

The researcher made the following recommendations to help improve the corporate governance of the NIP. This would be accomplished by implementing the following measures:

1. This study revealed that the board committee conducted a self-audit. To ensure accountability, the researcher makes a recommendation to the shareholder to institute an independent audit committee to audit the board.
2. It was revealed that the board was comprised of members from various cultural, religious, and ethnic backgrounds, as well as gender balances; therefore, the researcher advises shareholders to keep the status quo as it can improve and enhance NIP's corporate governance.

5.4 IMPLICATIONS FOR FUTURE RESEARCH

This study has expanded knowledge perspectives in the field of corporate governance. However, it was observed that ROA might not be an appropriate indicator to relate with various elements of corporate governance on the performance of the NIP. Therefore, future research should consider other performance indicators such as ROI and financial performance to gain a thorough understanding of the performance of the NIP as influenced by various components of corporate governance.

5.5 CONCLUSIONS

This chapter summarised the major findings pertaining to the corporate governance of the NIP. Components of corporate governance considered in this study include board size, board composition, board independence, board committees, and frequency of the meetings held by the board. All elements of corporate governance examined in this study were found to have a non-significant effect on NIP's organisational output. Finally, this chapter included recommendations for future research.

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APPENDICES

Appendix A: Research Questionnaire

Candidate name: Mirjam Zucky Bauleth **Email:** **emzetb@gmail.com** **Cell:** +264 813874400 **Address:** PO Box 1503, Windhoek	NBS NAMIBIA BUSINESS SCHOOL UNIVERSITY OF NAMIBIA

Research questionnaire

Introduction

My name is **Mirjam Zucky Bauleth**, pursuing a Master's in Business Administration (MBA) – Management Strategy with Namibia Business School, University of Namibia. As a partial fulfilment for the requirement of my MBA, I am conducting a study on **"*Assessing the impact of corporate governance on operational performance in Namibia Institute of Pathology*".**

I humbly request you to participate in this study by completing this questionnaire. Kindly note that:

- The data collected will only be utilized for academic purposes.
- All information gathered will be kept confidential and the identity of participants will be kept anonymous.
- Your participation is voluntary and you may withdraw at any point should you feel you do not want to continue without any negative consequence attributed to your withdrawal.
- You have the right not to answer any question, should you feel uncomfortable.

- The survey will take you about **<u>10 minutes</u>** to complete.

This questionnaire consists of **four sections**. Please indicate with a cross (x) on the most appropriate answer.

Section A: Personal Data

Instructions: Please mark the appropriate answer with an (X)

1. Position/role at NIP: ☐ Board of directors
   ☐ Executive management

2. Gender: ☐ Female ☐ Male

3. Age : ☐ 20-30 ☐ 30-40 ☐ 40-50 ☐ 50+

4. Length of service at NIP: ☐ <1 year ☐ 1 -5 years ☐ 6 – 10 years
   ☐ >10 years

SECTION B: BOARD SIZE AND COMPOSITION

Instructions: Please indicate with an (X) the degree to which you agree/disagree with the following statements made on corporate governance practices at NIP.

(i) To analyse the impact of board size on the operational performance at NIP.

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
A smaller board improves company performance.					
A larger board covers a wide range of skills and increase resources availability in the company, which leads to the improvement of company performance.					
A larger board is likely to have more conflicts amongst board members thus making it difficult to reach consensus.					
A large board improves the performance of the company by ensuring objectivity.					

(ii) To analyse the impact of board composition on the operational performance at NIP.

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
The board members have a variety of skills required in the company's governance.					
The board members have been appointed based on relevant academic qualifications.					
The board members have the necessary industry experience to carry out the company's mandate.					

The appointment of the board has been politically influenced.					
The board has been appointed by all stakeholders.					
Both genders are represented on the board.					
The board is comprised of people with diverse cultural, religious and ethnic backgrounds.					

SECTION C: BOARD INDEPENDENCE AND COMMITTEE

Instructions: Please indicate with an (X) the degree to which you agree/disagree with the following statements made on corporate governance practices at NIP.

(i) To analyse the impact of independent board on the operational performance at NIP.

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
Non-executive directors add value to companies by bringing in a different perspective.					
The number of non-executive directors is greater than the number of executive directors.					
The more the non-executive directors, the more independent board becomes.					
Executive directors can handle the affairs of the company better because they have a more in-depth understanding of its operations.					
The CEO has never served as the board's chairperson.					

(ii) To analyse the impact of <u>board committee</u> on the operational performance at NIP.

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
The board operates through committees.					
There is a committee that audits the board.					
Audit committees are ineffective in dealing with risk; they are simply overburdened.					
The presence of independent committees improves the company's competitiveness and operational performance.					
The audit committee is independent, financially literate, competent, well compensated and well equipped.					

SECTION D: FREQUENCY OF BOARD MEETINGS

Instructions: Please indicate with an (X) the degree to which you agree/disagree with the following statements made on corporate governance practices at NIP.

(i) To analyse the impact of <u>frequency of board meetings</u> on the operational performance at NIP.

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
The company has a well-defined board calendar.					
Meetings of the board have a low turnout.					

All of the board meetings have been pertinent to the organisation's mission and vision.					
The board meetings have been presided over by board members who have the necessary qualifications.					
Other members have attended board meetings despite not being gazetted as its members.					
The number of board meetings has an impact on the company’s performance.					

THANK YOU FOR YOUR PARTICIPATION

Appendix B: NIP Confidentiality and Non-Disclosure agreement

Namibia Institute of Pathology Limited

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

Between

NAMIBIA INSTITUTE OF PATHOLOGY LIMITED
(Registration Number: 2000/431)
("the Company/Party Disclosing Information")

A Company duly incorporated in accordance with the laws of the Republic of Namibia.

and

M.Z. BAULETH (MBA MANAGEMENT STRATEGY STUDENT)

("the Party Receiving Information")

1. **INTRODUCTION**

1.1 For the purpose of this Agreement, the party disclosing Confidential Information shall be referred to as "the Disclosing Party" and the party receiving Confidential Information shall be referred to as "the Receiving Party".

1.2 The parties wish to record the terms and conditions upon they are prepared to disclose Confidential Information to one another.

1.3 For the purpose of preventing the unauthorized disclosure of confidential information related to the Namibia Institute of Pathology Limited (NIP) by the Receiving Party.

The parties agree to enter a confidential relationship concerning the disclosure.
1.3.1The Receiving Party will not use the disclosed information for any other purpose than for her Research for her MBA research purpose namely, Assessing the impact-of corporate governance on operational performance in Disclosing Party.
(a)The data collected will only be utilized for academic purposes.
(b)All information gathered will be kept confidential and the identity of participants will be kept anonymous.

1.32 That the Receiving Party shall not use the disclosed information to determine any current and/or future business with NIP.
1.3.3 That receiving Party shall not use the information to determine the relationship of the Disclosing Party with the Receiving Party, employees and/or any of its subsidiaries in whatsoever way.
1.3.4 Save for legal proceeding or when agreed upon with the disclosing Party.

2. **THE DEFINITION OFCONFIDENTIAL INFORMATION**

2.1 In this Agreement the term "Confidential Information" means and shall include all information or material relating to the parties' respective business made available by the Disclosing Party to the Receiving Party including, without limitation, any information that has or could have commercial value or other utility in the business, including those above mentioned under 1.3, among others.

2.2 The aforesaid information will be communicated to all parties either orally or in writing.

2.3 Without derogating from the generality of the above, Confidential Information shall also include data in whatever form, communicated to the Receiving Party or required by the Receiving Party from the Disclosing Party during discussions contemplated in 1.3 above.

3. **DISCLOSURE OF CONFIDENTIAL INFORMATION**

3.1 The parties agree to disclose the Confidential Information to one another to the extent deemed necessary or desirable by each of them in their sole discretion.

3.2 The parties acknowledge that the Confidential Information is a valuable, special and unique asset proprietary to the Disclosing Party.

3.3 The parties agree that they will not, during their discussions with one another or thereafter into perpetuity, disclose the information to any third party for any reason or purpose whatsoever without the prior written consent of the Disclosing Party, save in accordance with the provisions of this Agreement or when compelled by law to do so.

3.4 All Confidential Information disclosed by the Disclosing Party to the Receiving Party is acknowledged by the Receiving Party to be proprietary to the Disclosing Party.

4. **RESTRICTIONS ON DISCLOSURE AND USE OF THE CONFIDENTIAL INFORMATION**

4.1 The Receiving Party undertakes not to use the Confidential Information for any purpose other than that for which it is disclosed and in accordance with the provisions of this Agreement.

4.2 Neither Party shall be entitled to use the name of the other Party in publicity releases or advertising or for other promotional purposes without procuring the prior written approval of the Party concerned.

5 **STANDARD OF CARE**

The parties agree that they shall protect the Confidential Information disclosed pursuant to the provisions of this Agreement, using the same standard of care that each party applies to safeguard its own proprietary, secret or Confidential Information and that the information shall be stored and handled in such a way as to prevent any unauthorized disclosure thereof.

6 **OBLIGATION OF RECEIVING PARTY**

6.1 The Receiving Party shall hold and maintain the confidential information in strict confidence for the and exclusive benefit of the Disclosing Party.

6.2 The Receiving Party shall carefully restrict access to confidential information as reasonably required.

6.3 The Receiving Party shall not, without the prior written approval of the Disclosing Party, use for Receiving Party's benefit, publish, copy or otherwise disclose to others or permit the use by others for their benefit or to the detriment of the Disclosing Party, any confidential information.

7 **RETURN OF MATERIAL CONTAINING OR PERTAINING TO THE CONFIDENTIAL INFORMATION.**

7.1 The Disclosing Party may at any time request the Receiving Party to return any material, records, notes and other written, printed or tangible material containing, pertaining to or relating to Confidential Information disclosed pursuant to the terms of this Agreement, and may in addition request the Receiving Party to furnish a written statement to the effect, that upon such return, the Receiving Party has not retained in its possession or under its control either directly or indirectly any such material.

8 **EXCLUDED CONFIDENTIAL INFORMATION**

8.1 The obligations of the parties pursuant to the provision of this Agreement shall not apply to any Confidential Information that:

8.1.1 Is known to, or in the possession of, or discovered by the Receiving Party prior to the disclosure thereof to the Disclosing Party.

8.1.2 Is, or becomes publicly known otherwise than pursuant to breach of this Agreement by the Receiving Party and to no fault of the Receiving Party.

8.1.3 Is learned by the Receiving Party through legitimate means other than from the Disclosing Party or Disclosing Party's representative or disclosed by the Receiving with Disclosing Party's prior to written approval.

9 **TERM**

9.1 This Agreement shall commence upon on the last date of signature by the parties ("the effective date") to this Agreement.

9.2 The non-disclosure provisions of this Agreement shall survive the termination of this Agreement and Receiving Party's duty to hold Confidential Information in confidence shall remain in effect until the Confidential Information no longer qualifies as a trade secret or until Disclosing Party sends Receiving Party written notice releasing the Receiving Party from this Agreement, whichever occurs first.

10 **REPRESENTATIONS AND WARRANTIES**

Each party represents and warrants that it has the authority necessary to enter into this Agreement, and to do all things necessary to procure the fulfillment of its obligations in terms of this Agreement.

11 **AMENDMENTS**

No amendment, interpretation, or waiver of any of the provisions of this Agreement shall be effective unless reduced to writing and signed by, or on behalf of the parties.

12 **ENTIRE AGREEMENT**
This Agreement contains the entire Agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior Agreements between the parties, whether written or oral, with respect to the subject matter of this Agreement.

13 **GOVERNING LAW**
This Agreement, and the relationships of the parties in connection with the subject matter of this Agreement, shall be governed and determined in accordance with the laws of the Republic of Namibia.

14 **JURISDICTION**
The parties hereby submit themselves to the non-exclusive jurisdiction of the High Court of Namibia.

15 **NOTICES AND DOMICILIUM**

15.1 The Parties choose as their domicilium citandi et executandi (address for purpose of legal proceedings), their respective addresses set out in this clause, at which addresses all processes and notices arising out of or in connection with this Agreement, its breach or termination may validly be served upon or delivered to the Parties.

15.2 Any written notice in connection with this Agreement may be addressed:

15.2.1 in the case of the Receiving Party to:

Physical: Dorado valley, Erf 457, Candy Palm Street
Postal: PO Box 1503, Windhoek
Tel: +264813874400

Attention: Ms. Mirjam Zucky Bauleth

15.2.2 in the case of the Disclosing Party to:

Physical: NIP House, Cnr of Hosea Kutako and Rowan Street Windhoek
Postal: PO Box 277, Windhoek
Tel: +264 61 295 4
Attention: Ms. Nancy Angula

Signed at ___Windhoek____ on the __6_ day of __May___ 2022

1. _ ____________________

(for the Receiving Party)

_Mirjam Zucky Bauleth________

(Name of duly authorised signatory)

Signed at __Windhoek_____ on the _6__ day of ___May___________ **2022**

2. Amadi

(for the Disclosing Party)

Kapena Tjombonde

(Name of duly authorised signatory)

Signed at Windhoek on the 01 day of June 2022

Appendix C: Research Permission Letter from UNAM

NAMIBIA BUSINESS SCHOOL
UNIVERSITY OF NAMIBIA

28 February 2022

TO WHOM IT MAY CONCERN

Re: MBA Management Stragety Student – Ms Mirjam Bauleth, Student No: 220019398

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

Ms Bauleth has chosen your organization to approach for information. It is against this background that I wish to kindly request you to assist Ms Bauleth with the information she requires. Accept our assurance that the data will be used for academic purposes only. A copy of the completed document will be available at the Namibia Business School for perusal. Her research synopsis indicates that her topic touches on *"Assesing the impact of corporate governance on operational performance in Namibia Institute of Pathology."*

Your kind assistance is highly appreciated.

Yours sincerely

NAMIBIA BUSINESS SCHOOL
NBS
28 FEB 2022
ACADEMIC SERVICES
UNIVERSITY OF NAMIBIA
Inspiring Minds & Shaping the Future

Greenfield Mwakipesile. Dr
Research Co-Ordinator
Namibia Business School
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340 MandumeNdemufayo Ave. – Private Bag 16004 – Pionierspark – Windhoek – Website: www.nbs.edu.na
Tel: + 264 (61) 413500 – Fax +264 (61) 413512 – E-mail: info@edu.na – Trust reg. no T263/05

Appendix D: Research Permission Letter from MoHSS

REPUBLIC OF NAMIBIA

MINISTRY OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE EXECUTIVE DIRECTOR

Ministerial Building
Harvey Street
Private Bag 13198, Windhoek

Tel: No: 061 -203 2507
Fax No: 061-222 558
Andreas.Shipanga@mhss.gov.na

Ref: 17/3/3/MZB
Enquiries: Mr. A. Shipanga

Date: 06 April 2022

Ms. Mirjam Z. Bauleth
PO Box 1503
Windhoek
Namibia

Dear Ms. Bauleth

Re: Assessing the impact of corporate governance on operational performance in Namibia Institute of Pathology.

1. Reference is made to your application to conduct the above-mentioned study.
2. The proposal has been evaluated and found to have merit.
3. **Kindly be informed that permission to conduct the study has been granted under the following conditions:**
   - 3.1 The data to be collected must only be used for academic purpose;
   - 3.2 No other data should be collected other than the data stated in the proposal;
   - 3.3 Stipulated ethical considerations in the protocol related to the protection of Human Subjects should be observed and adhered to, any violation thereof will lead to termination of the study at any stage;
   - 3.4 A quarterly report to be submitted to the Ministry's Research Unit;
   - 3.5 Preliminary findings to be submitted upon completion of the study;
   - 3.6 Final report to be submitted upon completion of the study;
   - 3.7 Separate permission should be sought from the Ministry for the publication of the findings.
4. All the cost implications that will result from this study will be the responsibility of the applicant and **not** of the MoHSS.

Yours sincerely,

EXECUTIVE DIRECTOR
MINISTRY OF HEALTH AND SOCIAL SERVICES

BEN NANGOMBE
EXECUTIVE DIRECTOR

All official correspondence must be addressed to the Executive Director.

My NAMIBIA

Appendix E: A summary of the results showing the mean and standard deviation of the total responses

1. **Objective 1**: To analyse the impact of board size and composition on the operating performance at NIP.

	Obj 1 (i)					Obj 1(ii)							
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q5	Q6	Q7	
Respondent													
1	4	1	5	3		5	5	5	1	3	5	5	
2	5	2	4	2		5	5	5	2	3	5	5	
3	4	3	3	3		4	4	4	3	3	4	4	
4	3	3	3	3		4	4	2	1	4	5	5	
5	3	5	2	4		5	5	5	1	1	5	5	
6	2	4	2	4		4	4	4	2	2	4	4	
7	4	4	4	4		5	5	5	2	2	5	5	
Mean	3.6	3.1	3.3	3.3	3.3	4.6	4.6	4.3	1.7	2.6	4.7	4.7	**3.9**
SD	0.98	1.35	1.11	0.76	1.0	0.53	0.53	1.11	0.76	0.98	0.49	0.49	**0.7**

2. **Objective 2**: To determine the impact of the independent board and committee on the operating performance at NIP.

	Obj 2(i)					OBJ 2(ii)					
	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3	Q4	Q5	
Respondent											
1	5	4	4	5	5	5	2	1	5	5	
2	5	5	5	5	5	5	2	1	5	5	
3	4	4	3	3	3	3	3	3	3	3	
4	5	5	3	3	5	4	1	1	4	4	
5	5	5	5	1	5	5	5	5	5	5	
6	4	4	4	4	4	4	2	1	4	4	
7	4	5	5	5	4	4	2	1	4	4	
Mean	4.6	4.6	4.1	3.7	4.4	4.3	2.4	1.9	4.3	4.3	**3.4**
SD	0.53	0.53	0.90	1.50	0.79	0.76	1.27	1.57	0.76	0.76	**1.0**

3. **Objective 3**: To assess the impact of frequency of board meetings on the operating performance at NIP.

	Q1	Q2	Q3	Q4	Q5	Q6	
Respondent							
1	5	1	5	5	1	2	
2	5	1	5	5	1	2	
3	3	3	3	3	3	4	
4	5	1	5	3	1	4	
5	5	3	5	5	1	5	
6	4	2	4	4	2	1	
7	5	1	4	5	1	2	
Mean	4.6	1.7	4.4	4.3	1.4	2.9	**3.2**
SD	0.79	0.95	0.79	0.95	0.79	1.46	**1.0**

Appendix F: Spearman correlation output from SPSS analysis

Correlations

			ROA	BS	BC	BI	BC	FBM
Spearman's rho	ROA	Correlation Coefficient	1.000	.000	.066	.013	.032	-.013
		Sig. (2-tailed)	.	1.000	.745	.948	.875	.949
		N	27	27	27	27	27	27
	BS	Correlation Coefficient	.000	1.000	.000	-.144	.500**	.675**
		Sig. (2-tailed)	1.000	.	1.000	.475	.008	.000
		N	27	27	27	27	27	27
	BC	Correlation Coefficient	.066	.000	1.000	.191	.080	-.013
		Sig. (2-tailed)	.745	1.000	.	.341	.693	.947
		N	27	27	27	27	27	27
	BI	Correlation Coefficient	.013	-.144	.191	1.000	-.243	-.170
		Sig. (2-tailed)	.948	.475	.341	.	.221	.398
		N	27	27	27	27	27	27
	BC	Correlation Coefficient	.032	.500**	.080	-.243	1.000	-.093
		Sig. (2-tailed)	.875	.008	.693	.221	.	.646
		N	27	27	27	27	27	27
	FBM	Correlation Coefficient	-.013	.675**	-.013	-.170	-.093	1.000
		Sig. (2-tailed)	.949	.000	.947	.398	.646	.
		N	27	27	27	27	27	27

BS – Board size, BC – Board Committee, BI - Board Independence, BC – Board Committee, FBM – Frequency Board Meeting.

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

Appendix G: Regression Analysis output from SPSS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.070[a]	.005	-.232	6.78157

a. Predictors: (Constant), Frequencies of board meetings, Board composition, Board committees, Board independence, Board size

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.765	5	.953	.021	1.000[b]
	Residual	965.783	21	45.990		
	Total	970.548	26			

a. Dependent Variable: ROA

b. Predictors: (Constant), Frequencies of board meetings, Board composition, Board committees, Board independence, Board size

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	21.433	49.368		.434	.669		
	Board size	-5.959	23.286	-.137	-.256	.801	.165	6.061
	Board composition	.242	1.332	.046	.182	.857	.738	1.355
	Board independence	1.323	6.019	.077	.220	.828	.383	2.614
	Board committees	.738	2.493	.122	.296	.770	.279	3.584
	Frequencies of board meetings	.535	2.402	.110	.223	.826	.194	5.146

a. Dependent Variable: ROA

Appendix H: Similarity Report

Ouriginal

Document Information

Analyzed document	MBA-Management Strategy-Submission for examination October 2022- Mirjam Zucky Bauleth 220019398- Resear ch Thesis.docx (D148235
Submitted	10/31/2022 6:14:00 PM
Submitted by	
Submitter email	emzetb@gmail.com
Similarity	15%
Analysis address	mwakipg.unam@analysis.urk und.com

Sources included in the report

SA University of Namibia / I. Atanasiu - THE IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE FINAL.docx
Document I. Atanasiu - THE IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE FINAL.docx (D125641180)
Submitted by: immanuela tanasiu@gmail.com
Receiver: mwakipg.unam@analysis.urk und.com

W URL: https://www.linguee.de/englisch-deutsch/uebersetzung/chairman+o f+the+board+of+directors.html
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Appendix I: Language Editing Certificate

S.B

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LANGUAGE & COPY-EDITING CERTIFICATE

31st October 2022

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

This certificate serves to confirm that I copyedited and proofread **MIRJAM ZUCKY BAULETH's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **ASSESSING THE IMPACT OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF THE NAMIBIA INSTITUTE OF PATHOLOGY**

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

I have edited many Postgraduate Diploma, and Masters' Thesis, Dissertations for students studying with universities in Namibia. I have also copy-edited company documents and publications for Non-Governmental Organisations (NGOs) around the Southern African region.

Please feel free to contact me should the need arise.
Yours Sincerely,

Mr. Shonhiwa Bakare

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