

ANALYSING THE EFFECTIVENESS OF SUSTAINABLE LEADERSHIP IN PUBLIC  
ENTERPRISES: A CASE STUDY OF THE MOTOR VEHICLE ACCIDENT FUND

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## **Abstract**

This study focused on analysing the effectiveness of sustainable leadership in Public Enterprises with a special focus on the Motor Vehicle Accident Fund. The study intended to answer the problem of leadership in terms of sustainability in the organisation. The purpose of the study was to explore issues of sustainable leadership in terms of how leaders groom subordinates for the advancement of the organisation. The overall objective was to analyse aspects of leadership and how the transition of leadership was supported with the availability of the succession plan as well as its implementation. This study adopted a mixed method approach; the qualitative approach was used to get the respondents' knowledge and understanding on the matters concerning the effectiveness of sustainable leadership. Moreover, interviews were conducted with head of units so as to obtain the necessary information for analysis. The quantitative approach was used and the data collected was tabulated into graphs, pies and charts by using Microsoft excel. In addition, questionnaires comprising of three sections were distributed to the respondents. The findings of the study revealed that in terms of leadership, the Motor Vehicle Accident Fund is doing the best to involve all employees at all levels, and that corporate governance issues are key to the Board, Management and the entire staff, and every employee is expected to contribute towards the collective goal of the fund. Moreover, findings revealed that not all employees are exposed to the succession plan except the management and the executive. It is therefore recommended that more attention has to be given to the coaching and mentoring programme, so that the executive and management are exposed to the skills and abilities for coaching and mentoring for success. The other recommendation is on the aspects of the succession plan, which is that it should be well implemented in a way that it

should not be perceived as biased or discriminatory. Due to the limitations of the present research, further research can be explored in the same areas with a comparative approach of different public enterprises.

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## **Dedication**

I would like to dedicate this thesis to my father and hero, Thomas Mario Snr, for the love, trust and belief he has in me. I also dedicate it to my late biological mom, Ruth Jason Nambutika Mandavela, for giving birth and choosing to take care of me without a thought of dumping me. I would also like to dedicate it to my late second mom, Emilia Chitula Fernando, for her courage and perseverance in supporting my father for nearly 20 years.

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## Declaration

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

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Joshua Mario

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Date

## List of all Acronyms

|          |   |   |
|----------|---|---|
| CEO      | - | Chief Executive Officer                                   |
| HPP      | - | Harambee Prosperity Plan                                  |
| MVA Fund | - | Motor Vehicle Accident Fund                               |
| NamCode  | - | Namibia Corporate Governance                              |
| NGO      | - | Non-Governmental Organisations                            |
| NDP      | - | National Development Plan                                 |
| OECD     | - | Organisation for Economic Co-operation and<br>Development |
| PDP      | - | Personal Development Plan                                 |
| PMS      | - | Performance Management System                             |
| SoEs     | - | State-Owned Enterprises                                   |

# CHAPTER 1

## INTRODUCTION

### 1.1 Orientation of the study

Namibia adopted the King Report II on governance for South Africa in 2003, with an intention to enforce corporate governance among Namibian companies and institutions. In relation to sustainable leadership, the King Report II (2002) points out the responsibility of shareholders to ensure that board members are properly constituted. The report further suggests that there should be a forum to assist the board to identify suitable candidates for consideration as board members.

In 2009 the King Report III was introduced. However, Namibia could not adopt the King Report III as it was due to the Companies Act, 2004 (Act No. 28 of 2004) as well as changes in governance internationally (Namcode, 2014). For sustainable leadership to occur, the appointment process of the board should be transparent. This is evident, according to the NamCode, (2014) principle C2-19, concerning the skills and suitability of a proposed candidate; the director should consider the knowledge and experience, integrity as well as the capacity to discharge duties to the board. For sustainable leadership to be successful, it requires participation from the shareholders to compose the board as well as exert own interest in order to ensure that the board is properly constituted from the view point of skills competency perspective and as well as representation.

The change in international governance and in relation to the Companies Act of 2004 (Act No. 28 of 2004) made Namibia to draft its own Namibia Code on Governance, known as



NamCode and it became effective as from January 2014. Prior to the NamCode, the Government of Namibia in 2006 promulgated another Act, the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006). Amongst others, the provision of this legislation is for the efficient governance of public enterprises and monitoring of their performance.

The Motor Vehicle Accident Fund Act, 2007 (Act No. 10 of 2007) as amended, under its performance agreement of management staff states that “the Board must require the Chief Executive Officer (CEO) and such other senior management staff of the Fund as the board may determine, to enter into a performance agreement with the Board, with due regard to any directives laid down by the Council under section 4 of the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006), setting out among others the terms and conditions of appointment, objectives to be achieved and the time frame for achievement thereof and measures necessary to evidence such achievement. For leadership to be sustainable, the involvement of the Board and the CEO is therefore crucial for the organisation to get the right candidates as well as fostering good practice. The Board and the CEO are therefore responsible for the implementation of the succession plan, thus leading to sustainable leadership. This can be done through promoting integrity, principles of good practice and values.

According to Callan, Mitchell, Clayton and Smith (2007), succession planning in organisations is about building pools of candidates who possess critical capabilities that are required to meet the short and long term objectives of the organisation. Moreover, a well-articulated succession planning assists the enterprise to adopt and sustain specific strategic

positions into the future that will allow the achievement of its vision, goals and specific objectives. In public enterprises, succession planning can work well especially when it is geared towards attaining maximum outcomes.

In addition, today's succession planning requires more than just an organisational chart, showing who holds what job within the enterprise. It is more than that, best practice organisations use succession planning to develop and maintain strong leadership and to ensure that they address all the skills and competencies required for today's business environment. Succession planning can also be an extremely powerful tool in motivating and retaining top leadership (Charan, 2008).

## **1.2 Statement of the problem**

The principle of appointing board members for institutions is to provide adequate leadership. Sustainable leadership therefore requires the board to oversee senior management, individual accountability and collective ownership for regular compliance to best practices. The board has a huge responsibility, thus, governance by setting up and developing policies and procedures to ensure that they are operating accordingly. However, the problem is that board members of public enterprises operate without a strategized succession plan. The Motor Vehicle Accident Fund (MVAF) has been identified to analyse the effectiveness of the succession plan in place. According to the business plan of the MVA Fund for the period 2013 to 2014, the implementation of the succession planning was considered as critical in leadership management. The study therefore analysed how the MVA Fund seeks to implement the succession plan as outlined in the business plan.

### **1.3. Objectives of the study**

The objectives of this study were:

- To analyse appropriate policies and regulations on leadership for public enterprises.
- To evaluate the current succession plan of the MVA Fund against best practice.
- To recommend the best practice of a succession plan to the MVA Fund.
- To make recommendations to public enterprises on implementing viable succession plans.

### **1.4 Significance of the study**

The MVA Fund was established by an act of parliament, namely the Motor Vehicle Accident Fund Act, 1990 (Act No. 30 of 1990) as a founding act. The act was amended in 2001 and 2007 for the MVA Fund to become a public enterprise and the appointment of a CEO and an administration to fulfil its mandate was established. The MVA Fund as a public enterprise has been performing towards meeting its target; this is evident through the awards achieved from Deloitte and Touche as the best company to work for in 2012, 2013, 2014 and 2015, and achieving first prize in the category medium size (less than 500 employees). According to the report of the Auditor General for the financial year ended 31 March 2014, the Auditor-General was satisfied with the performance of the MVA Fund. The results of this study will contribute to an understanding of the importance of a succession plan and best practices towards sustainable leadership. Lessons and recommendations will be made on how the MVA Fund as a public enterprise transformed through its leadership to become the best achiever. The results of the study will therefore enable shareholders to foster best practices and appoint board members with a kin interest

in sustainable leadership. Moreover, the recommendations may also enable the shareholders to correct the current situation and emphasize on the importance of succession plans.

### **1.5 Limitations of the study**

This study covered the MVA Fund as a public enterprise, and the information was obtained from the board members, CEO, executive and managers of different units. The assumptions made out of this finding are not to be generalised; however the study will gather and analyse data to be able to extract lessons of best practices towards sustainable leadership. Completion of questionnaires was voluntary, therefore a possibility exists that the respondents may not have completed the questionnaire due to pressing schedules as well as other commitments and therefore some delays were expected. The researcher had no mandate to force respondents to fully complete the questionnaire or to provide incentives for the completion of the questionnaire.

### **1.6 Conclusion**

In this chapter the researcher established a foundation of the study with regards to the introduction and the orientation of the study, the problem, objectives as well as the significance of the study towards contributing to the knowledge gap. The chapter ended with the limitations of the study.

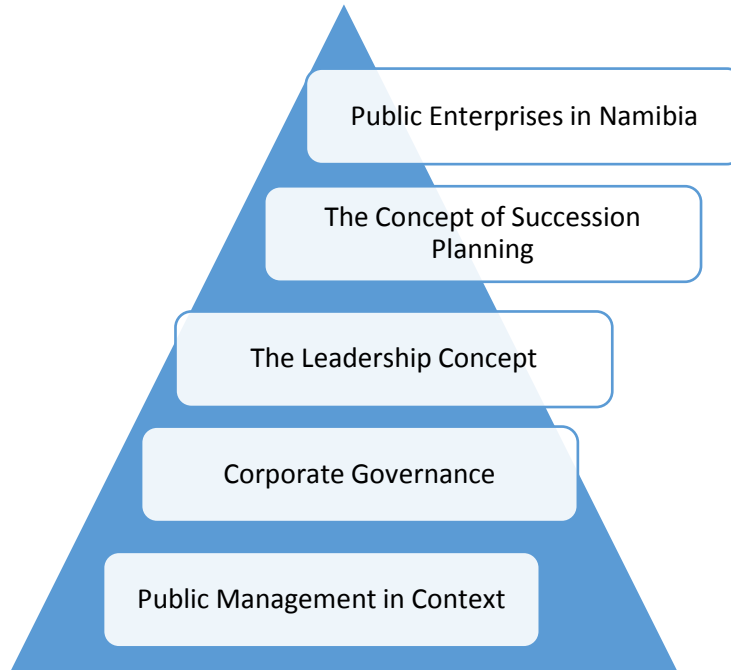
## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The issue of leadership has been at the helm of debate over decades; scholars and researchers have explored different angles pertaining to leadership. Leadership is a world-wide concern both in public and private sectors and organisations strive to better their leadership styles towards achieving best results. Efficiency and effectiveness are some of the pillars used to rate leadership styles and performance. In many organisations, leaders have remarkably done well; however, once they retire, resign or die, such organisations may not thrive as before due to such leadership absence. On the other hand, there are those organisations that continuously succeed despite change of leadership.

This chapter reviews literature on Public Management and the emerging of New Public Management. Moreover, the chapter also looks at aspects of corporate governance and theories, leadership and its theories, succession planning and lastly public enterprises in Namibia, with a focus on legislative statutory and framework in place to Namibia. The outline of the chapter can be summarised in figure 1 below.



**Figure 1:** Outline of the chapter

## **2.1 Concept definitions**

For the purposes of this study the key concepts below were defined as follows;

Public Administration is defined by Thornhill, Van Dijk and Ile (2014, p. 15):

*“the study of the system required to ensure that a policy framework exists; that a system is established to acquire human resources to perform the functions assigned to the institution, that an organisational structure is constructed to enable every employee to have certainty regarding his or her duties; that procedures are in place to facilitate effective and efficient services, that sufficient funds are allocated to perform the duties assigned to the institution; and that control measures are in place to call every top official to account if he or she has not performed the assigned duties.”*

On the other hand, Public Management is defined as the:

*“operational part of the domain of the study, this part of the study involves the study of issues such as planning, programming, leadership, motivation, training, counselling, monitoring and evaluation, assessing performance and reporting.”*

(Thornhill, Van dijk & Ile 2014, p. 15)

Corporate governance is defined as:

*“the process carried out by the board of directors and its related committees, on behalf of and for the benefit of the company's shareholders and the other stakeholders, to provide direction, authority, and oversight to management. It involves how to make the balance between the board members and their benefits and the benefits of the shareholders and other stakeholders”* (Youssef, 2007, p. 8).

Moreover, corporate governance is a set of rules that define the relationship between stakeholders, management, and the board of directors of a company and influence how that company is operating. At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (OECD, 2004).

## 2.2 Public Management in context

The discipline of Public Management started as Public Administration in the 19<sup>th</sup> century thus Public Management has been developed out of the discipline Public Administration. However, for the purposes of this study emphasis will be on Public Management and not on Public Administration due to the fact that it's a new development within the discipline. Moreover, the concept of corporate governance fits more with the new concept of Public Management.

According to Fox and Meyer (1995), Public Management has developed over the years, thus unfolding many other areas of exploration. According to Ferlie, Lynn and Pollitt (2006, p. 27), "*the field of public management has its roots in the scientific study of the modern administrative state in America, beginning in the late nineteenth and early twentieth centuries*". The origins of public management are to be found in the systematic study and practice of *cameralism* and *staatswissenschaften*, beginning in seventeenth and eighteenth-century Germany and Austria (Ferlie et al., 2006). The above reveals that public management has existed for long and up to date public management has taken a new direction. As stated by Lynn (2006, p. 1), "*public management is now a field of policy making, practice and scholarship which enjoys international recognition*". World-wide there is a need for policy creation, development and implementation due to the crisis and conflicts currently happening around the globe. Moreover, more factors actually impelled the rapid and ever growing interest in the public management sector. As pointed out by Lynn (2006, p.1):



*“among the prominent were the national economic crises of the 1970s and 1980s, which opened disconcerting gaps between government and outlays and revenues and suggested the need for more tight-fisted management of public agencies.”*

This is evident in the way public management is now handled nationally and internationally in dealing with pressing issues of countries with regards to public sector management.

Besides the above-mentioned factors, effective governance of citizenship and the growing interdependency within the global economy increases pressure for efficient regulation and reliable and frugal management of government functions. In addition, the growing popular appeal of neo-liberal perspectives as stated by Caiden (cited in Lynn, 2006), that is to say business and market oriented ideologies, policies and political programmes are intended to reduce the scale, scope and fiscal appetite of governments. Public Management has therefore been made more for meeting the growing demands of governments and countries in merging and integrating pressing issues. It is imperative to keep in mind that as forces and ideas threatening the status quo of national welfare, state governments gathered momentum, and the ideology of managerialism and strategies for public management reform became a priority of the international community, including the Organisation for Economic Cooperation and Development (OECD), the World Bank, the United Nations Development Program, the European Commission, the Inter-American Development Banks of bilateral and aid donors, trade partners, and non-governmental organisations (NGOs) with unmistakable impact (Common 1998). With such challenges both at national and international level, a shift towards proliferating and flourishing began, thus sustaining the momentum for change. Due to the fact that improving public management is more than

specific technical ways, it virtually always requires active political and expert support, neologisms that incite approval such as New Public Management, reinventing the government and state modernisation and reform, thus entered the vocabularies of policy makers, practitioners and scholars world-wide (Lynn, 2006). Even today, many countries have accepted the study of Public Management with most of them establishing centres and institutions that are fully equipped to train and build capacity in the areas of public management, thus improving service delivery.

Lynn (2006) coined it well in his book when he argues that public management's historical and contemporary structures, practices and institutions are so intimately interrelated such that answers to the foregoing questions require an understanding of the paths and patterns of national institutional development. Lynn (2006, p. 3) further proffers that:

*“while reform, change and adaptation of contemporary national administrative systems may be nearly universal, it follows centuries of reform, change and adaptation that have resulted in national institutions whose function is to guarantee a certain stability and continuity in democratic governance.”*

Public management brings along new ways and methods of thinking and looking at contemporary issues affecting countries and organisations.

Governance as pointed out by Fox and Meyer (1995, p. 55) refers to *“the ordering of a group, community or society by a public authority”*. In other words, the purposes of governance include the maintenance of law and order, the defence of society against

external enemies and the advancement of what is thought to be the welfare of the group, community, society or the state itself. The newly emerging trend has introduced another concept of governance. Recently it has become clear that the state is no longer the sole role player in service delivery; it is no longer at the rowing side of the boat but rather more on the steering part. According to Thornhill, Van Dijk and Ile (2014, p. 21), *“Governance could be viewed as a more recent development in the operations of the Public Sector. It emphasises the changing nature of societal requirements and the inter-dependence of role players in the provision of public services”*. Governance however does not detract from the primary role of the government in engaging the society or community, facilitate development, formulate budgets and financial programmes as well as establishing control, monitoring and evaluation. Moreover, the emergence of governance comprises the rational reorganisation of government in response to new economic pressures. Thornhill, Van Dijk and Ile (2014, p. 22) further posit that:

*“Governance relates to the cooperative actions of the State and societal structures to deliver services to the benefit of society. This therefore involves management, including guidance, mentoring, leading, training and motivation to guide the function between the State and the private sector on behalf of society.”*

Leadership and governance have therefore become very crucial in effective sustainable leadership especially with the aspects of guidance, training and mentoring. The next section will discuss briefly on the new public management as an emerging trend.

### 2.3 New Public Management

Despite the transformation of Public Administration to Public Management, Lynn (2006) argues that Public Management invites an undue focus on actors in managerial roles to the exclusion of the organisations and institutions and systems that constrain and enable managerial behaviour. Other scholars have argued that Public Management is nothing more than traditional Public Administration with a fashionable new label, thus becoming a domain for technocrats and mavens of government operations. However, Olsen (as cited in Lynn 2006, p. 12), states that “*New Public Management implies that the public sector is not distinctive from the private sector, that its practitioners are self-interested, utility maximising administrators in the manner of corporate executives*”.

On the other hand, Eliassen and Sitter (2008), argue that New Public Management is best understood as one element in the quest for improved state capacity, along-side regional integration, privatisation, liberalisation and new management tools. Hood, Dunleavy and Margetts (2000) as well as Pollitt (2003) present the doctrinal components of New Public Management as the three broad elements. These are also termed as the New Public Management reforms; these include reorganisation of the public sector with a view to improving information and control, explicit standards and performance indicators.

Moreover, a strong emphasis is on controlling and measuring performance and disaggregating the public sector into more manageable units with the intention of separating policy-making and service delivery. Secondly, Eliassen and Sitter (2008)

emphasise reforms that include efforts to increase competition either within the public sector or through direct competition between public and private service providers. Lastly, New Public Management also focuses on incentive-based management in the public sector. This means that transferring or rather importing personnel management techniques from the private sector can be moving away from rigid pay-scales to performance related pay and to some extent limiting the influence of trade unions, thus giving more discretionary power to managers and allowing clearer demarcation between political and operational accountability. For the purposes of this study New Public Management will therefore be reviewed as an approach to deal with managerial issues within Public Management to ensure better service delivery. Therefore corporate governance can be reviewed as a mechanism to enhance performance of Public Management such as Public Enterprises.

## **2.5 Concept of corporate governance**

Although corporate governance has no exact definition, for the purposes of this study corporate governance is defined according to the Organisation for Economic Cooperation and Development (OECD), (2004), as a set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating. At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers. Moreover, it involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure

through which the objectives of the company are set, and how the means of attaining those objectives and monitoring performance are determined.

### **2.5.1 Theories of corporate governance**

Abdullah and Valentine (2009) admit that there is a never-ending evolution of theories or models of corporate governance. All over the world including Namibia, companies are trying to instil the sense of governance into corporate structure. According to Abdullah and Valentine (2009, p. 88), *“a surge of capitalism and corporation became stronger while governments in the entire world had to succumb to its manipulations and dominance”*. Moreover, Abdullah and Valentine (2009), supported by Yussoff and Alhaji (2012), state that the fundamental theories in corporate governance began with the agency theory, expanded into stewardship theory and stakeholder theory and evolved to resource dependency theory, transaction cost theory, political theory and ethics related theories such as business ethics theory, virtue ethics theory, feminists ethics theory, discourse theory and postmodernism ethics theory. Yussoff and Alhaji (2012, p. 52) conclude that *“these theories discourse the cause and consequence of variables such as the formation of the board structure, audit committee, independent non-executive directors and the duties of upper management and their organisational and social responsibilities rather than its regulatory structures”*. It is therefore proposed that a mixture of various theories is best to describe an effective and efficient good governance practice rather than hypothesizing corporate governance based on a sole theory.

### **2.5.1.1 Agency theory**

Much of the research into corporate governance derives from the agency theory. Since the early work of Berle and Means in 1932, corporate governance has focused upon the separation of ownership and control which result in principal-agent problems arising from the dispersed ownership in the modern corporation. There are two factors attributed to the agency theory. According to Yussoff and Alhaji (2012), corporations are reduced to two participants, namely managers and stakeholders whose interests are assumed to be both clear and consistent. The second one is that humans are self-interested and disinclined to sacrifice their personal interests for the interests of the others. These perspectives influenced the following theory.

### **2.5.1.2 Stewardship theory**

Unlike the agency theory, the stewardship theory is rooted in psychology and sociology as defined by Davis, Schoorman and Donaldson (1997, as cited in Abdullah & Velentine, (2009, p. 90) is that “*A steward protects and maximises shareholders’ wealth through firm performance, because by so doing the steward’s utility functions are maximised*”. The stewardship theory allows top managers to own the company’s vision and mission in a sense that personal goals and interests are also merged with a focus of maximising profits for the shareholder. Goal integration and assuring company protection is crucial in this theory because the interests of the shareholder are at the heart of management. Moreover, this theory also suggests the unification of the CEO and the chairman so as to avoid agency

costs. This theory advocates that employees and managers should work diligently in a bid to accomplish tasks.

#### **2.5.1.3 Stakeholder theory**

This theory focuses on the stakeholders in an institution. As stipulated by Abrams (1951, as cited in Yussoff & Alhaji, 2012, p. 55), “*a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholders in order to ensure that each interest constituency receives some degree of satisfaction*”. Moreover, when it comes to institutions, with regards to this theory, it is believed that it is inclusive of the external environments. The theory presents bias in terms of its centrality to stakeholders only. The theory further suggests that the value of an institution goes beyond to its customers, the environment as well as the location of society. The stakeholder theory focuses on relationships with many groups for individual benefits (Abdullah & Valentine, 2009).

#### **2.5.1.4 Resource dependency theory**

This theory looks at the role of board of directors in providing access to resources needed by the firm. Moreover, Hillman, Canella & Paetzold (2000, as cited in Abdullah & Valentine, 2009), contend that the resource dependency theory focuses on the role that directors play in providing or securing essential resources to an organisation through their linkages to the external environment. Such directors should therefore possess appropriate skills and abilities such as negotiation skills to mobilise resources needed by the institution. The provision of resources in most cases enhances organisational functioning and the



firm's performance as well as its survival. With regards to resources, there are various ways to bring such resources and this can be through information, skills, access to suppliers, buyers, public policy makers and social groups as well. In the Namibian context, such resources can be through board of directors, business experts, consultants, lawyers and bankers. This theory also guards against the strong influence of resources that emerges from political leaders, university faculty, members of clergy as well as community organisations.

#### **2.5.1.5 Transaction cost theory**

This theory was first initiated by Cyert and March (1963) and later expanded by Williamson (1996). It has its roots in law, economics and organisations. The transaction theory attempts to view the firm as an organisation comprising or having people with different views and objectives. It further suggests that the organisation and structure of a firm can determine price and production. As pointed out by Williamson (1996), the combination of people within a transaction suggests that within the transaction cost theory managers are opportunists and they arrange the firm's transactions to their interests.

#### **2.5.1.6 Political theory**

Politics is everywhere even in firms and organisations. The political theory in this context brings the approach of developing voting support from shareholders rather than by purchasing voting power. It is therefore believed that having a political influence in corporate governance may direct corporate governance within the organisation. This theory

according to Abdullah and Velentine (2009) highlights the allocation of corporate power; profits and privileges are determined via the government's favour. Hawley and Williams (1996, as cited in Abdullah & Valentine, 2009) argue that over the last decades, the government of a country has been seen to have a strong political influence on firms. As a result there is an entrance of politics into the governance structure or firms' mechanism.

## **2.6 The leadership concept**

Scholars and researchers have written much on leadership consisting of different approaches from interdisciplinary fields. The role of leadership has been of great interest for centuries as it appears to be a very critical part of effectiveness. Leadership and governance have become crucial in recent years as organisations become more output oriented, and that has affected how governments run their day to day business. Leadership comes a long way and over the years theories and models have been designed accordingly. Eliassen and Sitter (2008) present some theories that have attracted most attention from researchers in their quest to analyse leadership. These are the traditional approaches such as trait and behaviour theories and situational theories that go back many years and they have a narrow view on issues explaining the effect of leadership. In the 21<sup>st</sup> century, leadership theories have taken a more modernised approach in addressing the current trends and environments, and these approaches are charismatic and transformational leadership as well as substitute for leadership. Regardless of the versions in the theories, Eliassen and Sitter (2008) argue that they can all be useful in the effectiveness of leadership.

The newer approaches to leadership theories assume that leaders influence others, just like the characteristics found in the charismatic type of leadership to have strong confidence, extraordinary ability to communicate goals, being a visionary as well as power, and this need according to Eliassen and Sitter (2008), is reinforced by a sense of morality. Charismatic leaders are able to change their followers and enforce radical change programmes. This type of leadership will fit in public governance due to the fact that the public is perceived to lay back

with quality services, customer satisfaction and results oriented because there is a clear vision that people can follow from their leaders. Similarly, transformational leadership is closely related to charismatic leadership as they share some characteristics; however, transformational takes more of a broader view than charismatic as attested to by Eliassen and Sitter (2008). Transformational leadership is leading through empowering followers. Bass and Burns (as cited in Eliassen & Sitter, 2008) identified transformational leadership as a leadership style that lifts the motivation of followers to a self-sacrificing behaviour. This therefore implies that transformational leadership goes beyond agreed performance standards and this makes it a crucial component for successful change programmes because it has the potential to minimise resistance to change. This type of leadership also demonstrates potential to encourage succession in organisations because employees feel part of the organisation through empowerment programmes.

Bovaird and Loffler (2009, p. 261) argue that *“there is no one view of leadership, your view of leadership depends on where you are coming from and who you are, thus looking at different types of environments affecting leadership”*. Bovaird and Loffler (2009) admit that the definition of leadership is arbitrary, in other words there is no single correct definition of leadership and they further suggest that it is better to see leadership as a complex and multifaceted phenomenon. For the purposes of this study two definitions presented by Bovaird and Loffler (2009) are used to define leadership.

*“Leadership is about challenging everyone in the organisation to raise their game; it is about creating the energy and enthusiasm necessary to take the organisation forward”* (Boivard & Loffler, 2009, p. 263). The role of the leader therefore is to create and then manage the tension between the short and long term, current performance and future ambitions, restructuring and revitalisation. The other definition focuses on a leader having a clear vision based on core values and beliefs; in other words leaders must have conviction, drive and commitment to empower others to work towards the achievement of the vision (Boivard & Loffler, 2009). This sets a challenge on leaders not to falter in the face of difficulties. However, they must have self-reliance to persevere with resilience and tenacity to withstand setbacks, disappointments and failure, and to lift and carry their people through difficult and trying times to progress towards success. Moreover, these definitions attempt to respond to the call of sustainable leadership effectively due to the fact that people being led are inspired and motivated to take over leadership, thus sustaining the productivity of the organisation.

In public enterprises the case is different with regards to leadership. When leaders leave, such an organisation tends to face many unbearable challenges and thus dropping productivity. The assumption that good leadership is scarce in the public sector is high and at times it is highly influenced by the way systems are implemented by the government. Vaill (as cited in Boivard & Loffler, 2009, p. 264) advocates that “leadership is not the behaviour of a person at all but rather a property of a social system”. This affirms the fact that when leaders do not do their work properly it may affect the social aspects as well.

### **2.6.1 Theories of leadership**

The issue of leadership theories has received much attention from scholars and researchers and still continues to be expanded. There are different angles and approaches to leadership theories which have been coined by many authors. Early leadership theories focused on what qualities distinguished leaders and followers, while subsequent theories look at other variables such as situational factors and skill level (Van Wagner, 2008). Theories of leadership are of great essence to understand and below are the theories expounded.

#### **2.6.1.1 The great man theory**

This theory assumes that the capacity for leadership is inherent, meaning that leaders are born. Van Wagner (2008) argues that the theory often portrays great leaders as heroic, mythic and destined to rise to leadership when needed. Primarily, leadership was mostly seen as a quality for men only, hence the theory great man. The term great man according to Amanchukwu, Stanely and Ololube (2015) was used because at the time, leadership was thought of primarily as a male quality, especially military leadership. The great man theory however has some setbacks with regards to discriminating women with the potential to lead.

#### **2.6.1.2 Trait theory**

According to Van Wagner (2008), the trait theory assumes that people inherit certain qualities and traits that make them better suited to leadership. Such traits are developed through exposure to the environment. The theory attempts to explain distinctive characteristics accounting for

leadership effectiveness (Lussier & Achua, 2001). The trait theory looks at qualities such as high energy level, appearance, aggressiveness, self-reliance, persuasiveness and dominance among others, which leaders ought to have to lead successfully. In addition, Van Wart (2012) addresses some traits that contribute to leader effectiveness as self-confidence, decisiveness, resilience, energy, need for achievement, willingness to assume responsibility, flexibility, a serving mentality, personal integrity and emotional maturity.

### **2.6.1.3 Behavioural theory**

According to scholars and researchers, this theory assumes that leaders are made and not born. As pointed out by Lussier and Achua (2001), in the 1950s that is when the change started from the trait theory to behavioural due to the fact that the behaviour of the leader mattered more at work. Rooted in behaviourism, this theory focuses more on the actions of leaders, not on mental qualities or the internal state. According to this theory, people can learn to become leaders through teaching and observation. Naylor (1999) expands that interest in the behaviour of leaders has been stimulated by a systematic comparison of autocratic and democratic leadership styles. This theory looks more closely at how people perform tasks with or without the leaders present, as it is centred on behaviour.

### **2.6.1.4 Contingency versus situational theory**

The contingency theory suggests that the leader's ability to influence followers is affected by external environmental factors (Roe, 2014). Thus, effective leadership is dependent upon

circumstance. Lussier and Achua (2001, p. 17) state that “*in the 1960s, it became apparent that there is no one best leadership style in all situations, thus, the leadership paradigm shifted to contingency theory*”. This is therefore an attempt to clearly explain and demonstrate the appropriate leadership style based on the leader, followers and situation. The contingency theory therefore looks at the work performed, the external environment as well as the characteristics of the followers. The contingency theory according to Van Wagner (2008), further suggests that leadership success depends upon a number of variables including the leadership style, qualities of the followers and aspects of the situation.

Situational theory on the other hand proposes that leaders choose the best course of action based on situational variables, thus a leader may act or lead based on what is at hand and how best suitable to handle it. Moreover, different styles of leadership may be more appropriate for certain types of decision-making. Situational theory may be reliable, yet to the followers it may be confusing due to the fact that only the leader understands why such a style is being used and that may cause resistance and rejection.

#### **2.6.1.5 Participative theory**

Just as the word entails, it proposes that the ideal leadership is one that takes the input of others into account. Involvement is the key in this theory; leaders therefore encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theory, Van Wagner (2008) however, warns that the leader retains the right to allow the input of others. The discretion is still with the leader to



either allow involvement or not. Moreover, a leader who uses participative leadership rather than making all the decisions seeks to involve other people, thus improving commitment and increasing collaboration, which leads to better quality decisions and a more successful business environment.

These theories are not ultimate with regards to leadership and individually they cannot provide the needed desire and satisfaction with regards to leadership. Depending on the environment and types of people being led, one can use such a theory. However using a combination of these theories and where the need arises can yield the desired results. In leadership, not all may flow smoothly and hiccups are bound to happen and there are always those factors that require attention.

## **2.7 Factors affecting leadership**

The major issue for leaders is always determining as well as identifying which style will best suit the situation to be able to achieve organisational goals and objectives. This is very critical because certain factors should be considered in order to determine the appropriate style to be used. According to Roe (2014) such factors should guide a leader on which behaviour to apply and that can complement a leadership style. These factors are also known as forces and according to Roe (2014, p. 67) they “*are split in three and they are; forces in the manager/leader, forces in the subordinate and forces in the situation*”. These forces in most cases influence how a leader makes a decision.

### **2.7.1 Forces in the manager**

Regarding the value system, this is more assessed based on one's own perspective, where a leader makes decisions on the leadership style based on perceptions and expectations from the organisation for decisions. However, Argyris (2001, as cited in Roe, 2014) argues that this force may be misleading due to the fact that beliefs and other personal aspects may influence decisions. Confidence in subordinates - this force also touches on perceptions. However, it is more inclined on the belief the leader has in his team and the skills, knowledge and competencies for determining what leadership style to use in terms of either delegating or using other methods. This force may be tempting to not involve the team once the leader knows the ability, knowledge and skills of the subordinate and may tend to do work without involving the team.

Personal leadership tendency is more on personality and the inclination of the person. It may be that such a person is more inclined towards delegation or authority. This force is more inclined on the value system. The manager's attitude to risk is more on how a leader handles control and what will the implication be once the locus of control is lost. This force plays a part because leaders with weaknesses may tend to be autocratic, thus never losing some degree of power completely.

The above are the forces in the manager that influence the type of leadership as well as decision making. While such forces present themselves in leaders, there are also forces that are present in the subordinates.

### **2.7.2 Forces in the subordinate**

Need for independence: some employees who may feel that they are highly skilled and knowledgeable may feel a sense of freedom from the leader and thus they may intimidate a leader and therefore determining the type of leadership to be applied. Need for responsibility on the other hand is the ability of the leader to know how much subordinates are willing to accept and perform. The leaders look at the employee's confidence and enthusiasm towards the job. The other force is the need for boundaries, as pointed out by Myers (1980, as cited in Roe, 2014, p. 69), that "individual traits may drive some individuals to require a degree of clarity to any instruction with firm guidance and boundaries to their task; whereas others will reject such input and will relish and possibly demand freedom to make these choices themselves". This may also influence the type of leadership that may allow the respect of boundaries but focussing on accomplishing goals and objectives.

Moreover, one of the encouraging forces to a leader is the competence, experience and motivation need. This need allows the leader to work closely with the team while completing tasks and duties. This need however, according to Roe (2014), does not allow new employees to be given much freedom and sometimes they may be left out. Roe (2014) extends further to the fifth force of subordinate expectations. In every organisation there are expectations from leaders and those being led. Subordinate expectations include confidence, trust and guidance as well as certain degrees of freedom while working towards accomplishing the goals and objectives.

### **2.7.3 Forces in the situation**

Situational forces in leadership are very crucial and leaders should be aware of these forces and if not well coordinated they may be detrimental to how leadership is handled. The first force is organisational type and culture. Based on the type and culture of the organisation, decisions may be affected and this influences the leadership style to be used. The way the organisation can be in terms of job descriptions, operations, work environment and atmosphere all contribute to the way leadership will be handled. The other force to consider is team coherence, how the team work together towards accomplishment. A leader in this regard will first give a simple task to the team to see how effective the team can be to execute and once satisfaction is achieved then a bigger responsibility is given to the team. At this stage team coherence is at the optimum level and the leader's discretion to apply other styles may be helpful. In addition, task complexity is a force that sometimes compels leaders to handle complicated tasks alone. This will make a leader to have a different type of leadership unless trust and confidentiality can be extended to multiple minds to accomplish such a task. Lastly, forces in the situation are all about time pressure. Roe (2014) argues that time pressure may determine the acceleration of decisions and eventually the leadership style. Some managers and leaders when under pressure of time may either do the work all by themselves or delegate a much more effective and efficient group of workers to fully accomplish such pending tasks. Decision-making based on time pressure may not always be favourable due to the fact that involvement and participation in such processes may be too limited.

## **2.8 The concept of succession planning**

Every organisation's desire is to sustain productivity, performance and eventually retaining best and valuable employees. Leading organisations and companies have embraced succession planning very seriously and they have incorporated it in the policies. According to Reeves (2010, p. 62) "*succession planning is making provision for the development and replacement of key people over time*". These key people will pass the baton to designated employees who have been identified as possessing the capabilities to become the next organisational leaders (Reeves, 2010). On the other hand, Perlman (2010, p. 48) explain succession planning as "*the systematic and deliberate preparation for future changes of leadership in key positions and strategies for identifying individuals to meet future needs*".

Based on the definitions above, succession planning has to do with the identification of key employees with certain capabilities to take over or lead the organisation in the future. Perlman (2010) argues that it is a deliberate preparation done in the organisation. Succession planning was more popular in the private sector, especially family businesses; however the trend is now changing such that even public sectors are now embracing the benefits of developing and implementing a succession plan.

Reeves (2010) illustrates important issues in the implementation of the succession plan; knowledge, skills and abilities are part of the essentials that Reeves (2010) presents. Anyone in the organisation can have knowledge. However, there is specific knowledge that is required to keep performance high, and such knowledge may be coupled with experience, professional

training as well as specialisation. Knowledge is the area of information that yields into skills, thus shaping the knowledge into a designated area of focus and later on it produces the necessary abilities to perform and deliver accordingly.

Butler and Roche-Tarry (2002) state that succession planning addresses the needs of the organisation as senior management ages. It is not unusual for a management team, particularly a CEO to spend years leading an organisation. When this happens, business practices and procedures become increasingly entrenched and daily issues take precedence and this may cause the enterprise to neglect succession planning, which leaves the enterprise with no people available who are fully prepared to take over top positions. In many organisations as presented by Conger and Fulmer (2003), besides the role of executive and senior managers, there is a need for specific skills and competencies throughout the enterprise as well as conducting an inventory of human capital and a better understanding of gaps. Two aspects related to succession planning are mentorship, coaching and prioritising succession planning. Each of these concepts will be discussed briefly in the next section.

### **2.8.1 Mentorship, training and coaching**

Effective succession planning cannot occur in the absence of mentorship, training and coaching. Effective succession planning is founded on the pillars of well-established mentorship, training and coaching programmes. *“Mentoring, coaching and other focused training techniques can be quite effectively used to do what Stephen R. Covey (2004) termed as the 8<sup>th</sup> habit, which is the leadership part of communicating to people their worth and potential so clearly that they come to see it in themselves”* (Reeves, 2010, p. 65). For succession planning to be effective in the

public sector, more mentorship, focused training and coaching should be well developed and implemented. Reeves' (2010) angle of argument presents an emphasis on grooming and gradually preparing someone for leadership or to take over in the future.

Mentorship and coaching also provides a good platform for women to be groomed and developed into leadership positions. Coaching according to Deans and Oakley (2006, p. 6) is “primarily a short-term intervention aimed at performance improvement or developing a particular competence, a process that enables learning and development to occur, thus performance to improve”. Mentoring on the other hand is “to help and support people to manage their own learning in order to maximize their potential, develop their skills, improve their performance and become the person they want to be” (Dean & Oakley, 2006, p. 6). According to the definitions above, coaching is more focused on short term while mentoring is focussed on long term. In the modern day, coaching and mentoring have been perceived as intertwined, thus having more similarities in the workplace. Biggs (2004) advises that in identifying and choosing the CEO's successor, firstly internal identification should occur, thus grooming, providing focussed training, mentorship as well as coaching as they learn their way through to the top.

### **2.8.2 Prioritising succession planning**

Succession planning, even in the private sector has all too often been regarded as a replacement issue, not a strategic responsibility to be shared among the organisations' stakeholders (Schall, 1997). This over the years has diluted the importance of succession, and this oversight in part therefore reflects the fact that leaders in the public sector have themselves not taken the issue of

succession planning very seriously as well as not making it a top priority. Schall (1997) admits that doing strategic executive searches in the public sector is difficult; however it is secondary instead of being primary. Schall (1997) suggests changing public sector culture so that focusing on succession and beyond becomes a hallmark of strategic leadership. For succession planning to be a priority, the public sector should begin to consider the end right at the beginning. Moreover, creating a picture of what the leader would like to leave behind after the job can actually help focus strategic choices as well as direct the leader's attention to often overlooked strengths of the organisation. When succession planning becomes a priority it becomes easier to identify potential key employees to lead the organisation in the future.

Schall (1997) further identifies four barriers that hinder prioritizing succession planning. These barriers are: leaders are reluctant to take up the succession planning task, the assumption that succession planning issues are beyond the scope of the leader's work, confusion about how the succession planning task should be framed, thus is it a matter of replacing oneself or of strategic positioning and lastly, lack of information about how to take up the task, thus how to plan for succession planning in the midst of a shifting political environment and given regulatory and political constraints.

The next section is a brief review on public enterprises in Namibia as well as on legislative policy framework related to corporate governance within the Namibian environment.



## **2.9 Public enterprises in Namibia**

### **2.9.1 Background**

The history of the State Owned Enterprises (SOEs) in Namibia cannot be separated from the history of the struggle against foreign rule on the one hand and for socio-political and economic emancipation on the other. Against this background, the need to commence and continue the restructuring of SOEs was inevitable, and public enterprises is the newly adopted name for State-owned Enterprises (SoEs) in Namibia. SoEs come a long way to as far as the 90s. However, the State-owned Enterprises Governance act was established in 2006 (State-owned Enterprises Governance Act of 2006 (Act, No. 2 of 2006) and was amended in 2008 for improved regulations and control of government owned companies. Recently with the newly elected president, His Excellency Dr Hage G. Geingob, a new ministry was created to directly regulate, monitor and evaluate the performance of State Owned Enterprises, thus the name change to Ministry of Public Enterprises. The ministry was created in March 2015. Currently there are 98 (December 2016) Public Enterprises and they are categorised into two, commercial and non-commercial entities. The main focus is to regulate, control and monitor the current 98 public enterprises (December 2016) with a special focus on the commercial entities. To compliment the new changes, the State-owned Enterprises Governance act, no. 2 of 2006 was replaced by the Public Enterprises Governance Amendment Act of 2015 (Act, No. 8 of 2015).

According to the Minister of Public Enterprises, Leon Jooste (2015), *“the ministry is not reinventing a new wheel, but seeking a most suitable model that will complement the environment”*. Research is under way to fully establish a model that will help soothe the challenges currently faced by public enterprises. Moreover, the Minister in his foreword further

expressed concerns over suspended CEOs and acting CEOs due to the fact that it is difficult to have a turnaround strategy for such public enterprises because the future of the leadership is not certain and it will be a waste of time and resources to seat and discuss with someone who may not take the plan ahead. Public enterprises in Namibia have gone through many challenges including leadership challenges. Many questions were raised as to how leadership gets appointed, however the very important question of effective and sustainable leadership remains unanswered. In many public enterprises, leaders, that is the board of directors and the CEO take up office and during their term they do not identify, train, coach and mentor a successor to take over the enterprise towards maximum productivity. There are many public enterprises that are entirely independent and in the end they have lost track of the national vision. The Minister however urges that regardless of the challenges vision 2030 will determine the achievement. Currently, of the 98 public enterprises, 73% are non-commercial and the Ministry of Enterprises will only directly regulate the commercial enterprises and the non-commercial will remain with the line ministry. The next section is a brief description of the statutory legal framework within which public enterprises in Namibia need to operate.

### **2.9.2 Statutory and legal framework**

After independence, the Government of the Republic of Namibia established policies on governance by making sure that the structures are in place and functioning appropriately. The following legislations and regulations have an effect on the operations of Public Enterprises;

- The Namibian Constitution, 1990 (Act, No.1 of 1990);
- Companies Act, 2004 (Act No. 28 of 2004);

- State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006);
- State-owned Enterprises Governance Amendment Act, 2008 (Act No. 5 of 2008);
- Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015);
- Namibia Vision 2030;
- National Development Plans;
- King Reports;
- NamCode; and Harambee Prosperity Plan

### **2.9.2.1 The Namibian Constitution**

Chapter 11 of the Namibian Constitution (1990) establishes the principle of economic order which allows for the establishment of Public Enterprises. In article 98 (1), (p. 52), it is stated that *“the economic order of Namibia shall be based on the principles of a mixed economy with the objective of securing economic growth, prosperity and a life of human dignity for all Namibians”*. In addition, article 98 (2) further stipulates that the Namibian economy shall be based, inter alia, on the following forms of ownership: public, private, joint public-private, co-operative, co-ownership and small-scale family.

### **2.9.2.2 Companies Act, 2004 (Act No. 28 of 2004)**

This Act recognises the establishment and the formation of companies and how they ought to be regulated. The Companies Act mentioned above establishes the conduct of companies and interested parties. In addition, the Act also provides a provision for the state to establish

companies which may be commercial or non-commercial, that are as well regulated by the Act in terms of operations and regulation.

### **2.9.2.3 State-owned Governance Enterprises Act, 2006 (Act No. 2 of 2006)**

In place within the Namibian context is the State-owned Government Enterprises Act, 2006 (Act No. 2 of 2006) and later amended to State-owned Government Enterprises Amendment Act, 2008 (Act No. 5 of 2008) these were Acts initially established to control and regulate the establishment and management of the state-owned companies and institutions. The Act clearly stipulates how state-owned companies should be run and administered.

### **2.9.2.4 Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015)**

In 2015 with the introduction of a new ministry solely responsible for the administration of the state-owned enterprises, the above amendment act was established. The Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015) clearly stipulates the powers and mandate of the ministry towards state-owned enterprises in terms of regulation, administration and control in terms of performance. The above Act succeeded the State-owned Government Enterprises Act, 2006 (Act No. 2 of 2006).

### **2.9.2.5 Namibia Vision 2030**

Established in 2004, Vision 2030 is a guiding tool that is shaping the direction of the country at large by consolidating all Ministries and Stakeholders into making Namibia a better country. Namibia's Vision 2030 presents a clear view of where we are, where we want to go from here and over what time frame. It is a vision that will take Namibia from the present into the future; a vision that will guide Namibia to make deliberate efforts to improve the quality of life of its people. It is designed as a broad, unifying vision which serves to guide the country's five-year development plans, from NDP 2 through to NDP 7 and at the same time, providing direction to government ministries, the private sector, NGOs, civil society, and regional and local government authorities. In addition, according to Namibia Vision 2030 (2004, p. 7), "Namibia Vision 2030 will create policy synergies, which will effectively link long-term perspectives to short-term planning".

Besides other major factors, Vision 2030 is also designed to promote the creation of a diversified, open market economy, with a resource-based industrial sector and commercial agriculture, placing great emphasis on skills development. In addition, Vision 2030 will promote competitiveness in the export sector, in terms of product quality and differentiation. In Vision 2030 the establishments of public enterprises to render services is being encouraged.

### **2.9.2.6 National Development Plans**

Compared to the past NDPs, the goals for the current cycle (NDP4) are narrowed to three, namely, increased and sustained economic growth, reduced income inequality, and employment

creation. To get there, sectors have been formulating sectoral plans to implement the NDP4 policy priorities, translating them into programmes and projects. These sectoral plans are being formulated for the NDP4 cycle as well as each year's implementation plan. This approach has allowed for all national stakeholders to participate and contribute to interventions that are earmarked for this cycle of development. Stakeholders include private, public and the international partners. The focus areas to be highly invested in for NDP4 include manufacturing, logistics, tourism, and agriculture in addition to education, health, the reduction of extreme poverty, public infrastructure, and institutional environment. Lastly, public enterprises are therefore needed to positively contribute to the realisation of NDP4 through maximised profits, job creation and contribution to the overall growth of the economy. At the moment NDP5 is being developed however for the purposes of this study it will not be discussed.

### **2.9.2.7 King Reports**

In 1994, a King Committee on Corporate Governance headed by the former high court judge Mervyn King S.C published for the first time the King Report on Corporate Governance, known as the King I. This report incorporated a code of corporate practices and conduct, thus it was aimed at promoting the highest standard of corporate governance in South Africa. Over and above the financial and regulatory aspects of corporate governance, King I advocated an integrated approach to good governance in the interests of a wide range of stakeholders. This together with the global economic environment and recent legislative developments necessitated the need for King I to be updated. In 2002, the King Committee on Corporate Governance updated the King I to King II report. King II acknowledges a move away from the single bottom

line (that is, profit for shareholders) to a triple bottom line which embraces the economic, environmental and social aspects of a company's activities. The King Committee, p. 2 affirm that "successful governance in the world in the 21<sup>st</sup> century requires companies to adopt an inclusive and not exclusive approach. The company must be open to institutional activism and there must be greater emphasis on the sustainable or non-financial aspects of its performance". In other words, the correct balance between conformance with governance principles and performance in an entrepreneurial market economy must specifically be found for each company. King III report was developed in 2009; this was necessitated due to the anticipated new companies Act, 2004 (Act No. 28 of 2004) in Namibia and changes in international governance trends. King III is mostly on 'apply or explain' principle. In Namibia the government adopted the King Reports I and II as part of corporate governance. In 2016 the King IV draft was developed, however, due to the purposes of this study King IV will not be explored.

#### **2.9.2.8 The Corporate Governance Code for Namibia (The NamCode)**

Namibia adopted the King Report II on governance for South Africa in 2003, with a view to enforce corporate governance among Namibian companies and institutions. In relation to sustainable leadership, the King Report II (2002) points out the responsibility of shareholders to ensure that board members are properly constituted. The report further suggests that there should be a forum to assist the board to identify suitable candidates for consideration as board members.

In 2009 the King Report III was introduced. However, Namibia could not adopt the King Report III as it was, due to the Companies Act, 2004 (Act No. 28 of 2004) as well as changes in

governance internationally (Namcode, 2014). For sustainable leadership to occur, the appointment process of the board should be transparent. This is evident according to the NamCode, (2014) principle C2-19, which posits that the *“skills and suitability of a proposed candidate; director should consider knowledge and experience, integrity as well as capacity to discharge duties to the board”* (p. 39-41). For sustainable leadership to be successful, it requires participation from the shareholders to compose the board as well as exert their own interests so as to ensure that the board is properly constituted from the view point of skills competency and representation.

The change in international governance and in relation to the Companies Act, 2004 (Act No. 28 of 2004) made Namibia to draft its own Namibia Code on Governance, known as The NamCode and it became effective as from January 2014. Prior to the NamCode, the Government of Namibia in 2006 promulgated another Act, the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006). Amongst others, the provision of this legislation is for efficient governance of public enterprises and monitoring of their performance.

According to the NamCode (2014, p.6):

*“good governance is essentially about effective leadership. Leaders should rise to the challenges of modern governance. Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concept of Ubuntu or humaneness.”*



Effective leadership therefore embraces aspects of sustainability. The philosophy of the NamCode, like the King III Report, revolves around leadership and corporate citizenship with a sustainability goal (NamCode, 2014).

The NamCode is sound on issues of sustainability and responsible leadership. NamCode (2014, p.19) states that “responsible leaders build sustainable businesses by having regard to the company’s economic, social and environmental impact on the community in which it operates. They do this through effective strategy and operations”. This is therefore possible by fully implementing a well strategised succession plan that will help in the transition of leadership. In addition, for sustainability to be effective leaders should not compromise the natural environment and the livelihood of future generations, and leaders should embrace a shared future with all the company stakeholders. The King IV draft Report has been developed with the aim to address the concerns raised from the King III report as well as extensions to complement the three previous reports.

The primary reason for the existence of business enterprises is to create value; institutions are therefore established to earn income for shareholders. Through sustainable leadership, business practices require that the needs of the present are met without compromising the ability of future generations to meet their needs. Public enterprises should now embrace a notion of looking to the future needs and perform accordingly. *“The board should consider sustainability as a business opportunity, where long-term sustainability is linked to creating business opportunities”* (NamCode, 2014, p.28). It will not make business sense if all board members, executives and

management in MVA Fund cannot maintain positive performance through leadership sustainability.

In addition, leadership will therefore be expected to craft viable and achievable goals and objectives that will facilitate collaboration into achieving such goals and objectives. As leaders, it is crucial to develop strategies and mechanisms on how to develop and equip employees as future leaders in the organisation. According to the category as per State-Owned Enterprises Governance Act, 2006 (Act No. 2 of 2006), there is tier 3, tier 2 and tier 1. Within this category, enterprises are classified into economic and productive enterprises, regulatory enterprises and service rendering enterprises. The MVA Fund is classified in the service rendering and it is categorised in tier 2.

#### **2.9.2.9 Harambee Prosperity Plan**

The Kiswahili word “Harambee” which means “pull together in the same direction” has been deliberately selected to call for unity and encourage Namibians to work towards a common purpose (Harambee Prosperity Plan, HPP, 2016, p. 4). The HPP is a document that has been developed by the newly inaugurated third president of the Republic of Namibia, His Excellency Dr Hage G. Geingob as a supporting document to the National Development Plans and Vision 2030. The HPP is a targeted Action Plan to accelerate development in clearly defined priority areas which lay the basis for attaining prosperity in Namibia (HPP, 2016, p. 6). The plan however, does not replace but complements the long-term goal of the NDPs and Vision 2030 (HPP 2016, p. 6). In relation to this study, it is important to note that the HPP introduces an element of flexibility in the Namibian planning system by fast tracking development in areas

were progress is insufficient as well as incorporate new development opportunities, and it aims to address challenges that have emerged after the formulation of NDPs (HPP, 2016).

HPP is founded on four pillars, effective governance, economic advancement, social progression, infrastructure development and international relations and cooperation. The HPP relates very well to sustainable leadership in various ways. To achieve effective governance, leadership is one of the important aspects not to ignore due to the fact that the often demanded and needed accountability and transparency coupled with improved performance and service delivery are part and parcel of leadership. Effectiveness in sustainable leadership therefore concerns the HPP because the plan looks at a short-term goal in maximizing service delivery as well as to harness performance in a transparent and accountable manner. The HPP encourages public enterprises to adhere to good corporate governance principles.

## **2.10 Conclusion**

This chapter reviewed literature on the aspects of effective sustainable leadership. The chapter started with public management developing from public administration and eventually to the new public management as well as its relationship to corporate governance, leadership and the importance of succession planning in organisations. According to the reviewed literature there is no doubt that for leadership to be sustained there has to be an effective succession plan that future leaders are exposed to and prepared to take over leadership in the future. Theories of leadership and corporate governance as presented in literature were also reviewed. The chapter ended with the inclusion of public enterprises in Namibia and the HPP's relation to effective

sustainable leadership. The chapter also explored briefly on the statutory and legal framework affecting corporate governance such as the Namibian Constitution, Companies Act, 2004, Public Enterprises Governance Amendment Act, 2015, King Reports as well as Harambee Prosperity Plan.

## CHAPTER 3

### METHODOLOGY

#### 3. Introduction

Research methodology is defined as a technique for collecting data (Bryaman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt & Wagner, 2014, p. 100). This chapter discusses the methodology and techniques used to collect and analyse data as well as the instruments. The chapter therefore specifies the research design, the population selected together with the sample selected. Moreover, research instruments, procedures as well as how the data was analysed to extract the right interpretation of the collected data are discussed. The chapter ends with a discussion of the the research ethics and a conclusion.

#### 3.1 Research design

According to Bryman et al. (2014), a research design provides the structure that guides the use of a research method and the analysis of the subsequent data. For the purposes of this study, a case study approach was used for the study because it only focusses on one public enterprise in Namibia, namely, the MVAf, since a case study entails the detailed exploration of a specific case (Bryaman et al., 2014). Furthermore, a mixed method approach was used because it consists of both qualitative and quantitative designs. A qualitative design was used because it is an in-depth exploration of what people think about the succession plan of the MVAf. This implies in-depth interviews with the board members and the CEO as identified in the sample. A quantitative research approach was also used because it provides a measure of what people think, feel or behave and uses statistical analysis to determine the results. In this regard a structured

questionnaire was used with mostly closed questions. The structured questionnaire was completed by the senior management only, as identified in the sample.

### **3.2 Population**

A population for a study is a group (usually of people) from whom a conclusion is intended to be drawn (Babbie 2008). This study focussed on the board members, executives, management and heads of each business unit in the MVAf. There are currently 148 employees generally, and from these 148, 115 are in administration and 55 in management positions. The population for this study only focussed on the management of the MVAf. Management refers to the board of directors, executives and senior management. This implies that the population of this study is 55.

### **3.3 Sample**

According to Bryman et al. (2014) a sample is a segment of the population that is selected for research; in other words it is a subset of the population. A snow balling sampling was used for this study. The research chose snow balling because the organisation is not well known to the researcher, therefore upon obtaining information, recommendations and referrals were made so as to acquire the right respondents for participation. About 55 of the employees are in management and out of this number, the sample consisted of 4 board members, the CEO, 8 executives and 8 heads of units; this therefore comprised a total sample of 20.

### **3.4 Research instruments**

Information in this study was obtained through the use of in-depth interviews and the use of a structured questionnaire. In-depth interviews are one-on-one interviews conducted face-to-face. A questionnaire with mostly closed questions was developed for the categories identified in the research design. The questionnaire comprised of three sections; section A will covered biographical information, section B focussed on corporate governance and section C unfolded the process used to implement the succession plan in the MVAf. The questionnaire was reader friendly as well as easy to complete.

### **3.5 Procedures**

A letter was written to the MVAf to request permission from the relevant authorities to conduct the study. Once permission was granted, interviews were scheduled with the 4 board members and CEO. All interviews were one-on-one. With reference to the senior management identified in the sample, questionnaires were distributed to the respondents through sealed envelopes and these were hand delivered personally to the respondents. After ten working days (10), the questionnaires were then collected. An email message was sent to the respondents three days (3) before the intended dead line to remind respondents to complete the questionnaire.

### **3.6 Data analysis**

This process was done after the collection of data. The data collected was populated on Microsoft excel to ensure an easy understanding and manipulation of the data. Data was tabulated, coded and categorised through themes such as figures, tables and pie charts.

### **3.7 Research ethics**

As stated by Bryman et al. (2014) the researcher must protect the welfare of all participants. In this study, information was handled with care and in a professional manner. A research permission letter was sent requesting for permission to conduct the research, and the researcher clearly stated that the information obtained would be used for the purposes of writing the thesis for academic purposes and that the collected data would not be shared with third parties. In addition, the questionnaires were packaged in a sealed envelope and no names were marked on the envelope. The envelope was hand delivered personally to ensure confidentiality. This was done because personal delivery establishes trust to the respondents as no other individuals are involved, as well as setting awareness to the respondents as to whom the researcher is. Respondents were fully assured that the information collected would be used for academic purposes and the researcher would be the only one having access to the information for 3 years and thereafter destroy it.

### **3.8 Conclusion**

Chapter three focused on the research methodology that was used in the collection and analysis of the data. The chapter outlined the population, sample and the technique used to select the sample. In addition the chapter also specified the instruments used in the collection of data and how it was analysed. The chapter ended with a clarification on the research ethics observed in the research, thus stipulating compliance with rules and regulations on the ethical conduct of academic research.



## **CHAPTER 4**

### **DATA PRESENTATION AND ANALYSIS OF THE FINDINGS**

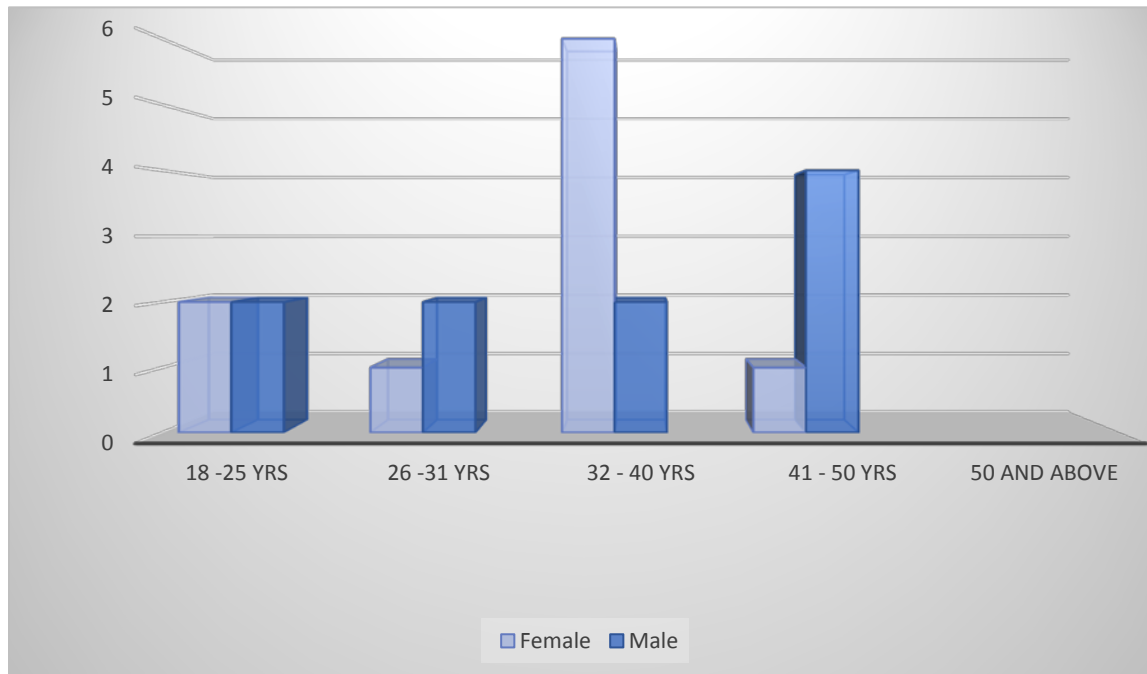
#### **4.1 Introduction**

This research focused on the effectiveness of sustainable leadership in public enterprises with a specific case study of the MVA Fund. The study sought to analyse the aspects of leadership in the MVA Fund as a public enterprise with regards to sustainability. The study also analysed the importance and effectiveness of the succession plan and how it can help enterprises in terms of effective leadership. Data presented is a representation of the MVA Fund respondents' views and opinions with regards to sustainable leadership. This chapter is presented under three sections namely demographic characteristics, corporate governance and the implementation of the succession plan. This chapter therefore focuses on the data collected for the purposes of this study.

#### **4.2 Overview of the respondents**

A sample size of 20 was selected and all respondents answered all the questions thus making a 100% successful rate. The respondents were 10 males and 10 females; the high response was attributed to constant communication via telephones and emails, coupled with physical visitations to the offices of the respondents.

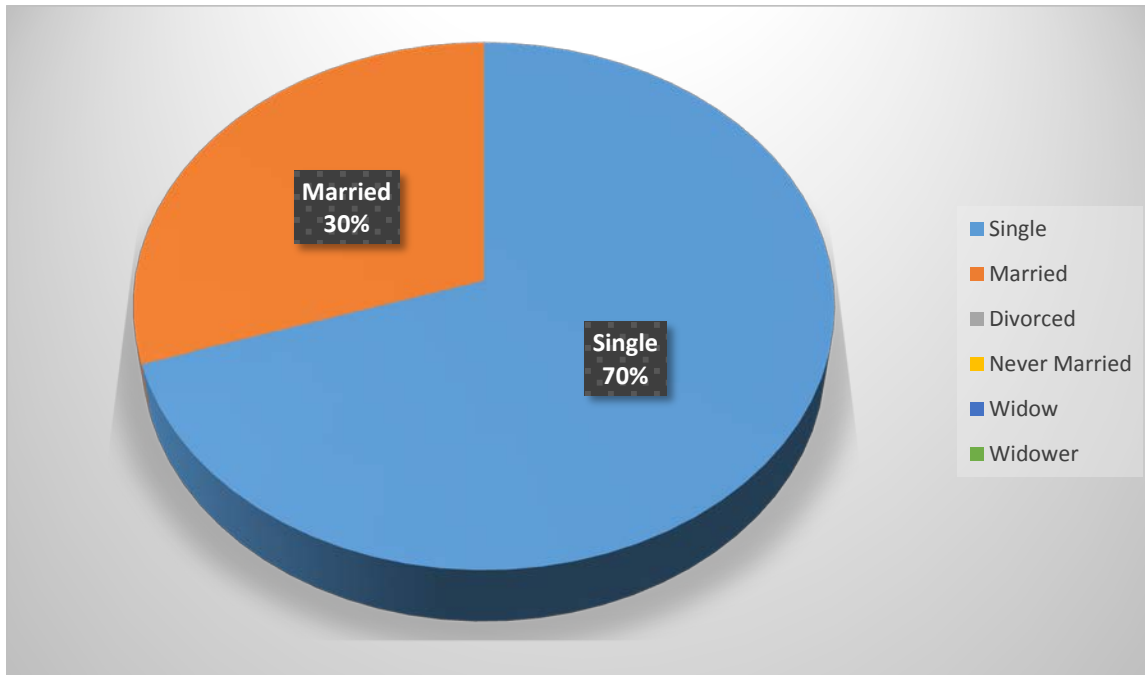
### 4.3 Age of the respondents



**Figure 2:** Distribution of respondents by age range

The figure above shows the age distribution of respondents, whereby 2 males and 2 females fall within the age range of 18 – 25 years, while 1 female and 2 males fall within the 26 – 31 years and the highest number of female respondents fall within the age range of 32 – 40 with 6, while males are only 2. The highest number of males falls within 41 – 50 years with a sum of 4, while only 1 respondent was female and there was no respondent within the age range of 50 and above.

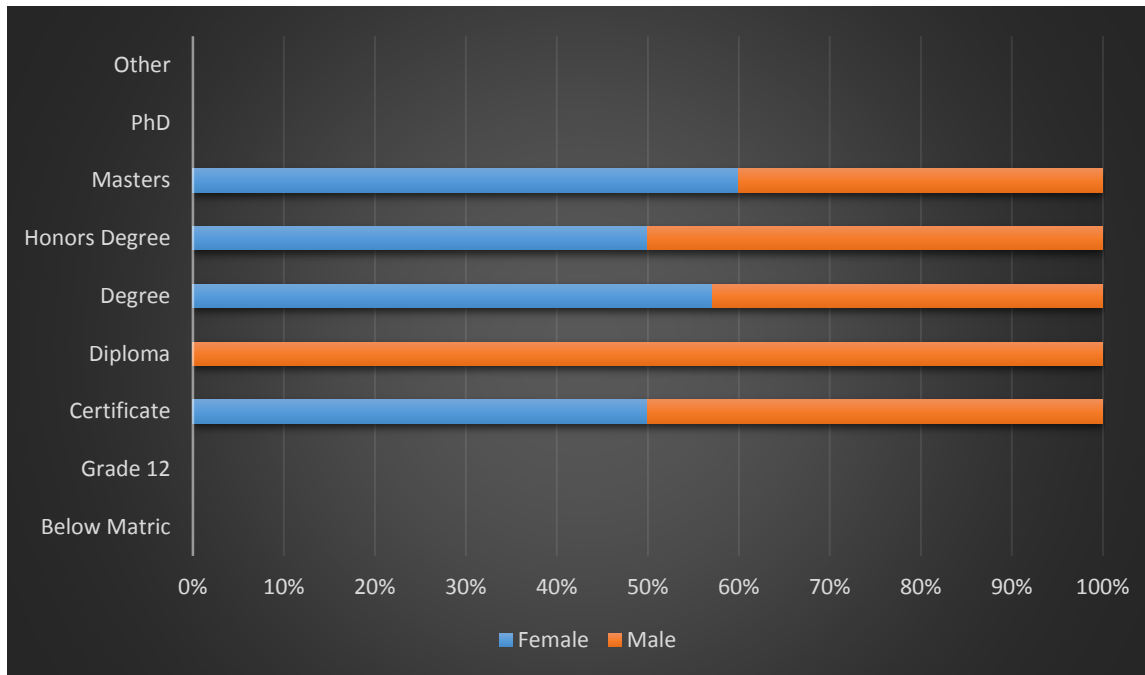
#### 4.4 Marital status of the respondents



**Figure 3:** Distribution of respondents by marital status

The above figure shows that from the respondents 30% are married while 70% are single; that makes it 6 married and 14 single. From the respondents there was no response on divorced, never married, widow and widower.

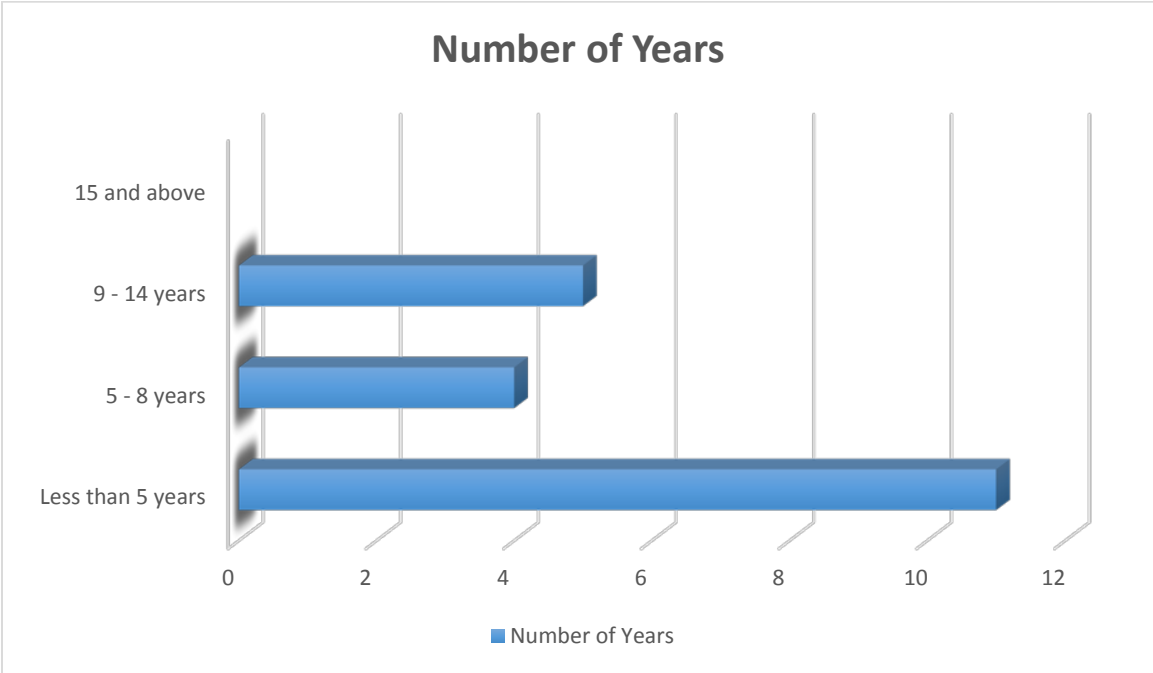
#### 4.5. Highest education obtained



**Figure 4:** Educational status of the respondents

Figure 4 above shows the highest education obtained by respondents. From the respondents none from both female and male have below matric or grade 12. Both female and male have a 50/50 representation on the response to having obtained a certificate. On the qualification at diploma level only male respondents indicated having attained that qualification and none for females. About 58% of the female respondents indicated that they had obtained a degree while only 42% of the males indicated that they had a degree. Both female and male respondents indicated that they have obtained an honours degree. However for the masters 60% of the females indicated that they have a master's degree while only 40% of the males indicated obtaining a master's. The respondents indicated none for PhD and other.

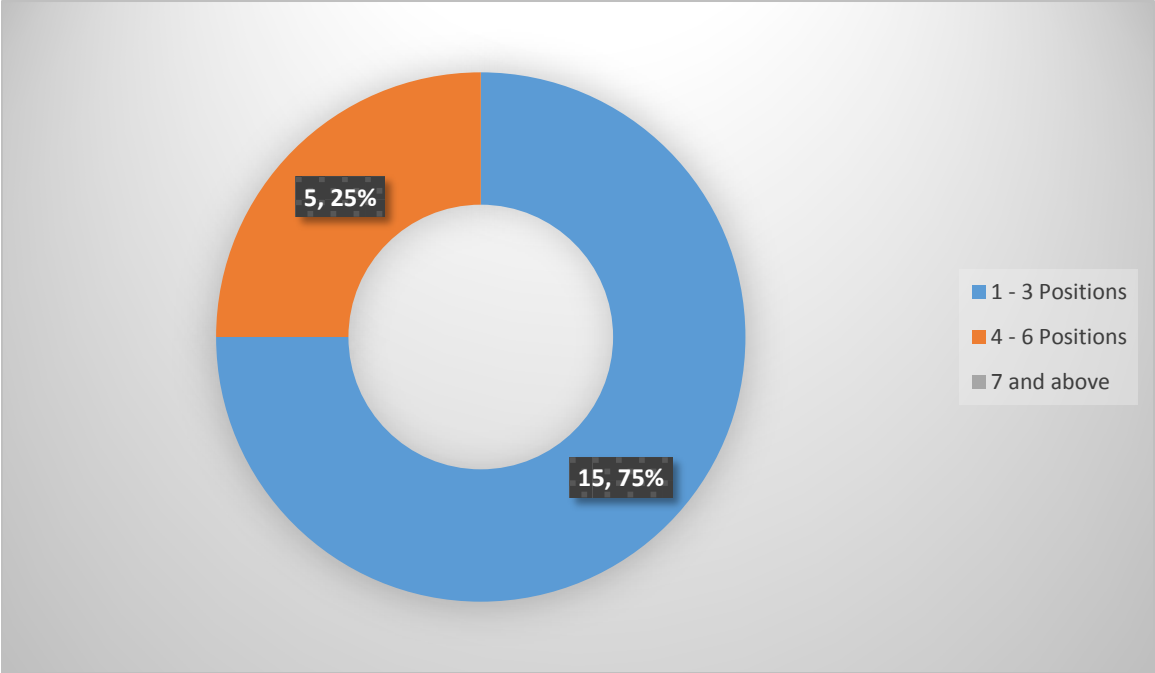
**4.6 Employee duration of working at MVA Fund**



**Figure 5:** Number of years worked at MVA Fund

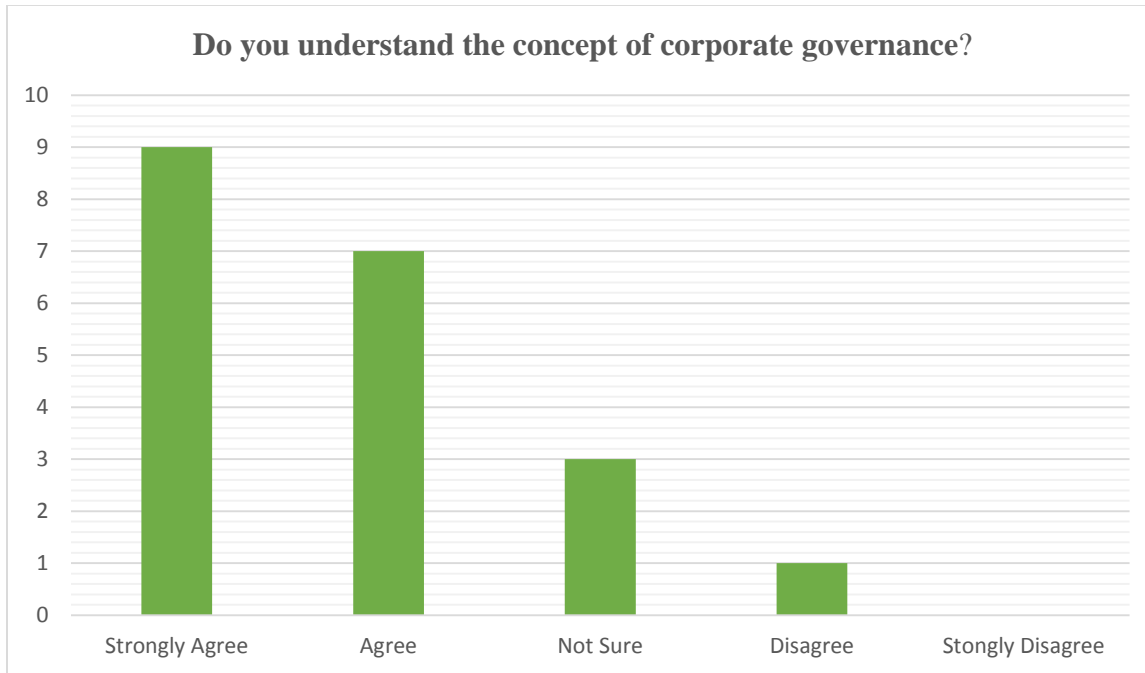
The figure above indicates the number of years respondents worked at the MVA Fund. About 11 respondents indicated that they have worked for the MVA Fund for less than five years, making them the highest. On the other hand, 5 respondents indicated that they have worked for the MVA Fund between 9 – 14 years and there was no response from candidates indicating having worked for 15 years and above.

**4.7 Positions held by respondents since joining the MVA Fund**



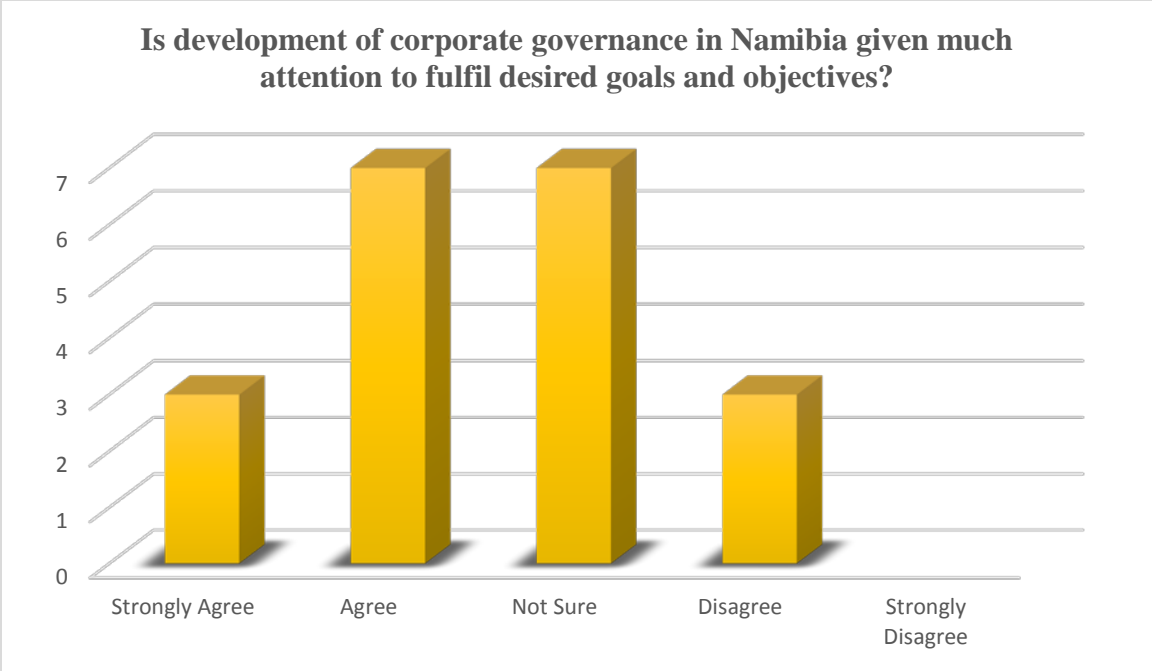
**Figure 6:** Positions held by respondents in the MVA Fund

The above figure presents the number of positions held by the respondents. It shows that 75% of the respondents have held between 1 – 3 positions and 25% of the respondents have held 4 – 6 positions and none for 7 and above years.



**Figure 7:** Understanding the concept of corporate governance

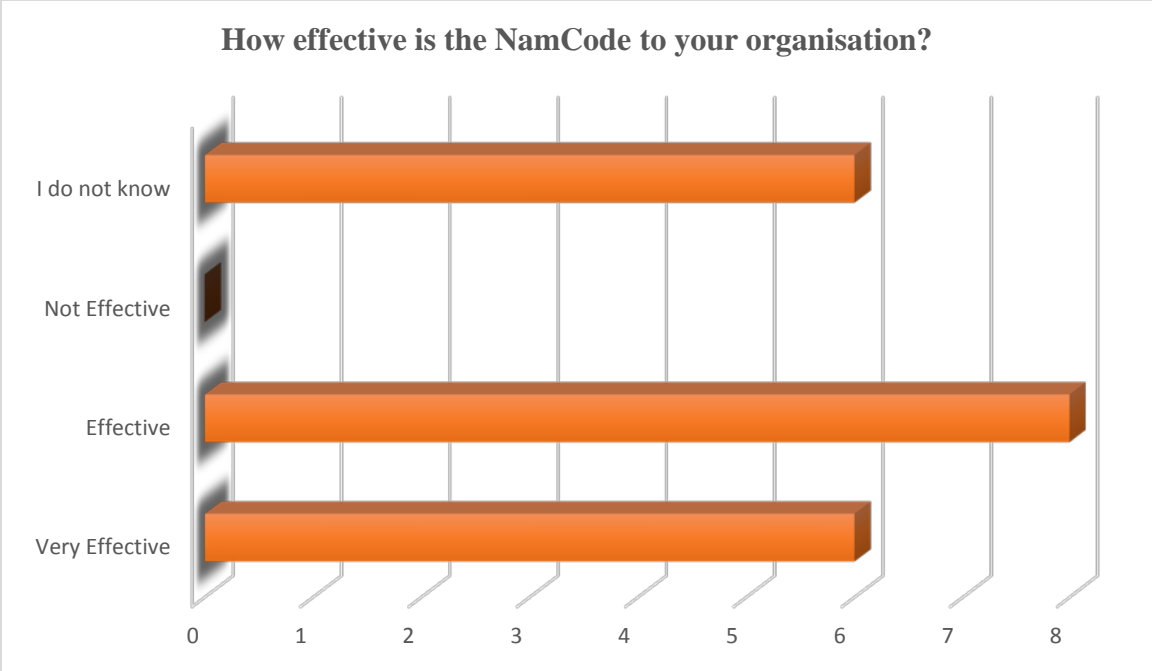
The figure above shows how respondents answered; about 45% indicated that they understand the concept of corporate governance while 35% agreed and 15% were not sure of what corporate governance is. Lastly, 5% of the respondents indicated that they had no idea of what corporate governance is all about.



**Figure 8:** Consideration of corporate governance is given much attention in Namibia

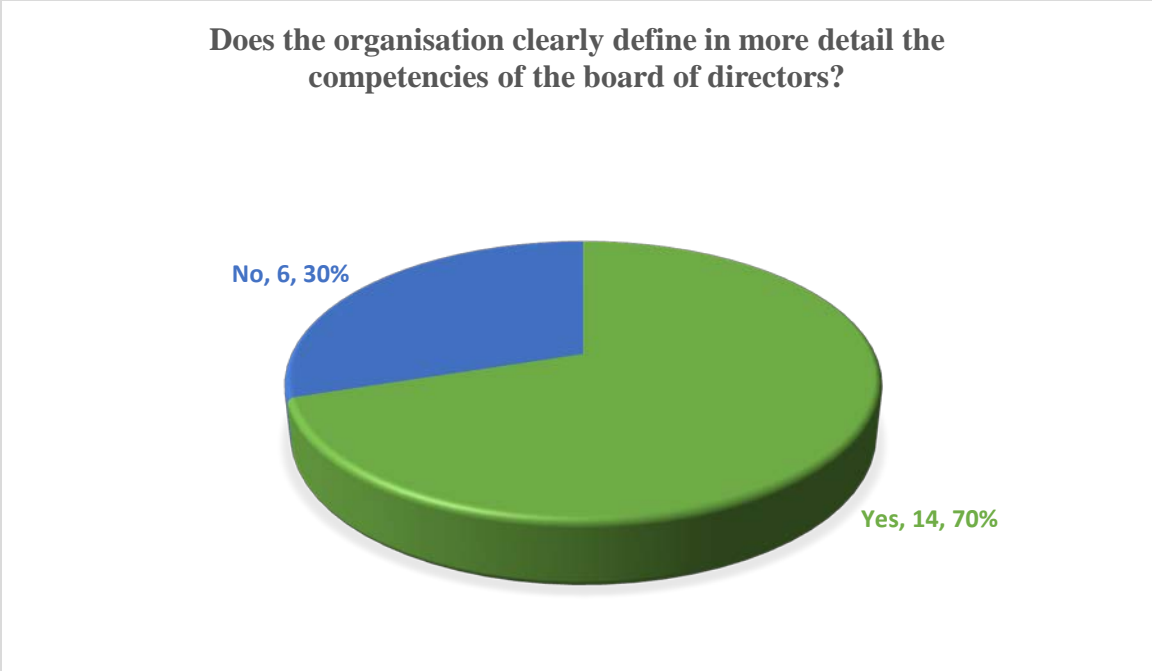
The above figure shows that 35% of the respondents strongly agreed and those that are not sure that corporate governance is given much attention to fulfil desired goals and objectives are also 35% ; while 15% of the respondents agreed and the other 15% disagreed.





**Figure 9:** Effectiveness of the NamCode to the organisation

Figure 9 above shows how effective is the NamCode. About 40% of the respondents indicated that the NamCode is effective while 30% indicated that the NamCode is very effective. Another 30% of the respondents indicated that they did not know if the NamCode is effective or not while none of the respondents indicated that it is not effective.



**Figure 10:** Competencies of the board

The above figure shows that 70% of the respondents indicated that the Motor Vehicle Accident Fund Act of 2007 (Act No.10 of 2007) clearly defines in detail the competencies of the board of directors, while 30% indicated a negative response that they could not affirm that the above mentioned Act is more detailed with regards to competencies of the board of directors.

**Table 1:** Exposure to corporate governance principles

| Does your organisation expose your lower, middle and higher management to the corporate governance principles? |         |
|--|---------|
| Yes  | No      |
| 15 (75%)   | 5 (25%) |

N=20

Table 1 above shows that 75% of the respondents agree that the organisation offers an opportunity for exposure to the corporate governance principles while only 25% of the respondents feel different.

**Table 2:** Responsibilities of board members and management staff

| Are board members and management staff's responsibilities clearly set out in writing? |         |
|---|---------|
| Yes   | No      |
| 15 (75%)  | 5 (25%) |

N=20

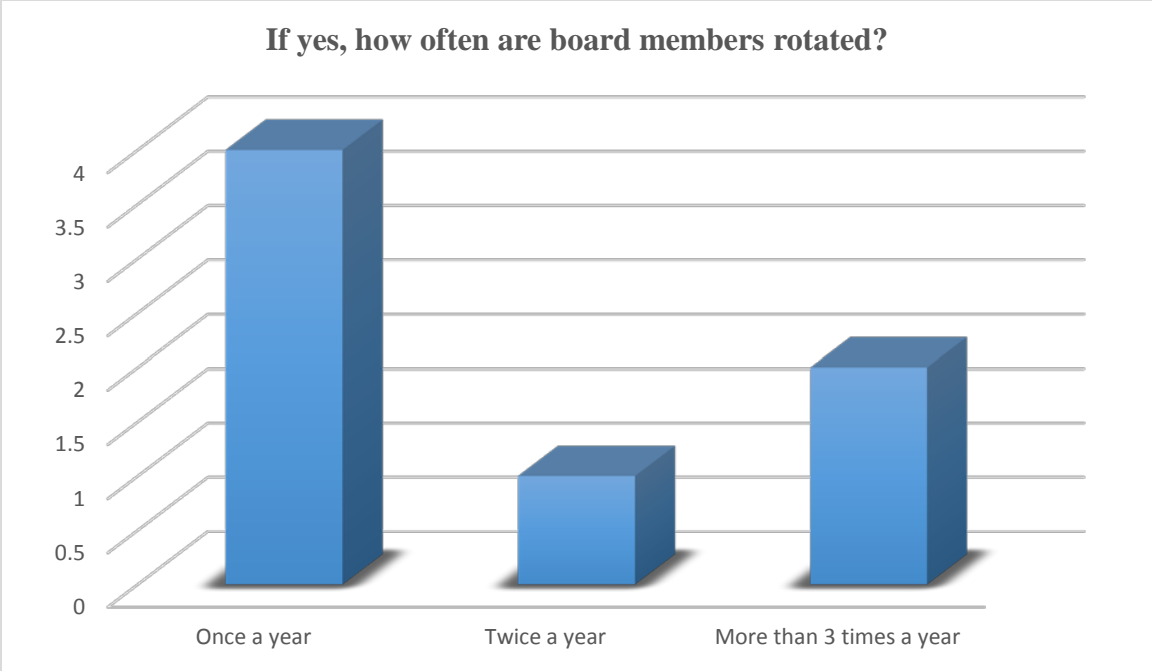
The above table shows that the majority of the respondents totalling 75% are in agreement that the responsibilities of the board members and the management are clearly set out in writing while 25% of the respondents disagreed.

**Table 3:** Rotation of board members

| Does your organisation have any kind of mechanism for rotating board members? |         |
|---|---------|
| Yes   | No      |
| 11 (55%)  | 9 (45%) |

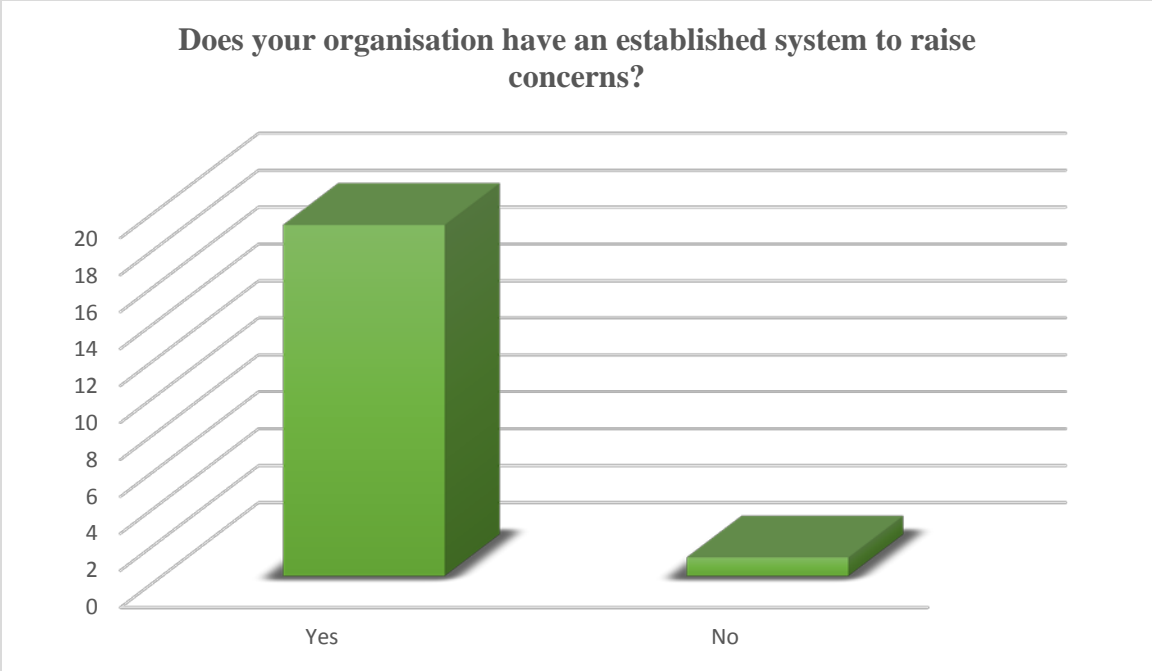
N=20

Table 3 indicates that 55% of the respondents agree that the organisation has some kind of mechanism to rotate board member while 45% of the other respondents disagree.



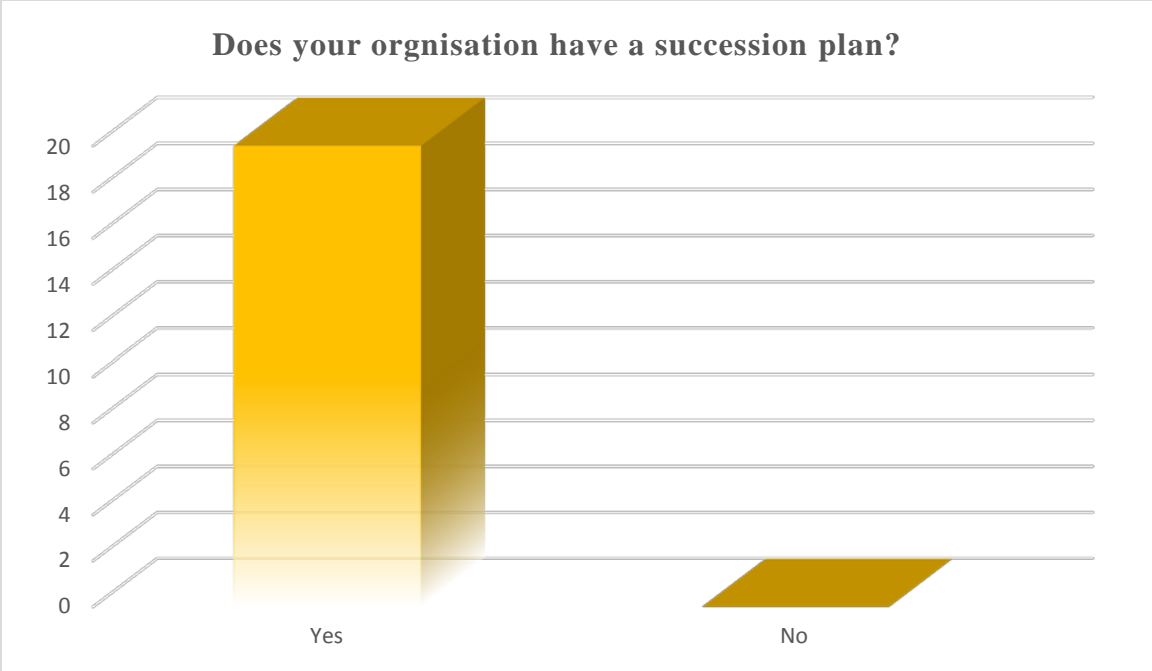
**Figure 11:** How often are board members changed?

Figure 11 above shows that the majority, representing a total of 45% indicated that board members are rotated once a year while 40% indicated that they rotated more than three times a year and the remainder of 15% indicated twice a year.



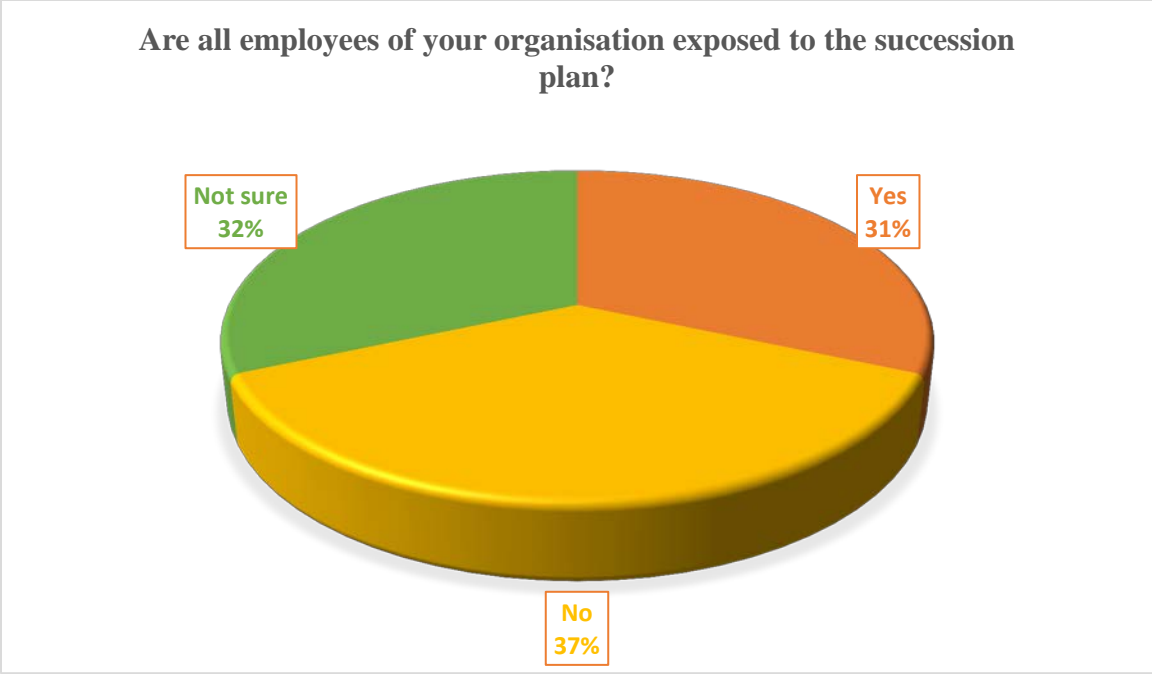
**Figure 12:** Raising concerns in the organisation

The above figure shows that 95% of the respondents affirmed that indeed there is an established system to raise concerns in the organisation, while only 5% indicated a disagreement that the organisation has no system in place to raise concerns.



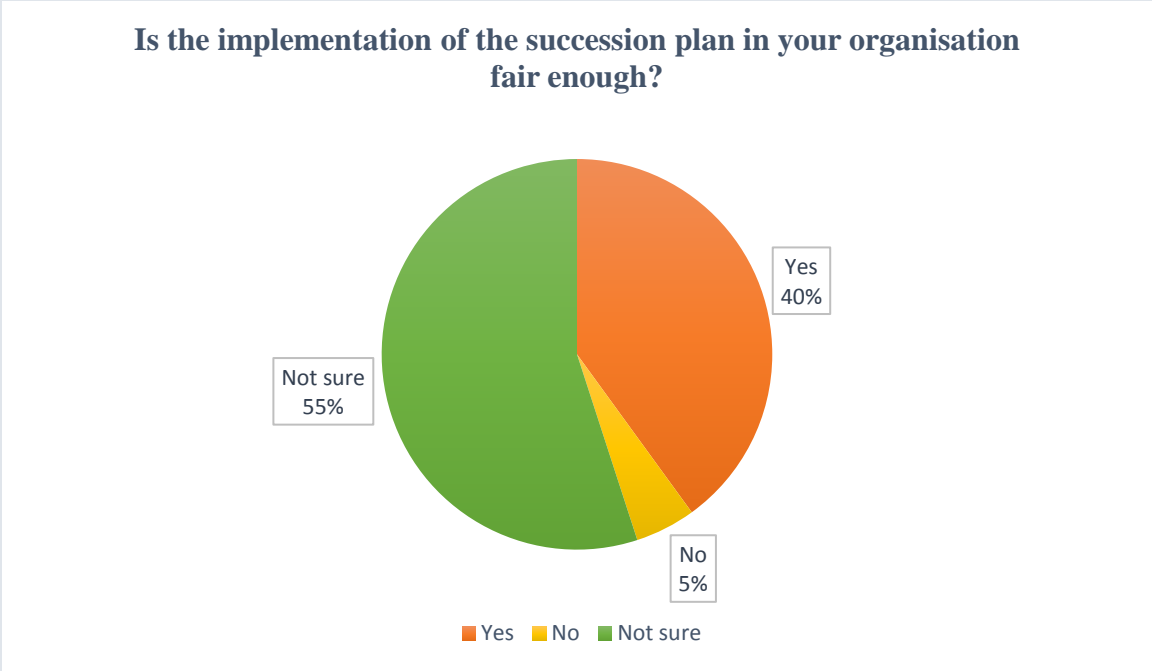
**Figure 13:** Succession Plan

Figure 13 shows that all respondents acknowledged that the organisation has a succession plan. About 100% of the respondents agreed that the organisation has developed a succession plan to guide and provide a career path for the employees.



**Figure 14:** Exposure to the succession plan

The above figure shows the responses of respondents indicating that not all employees are exposed to the succession plan. Only 31% are exposed to the succession plan with 32% not sure if they are exposed or not and 37% indicating that they are not.



**Figure 15:** Fairness of the succession plan

The figure above shows that 55% of the respondents indicated that they are not sure if the succession plan of the organisation is fair enough. Whilst 40% of the respondents indicated a yes and 5% said no.



**Table 4:** Opportunities for career development

| Does your organisation offer equal opportunities for career development? |         |
|--|---------|
| Yes  | No      |
| 18 (90%)   | 2 (10%) |

N=20

The table above shows that 90% of the respondents agree that the organisation offers career development opportunities to employees and only 10% feel different.

**Table 5:** Can other people do your job?

| Suppose you leave your job today, do you think someone else can perform your job? |         |
|---|---------|
| Yes   | No      |
| 18 (90%)  | 2 (10%) |

N=20

The table above shows that 90% of the respondents agreed that even if they leave their jobs, someone can still perform their jobs. However, 10% indicated that once they leave their jobs it will be difficult for someone else to perform such a job.



**Figure 16:** Leadership competencies

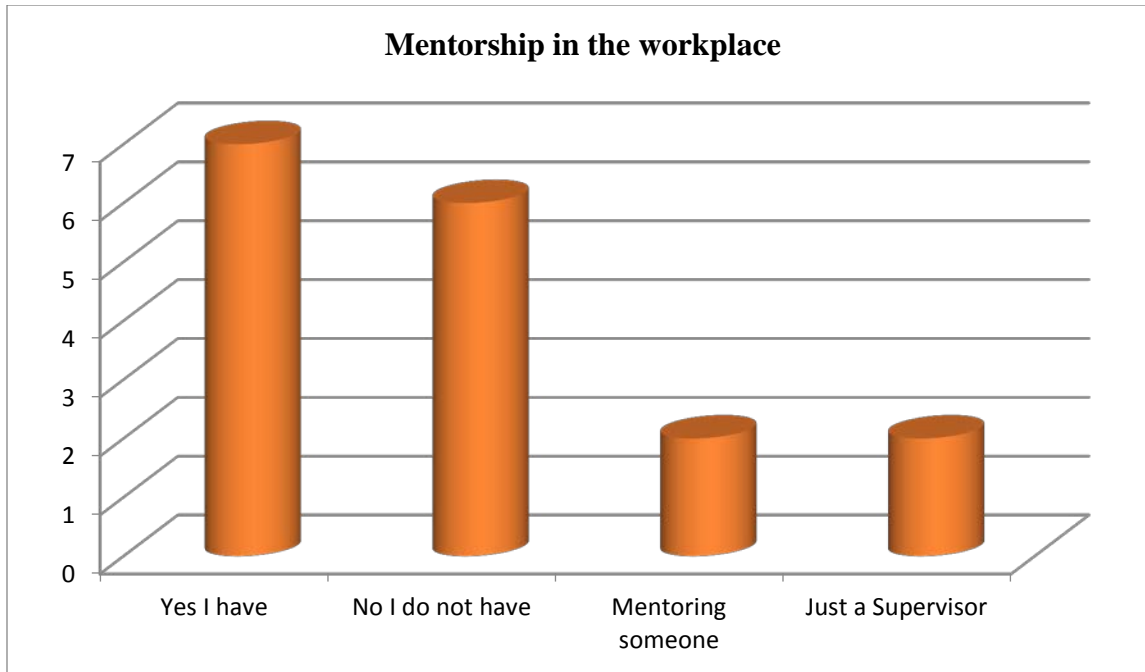
Figure 16 above presents the responses of the respondents with regards to critical competencies for success. About 85% of the respondents agreed that the above leadership competencies are critical while leading the organisation, leading others and other are in the 15% responses. The response category “Leading yourself” had none.

#### **4.8 How are these competencies enhanced in your organisation?**

About 90% of the respondents indicated that the competencies are enhanced through training, coaching, leadership training opportunities and the well-defined and established Performance Management System (PMS). Moreover, 5% of the respondents indicated that such competencies can also be enhanced through Personal Development Plans (PDP). The other 5% of the respondents were not sure how these competencies can be enhanced.

#### **4.9 What support does your organisation have to enhance the manager's skills alignment to the organisation's vision and mission?**

About 80% of the respondents indicated that the organisation sends managers for workshops, especially after a skill audit, which also helps managers to study further using the available staff development fund. Managers are also sent for a Managers Development Programme course. In addition, 15% of the respondents indicated that the support of the organisation to managers is through PMS and PDP. The other 5% were not sure as to how the organisation enhances the managers' skills in alignment with the vision and mission.



**Figure 17:** Do you have a mentor or are you mentoring someone?

Figure 17 shows that 35% of the respondents attested that they have mentors and 30% of the respondents do not have mentors and only 10% indicated that they are mentoring someone and another 10% just has supervisors and not necessarily mentors. Whilst on the other hand 15% of the respondents did not indicate any.

#### **4.10 Do you think that the current coaching and mentorship programme for your organisation is adequate and why?**

About 70% of the respondents indicated that currently there is no officially instituted coaching and mentorship programme in the organisation; it is only done through certain supervisors trying to act the role. Whilst 20% indicated that the programme is adequate but they could not indicate the reason. The remaining 10% did not know if the organisation had a coaching and mentorship programme.

#### **4.11 What are the challenges faced by your organisation in implementing the succession plan?**

For the question above, 65% of the respondents indicated that the lack of skills, qualifications and competition may be the challenge. The remaining 35% indicated that they were not aware of the succession plan and if it is there it has not yet come to their attention.

#### **4.12 What type of leadership style is mostly used in your organisation and why?**

About 80% of the respondents said that the democratic style of leadership is mostly used due to the fact that employees get to participate in some decision making processes, air their views and suggestions through surveys and other available platforms. On the other hand, 14% said that the autocratic type of leadership is mostly used due to the fact that at times they are just told what to do even when they do not understand as to why they should do it. The remaining 6% said that they do not know what style of leadership is mostly used in the organisation.

#### **4.13 Interview questionnaire analysis**

The following is the analysis of the interviews of the three respondents. The analysis will be categorised as respondent 1, respondent 2 and respondent 3.

##### **4.13.1 Do you understand the concept of corporate governance in Namibia?**

With regards to question one, all the three respondents indicated that they understand the concept of corporate governance in Namibia.

**4.13.2 Are you aware of the NamCode? If yes, please briefly explain the effectiveness of the NamCode to Public Enterprises in Namibia?**

All respondents indicated that they are aware of the NamCode and indicated similar reasons as to guide and direct the corporate governance in Namibia.

**4.13.3 Corporate governance within Public Enterprises is argued to be a challenge in Namibia, what are your views on this?**

**Respondent 1:** Yes public enterprises are challenged in Namibia especially according to what the media portrays, that is issues on accountability, transparency and values are really compromised by some public enterprises.

**Respondent 2:** Many public enterprises do not comply with the principles in the NamCode and that is a challenge.

**Respondent 3:** The composition of the board members may not necessarily consist of well experienced and skilled people.

**4.13.4 Do you think Public Enterprises' performance is highly affected by leadership? Motivate your answer.**

All 3 respondents answered absolutely yes, a leader sets the tone of the company, once a leader does not put much effort it may have a negative effect on all others and the entire organisation. A leader's behaviour and conduct is therefore very crucial in the performance of the organisation.

#### **4.13.5 What are the main challenges faced in Public Enterprises in Namibia? Elaborate.**

**Respondent 1:** Challenges of leadership, under performance, corporate governance, ethics. In addition one of the main challenges is lack of a well implemented succession plan; we have instances whereby a CEO exits and leaves no successor and we have CEOs acting and some can even act for more than 5 years which may indeed pose a challenge to the Public Enterprise.

**Respondent 2:** Lack of sitting allowance also may pose a challenge.

**Respondent 3:** Prioritizing and lack of focus in terms of targets for public enterprises.

#### **4.13.6 What are the possible solutions you think can be a remedy to Namibia's Public Enterprises Challenges?**

**Respondent 1:** By appointing the right leadership may be a first step, by funding enough according to priorities as well as budgeting within the funds. Moreover, strict measures should be in place to put to task those not performing accordingly, thus lacking in accountability. Outline and clarify the roles of the board of directors, CEO and the management.

**Respondent 2:** Review some policies and regulations, implement strict measures on transparency.

**Respondent 3:** With the newly created ministry of public enterprises this also creates hope that solutions will be viable.

#### **4.13.7 Are you aware of the succession plan in your organisation?**

All 3 respondents indicated that they are aware of the succession plan in the organisation. All respondents indicated that the succession plan is not available to all employees. However, to employees at the lower levels this indirectly means that they may not be aware when they are

earmarked and being prepared for succession. At management level, managers are fully aware of the training and preparation for succession and all executives are being prepared for the CEO position and encouraged to contend once the opportunity avails.

**4.13.8 Does your organisation offer equal opportunities in terms of promotion and career development to all employees?**

All 3 respondents indicated that the organisation offers equal opportunities in terms of promotion and career development to all employees. However it is based on many factors that can really contribute towards that in terms of skills, talents and performance. In terms of career development, bursaries are offered to employees to further their studies and the staff development also allows for employees to upgrade their skills.

**4.13.9 What are your views on coaching and mentorship at the workplace?**

All 3 respondents answered that it is very important and it should happen at all levels in the organisation, not only at leadership level.

**4.13.10 Suppose you resign/retire today, do you think somebody else can effectively do this job? Motivate.**

All 3 respondents indicated that somebody else can effectively do the job should they resign or retire.

**4.13.11 Your organisation is known for good implementation of a succession plan. What challenges do you encounter in effectively managing such a plan?**

All 3 respondents indicated that expectations from employees may be a challenge to those employees thinking that they are entitled for such a position and that may affect performance



which may lead to relaxation and complacency in the employees. The other challenge is the outside world which may think that jobs are only being reserved for the internal employees.

#### **4.14 Conclusion**

This chapter focused on the presentation of results obtained from the survey conducted and they were presented in the form of figures and tables to illustrate the accuracy of the data. The chapter also analysed the interviews conducted from the three respondents. A number of issues emerged from the results and those issues are discussed and concluded in the last chapter.

## **CHAPTER 5**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This research aimed at finding out issues pertaining to corporate governance with regards to leadership, with a special focus on how to sustain leadership in Public Enterprises. This chapter therefore discusses the findings as to how respondents perceive the issues of sustainable leadership and the implementation, development and the management of a succession plan in an organisation. The chapter ends with conclusions and recommendations.

#### **5.1 Discussion of findings**

##### **5.1.1 Positions held by respondents in the MVA Fund**

75% of the respondents have worked in more than 1 position, therefore implying that the MVA Fund offers a platform for employees to grow, as well as being offered an opportunity to develop career wise. This may be attributed to the nature of business in the MVA Fund and its organisational culture.

##### **5.1.2 Understanding the concept of corporate governance**

The high level of 80% from the respondents with regards to their knowledge on corporate governance can be attributed to the fact that the organisation is always engaging employees in strategic planning and management. According to Abdullah and Valentine (2009), the value of an institution goes beyond to its customers and environment, as well as location of society. This

also contributed to the knowledge of corporate governance to employees due to the fact that they interact with the stakeholders, thus compelling to know the guidelines therein.

### **5.1.3 Is the development of corporate governance in Namibia given much attention in relation to the goals and objectives?**

With regards to the question above, respondents indicated a 50/50 response on “agree” and “not sure”; which implies that not much is being done to develop corporate governance to fulfil the desired goals and objectives. These responses may be due to many factors which may include a lack of information sharing, mismanagement of public enterprises as well as lack of proper guidelines in the management of public enterprises. Despite the fact that Namibia has created a new ministry named the Ministry of Public Enterprises, respondents could not answer accordingly which may imply that the flow and communication of such crucial information may lack.

The lack of knowledge from the respondents may be supported by the current Minister of Public Enterprises (Leon Jooste, 2016) when he stated that “the ministry is not reinventing a new wheel, but seeking a most suitable model that will complement the environment”. In addition, research is under way to fully establish a model that will help smooth the challenges currently faced by public enterprises which include a lack of information sharing. Moreover, it is a good move for the Ministry of Enterprises to introduce a system of having a pool of possible directors and board members based on their skills, knowledge and abilities, coupled with expertise and experience to be able to be legible board members or directors to successfully run and guide the public enterprises.

#### **5.1.4 The effectiveness of the NamCode**

The findings revealed that the NamCode is effective in the MVA Fund. This can be attributed to the major stakeholders and partnership that the MVA Fund has including its customers. The NamCode (2014, p. 6) states that “good governance is essentially about effective leadership”. In other words, leaders should rise to the challenges of modern governance and such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency. This therefore shows how crucial is the NamCode to the MVA Fund for providing guidance and direction for the organisation to attain its desired goals and objectives.

#### **5.1.5 Does the organisation’s Act clearly define in more detail the competencies of the Board of Directors?**

From the analysis of the results, it is clear that the policy clearly defines in more detail the competencies of the Board of Directors. The Board of Directors according to the requirements should have a representation from all the relevant key stakeholders of the MVA Fund, for example from the line ministry, which is the Ministry of Health and Social Services and others.

In the MVA Fund all roles are well defined hence the board is fully aware of their limitations and boundaries and they allow the CEO to fully perform his/her duties accordingly. Unlike other public enterprises, in the MVA Fund, the board is exposed to training on the critical issues pertaining to their duties and responsibilities.

### **5.1.6 Exposure to corporate governance principles**

The analysis shows that at the MVA Fund, lower, middle and top management are exposed to corporate governance principles. This can be attributed to the nature of business in the MVA Fund, which is strongly driven by performance. The MVA Fund also values such principles because they are a yardstick to which outstanding performance is measured.

On the other hand, with regards to the responsibility of the board members, respondents indicated that the responsibilities are clearly written down for records. The analysis further discovered that boards are rotated; however not all respondents know and understand when they are they rotated and after how long.

### **5.1.7 Does your organisation have a succession plan**

The analysis discovered that the MVA Fund is in possession of a succession plan. However surprisingly the majority with a 32% compared to 31% of the respondents are not sure if they are exposed to such a document or not. Reeves' (2010) definition of succession planning states that succession planning is making provisions for the development and replacement of key people over time. In addition, these key people will pass the baton to designated employees who have been identified as possessing the capabilities to become the next organisational leaders. In comparison to Reeves' (2010) argument, the MVA Fund does not fully expose employees to the succession plan, thus this may weaken the issues of true knowledge and the ability to identify suitable employees for possible promotion and appointment. This also implies that the MVA

Fund should do much to raise awareness in allowing employees to be exposed to the MVA Fund's succession plan.

#### **5.1.8 Is the implementation of the succession plan fair enough?**

The analysis to the question above took three stands; 5% for no, 40% for yes and 55% for not sure. These findings therefore imply that few employees are exposed to the succession plan despite their knowledge that the organisation has a succession plan. This could be the reason as to why 55% of the respondents indicated "not sure" in response to this question. In other words, employees are not exposed to the succession plan hence they will not know how to measure if it is fair or not. As accentuated by Reeves (2010), knowledge is the area of information that yields into skills, thus shaping the knowledge into a designated area of focus and later on it produces the necessary abilities to perform and deliver accordingly. If employees in the MVA Fund are not fully exposed to the succession plan it may hinder their area of focus and the accurate identification of talent and abilities needed for the organisation to thrive. Due to the confidentiality of the succession plan, only the executives are exposed and are fully aware of the process and implementation. However, on the lower levels employees are only identified, equipped and assessed for possible takeover for a certain position so as to avoid reluctance and low performance.

### **5.1.9 Does the organisation offer equal opportunities for career development?**

With regards to the analysis of the responses pertaining to this question, 90% of the respondents agreed that the organisation offers good opportunities for career development. This is attributed to the policies in the organisation that allow scholarships or grants to employees to study line courses relevant to the type of job they do and such employees are legible for possible promotion should a vacancy open up.

### **5.1.10 Can someone else perform your job?**

The results show that if an employee leaves a job, there is a high chance of that job being done well and appropriately by another employee. This is attributed to the way and nature of the business in the MVA Fund whereby everyone is involved in the process. However, major jobs or rather specialised skills are an exception in this case. Respondents demonstrated confidence and a sense of comfort that since customers mattered to them, knowing a bit about the other job would always be a competitive advantage.

In the MVA Fund, all executives are groomed and trained to be legible for the CEO position. That also happens at every layer of leadership, when a unit head is not around or available at work, the substitute is delegated with powers to make decisions in the capacity as head. For critical positions, the fund tries to provide more opportunities to equip and train others so as to widen the knowledge and ability coupled with the availability of such skills.

### **5.1.11 Which leadership competencies are critical for success in the organisation?**

The analysis of the results in response to this question indicate that all the three competencies, which are namely leading the organisation, leading others and leading yourself are critical in contributing for success in the MVA Fund. From the results, it clearly shows that there is a correlation to the reviewed literature, with a special focus to Bovaird and Loffler (2009)'s argument that leadership is about challenging everyone in the organisation to raise their game; it is about creating the energy and enthusiasm necessary to take the organisation forward. The results further depict a link to the reviewed literature with regards to the competencies as further stated by Bovaird and Loffler (2009) that leaders are not to falter in the face of difficulties. However, they must have self-reliance to persevere, with resilience and tenacity to withstand setbacks, disappointments and failure as well as to lift and carry their people through difficult and trying times so as to progress towards success.

### **5.1.12 Enhancement of the competencies in the organisation**

Respondents feel that such competencies can be enhanced through team work, whereby employees get exposed to team building, talent search and other activities that can help employees discover their abilities and skills to the benefit of the organisation. Moreover, respondents further indicated that training platforms coupled with coaching and mentorship are also very crucial and very critical to enhance such competencies. In addition, employee engagements as well as platforms for motivational talks to encourage and help employees extract their best inner ability to perform are critical. Lastly, respondents feel that performance management can also serve as a platform to enhance such competencies in the organisation.



With regards to enhancing the manager's skills alignment to the organisation's mission and vision, respondents identified enhancers such as the PDP that managers have as they rate themselves on how they are performing as well as areas for improvement. The PMS is also highly rated so as to enhance the manager's skills. This allows managers or employees to rate themselves and thereafter a supervisor or senior manager can also rate them to finally look at the progress of the employee. The manager's skills can also be enhanced through workshops, conferences, seminars and team building activities. In summary, the MVA Fund has adequate and appropriate support to enhance the manager's skills alignment to the mission and vision of the organisation. This is done by identifying critical skills and abilities required through a succession policy, talent matrix as well as talent policy management

### **5.1.13 Mentorship in the workplace**

From the analysis of the results, there is a narrow margin between those who have and those who do not have mentors. The results therefore reveal that much needs to be done to improve mentorship in the organisation. In addition, the results do not correlate with what Covey (2004), as well as Deans and Oakley (2006) stated that effective mentoring contributes massively to the effectiveness of the succession planning. In other words, effective succession planning is founded on the pillars of well-established mentorship, training and coaching programmes. According to Reeves (2010), for succession planning to be effective especially in the public sector, more mentorship, focused training and coaching should be well developed and implemented.

However based on the responses from the survey, the MVA Fund needs to develop more platforms for mentorship and if mentors are not available, supervisors can be trained and equipped with mentorship and coaching skills. Besides the above argument, it is clear that from the analysis of the MVA Fund, the result correlates with what Deans and Oakley (2006) stated that mentorship and coaching provides a good platform for females to be groomed and develop into leadership positions. This is evident with regards to the leadership roles that females have and are still taking within the MVA Fund. Respondents also indicated that the current coaching and mentorship programme is not adequate and some key improvements are needed to make it more effective. Furthermore, coaching and mentorship was not a priority until recently when the organisation discovered the critical need to develop and implement such a program.

#### **5.1.14 Challenges faced by the organisation in implementing the succession plan**

The analyses obtained from this question are as a result of how respondents understood succession planning from the beginning and the awareness towards the existence of the succession plan. From the analysis, more challenges arose from the fact that they are not aware of the succession plan; secondly leaders are reluctant to administer training and exposure to employees with regards to the succession plan. Surprisingly, respondents also felt that such challenges may be one cause as to why the employee turnover is rising.

The other challenge faced by management in implementing the succession plan is the fact that once employees find out that they are earmarked for a position, it may lead to complacency or

reluctance in doing the job, thus there will be a drop in performance and it may negatively affect such an employee psychologically.

#### **5.1.15 Type of leadership style mostly used in your organisation**

The analysis indicates that in the MVA Fund, a mixed type of leadership is used and this analysis is supported by Bovaird and Loffler (2009), that there is no one view of leadership. In other words, your view of leadership depends on where you are coming from and who you are, thus considering the environment as well. Despite the above fact, the responses however indicated an inclination to democratic and sometimes autocratic tendencies, especially when there is a goal to get certain things done. Participative type of leadership was mostly described due to the fact that employees get to participate in decision-making and planning, thus gaining a lot of motivation. Respondents also acknowledged the degree of freedom to work independently, thus having a chance to be creative and innovative towards the job. This analysis correlates with what Eliassen and Sitter (2008) state in the reviewed literature that transformational leadership is leading through empowering followers, therefore lifting motivation to a self-sacrificing behaviour. It is therefore evident that perhaps the MVA Fund will continue to win best awards for being the best company to work for in the category of an employer with less 500 employees (2016) due to its participative type of leadership style. In addition, participative leadership goes beyond agreed performance standards and this makes it a crucial component for successful programmes due to its potential to minimise resistance to change.

## **5.2 Conclusion**

Based on the findings, it can be concluded that the MVA Fund is fully aware of the corporate governance principles and guidelines, and the organisation strives towards complying with the stipulated requirements. Employees especially at higher levels are fully aware of the NamCode and its obligation to the organisation in terms of performance, accountability and transparency. Moreover, the succession plan is available, however, it is not exposed to all employees but only to the executives, and this is meant to avoid conflicts and expectations of position promises. The findings also reveal that the MVA Fund values employees and the transition of leadership is critical and key to the organisation. In addition, the fund has been growing step by step by identifying critical needs and implementing them accordingly. Succession planning is therefore key to the nurturing of leadership in the MVA Fund.

## **5.3 Recommendations**

The following recommendations are suggested based on the findings:

### **Recommendation 1**

Develop a coaching and mentorship program for all levels, which can help employees at different levels despite the duration of their working for the organisation.

### **Recommendation 2**

Review the current succession plan policy after every three years so as to ensure effectiveness and efficiency in the implementation.

**Recommendation 3**

Expose lower level employees to critical leadership concepts as well as the succession plan so that by the time they can be considered for leadership positions they are fully aware of the process.

**Recommendation 4**

More exposure of the lower and middle management personnel to the principles and guidelines of corporate governance as well as the NamCode is critical.

**Recommendation 5**

Establish more platforms for information sharing within the organisation as well as platforms where employees can be motivated by the outside speakers.

**Recommendation 6**

Research is a continuous process; this study therefore recommends that further research can be done by selecting a number of public enterprises and conducting a comparative analysis study in terms of performance, accountability and transparency.

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Thornton

## Appendix 1: Survey Questionnaire

### 1.1 Questionnaire

I am Joshua Mario, a Masters of Public Administration student registered with the University of Namibia (UNAM). My research is focused on the sustainability of leadership in Public Enterprises.

**Instructions:** This questionnaire consists of 3 sections; Section 1 comprises of biological information, section 2 comprises of Corporate Governance and section 3 comprises of the implementation of the succession plan. The information collected will only be used for Academic purposes. Your accuracy and frankness will contribute towards the success of the research. Please mark with an X in the appropriate box.

**NB: Thanking you in advance for taking an active part in completing this questionnaire**

### Section A: Biographical

1. Gender

Male

Female

2. Age

18 – 25 years

26 – 31 years

32 – 40 years

41 – 50 years

50 and above

3. Marital Status

Single

Married

Divorced

Never Married

Widow

Widower

4. Highest Education

Below Matric

Grade 12 (Matric)

Certificate

Diploma

Degree

Honours Degree

- Masters
- PhD
- Other

5. Department/Unit and Position

|  |  |
|--|--|
|  |  |
|--|--|

6. How long have you been employed by MVA Fund

- Less than 5 years
- 5 – 8 years
- 9 – 14 years
- 15 and above

7. Since joining MVA Fund how many positions have you had?

- 1 – 3 positions
- 4 – 6 positions
- 7 and above

**Section B: Corporate Governance**

8. Do you understand the concept of Corporate Governance?

| Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|----------------|-------|----------|----------|-------------------|
|                |       |          |          |                   |

9. The development of Corporate Governance in Namibia is given much attention to fulfil desired goals and objectives.

| Strongly Agree | Agree | Not sure | Disagree | Strongly Disagree |
|----------------|-------|----------|----------|-------------------|
|                |       |          |          |                   |

10. How effective is the NamCode to your Organisation?

- Very Effective
- Effective
- Not Effective
- I do not know

11. Does the act of your Organisation clearly define in more detail the competencies of the board of directors?

- Yes
- No

12. Does your Organisation expose your lower, middle and higher management to the corporate governance principles?

Yes

No

13. Are board members and management staff responsibilities clearly set out in writing?

Yes

No

14. Does your Organisation have any kind of mechanism for rotating board members?

Yes

No

15. If yes, how often are board members rotated?

Once a year

Twice a year

More than three times a year

16. Does your Organisation have an established system to raise concerns?

Yes

No

### **Section C: Implementation of the Succession Plan**

17. Does your Organisation have a succession plan?

Yes

No

18. Are all employees of your Organisation exposed to the succession plan?

Yes

No

Not sure

19. Is the implementation of the succession plan in your Organisation fair enough?

Yes

No

Not sure

20. Does your Organisation offer equal opportunities for career development?

Yes

No

21. Suppose you leave your job today, do you think someone else can perform your job?

- Yes
- No
- Never

22. Which leadership competencies are critical for success in your Organisation?

- Leading the Organisation
- Leading others
- Leading yourself
- All of the above
- Other, specify

.....  
 .....

23. How are these competencies enhanced in your Organisation?

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

24. What support does your Organisation have to enhance manager's skills alignment to the Organisation's vision and mission?

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

25. Do you have a mentor or are you mentoring someone?

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 .....  
 .....

26. Do you think the current coaching and mentorship programme for your Organisation is adequate and why?

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 .....  
 .....

27. What are the challenges faced by your Organisation in implementing the succession plan?

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.....

28. What type of leadership style is mostly used in your Organisation and why?

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

## Appendix 2: Interview Questionnaire

### 2.1 Interview Questions

Greet the interviewee

Introduction of the interviewer

Introduction of the research topic

**Instructions:** this questionnaire is comprised of two sections, section A is on Corporate Governance/Public Enterprises and section B is on the implementation of the succession plan.

#### Section A: Corporate Governance within Public Enterprises

1. Do you understand the concept of Corporate Governance in Namibia  
Yes  No
2. Are you aware of the NamCode? If yes please briefly explain the effectiveness of the NamCode to Public Enterprises in Namibia?  
Yes  No
3. Corporate Governance/Public Enterprises is argued to be a challenge in Namibia, what are your views on this?
4. Do you think Public Enterprises performance is highly affected by leadership? Motivate your answer.
5. What are the main challenges faced in Public Enterprises in Namibia? Elaborate.
6. What are the possible solutions you think can be a remedy to Namibia's Public Enterprises challenge?

#### Section B: Implementation of the succession plan

7. Are you aware of the succession plan in your organisation?  
Yes  No

If yes, is it available to all employees or just for management?

8. Does your organisation offer equal opportunities in terms of promotion and career development to all employees?  
Yes  No

If No, please elaborate

9. What are your views on coaching and mentorship at workplace?



10. Suppose you resign/retire today, do you think somebody else can effectively do this job?  
Motivate.
11. Your organisation is known for good implementation of a succession plan, what challenges do you encounter in effectively managing such a plan?

**Thank you for your time**