CORPORATE GOVERNANCE AND THE PERFORMANCE OF SOUTH AFRICAN NATIONAL GOVERNMENT DEPARTMENTS: A BALANCED SCORECARD PERSPECTIVE

By

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Corporate Governance and the Performance of South African National Government Departments: A Balanced Scorecard Perspective

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

19 September 2022

SIGNATURE DATE

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This achievement is dedicated to the most incredibly gentle, kind, and loving souls I have had the pleasure of knowing, my parents. To you dad, to you mom, this is for you. As I walk on that stage to receive this achievement, I want you to know how proud I am of you. In fact, ‘proud’ is an understatement. I am, because of you.

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ABSTRACT

When poor organisational performance is exposed, factors responsible for such results also get revealed, and progressive organisations strive to turn those factors into drivers of performance. Linked to public performance is also the need to demonstrate transparency and accountability in public governance, particularly because of the public sector's well-acknowledged role in determining the success in the performance of the national economy. Despite the South African government's pivotal role in the country's economy, its performance is depressed, which is caused by a plethora of performance challenges, among them ineffective corporate governance mechanisms and practices. The aim of this study is to investigate the implementation of corporate governance, determine possible barriers to corporate governance and determine their influence on the performance of South African national government departments. Ultimately, the study aims to develop a model for the implementation of corporate governance for the improvement of organisational performance within national government departments in South Africa.

The study was conducted using a quantitative survey method, in which 260 managers were purposively drawn from national government departments based in Gauteng province. Performance was measured using a combination of Balanced Scorecard (BSC) indicators and another unidimensional measure of overall organisational performance. The agency theory provided the theoretical foundation of the study. The collected data were analysed using a combination of descriptive statistics, Exploratory Factor Analysis and Structural Equation Modelling (SEM), based on the Partial Least Squares technique.

Application of Exploratory Factor Analysis yielded six barriers to corporate governance, namely, governance systems and processes, policies, managerial skills and competence, internal environment, external environment, and client service delivery. SEM results showed that only two barriers (managerial skills and competence, and internal environment) were inversely related to the implementation of corporate governance. However, the external environment factor emerged as a driver of corporate governance and organisational performance. Only the internal environment was inversely related to organisational performance. Further, SEM results indicate that corporate governance is positively related to all four BSC indicators (customer satisfaction, learning and growth, internal processes, and financial control). In turn, three BSC indicators (customer satisfaction, learning and growth, internal processes) exert a positive impact on organisational performance.

The study contributes to theory on the application of the BSC as a performance management tool in the public sector. It also contributes to the literature on how corporate governance can be harnessed to improve performance in the public sector. It further identifies the barriers and drivers to corporate governance and performance in the public sector. Practically, the study proposes a model for the application of corporate governance for the improvement of performance in national government departments.

Key words: corporate governance; corporate governance barriers; organisational performance; balanced score card; external environment; internal environment; innovation; learning and growth.

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ABBREVIATIONS

AGSA	Auditor- General of South Africa
BSC	Balanced Scorecard
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CGB	Corporate Governance Barriers
CRD	Corporate Risk Disclosures
CS	Customer Satisfaction
CLS	Client Service Delivery
DPSA	Department of Public Service and Administration
EPMS	Employee Performance Management System
EFA	Exploratory Factor Analysis
EXTEN	External Environment
FC	Financial Control
GDP	Gross Domestic Product
GSP	Governance Systems and Practices
INTEN	Internal Control
IAS	International Accounting Standards
IoDSA	Institute of Directors Southern Africa (
IP	Internal Processes

JSE	Johannesburg Stock Exchange
KPIs	Key Performance Indicators
KMO	Kaiser-Meyer-Olkin
LG	Learning and Growth
M & E	Monitoring and Evaluation
MSC	Managerial Skills and Competence
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
OP	Organisational Performance
PFMA	Public Finance Management Act
POL	Policy
PLS	Partial Least Squares
SEM	Structural Equation Modelling
SMA	Strategic Management Accounting
SOEs	State-owned enterprises
SPSS	Statistical Packages for the Social Sciences
TIR	Transparency International Report

CHAPTER 1
ORIENTATION OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND

The public service in South Africa serves as an important custodian of the country's economy. This responsibility is made manifest through the numerous roles performed by the public service. First, it is responsible for creating a socio-economic climate that is suitable for both local and foreign investment. The public service achieves this by formulating and implementing legislation and policy frameworks that apply to almost every sector of the economy (Maseng, 2014; Paine Cronin & Sadan, 2015). It is further responsible for promoting the country's economic growth locally and in the global arena (The Department of Trade and Industry, 2016). Moreover, the public sector in South Africa is the largest single employer in the country, providing work for at least three million people (18% of the labour force), thereby contributing to increasing the standard of living of the nation's citizens (Kerr & Wittenberg, 2017; Pooe & Munyanyi, 2022). It also operates a sizeable number of state-owned enterprises (SOEs) across various economic sectors, making it an important contributor to the country's Gross Domestic Product (GDP) (Integrated Urban Development Framework, 2013). It further contributes to the well-being of the economy through its procurement function, in which the sector acquires different types of goods and services from various suppliers to meet its service delivery imperatives. As of 2016, the annual procurement spend was estimated to be at least R500bn, making the South African public sector one of the largest single buyer of goods and services in the country (Bolton, 2016; Tshilo & Van Niekerk, 2016). Through procurement, the public service, directly and indirectly supports the survival and success of other upstream and downstream industries, thereby stimulating the national economy (Baa & Chattoraj, 2022). Besides that, it is responsible for a host of other important economic activities such as infrastructural maintenance and development, education, innovation, amenities, and social welfare, amongst others, all of which are prerequisites in a well-functioning economy (Fourie, 2014; Cinar et al., 2022).

To ensure that the intended outcomes of government programmes are fulfilled, the South African public sector is structured in such a way that roles and responsibilities are distributed across the different levels and economic clusters (Government Communication and Information System, 2016). An important arm of the public sector is national government departments, which have been classified as the economic sectors, employment, infrastructure development cluster (Economic Sectors, Employment, and Infrastructure Development Cluster, 2015). This cluster is divided into various national government departments, each focusing on a specific area of responsibility to ensure that national imperatives are met in these specific areas. Each department is typically headed by a cabinet minister, a deputy minister, director-general and other directors and managers, the latter who are at different levels and focus areas (Parliamentary Monitoring Group, 2017). Supporting these leaders are a host of professional and non-professional employees who have various job descriptions and areas of focus within each government department (*Ibid*). External consultants are also important stakeholders as they may be called in to provide services in specialised areas where the department may not have adequate capacity. Also important to national government departments are audit committees, which are the equivalent of boards of directors in private firms and play an important role in ensuring the integrity of all governance procedures (Van der Nest, 2008; Public Sector Audit Committee Forum, 2013).

Despite its importance to the economy supported by the above methodical structural layout, the performance of the South African public service, inclusive of national government departments, is characterised by gross underperformance (Haricharan, 2022). It can be argued that one of the most important indices of the performance of any government is its ability to deliver services to the residents of its country. In this regard, the South African public service has been underperforming consistently and has been accused of neglecting its service delivery imperatives (Fourie & Poggenpoel, 2016; Van De Waldt, 2020). Some of the issues cited for the poor performance of the South African public service include: poorly skilled managers, which has led to irregular expenditures within the public service; poor accountability; human resources malpractices; and the lack of monitoring and evaluation and ineffective leadership (Ambe & Badernhost-Weiss, 2012; Akinboade, Kinfack & Mokwena, 2013; Janse van Rensburg, 2014; Klinck & Swanepoel, 2019). Other notable areas of concern include financial mismanagement, unemployment, corruption, fraud, and favouritism, all of which have contributed to the further erosion of the performance of the South African public service (Janse van Rensburg, 2014; Hoeyi & Makgari, 2021).

Also, important to note is that although government’s strategies normally tend to be clear, to some extent, regarding their vision and high-level outcomes when they are first developed, strategies do not capture or consider their complexity or nature at the execution stage. As a result, they face significant difficulties in articulating their requirements in terms of clear objectives, actionable initiatives, and precise and measurable performance indicators. Simply put, strategies in government, due to their multifaceted nature, are said to face a greater risk of failure than those in the private sector (Al-Khouri, 2014)

A significant argument that could be put forward is that the performance challenges facing the South African government are attributable, in part, to ineffective corporate governance mechanisms and practices. Corporate governance refers to how organisations are directed and controlled such that they can fulfil their goals and objectives for the long-term growth of an organisation and the benefit of all stakeholders (Hilb, 2012). As mentioned by Matei and Drammasu (2015), corporate governance is an important determinant of the performance of public entities. It should, therefore, not be an exclusive activity for private sector organisations. In recent times, attention has been directed to corporate governance in the public sector because of the inability of many public sector organisations to achieve their intended goals, apparently due to governance-related inconsistencies (Mulyadi, Anwar & Ikbal, 2012). In the public sector, the benefits of sound corporate governance include increased stakeholder confidence, decreasing costs, increased employee morale, reduced risks and mismanagement, corruption, and wastages, better organisational reputation, and branding, as well as improved organisational success and economic growth (*Ibid*). It is conceivable to presuppose that these benefits are also much needed in the South African public sector, considering the challenges that it is experiencing. Hence it is necessary to investigate how the effective implementation of corporate governance can be harnessed for the improvement in the performance of the ailing South African public sector.

1.2 PROBLEM STATEMENT

The performance of the entire South African public sector remains depressed. The poor performance is in most areas of the public sector and is manifested externally through fraud, corruption and irregular expenditures, a hostile employee relations climate, a generally dysfunctional organisational culture, and value system and managerial inconsistencies (Fourie & Poggenpoel, 2016, Benson & Ganda, 2022). The ultimate result of these challenges is poor service delivery, which impacts adversely on the national economy. The poor service delivery is manifested through a wide range of factors such as dilapidated road infrastructure, failing sewerage treatment or sanitation systems, inability to provide clean water and electricity, and shortage of funds to provide housing to needy members of communities (Chigudu, 2020). Several authors (Siswana, 2007; Thomas, 2012; Padeyachee, 2013, Chigudu, 2020) have attributed the poor performance to ineffective corporate governance within the public sector. A report by the Public Sector Audit Committee Forum (2013) highlights that audit committees, which are the primary custodians of corporate governance in South African national government departments, face seven major impediments to their work, namely, legislative, and regulatory requirements, role clarity, composition, independence, knowledge, skills and experience, commitment, and lack of support from management. Considering that the South African public sector is critical to the growth and success of the national economy, all challenges facing it must be interrogated to find relevant solutions (Benson & Ganda, 2022; Dzomira, 2020). This study has assumed that the performance problems facing the South African public sector could be resolved through the effective implementation of corporate governance. Furthermore, that identifying the barriers to corporate governance and minimising their effects could be an important intervention in dealing with the performance-related challenges facing the South African public sector.

There is some evidence of previous research on governance in the South African public sector. For example, Rossouw, Van der Watt and Rossouw (2002) provide an overview of the conceptualisation of corporate governance in South Africa, providing its financial and ethical implications to managerial practice in the country. Aka (2007) analyses the dynamics of corporate governance reforms in South Africa. Research by Siswana (2007) investigates the issue of leadership and governance in the South African public service, with an emphasis on the public finance management system. Another study conducted by Thomas (2012) tracks the reported incidences of corporate governance transgressions at five strategic South African SOEs. Padeyachee (2013) examines developments in the culture and practice of corporate governance largely within the private sector in South Africa. Moreover, a study by Nevondwe, Odeku and Tshoose (2017) revealed the principles of corporate governance as underpinned in the available South African legislation. More recently, a study by Benson and Ganda (2022) explored the impact of corporate governance and corporate sustainability on the performance of South African listed companies.

While the above studies provide a veneer of evidence of corporate governance research within the South African public sector, several research gaps remain that need to be addressed. In general, it is necessary to expand research on corporate governance in the South African public sector to determine possible barriers to corporate governance as well as investigate their influence on the performance of the South African national government departments. Also, most of the previous research on corporate governance in South Africa (for example, Andreasson, 2011; Isukul & Chizea, 2016; Pamburai, Chamisa & Abdulla & Smith, 2015; Hove-Sibanda, Sibanda & Pooe, 2017; Tshipa, Brummer, Wolmarans & Du Toit, 2018, Benson and Ganda, 2022) have concentrated on either the private sector or SOEs while disregarding the same issue within national government departments. This disregard for government departments in corporate governance research is surprising, given that these entities are the principal superintendents of the activities of the other sectors of the economy, both private and public, making corporate governance a major challenge within them.

As corporate governance is the thrust of this study, it was necessary to narrow it down to specific levels and entities of the government. Examples of such levels and entities include municipalities, provincial governments, national government departments, and SOEs, amongst others. These have their unique dynamics, which should be investigated separately. National government departments are unique since they are the nucleus and engine of the nation where policies and regulations that direct virtually all economic activities within the country are developed, implemented and monitored. Also, since the public service is largely funded through the fiscal system, all funds received from taxpayers must be utilised prudently, which can be achieved through effective corporate governance mechanisms. Hence this study focused on national government departments.

Although there is much literature on corporate governance, evidence of previous research studies that developed a generic classification of the corporate governance relevant to South African national government departments is limited. As none of these studies developed a generic classification of the barriers relevant to corporate governance it was not known which barriers are most prominent and deserved more managerial attention. It was further apparent that the effect of corporate governance practices and barriers to the performance of the South African national government departments was yet to be tested empirically. The current study, therefore, was intended to address these existing gaps within the literature. By addressing these gaps, the study adds to the existing body of knowledge in terms of implementation of corporate governance and determining possible barriers to the performance of public service institutions.

1.3 OBJECTIVES OF THE STUDY

A primary, theoretical, and empirical objectives were formulated for the study.

1.3.1 Primary Objective

The study seeks to investigate the implementation of corporate governance and determine possible barriers to corporate governance and their influence on the performance of the South African national government departments.

1.3.2 Theoretical Objectives

The study addresses the following theoretical objectives that focused on the literature:

1) to explore the literature on corporate governance.
2) to conduct a literature review on corporate governance barriers.
3) to analyse the literature on the balanced scorecard factors; and
4) to provide an overview of the literature on the organisational performance.

1.3.3 Empirical Objectives

The empirical objectives of this study are to:

1) develop a generic classification of barriers to corporate governance relevant to national government departments in South Africa.

2) determine the perceptions of public service employees towards the implementation of corporate governance, its barriers and performance within national government departments in South Africa.

3) examine the effect of corporate governance and its barriers on the performance of national government departments in South Africa; and

4) develop a model for the implementation of corporate governance for the improvement of organisational performance within national government departments in South Africa.

1.4 RESEARCH QUESTIONS

A main research question supported by sub-research questions was formulated:

1.4.1 Main Research Question

How does the implementation of corporate governance impact on the performance of the national government departments in South Africa?

1.4.2 Sub Research Questions

1) Which barriers to corporate governance are most pronounced in the national government departments in South Africa?
2) How do public sector employees view the implementation of corporate governance in the national government departments in South Africa?
3) Is there a relationship between the implementation of corporate governance and the performance of the national government departments in South Africa?
4) How do the barriers to corporate governance influence the performance of the national government departments in South Africa?

1.5 ABBREVIATED LITERATURE REVIEW

This section presents the preliminary review of literature on the research theory and various constructs considered in this study. More extensive review of literature on these aspects is presented in Chapters Two and Three of this thesis, respectively.

1.5.1 Research theory

The agency theory provides a relevant foundation for this study. According to Shirk (2007), it is the most recognised theory applied in corporate governance studies. However, despite its popularity and association with corporate governance, there is no consensus as to when the agency theory emerged. Shirk (2007) claims that it originated from a thesis by Berle and Means (1932) entitled "The Modern Corporation and Private Property". Eisenhardt (1989) accepts the view that it sprung out in the late 1960s and early 1970s from the works of Wilson (1968) and Arrow (1970). The agency theory formalises assumptions about the distribution of property rights and information in written contracts that define organisations (Ayee, 2005). According to the theory, organisations can be viewed as collections of explicit and implicit contracts and how these contracts are designed. In particular, the agency theory focuses on the relationship between principals and agents who exercise authority on their behalf (Jensen & Meckling, 1976). The owners are regarded as the principals who enter contracts with the executives of the organisations who are morally obliged to work towards achieving maximum returns for the principals. However, this delegation of power may provide opportunistic managers with the chance to expropriate shareholders' wealth by choosing to invest in projects that could benefit themselves rather than the shareholders (Posner & Weyl, 2014; Mehrotra & Morck, 2017).

The theory argues that principals must solve two basic tasks in choosing their agents (Ayee, 2005). Principals must select the best agents, whether employees or contractors, and create inducements for them to behave as desired and monitor the behaviours of their agents and ensure they are performing their tasks well (Roux, 2012; Mestry, 2017). However, two problems are facing the principals in choosing these agents. First, the principal can never know everything about an agent. A supervisor can examine potential employees' education, skills, personality, and background, but can never be sure of selecting the best person for the job. As a result, employers tend to hire lower-quality applicants than desired (Roux, 2012; Mestry, 2017). This is called the adverse selection problem (Ayee, 2005; Mestry, 2017). Second, the principal can never be sure of understanding the full details of the agent's performance (Arrow, 1985). Although there are signals about an employee's performance, such as reports, complaints, and direct observation, the employer can never be fully aware of the entire developments. Principals are thus typically disadvantaged concerning their agents who, therefore, have an incentive to work less than their capacity since they know that performance inadequacies may not be detected, which is called the problem of moral hazard (Ayee, 2005; Roux, 2012; Mestry, 2017). Information asymmetry is another agency problem that results from the separation of ownership and control. It reflects an information gap that arises from managers possessing superior knowledge regarding the true operations and performance of the corporation. Managers can exploit this knowledge and take actions to maximise their own utility. (De Villiers & Hsiao, 2018). In this study, the agency theory has been chosen for its potential value in corporate governance issues. The study rationalised the idea that organisational performance can be achieved if corporate governance principles are effectively implemented and honoured in the organisation by the different agents employed to undertake different responsibilities. In the national government departments setting, the principals are the politically elected leaders(ministers), and the agents are the directors general and managers in the different national government departments. Given that agents are believed to be opportunistic, a key goal of governance under the agency theory is for the principal to manage that opportunism through two major mechanisms: firstly, setting financial incentives (salaries) to incentivise agents; and secondly, putting in place governance structures to monitor management and ensure that management actions do not deviate from the interests of the principal.

1.5.2 The concept of corporate governance

There is no universal definition towards the concept of corporate governance as it has been defined from various perspectives by various authoritative bodies and authors. Dignam and Lowry (2006) conceptualise corporate governance as a set of processes, customs, policies, laws, and institutions affecting the way a corporation is directed, administered or controlled; and its purpose is to influence directly or indirectly the behaviour of the organisation towards its stakeholders. Shleifer and Vishny (1997) visualise corporate governance as the internal and external monitoring mechanisms that have an impact on the decisions of managers in the context of ownership and control. It may also be described as the system and set of processes by which organisations are directed and controlled (Cadbury, 1992; Mallin, 2007). Moreover, Crowther and Seifi (2011) view it as an environment of trust, ethics, moral values, and confidence as a synergic effort of all the constituent parts that are stakeholders, including government, the general public, professionals, service providers, and the corporate sector. Therefore, corporate governance is the system by which an organisation makes and implements decisions in pursuit of its objective. The purpose of corporate governance is to align as nearly as possible the interests of individuals, organisations and society (Cadbury, 2000; Lattemann, 2014).

The concept of corporate governance was first coined to alleviate agency problems but later evolved not only to place emphasis on issues such as disclosure, transparency, and accountability, but also aimed at addressing agency problems such as information asymmetry that is due to the separation ownership from control, and furthermore, to embrace large issues in organisations, ranging from ownership structure to the processes and procedures of the firm (Gyamerah & Agyei, 2016). Around the world, good corporate governance is recognised as a fundamental principle that underpins organisational performance (Salima *et al.*, 2016). Successful corporate governance structures can improve public accountability, create value, minimise risk exposure and boost the operational efficiency of public entities (Basel Committee on Banking Supervision, 2006, Fu *et* *al*., 2014). Donker and Zahir (2008) highlight that corporate governance enables organisations to separate ownership and control, facilitates the evaluation and performance of organisations, reduces the cost of capital, and fights fraudulent activities such as corruption and financial mismanagement. Corporate governance enables the public sector to achieve principles such as openness, integrity, and accountability, which in turn enhances the performance of both the employees and the organisation (Mulyadi et al., 2012).

Various governance literature recognised that corporate governance models or structure and corporate governance systems tend to vary across countries and industries, reflecting both differing societal values as well as differing ownership structures, businesses, and competitive conditions. (Peng *et al*, 2021).

Disclosure and transparency, responsibility, accountability, sustainability, the rule of law, participation, responsiveness effectiveness and efficiency are cited as some of the principles that underpin corporate governance (Chowdary, 2002; Akinkoye & Olasanmi, 2004; King IV, 2016; Organisation for Economic Co-operation and Development [OECD], 2004; Mulyadi *et al.*, 2012; Agyei, 2016). The equity principle involves ensuring that all members of society feel that they have a stake and do not feel excluded from the mainstream. According to the OECD (2004), the equity principle requires mechanisms to ensure that all stakeholder groups can maintain or improve their wellbeing. Another principle is ‘responsiveness’, which generally is a result of the participation and transparency principle. Responsiveness implies that the governance regulations enable the institutions and processes of governance to serve all stakeholders within a reasonable timeframe (Agyei, 2016). Sustainability, according to Aras and Crowther (2007), denotes that society or an organisation must use no more of a resource than can be regenerated. Accountability as a principle is concerned with an organisation’s recognition that its actions affect the external environment, and therefore, it must assume responsibility for the effects of its actions (Aras & Crowther, 2010).

1.5.3 Organisational performance

Organisational performance refers to the ability of organisations to meet their goals (Slater & Narver, 1994; Healy et al., 2014). It is an important indicator of organisational success (Stegerean & Gavrea, 2010). Organisational performance is central to the understanding of organisational success and the factors responsible for the variation (Hadsen & Walker, 2003). It is influenced by factors such as innovation and good corporate governance principles (Duran-Vazquez, Lorenzo-Valdes & Moreno-Quezada, 2012; Likar et al., 2014; Nybakk & Jenssen, 2012; Oke et al., 2012; Yen 2013). According to Bigliard (2013), organisational leaders should understand and be aware of the impact of different variables on organisational performance to manage them effectively. It can be measured using different methods that can be classified into two main categories, namely, financial, and non-financial performance (Maltz et al., 2003; Shin *et al.*, 2015). Several scholars (Hult *et al.,* 2008; Likar *et al.,* 2014; Nawaz et al., 2014) highlight that to assess its financial aspect, accounting-based measures such as profitability, sales growth, return on assets, return on sales, or return on equity, among others, can be used. Non-financial measures, which include the interests of stakeholders and strategic business areas that are not necessarily financial by nature, can be measured using non-financial indicators such as customer satisfaction and retention, market share, productivity, operational effectiveness, and efficiency, branding and quality (Battor & Battor, 2010; Tsai & Tsai, 2010; Oke *et al.,*2012; Hassan *et al.,* 2013).

In the current study, organisational performance refers to the performance of individual national government departments in South Africa.

In this study, organisational performance was measured from a Balanced Scorecard (BSC) perspective, which is a strategic planning tool developed by Kaplan and Norton (1996) as a response to the assumption that organisations only exist to satisfy stakeholders. Northcott and Taulapapa (2012) conceptualised the BSC as an instrument which gives a multi-dimensional view of performance across different objectives and stakeholders, as is required for many public sector organisations. Further, the BSC's focus on key performance indicators (KPIs) directs managerial attention to important drivers of organisational results and informs performance management by linking these KPIs in causal relationships with desired outcomes.

The BSC is based on four-dimensional frameworks where each dimension represents a set of different stakeholders. According to Kaplan and Norton (1996), the four perspectives permit a balance between short-and-long objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objective measures and softer subjective measures. The four perspectives include customers, financial, internal business processes, innovation, and learning and growth perspectives.

The customer perspective captures the ability of the organisation to provide quality goods and services, the effectiveness of their delivery and overall customer service and satisfaction (Arora, 2002). The internal business processes perspective focuses primarily on an analysis of the organisation's internal processes, which are the mechanisms through which organisational performance is achieved. Innovation and learning refer to issues which include the quality of information systems, the ability of employees, and the effects of organisational alignment in supporting the accomplishment of organisational goals (Brown & McDonnell, 1995; Arora, 2002). Learning and growth issues enable the organisation to ensure its capacity for meeting customer needs, the pre-requisite for long-term survival (Kaplan & Norton, 1996). Financial performance measures whether the organisation's strategy implementation and execution are contributing to the financial well-being of the organisation (Amaratunga et al., 2002).

1.6 CONCEPTUAL FRAMEWORK AND HYPOTHESES

Based on the theories underlying corporate governance and the above review of the literature, the conceptual framework (Figure 1.1) was developed to examine the relationships among the variables used in the study (corporate governance, barriers in the implementation of corporate governance and organisational performance):

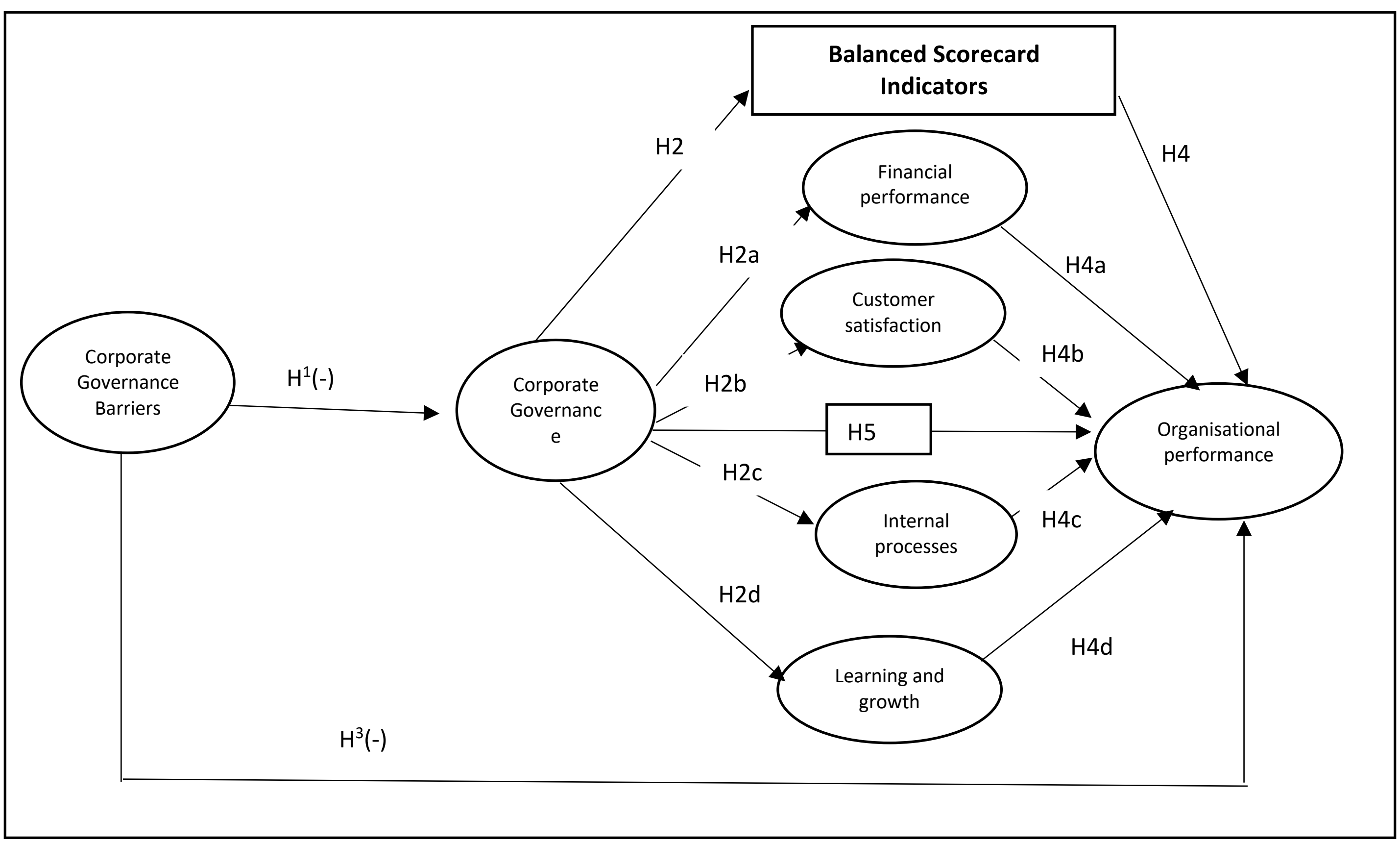


Figure 1.1: Conceptual framework for Corporate Governance and Organisational Performance in National Government Departments
Source: Compiled by author

The framework shows the following hypothesised relationships:

H1: The barriers to corporate governance exert a significant negative influence on corporate governance in national government departments.

H2: Corporate governance has a significant positive influence on BSC indicators in national government departments.

H3: The barriers to corporate governance have a significant negative influence on organisational performance in national government departments.

H4: Balanced scorecard indicators have a significant positive influence on organisational performance in national government departments.

H5: Corporate governance has a positive influence on organisational performance in national government departments.

More in-depth information on the formulation of hypotheses, based on the review of literature, is provided in Section 3.8.

1.7 SIGNIFICANCE OF THE STUDY

There are two major reasons why this study is significant. First, it generated information on the application of corporate governance in national government departments in South Africa. Additionally, the study has generated information on the specific dimensions of corporate governance as well as its exact barriers within the national government departments. It further yields information on how both corporate governance and its barriers affect performance of national government departments. In this way, future researchers may use the present study as a source of reference on the implementation of corporate governance in the public sector in developing countries such as South Africa. It also serves as a future source on how the methodologies applied here can be harnessed for use in other impending studies related to the nexus between corporate governance, its barriers and organisational performance.

Managers and employees of national government departments in South Africa can practically use the results of the study to manage corporate governance more effectively. Relevant policies, procedures, systems, and processes can then be either developed or improved based on the information produced in the study. Application of this information, in turn, can facilitate the improved governance of national government departments, with further economic benefits expected, either upstream or downstream in the public sector.

1.8 SCOPE OF THE STUDY

The study has acknowledged that the South African public sector is broad, and encompasses numerous entities at different spheres of government. It places emphasis on national government departments in South Africa to capture its contextual developments. Future research on the same topic can be conducted at other levels and entities of the South African public sector. Also, this study has acknowledged the diversity that is within managers and employees of national government departments, and that some of them may not have knowledge that is relevant here. This being the case, the scope of the study only covered those managers and employees in professional categories of work that is directly related to corporate governance, these being from assistant directors to chief directors. Although the South African public sector is massive and covers the entire country, this study was restricted to national government departments in Gauteng province. This is because most departments are headquartered in Gauteng, where most strategic decisions impacting on corporate governance are made.

1.9 SUMMARISED RESEARCH METHODOLOGY

A research methodology is a systematic inquiry intended to solve a specific problem (Neuman, 2014). This study involved the selection and implementation of a suitable research approach and design, a literature review, and an empirical study. This section provides a summarised description of the research methodology followed. A more comprehensive discussion of the research methodology is presented in Chapter Four.

1.9.1 Research Approach

There are three major approaches to research, namely, the quantitative, qualitative, and mixed methods. This study was undertaken using a quantitative approach, which involves the use of numerical data and statistics to explain the behaviour of phenomena (Creswell, 2014). The quantitative approach is suitable for use in this study because it permits the generalisation of the research results to other environments (Punch, 2016). In this case, the results obtained in this study may be generalised to other public sector environments in South Africa and other developing countries. Besides, use of a quantitative method is suitable for testing relationships between different variables (Zikmund, Babin, Carr & Griffin, 2013), which is the case in this study where the influence of corporate governance on the performance of the public sector are assessed.

1.9.2 Research Design

A research design may be perceived as the plan showing how the research will be conducted (Salkind, 2012). Marie and Pietersen (2016) classify quantitative research designs into experimental and non-experimental designs. This study was performed using the survey design, which is arguably the most-common non-experimental design. A survey design involves the collection of data using a research instrument such as a questionnaire (Alan, 2015). In implementing the survey in this study, a cross-sectional strategy was followed, which involves the collection of data from respondents once in a specific period (Leedy & Ormrod, 2015). A cross-sectional survey was preferred in this study because it facilitates the structured and systematic collection of data from respondents directly, timeously, and openly using a questionnaire.

The research design included a literature review and an empirical study.

1.9.3 Literature Review

A literature review is a study of previous works related to the present study, conducted with the intention to develop a better understanding of the available information on the subject under consideration (Berndt & Petzer, 2013; Creswell, 2014). The study involved a review of literature focusing on the performance of the public sector in South Africa. The review focused on corporate governance and its practices. Academic databases such as Sabinet, Emerald, Science Direct, Google Scholar, official government publications, books and other internet resources were used as the sources of literature.

1.9.4 Empirical Study

The empirical study involves a determination of the sample, procedures for data collection, data analysis methods and ethical considerations.

1.9.4.1 Sampling Design

Sampling design refers to the procedures undertaken to ensure that a representative number of elements are chosen as respondents (Zikmund *et al.*, 2013). In this study, the sample design involved the identification of the target population, the sampling size and the sampling approach and technique.

1.9.4.2 Target Population

A target population is defined as the complete collection of objects whose description is the major goal of the study (Adams, Khan & Raeside, 2014). The target population for this study consisted of managers and professional employees in the national government departments in Gauteng province. The actual number of these managers and employees is unknown as there are numerous national government departments operating in the province.

1.9.4.3 Sample Size

Sample size refers to the number of population elements that were selected to participate in the study (Desu, 2012). In this study, the sample size was 260 respondents. This sample size is consistent with the suggestion by Hair, Black, Babin and Anderson (2010) that for multivariate analysis the sample size should be preferably greater than 100 elements. These two suggestions are applicable to this study, which is multivariate in nature since several areas of corporate governance were considered in terms of their influence on organisational performance in the public sector.

1.9.4.4 Sampling approach and technique

The probability and non-probability sampling methods are the two major approaches to sampling (Adams *et al.*, 2014). In this study, there was no sampling frame (list of names of possible respondents) that was available for use in this research, and consequently, the nonprobability method is appropriate. The sampling frame design is when characteristics of elements of the target population from which a sample is drawn are in a list and in a particular order, such as names or addresses. (Kölln, Ongena & Aarts, 2019). In this study, the sampling frame would have been a list of the names, directorates, and positions of governance role players in the South African national government departments. This list was not available since the study involved eight separate departments that have diverse groups of employees.

In nonprobability sampling, elements have no equal chance of being selected as respondents (Creswell, 2014). The non-probability technique used in this study is purposive sampling, whereby the researcher applies judgment in selecting the units (e.g., people, case/organisations, events, pieces of data) that are to be studied. This enables better matching of the sample to the aims and objectives of the research, thus improving the rigour of the study and trustworthiness of the data and results. As such, this type of sampling provides researchers with the justification to make generalisations from the sample that is being studied, whether such generalisations are theoretical, analytic, and logical in nature. (Sharma, 2017).

In this study, only those managers and professional employees from the rank of assistant director to chief director who have worked in the public sector and hold at least a matric certificate were selected as they are able to provide information that was relevant to this study.

1.9.5 Procedures for Data Collection

In this study, data were collected using a self-administered and structured survey questionnaire. To increase the response rate, questionnaires were distributed using a combination of two methods, namely, the drop and collect method and email surveys. Respondents were given a period of two weeks to complete the questionnaires. The use of a questionnaire was preferred in this study because administering the questionnaire is less costly, enables the collection of data from large numbers of respondents in a reasonable time, has anonymity and a wider topic coverage (Dalati & Marx Gómez, 2018).

The questionnaire was divided into three sections. Section A elicited the demographic information of respondents, using aspects that include gender, race, age group, academic qualifications and employment period. Section B elicited information regarding corporate governance. Section C elicited information on the barriers to corporate governance. Section D requested information regarding the components of the BSC. Section E requested information on overall organisational performance. Questions eliciting information on corporate governance and barriers as well as organisational performance were adapted from measurement scales developed in previous studies. These studies have been reviewed in the comprehensive literature survey that will be reported in

Chapters Two, Three and Four of the study. Response options in Sections B, C and D have been presented on five-point Likert-type scales anchored by 1= Strongly disagree, and 5= strongly agree. Greater details about the sources of the measurement scales are provided in Section 4.8.2.3.1.

1.9.6 Data Analysis Procedures

Data was analysed with the aid of two Statistical software, namely, the Statistical Packages for the Social Sciences (SPSS) and the SMART Partial Least Squares (PLS) packages. The SPSS software was used for analysing the descriptive statistics pertaining to respondents' demographic information, descriptive statistics for the research constructs. The SPSS software has been used to perform the Exploratory Factor Analysis for identifying the corporate governance and checking the uni-dimensionality of the organisational performance scales. The SMART PLS software was useful for conducting a Confirmatory Factor Analysis, which was performed to assess the accuracy of the scales and for analysing the relationships between various constructs.

1.9.7 Reliability and Validity

Reliability may be perceived as the degree to which a measurement instrument is consistent and repeatable (Tavakol & Dennick, 2011). Reliability ensures that the measurement procedures used in this study produced similar results should the study be replicated in the future. In this study, scale reliability has been assessed using the Cronbach alpha coefficient and the Composite Reliability indices. A minimum threshold value of 0.7 will be expected for a measurement scale to be accepted as reliable (Anderson & Gerbing, 1988).

Validity is often defined as the degree to which an instrument measures what it purports to measure (Ko et al., 2017). Face validity has been checked through a review of the questionnaire by experts in corporate governance. Content validity was checked through a pilot study of the questionnaire, using at least 40 conveniently selected respondents. Convergent validity has been examined by item loadings which included standardised regression weights (Minimum=0.5) and the Average Variance Extracted (minimum =0.4) (Fraering & Minor, 2006). In testing for discriminant validity correlations between the research constructs were computed (maximum=1.0).

1.10 ETHICAL CONSIDERATIONS

The following of research ethics is important because researchers in their work are entrusted with information about participants, much of which are personal and sensitive in nature (Punch, 2016). In this research, confidentiality was maintained by ensuring that the identities of respondents remained anonymous. Respondents only participated in this study after signing a consent form indicating that their participation in this study is voluntary. Respondents were allowed to withdraw from participating in this study at any stage during the research process. Permission to collect data were sought from appropriate authorities in the South African national government departments. Confidentiality was exercised in treating any information provided by respondents, which ensured that respondents were protected from any physical or psychological harm. Ethics clearance was granted by the University of South Africa Graduate School of Business Leadership.

1.11 CHAPTER CLASSIFICATION

The results of the study are reported in a comprehensive thesis document consisting of several chapters. The chapters are partitioned as follows:

Chapter 1: The introduction and background of the study

This chapter discusses the background of the study and the problem statement, research questions and objectives, and what motivated this research project. It further discusses the preliminary literature review, the conceptual model and hypothesis statements, a synopsis of research methodology and the ethical considerations.

Chapter 2: A literature review on corporate governance in South Africa

This chapter comprises the literature review on corporate governance, its practices, and its application to both the private and public sectors. Challenges associated with corporate governance in the South African public sector are discussed.

Chapter 3: A literature review on public sector organisational performance

This chapter provides a literature review on organisational performance in the public sector.

Chapter 4: Research methodology

This chapter outlines the research paradigm, research design and the method used in the study. It includes the sampling method used, data collection, administration of the survey questionnaire, the reliability and validity of the instrument, procedures for data analyses and the ethical considerations.

Chapter 5: Empirical analysis and presentation of the results

This chapter provides the empirical results of the study and their interpretation.

Chapter 6: Conclusions and recommendations

In this chapter, the conclusions are drawn from the literature review and from the results of the empirical analysis. The conclusions are structured in a way that responds to the problem statement and the research objectives as outlined in the first chapter. Recommendations on how the public sector may improve its corporate governance are suggested. Limitations of the study as well as the suggestions for future research, are discussed.

1.12 CONCLUSION

The first chapter presented the orientation to the study. It is divided into eleven sections. The first section discussed introduction and background, highlighting how the South African public sector is structured to enable the distribution of responsibilities across the different levels of economic clusters for purposes of ensuring that national imperatives are met. The chapter further discussed how the performance challenges facing the South African government are attributable, in part, to ineffective corporate governance mechanisms and practices. The problem statement was further outlined, followed by research aims; primary objective and three secondary objectives. The main research question and four sub-research questions were also presented. A conceptual framework and a summary of research hypotheses for the study were presented. This was followed by significance of the study, and the agency theory, which is the anchor theory and the relevant foundation for this study. A preliminary literature review, a brief discussion on the research methodology and statistical analysis, and ethical considerations were presented. The chapter concluded by outlining the chapters of the thesis. The next chapter discusses the literature review on corporate governance in South Africa.

CHAPTER 2

A LITERATURE REVIEW ON CORPORATE GOVERNANCE IN SOUTH AFRICA

2.1 INTRODUCTION

This chapter provides a discussion of the literature on corporate governance in South Africa. In doing so, it makes use of the King Report III (2009) and King Report IV (2016) as guiding frameworks. The investigation begins by highlighting the conceptual definitions of corporate governance and the purpose of the concept. The succeeding section discusses the principles of corporate governance as provided for by the King Report IV, 17. This is followed by a discussion on the practices of corporate governance such as transparency, accountability, responsibility, responsiveness, and fairness, among others. Thereafter, the chapter discusses the agency theory, which is also known in the literature as the principal agency theory, with the discourse emphasising topics such as definitions of the theory, a discussion on the theory itself and gaps that exist in literature. The chapter further provides an overview of the significant benefits and importance of corporate governance in both public and private sector organisations. The final sections dwell on the implementation of corporate governance in South Africa and previous studies on corporate governance in the country.

2.2 CONCEPTUALISATION OF CORPORATE GOVERNANCE

In giving context to the theory of corporate governance, Niamh et al. (2015) asked these pertinent questions: What is corporate governance? Who are corporate governors? What do corporate governors do? What does an analysis of corporate governors and their domain explain? Even though no standard definition of corporate governance exists, the United Kingdom's Cadbury Report of 1992 and the South African first King Report of 1994 view corporate governance as “the system by which companies are directed and controlled” (Thabane & Snyman-Van Deventer, 2018). This definition implies that the responsibility of corporate governance rests with the board of directors of an organisation. However, as the definition of these reports has been criticised for being deceptively simple and lacking, other definitions from various researchers are taken into consideration. Du Plessis et al.(2011) define corporate governance as the process of controlling management and balancing the interests of all internal stakeholders and other parties. These parties can be affected by the corporation's conduct to ensure responsible behaviour by corporations and to achieve the maximum level of efficiency and profitability for a corporation. Whellen and

Hunger (2002); Masegere (2016) define corporate governance as the relationship between the board of directors, top management, and shareholders in determining the direction and the performance of the corporation. This is also supported by the Organisation for Economic Co-operation and Development (OECD, 2015), which reports that corporate governance is “a set of relationships between a company’s management, its board, its shareholders and other stakeholders. It 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, 2015).

Moreover, Richardson, Larcker, and Tuna, (2007) argue that corporate governance refers to the rules, incentives, institutions and philosophies for coordinating, controlling and supervising behaviour impacting on social responsibility investment (SRI). Barac and Moloi (2009) describe corporate governance as the structures, processes, cultures, and systems that stimulate the successful operation of organisations; that it is the process by which the owners and creditors of an organisation exert control and require accountability for the resources entrusted to the organisation. Corporate governance is therefore concerned with improving the performance of an organisation for the benefit of shareholders, stakeholders, and economic growth (Ngoepe & Ngulube, 2015). The practice also refers to the process by which organisations are directed, controlled and held accountable. According to Ngoepe and Ngulube, (2015), good corporate governance relates to the concepts of accountability, which aligns as nearly as possible the interest of individuals, organisations, and society together (Cadbury, 2000; Lattemann, 2014; Ngoepe & Ngulube, 2015).

Additionally, the World Bank (2017) defines corporate governance as the exercise of political authority and the use of institutional resources to manage society's problems and affairs. Corporate governance may further be described as a process that aims to allocate corporate resources to maximise value for all stakeholders, shareholders, investors, employees, customers, suppliers, environment, and the community at large (Wiese, 2014). It holds those at the helm to account by evaluating their decisions on transparency, inclusivity, equity, and responsibility (Ibid). Moreover, Sun (2016) defines corporate governance as “a way a corporation polices itself, and as such, it is regarded as a method of governing a company like a sovereign state instating its own customs, policies and laws to its employees from the highest to the lowest levels”. The author further argues that corporate governance is of utmost prominence to every organisation and, as such, nearly as essential as an organisation's business plan (Sun, 2016; Radebe, 2017). Therefore, if well implemented, corporate scandals, fraud and civil, criminal liability of the company could be prevented to enhance a company's image in the public eye (Sun, 2016; Radebe, 2017). Such an organisation can be seen as self-policing, responsible and worthy of shareholder and debt holder capital. In short, it can be safely concluded that good corporate governance can keep a company honest and out of trouble. Therefore, in the national government context, corporate governance refers to the process of governing public sector organisations with the same sound corporate controls and management as other profit-seeking organisations (private organisations), even though the former may have social or public goals that profit-seeking corporations potentially do not. That is to say, national government sectors should be actively owned and managed to achieve intended objectives in an efficient, effective, and socially responsible way, while also fulfilling their social responsibilities to government as a shareholder, other stakeholders, and the public at large. Therefore, this study adopted the following definition on corporate governance. 'Corporate governance in South Africa is defined as the system of rules, practices, and processes by which a company is run. It epitomises the principles of responsibility, accountability, fairness, and transparency'.

2.3 THE INTERNATIONAL CONTEXT OF CORPORATE GOVERNANCE

Corporate governance has been a well-researched area of study in the last decade. However, as Cohen, Krishnamoorthy and Wright (2010) observed, "despite the importance placed on CG in academia and practice in recent years, there are still no internationally accepted standards of CG" In some contexts such as in Brazil, China, Russia, India and South Africa, the practice of corporate governance has been regarded as an ordinary part of 'good governance' or as 'best practice governance'. Khanna and Gupta (2011), Thyil and Young (2010) perceive that corporate governance and serving the community is not a new concept in the world and has been practiced by corporates such as the Carrefour, Shell, Tatas, Birlas and Indian Oil Corporation ever since their inception in the early 1900s. Thus, this section discusses how corporate governance is implemented in other selected countries internationally.

2.3.1 Corporate governance in Sweden

The Swedish corporate governance practices can be viewed as a blend of some characteristics from the Anglo-American practices, the European corporate governance dimension, Latin, or German practices. The system is characterised by the domination of the majority shareholders (Jansson & Larsson-Olaison, 2010) and by multinational companies with a high global presence on the product markets (Collin, 2008). This high shareholding control by owners is made possible through regulations that accept pyramid holdings structures, dual-class shares, cross-ownership, shareholder agreements and charter provisions (Agnblad et al.,, 2001). The supremacy by the majority shareholder can be detected through shareholders' dynamic control at shareholders' meetings (Lajili & Zeghal, 2010). The Swedish corporate governance practice is claimed to have reasonable minority shareholding protection (Marimuthu, 2008), and a recent index of shareholder protection has indicated that the Swedish practices have a moderate index value as matched to other European countries and Anglo-American CG practices (Armour et al., 2009). Barucci and Falini (2005) observed that this moderate protection of minority shareholders by the system would give rise to a risk of minority manipulation and constrict the shares market's growth, as has been a practice in other larger European economies. However, studies have been unsuccessful in discovering the existence of minority shareholders manipulation in the Swedish corporate governance system (Dyck & Zingales, 2004). On the contrary, the share market's depth and breadth is as good as and portrays the Anglo-American standards (Stafsudd, 2009) where various corporate governance analysts monitor each company (Collin, 2008). The capacity to blend characteristics from other systems along with a high standard of governance could relatively be enlightened by the existence of social pressures and norms through sturdy linkages (Lubatkin et al.,, 2005; Sinani et al., 2008).

2.3.2 Corporate governance in Australia

The Australian corporate governance practice is market-based and focuses on shareholder predominance. Sarens and Christopher (2010) observe that Australia functions inside the common law traditions, which puts lawful restrictions on following the result of shareholders' worth. Even so, they are given practically unrestricted lead in terms of the ways of realising this end with built-in elasticity so that the practices can be changed based on activities, culture, and size (Sarens & Christopher 2010). In addition, a report by the Australian government (2006) institutes that the "Corporations Act" does allow executives to consider the stakeholders' interests other than shareholders', although the overt systematisation has not gone as far as in the United Kingdom. This comply-or-explain methodology offers latitude to clarify the motives for non-compliance with governance codes and principles (Robertson, 2009). The Australian corporate governance practice also takes account of professional and regulatory controls from such bodies as the legislation Corporate Law Reform Act 2004 (CLERP 9), Australian Securities Exchange (ASX 2007) and professional associations.

2.3.3 Corporate governance implementation in the United Kingdom

The United Kingdom as an economy is very traditional, even its approach to corporate governance. Richter (2011) notes that as an Anglo governance structure, the United Kingdom also functions with a shareholder dominance methodology and on the foundation of the 'comply-or-explain' code. Khanna and Gupta (2015) observe that flexibility is also evident, as even though the United Kingdom CG Code ascertains good governance practices, corporations can elect to implement different approaches if that is more suitable to their environments. The Financial Reporting Council (FRC 2010,) states: "there is a relative lack of prescription as to how a company's board organises itself and exercises its responsibilities". Directors' duties have been codified in the Companies Act 2006 with new obligations for corporate directors to cogitate the interests of stakeholders, including employees, communities, societies, and the environment (Harjoto & Jo, 2014). Martin (2009) claims that one of the main influences of transformation has been the United Kingdom's role in the European Union, with the European Union's 2003 regulatory procedures concerning voting rights, disclosures, and board management roles, responsibilities, and duties through the 'Corporate governance and company law action plan'. Therefore, the United Kingdom's corporate governance is viewed as very flexible and incorporates the agency theory practices, which also protects the other stakeholders.

2.3.4 Application of corporate governance in India

Conventionally, Indian corporate governance practice is regarded as a relationship-based structure because of its dependence on family governance mechanisms (Thyil & Young, 2010) and not so much an inflexible compliance system. However, throughout the 1990s, India pronounced a voluntary code of corporate governance and in the 2000s the Companies Act protracted necessities, which commanded that listed corporates should have the CEOs and CFOs to confirm and certify financial statements; augment information disclosures to shareholders; and compel audit committees to take on extensive roles and responsibilities. Yet in contrast to the Australian and

United Kingdom corporate governance systems, the "Indian CG setting outlines vividly values and ethics, rather than regulations and rules, form the foundations of CG, while devotion to the legal structure is a least requirement" (Sehgal & Mulraj 2008). The Indian corporate governance structure therefore has developed to be, in general, a mixture of the 'outsider systems' of the United States of America and the United Kingdom, and the 'insider systems' of Japan and the continent (Sarkar & Sarkar 2010) connected to the country-specific values, culture, religious faith and ideologies and, because of the inflow of foreign capital, the adoption of more codes, regulation and rules (Thyil & Young 2010). In this regard, Thyil and Young (2010) establish that the Indian corporate governance practices embrace and display Anglo features that emphasise the significance of the stock exchange and depend on rules and laws to control information disclosures and does not depend on bank membership of boards. According to McGuire, et al. (2012), the Indian corporate governance system has challenges in enforcing regulations, which has low free float and is a combination of one and two-tier boards of management. Furthermore, Sarkah and Sarkah (2010) institute that the Indian system incorporates a wider view of stakeholders than what is lawfully mandated, or usually comprehended in a shareholder model, alongside one which is community centred.

2.3.5 Corporate governance in the transition economies of the Central and Eastern Europe

In as far as the transition economies of Central and Eastern Europe (CEE) are concerned; the significance committed to corporate governance extends outside the private sector to the public sector (McGuire et al, 2012). It is also about the challenges on institutional-building capabilities in their economic and political systems. Sehgal and Mulraj (2008) note that corporate governance in the transition economies of CEE is formed and paced by the means in which privatisations are applied as validated by the experience in Poland, Czech Republic, and Hungary. Bebchuk and Weisbach (2010) opine that whilst legal reforms incorporating Western type property rights, corporate governance disclosures and bankruptcy laws are commonly in place in these countries, "...the effectiveness of enforcement varies between countries and the associated institutions remain to be developed". For instance, in economies of CEE where privatisation has depended on the institution of investment finances, there have been challenges in making these effective, efficient, and operational (Jamali & Neville, 2011). At the same time, social justice arguments have often meant that executives normally have attained substantial equity stakes on privatisation in the enterprises in which they are employed. Given these conditions and the changing emphasis towards seeking efficiency improvements in enterprises, the corporate governance challenge in CEE becomes one of identifying how one might move towards a structure which will better enable efficiency benefits to be delivered" (Wright et al., 2007). In contrast to the mass vouchers system of corporate governance applied in privatisation, Poland and the Czech Republic used the principle of employees and management buyout option to privatise and manage its public sector enterprises and assets. Solomon (2007) postulates that this results in an ownership configuration slanted in the direction of family holdings and institutional shareholders. The CEE governments decided upon this option after the setbacks encountered when privatisation took place at the initial phase. This also meant that Poland's privatisation process occurred comparatively slower than the others in the CEE but led to a reasonable level of outside ownership and control. In the main, however, the state still exerts considerable influence on restructuring and related corporate governance matters (Mallin, 2007).

2.3.6 Corporate governance in Bahrain

Bahrain does not have a corporate governance code like most countries, but the responsibilities, roles, and duties of executives in corporations are defined in accordance with the 'Commercial Companies Law 2001' (Mallin, 2007). According to Hussain and Mallin (2013), the Bahrain law specifies the composition of the board of directors, its requirement for a board of directors, voting rights and the board's overall responsibilities. Hussain and Mallin (2013) further note that in undertaking its role as the "Central Bank Authority of the Kingdom of Bahrain, Bahrain Monetary Agency (BMA)" has been very active in supporting Bahrain's position as an international financial centre governed by some internationally recognised corporate governance principles. The support and promotion, according to Mallin (2007), takes diverse arrangements, procedures, implementing some imperative engagements to certify and confirm that all universally acknowledged standards and practices are adhered to and applied by the corporates and financial sector in Bahrain. Mallin (2007) further asserts that robust corporate governance practices by the financial institutions and banks operating in Bahrain, are at the vanguard of the BMA's "must do" list to warrant adequate and proper compliance with these practices. Board management, separation of duties, International Accounting Standards (IAS), Capital adequacy ratios, and disclosure necessities are a few of the various activities that BMA has long presented within the private business corporations, public service and financial sector in Bahrain.

2.3.7 Corporate governance in Africa and Latin America

African and Latin American countries have thus far to experience the continued economic growth attained and expected in Asia. This privatisation of essential economic growth is displayed by a lack of substantial and noteworthy stock markets (except South Africa and Brazil) and is accompanied by feeble and fragile regulatory systems in several countries. Corporate governance systems and structures in Latin America are embraced by powerful controlling shareholders with sturdy family benefits orientation, and the safeguarding of minority shareholders is of great importance (Bedicks & Arruda, 2005). Bedicks and Arruda (2005) note that Latin American countries follow a corporate governance model most related to the "insider, relationship-based models of some continental European countries and/or South-East Asian nations (as the civil law systems were inherited from the colonial powers, the former appears more likely)". Corporate governance matters have fascinated interest and attention across Latin America and Africa, paving the way to the publication of several corporate governance guidelines and the foundation of numerous forums and networks. Kolk and Pinkse's (2010) examination of information throughout Africa (commonly sub-Saharan Africa) discloses that all except the Nigerian system support a comprehensive, all-inclusive stakeholder focused corporate governance. Rossouw (2015) indicates that the idea that they all commend a single board of directors show, however, that this is not a meek embracing of the German model (although the emphasis in the Malawian code on including employees in decision making is notable). The impact of powerful political and government individuals may point towards a similarity to South-East Asian countries; the importance on collaborating with stakeholders such as different communities and societies does, nevertheless, propose a more distinctively African system.

2.4 PRINCIPLES OF CORPORATE GOVERNANCE IN SOUTH AFRICA

This section investigates the principles that govern corporate governance in national government departments in South Africa, as provided by the King report IV (2016). The King report IV, although not the first corporate governance framework that evidently applies to both private and public sector in South Africa, was chosen as a guiding framework. Unlike King Report III, the newly updated King report IV stresses that effective and efficient local government demands good governance based on sound principles. (King Report IV, 2016). The report also clearly outlines the corporate governance principles that should be adhered to by organisations. Furthermore, the report`s stated principles complement those in the Companies Act 71 of 2008 guide, which is like a blueprint of the rules that apply to all operating organisations in South Africa. Basically, in King report III, they were 75 principles which were later divided into 17 core principles of corporate governance recorded in the King report IV (King report IV, 2016). The 17 principles were also divided into subsections according to their expected outcomes, which are: ethical culture, good performance, effective control, and legitimacy.

2.4.1 Ethical culture

Ethical culture in an organisation can be thought of as a slice of the overall organisational culture. Hence, if the corporate culture represents "how we do things around here," the ethical culture represents "how we do things around here in relation to ethics and ethical behaviour" in the organisation. The ethical culture represents the organisation's ethics' personality (Madu, 2012). According to Treviño and Nelson (2018), ethical culture should be thought of in terms of a multi-system framework that includes formal and informal systems that must be aligned to support ethical judgment and action. Leadership is essential to driving the ethical culture from a formal and informal perspective. Therefore, according to the King report IV, (2016), as an expected outcome of good corporate governance, ethical culture is related to three principles. The first of these states that the governing body should lead ethically and effectively. Second, the governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. Third, the governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. These are the first three principles of corporate governance in the King report IV (Institute of Directors Southern Africa (IoDSA), 2016; King report IV, 2016).

2.4.1.1 Principle 1: The governing body should lead ethically and effectively.

The members of the governing body of an organisation should individually and collectively cultivate characteristics like integrity, competence, responsibility, accountability, fairness, and transparency. The members of the board should exhibit these characteristics in their conduct to ensure good leadership and corporate citizenship based on ethical values (King report IV (2016), Institute of Directors Southern Africa, 2016). This principle explains the leadership roles of the board of directors in corporate governance (Institute of Directors, Southern Africa, 2016; Ramatabana, 2017). This principle therefore entails that the governing body of an organisation must act in good faith and in the best interests of the organisation and should also avoid conflict of interests (King report IV, 2016). Ramatabana (2017) posits that members of the governing board should also continuously develop their competence to lead effectively and should take responsibility for their actions and anticipation and should be willing to answer for their duties (Institute of Directors Southern Africa, 2016; King report IV, 2016; Ramatabana, 2017).

2.4.1.2 Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The King report IV (2016) views this principle under the theme 'organisational ethics', which lays out the responsibilities of the governing board in regard to how the board should lead the organisation ethically. Also, practices like competence, responsibility, accountability, fairness, and transparency apply to this principle. According to Ramatabana (2017), the responsibilities of the board as stated in the King report IV mention that the board should assume collective responsibility for steering and setting the direction of the organisation; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance (King report IV, 2016). Furthermore, the board is also expected to exercise courage in taking risks and capturing opportunities but in a responsible manner and the best interest of the organisation (Institute of Directors Southern Africa, 2016; King report IV, 2016; Ramatabana, 2017).

2.4.1.3 Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The main emphasis of this principle is corporate citizenship. Corporate citizenship is the recognition that the organisation is an integral part of the broader society in which it operates, affording the organisation standing as a juristic person in that society with rights but also responsibilities and obligations (Ramatabana, 2017). It is also the recognition that the broader society is the licensor of the organisation. This principle of corporate governance, according to the King report IV, urges the governing boards to ensure that the organisations` responsible corporate citizen complies with the Constitution of South Africa (King report IV, 2016). They should also set a direction on how it should be approached and addressed by the organisation. Furthermore, their core purpose will be to ensure that their values, strategy, and conduct are congruent with it being a responsible corporate citizen (King report IV, 2016). Hence, their citizenship should attribute positively on the following aspects: workplace, economy, society, and environment.

2.4.2 Good performance

In governance, there is no one size fits all solution. The best approach depends on the organisation's particular circumstances (Deloitte, 2016). Corporate governance consists of various variables that interact with each other and influence the organisation's performance, each in their own distinctive way. Hence in corporate governance, the behaviour of executives can have a great impact on the performance and value of an organisation. This expected outcome of good performance in corporate governance, according to King report IV, is aligned with two principles which urge performance and value creation. These principles are that the governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all integral elements of the value creation process; The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium, and long-term prospects (King report IV, 2016).

2.4.2.1 Principle 4: The governing body should appreciate that the organisation's core purpose, risk, opportunities and development are inseparable elements of the value creation process.

The board should assume collective responsibility for steering and setting the direction of the organisation, approve policy and planning; oversee and monitor implementation and execution by management, and ensure accountability for organisational performance (King report IV, 2016). Additionally, it should exercise courage in taking risks and capture opportunities but in a responsible manner and the best interests of the organisation (Ramatabana, 2017). This principle also advocates for the governing board of an organisation. In the case of this study, the governing boards of all national government departments (like Eskom and the Department of Higher Education in South Africa) must delegate to management the formulation and development of the organisations' short-term and long-term strategies (Institute of Directors Southern Africa, 2016).

2.4.2.2 Principle 5: The governing board to ensure reports issued enable stakeholders to make informed assessments of the organisation's performance.

This principle`s emphasis is on the reporting strategies that should be practised by the governing board in organisations. According to the King Report IV, (2016), the governing board of an organisation should assume responsibility for its reporting by setting the direction of how it should be approached and conducted. The board is also expected to oversee reports of annual financial statements as well as social and ethics committee reports, among other reports (Institute of Directors Southern Africa, 2016, King report IV, 2016). Furthermore, the board must also ensure that important reports and information that need to be communicated is published on the organisation's website, or other platforms, or through other media as is appropriate for access by stakeholders (King report IV, 2016).

2.4.3 Effective control

According to the principles laid out in the King report IV, ten (10) principles aim at this expected outcome of corporate governance, which is to have adequate and effective control. These principles are: the governing body should serve as the focal point and custodian of corporate governance in the organisation; the governing body should ensure that in its composition it comprises a balance of the skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities; the governing body should consider creating additional governing structures to assist with the balancing of power and the effective discharge of responsibilities, but without abdicating accountability; the governing body should ensure that the appointment of, and delegation to, competent executive management contributes to an effective arrangement by which authority and responsibilities are exercised; the governing body should ensure that the performance evaluations of the governing body, its structures, its chair and members, the CEO and the company secretary, or corporate governance professional, result in continued improved performance and effectiveness; the governing body should govern risk and opportunity in a way that supports the organisation in defining core purpose and to set and achieve strategic objectives; the governing body should oversee technology and information in a way that supports the organisation in defining core purpose and to set and achieve strategic goals; the governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards; the governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the creation of value sustainably; and the governing body should ensure that assurance results in an adequate and effective control environment and integrity of reports for better decision-making (King report IV, 2016).

The principles above, in summary, discuss issues relating to governing structures and delegation of responsibilities (Institute of Directors Southern Africa, 2016). The need for Chief Executive Officers (CEOs) in organisations is also pointed out in the principles as well as the need for audit committees, and their responsibilities are also discussed under these principles (King report IV, 2016). The King report IV (2016) also advocated for diversity in the nomination of CEOs and audit committees. The report also stressed the issue of risk governance, arguing that governing bodies should assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation (King report IV, 2016; Ramatabana, 2017). Risk governance should encompass and consider both the opportunities and associated risks when developing strategy and the potential positive and negative effects of the same risks on the achievement of organisational objectives (King report IV, 2016). The report also discussed issues of remuneration and argued that compensation in organisations should be fair, and the system should be transparent, with the need for remuneration policies in organisations (King report IV, 2016).

2.4.4 Legitimacy

The existence of power wielded by corporations suggests that legitimacy has always been a problem. Legitimacy deals with issues of trust and integrity (Coglianese,2007). Coglianese (2007) defined legitimacy in terms of democratic accountability, with elections being the principal defining characteristic, and also in terms of institutional arrangements like separation of powers, transparency, and the rule of law principles intended to combat abuses of power, as well as the rights, typically rights enshrined within a constitution that make certain actions off-limits, even to an otherwise procedurally legitimate legislature.

This section of the expected outcomes of good corporate governance discusses two principles, principle 16 and principle 17. Principle 16 reads: "As part of its decision-making in the best interests of the organisation, the governing body should ensure that a stakeholder-inclusive approach is adopted, which takes into account and balances their legitimate and reasonable needs, interests and expectations". Principle 17 reads: "The governing body of an institutional investor should ensure that the organisation responsibly exercises its rights, obligations, legitimate and reasonable needs, interests and expectations, as a holder of a beneficial interest in the securities of a company" (King report IV, 2016). These principles address issues of stakeholder relationship, trust, good reputation, and responsibilities of institutional investors. However, for this study's purpose, only principle 16 is discussed.

2.4.4.1 Principle 16: The governing body should adopt a stakeholder-inclusive approach that balances their legitimacy, needs, interests and expectations.

Niamh et al. 2015 advocate that in practice, investigating the actual roles performed by effective non-executive directors has benefits. In effect, rather than focusing on the structural set up of governing bodies, it is necessary to pay attention to how members of these governing bodies interact with the social actors such as management, internal auditors, and external auditors and other processes that may affect their effectiveness or lack thereof (Niamh et al. 2015). This principle, according to the King report IV (2016), discusses stakeholder relationship. Stakeholders are groups of individuals that can be reasonably be expected to be significantly affected by an organisation's business activities, outputs or outcomes, or whose actions can reasonably be expected to significantly affect the ability of the organisation to create value for time (King report IV, 2016; Ramatabana, 2017). In relation to stakeholder relationship, the report (2016) recommends that a governing body should exercise ongoing oversight of stakeholder relationship management and in particular, oversee that it results in:

- methodologies for identifying stakeholders.
- formal mechanics for stakeholder engagement; and
- measurement of the quality of material stakeholder relationship and appropriate responses to outcomes.

Moreover, the board of a company should oversee that the company encourages proactive engagement with shareholders, including engagement at the general meeting of the company and that all directors should be available at the said meeting to respond to shareholders' queries on how the board executed its governance duties (King report IV, 2016; Ramatabana, 2017). Hence, the amendments introduced by King IV, place an increased responsibility on the governing body to facilitate and ensure an increased level of engagement between stakeholders, in particular shareholders, and the company (King report IV, 2016; Ramatabana, 2017).

Matei and Drumasu (2015) in their study underlined that the model of corporate governance in the private sector does not differ greatly from public service corporate governance. In the same way that the corporate governance in the private sector in the early ’90s aimed at improving corporate management, increasing responsibility and transparency to regain the trust of the shareholders, the public authorities’ corporate governance aims to develop and improve management and control mechanisms, taking and fulfilling responsibilities of the public personalities (politicians, public servants, etc.) to regain the trust of citizens. This view is shared by Alqooti (2020), who posits that the notion of public governance does not differ entirely from private sector corporate governance, although there are deficiencies in the application of governance in the public service compared to the private sector: that public service governance requires the preparation of clear governance standards for the public sector; and ensure proper application of its principles throughout.

Similarly, it is this spirit that the South African government sector adopted the principles of corporate governance contained in King I and King II for the purposes of controlling the activities of organisations. However, given the diverse nature of the South African public service, and given that there are various specific public sector related issues which may not be fully addressed by the King reports, in 2002 the South African government developed a Protocol on Corporate Governance in the Public Service to serve as a guide. However, it only seeks to amplify and not supersede (or conflict with) those contained in the King code; and that it should be read in conjunction with it.

2.5 PRACTICES OF CORPORATE GOVERNANCE

Practices of corporate governance as provided for in King report III (2009) and King report IV (2016) will be discussed in this section. In literature, there are many listed practices/ characteristics of corporate governance. However, for this study, only six main practices related to corporate governance principles, as provided for in King report IV (2016), are discussed. These include transparency, accountability, fairness, social responsibility, responsibility, and risk management: principles fundamental to the solution that is required for any government to perform optimally for purposes of adequate service delivery.

2.5.1 Transparency

Ahmed (2017) describes the concept of transparency as one that is inextricably linked to the premise of an effective corporate governance regime. There is an increasing demand these days for greater transparency in the corporate environment, and thereby greater accountability. Masegare (2016) defines transparency in corporate governance as official business conducted in a way that basic and procedural information is available to, and broadly understandable by people and groups in society, subject to reasonable limits that protect security and privacy. Therefore, transparency can be explained as openness, a willingness by the organisation to provide clear information to shareholders and other stakeholders. For example, transparency in the national government refers to the openness and willingness to disclose information, especially financial performance figures by government departments, which are truthful and accurate at all times.

Grimmelikhuijsen et al. (2013) postulate that transparency is considered by public administration scholars and practitioners to be a typical democratic value which undergirds a trustworthy, high performing and accountable government (Kjaer 2004; Hood 2006; Grimmelikhuijsen et al., 2013). Citizens, officials, and researchers often recognise that when government processes and outcomes are not transparent, the foundation for accountability is weakened (Grimmelikhuijsen & Welch, 2012; Bovens 2017). Policymakers and scholars see transparency to be an enabler of "good governance" as it encourages better performance and reduces corruption (Meijer 2009; Grimmelikhuijsen & Welch, 2012; Ahmed, 2017). Moreover, to understand transparency in governance, outside stakeholders, shareholders, investors, and the public should be in a position to make a meaningful analysis of the organisation`s transparency, which includes clarity, accuracy and disclosure of information provided (King report II, 2002; Kondlo, 2017).

In addition, transparency in organisations, both public and private allows decisions to be better informed, while better accountability imposes firmer discipline on decision-makers. Together, these contribute to higher-quality decisions (Masegare, 2016). Transparency ensures that stakeholders can have confidence in the decision-making and management processes of a company. Also, transparency rests on a partnership, meaning officials must make information available, and there must be people and groups with reasons and opportunities to put the information to use (Prinsloo, 2013). According to Ahamed (2017), rules and procedures in public enterprises must be open to scrutiny and comprehensible, since a transparent government makes it clear what is being done, how and why actions take place, who is involved, and by what standards decisions are made and later demonstrates that it has abided by those standards.

In South Africa, institutions like the Office of the Public Protector and the Office of the Auditor-General of South Africa ensure transparency and good governance in the national government entities (Masegare, 2016). The office of the Auditor- General of South Africa (AGSA) is provided for in the constitution and the Auditor- General is appointed by the president as provided for in the constitution section 181(5) (Constitution of South Africa, 1996; Masegare, 2016; Kondlo, 2017). In terms of the constitution and section 3(5)(b)(iii) of the Auditor-General Act (Act No. 12 of 1995), the president appoints the Auditor-General, and the Auditor-General has the right to investigate and inquire into any matter. According to Van der Brug (2002); Public Audit Act, (2004), this includes the efficiency and effectiveness of internal control and management measures relating to expenditure and revenue. The Auditor-General’s primary objective is to provide independent information, assurance, and advice to legislatures on how government departments and other public bodies account for and use taxpayers’ money (Auditor-General Act, 1995). The Office of the Auditor-General audits the books of government and any institution authorised by law to receive money for a public purpose (Public Audit Act, 2004; Public Audit Act, 2018).

Similarly, in other countries like Zimbabwe, Zambia and Nigeria, the Office of the Auditor-General is also the custodian of transparency in public entities. Therefore, transparency in the public sector promotes openness of the democratic process /through reporting and feedback (Rondinelli et al., 2003; Prinsloo 2013), suggesting that transparency should be built on the free flow of information. An important benefit of transparency is that it earns the national and regional institutions the public trust that is necessary to forward the regional integration agenda (Ahmed, 2017). Accountability and transparency increase the public’s confidence and the corporation’s credibility, which coincidentally are two essential ingredients for attracting investment.

2.5.2 Responsibility

Responsibility in corporate governance is the way an organisation takes accountable measures for its actions and their impact on employees, stakeholders, and communities (Ramatabana,2017). In addition, Kondlo (2017) argues that corporate responsibility is the process that allows for (corrective) action towards all stakeholders. The management of a company needs to put in place certain measures that would set the company in the right direction (King report II, 2002; King report IV, 2016). Responsibility is also the acceptance of all consequences of the organisation's behaviour and actions, including a commitment to improvement where required (Masegare,2016). Therefore, responsibility in corporate governance includes the way an organisation conducts its business, how it manages its impact on the environment, how it treats its employees and how it supports community activities that aim to solve social problems such as poverty or discrimination. In South Africa, corporate responsibility is provided for in the Kings` reports.

The King report IV (2016) posits that in organisations, be it private or public, governing boards, management and shareholders of any organisation should be accountable and their actions responsible for its benefit. According to one of the principles in the King report IV (2016), the board should assume collective responsibility for steering and setting the direction of the organisation, approving policy and planning; overseeing and monitoring of implementation and execution by management and ensuring accountability for organisational performance (King report IV (2016; Ahmed, 2017; Ramatabana, 2017). Furthermore, the governing board of an organisation should exercise courage in taking risks and capturing opportunities but in a responsible manner and in the best interests of the organisation. Therefore, the governing board in an organisation needs to be accountable and act responsibly towards the stakeholders of the organisation as well as accept full responsibility for the powers given to them and the authority they exercise (Masegare, 2016; Ramatabana, 2017; Thabane, 2017). In public institutions, corporate responsibilities of governing boards of public organisations are provided for in national and institutional legal frameworks that govern the organisations, for example, the Constitution(s) being the main law.

2.5.3 Accountability

Masegare (2016) defines accountability in corporate governance as addressing shareholders' rights to receive, and if necessary, question information relating to the stewardship of the organisation's assets and its performance. Thabane and Snyman-Van Deventer (2018) also argue that corporate accountability refers to the obligation and responsibility to give an explanation or reason for the organisation's actions and conduct. Accountability can also be regarded as procedures requiring officials and those who seek to influence them to follow established rules that define acceptable processes and outcomes and demonstrate that they have followed those procedures (Hove-Sibanda et al., 2017; Thakur, 2020). Accountability has three aspects: compliance, being held to account; transparency, giving an account; and responsiveness, taking account. Furthermore, it is public and not internal; involves explanation and justification not propaganda; is specifically directed at a target audience not a random explanation; involves an obligation on actors to come forward to be accountable; resulting in debate and judgement, not a monologue without engagement (Shaoul et al. 2012; Rulashe & Ijeoma, 2022).

In public service institutions, for example, local government departments and municipalities, accountability requires political energy meaning that people, interest groups, civil society, the courts, the press, and opposition parties should insist that those who govern follow legitimate mandates and explain their actions (Moon, 2014). Therefore, the mechanisms for accountability need to be effective to provide investors with all the information they might need to assess the actions of the board and its committees (Kondlo, 2017).

As provided for in the King report IV (2016), all governing boards and government departments are expected to be obliged to answer for the execution of their responsibilities. Accountability cannot be delegated, whereas responsibility can be delegated without abdicating accountability for that delegated responsibility (King report IV, 2016). The private sector, civil society organisations and decision-makers in a government are accountable to the public (Governance for Sustainable Human Development, 2005; Prinsloo, 2013;). Additionally, accountability is the pillar of democracy and good governance, which forces the state, private sector, and the civil society to focus on results and monitor and report on performance. In public organisations, accountability comes in three dimensions: financial accountability, political accountability, and administrative accountability (Rondinelli & Shabbir Cheeman, 2003; Prinsloo, 2013). The Institute for Democracy in South Africa promotes accountability as an important part of protecting public rights, with their focus, “Right to Know programs” (IDASA, 2012).

2.5.4 Fairness

Kondlo (2017) argues that corporate fairness refers to an organisation`s systems which involve considering the interests of both shareholders and stakeholders. On the other hand, Masegare (2016) defines fairness in corporate governance as an acknowledgement of, respect for and balance between the rights and interest of the organisations’ various stakeholders. Hence when discussing corporate fairness, the interests of its shareholders need to be respected and acknowledged at all times and the minority shareholders should not be treated any lesser than the majority shareholders as there should always be fairness within organisations (Kondlo, 2017). Ramatabana (2017) views that fairness refers to the equitable and responsible treatment of the resources of value creation, including relationship capital as portrayed by the legitimate and responsible needs, interests, and expectations of material stakeholders of the organisation. Hence one can argue that fairness refers to equal treatment; for example, all shareholders should receive equal consideration for whatever shareholdings they have. In the UK this is protected by the United Kingdom Companies Act 2006, and in South Africa it is provided for in the Companies Act 2008. Furthermore, in addition to shareholders, there should also be fairness in the treatment of all stakeholders, including employees, communities, and public officials. The fairer the entity appears to stakeholders, the more likely it is that it can survive the pressure of interested parties (Thabane, 2017).

2.5.5 Rule of law

The governing body should administer compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen (King IV, 2016). Furthermore, corporate governance describes a framework of rules, relationships, systems, and processes within and by which authority is exercised and controlled in corporations. Understood in this way, the expression 'corporate governance' embraces not only the models or systems themselves but also the practices by which that exercise and control of authority is in fact effected (Edwards et al, 2012). The rule of law in corporate governance is the exercise of state power using and guided by published written standards that embody widely supported social values that avoid particularism and enjoy broad-based public support (Prinsloo, 2013). Good governance therefore requires fair legal frameworks that are enforce impartially as well as full protection of human rights, particularly those of the minority and powerless. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force (Prinsloo, 2013; Ramatabana, 2017). Therefore, for public institutions, legal frameworks should be fair and enforced impartially, particularly the laws on human rights (Governance for Sustainable Human Development, 2005; Prinsloo, 2013). The rule of law and one's integrity to uphold it is an essential component for a thriving democracy in most countries (Vásquez, 2005). Honesty and the strict rule of law require the cooperation of state and society and is an outcome of complex and deeply rooted social processes (Gwartney et al., 2015). Accordingly, when disputes arise, the rule of law provides a judicial framework in which parties can adjudicate each other's claims with an assurance that the issue will be resolved honestly and impartially. This assurance undergirds those social and market activities that produce thriving economies in democratic societies (Gwartney et al., 2015; Miller & Kim, 2016).

2.6 SOUTH AFRICAN PUBLIC SERVICE AND THE BATHO PELE PRINCIPLES

A citizen-centric public service enhances seamless integration and synchronisation of activities in different government departments (Sharma et al.,2014:8). Mary & Misiani (2017) discussed the role of local people in country branding, arguing that residents are ambassadors for their countries, and that the future of any country is largely dependent on the associations that people have about it, which associations can either be positive or negative.

In essence, Mary and Misiani (2017) argue that Anholt's hexagon measures the reputational standing of nations and their competitiveness on a global stage based on six pillars: exports, governance, immigration, and investment, culture, people, and tourism. In this regard, Mary and Misiani (2017) emphasised the role of local people in country branding, highlighting that people signify the population's reputation for competence, openness and friendliness and other qualities such as tolerance. This suggests that citizens are a critical dimension for the formation of country brands and therefore should be considered an asset.

In the South African context, Brand South Africa has been positioned as the country's Nation Brand Management Agency with a mandate to build the country's brand reputation, to improve its global competitiveness. (Brand SA 2021 Annual Report). Using Anholt-GfK Nation Brands Index, whilst other countries had provided South Africa with the highest rankings in 2017, strangely, South African citizens had a negative view on South Africa's nation brand, particularly around governance, and especially on aspects of the country's accountability, rule of law, control of corruption, weak governance structures and issues of service delivery. Therefore, a country's brand will not improve unless it manages to capture hearts and minds of its citizens, (Gilmore, 2002). Owing to the need to manage the country's image through its citizens, the White Paper on Transforming South African Public Service Delivery was introduced in 1997 with the aim of transforming the overall public service institution and service delivery (Maluka et al.,, 2014; Zitha et al.,, 2016). It is through this policy that the South African government adopted Batho Pele principles as a citizen-oriented approach to service delivery.

The South African public service's Batho Pele, a Sesotho expression meaning people first, is informed by the eight principles of consultation, service standards, access, courtesy, information, openness, and transparency, redress, and value for money. Given the service delivery challenges that the South African government has been faced with, it is thus not surprising that the Batho Pele principles had to be developed and aligned with the constitutional ideals of promoting and maintaining high standards of professional ethics; providing service impartially, fairly, equitably and without bias; utilising resources efficiently and effectively; responding to people's needs; including citizens in policy-making; and rendering an accountable, transparent and development-oriented public administration. (Naidoo & Ramphal, 2019).

2.6.1 Principle 1: Consultation

The principle of consultation refers to the dialogue between government and its citizens regarding essential services, as well as consideration and respect for citizens' opinions and viewpoints about basic services (Roberts & Hemson, 2008). Ngidi and Dorasamy (2013) assert that services are for the citizens, therefore it is important that they are always consulted, that they be given an opportunity to make decisions and contribute to better-quality of services, thus supporting the government's plan of improving people's lives. In the long term, the process of consultation strives towards a deeper understanding and greater sensitivity towards citizens' service needs and assists in the development of citizen-oriented public service delivery (Burger, 2018). In the South African public sector, these consultations can be using "customer surveys, Izimbizo and worksops" (DPSA: 2014).

2.6.2 Principle 2: Service standards

Public sector services such as water, health care, shelter and education are so fundamental for human survival that they are deemed to constitute a fundamental human right, hence the use of the term essential or basic services (McDonald, 2012). In terms of service standards, citizens should be informed about the level and quality of the services they will receive. Setting service standards and informing citizens as well as providing good information about what to expect and what they can insist upon is key (Roberts & Hemson, 2008). This would create an environment where managers responsible for standards are compelled to involve citizens in setting service standards. The Batho Pele compels every entity in the public sector to set service standards, document them through service charters and ensure that these are displayed and made known to public.

2.6.3 Principle 3: Access

Section 195(d) states that services must be provided impartially, fairly, equitably and without bias. Whilst the citizens of the country who are in the urban areas have ease of access to services, it should be borne in mind that this access also applies especially to the previously disadvantaged sectors of the community and to people with special needs. Where there is an imbalance or an inequity in access to services, these should be identified and addressed thoroughly.

2.6.4 Principle 4: Courtesy

Citizens should be treated with courtesy and consideration. Regardless of the situation or condition of the customer, his or her dignity must always be respected in the process of providing appropriate public services (Batho Pele Handbook, 2003). The courtesy principle reiterates the importance of consultation, treating people with respect. This principle of courtesy goes hand in hand with due consideration of people's viewpoints and listening to them. (Roberts & Hemson, 2008). Furthermore, Mafunisa et al. (2012) argue that workers from the public sector are expected to handle their clients as employers. What this means is that clients should be well taken care of, and they should always feel welcomed when they enter public sectors.

2.6.5 Principle 5: Information

Relevant personnel should make it their priority in ensuring that consumers have access to information about the organisations' resources (Constable et al., 2007). Ngidi and Dorasamy (2013) further assert that citizens should be given precise information in connection with the services that they are qualified to have. Citizens should be given full, accurate information about the public services they are entitled to receive. Public service departments should communicate their plans for service delivery through dissemination of plans, the Annual Reports, newsletters, and media releases. The *Promotion of Access to Information Act*, 2000 obliges government departments and public entities to be more transparent in their dealings with the South African public. This piece of legislation provides prescriptions regarding the publication of various types of reports, including contact details of responsible officials. It highlights the public's right of access to information from the public and private bodies.

2.6.6 Principle 6: Openness and Transparency

Transparency can be defined as citizens' ability and right to access information produced by their government (Hood, 2006). Transparency involves the extent to which an organisation or individual discloses relevant information about their performance, functioning, decision-making processes, and procedures (Curtin & Meijer, 2006). Transparency enhances the abilities of individuals or external organisations to monitor activities or decisions taking place within a given organisation. The Organization for Economic Co-operation and Development (OECD) frames openness in the context of policies focusing on citizen engagement and citizens' access to information (OECD, 2019). Openness is of utmost importance because a society that lacks regard for openness would foster anomie and abuse of power, whereas societies that value openness would enhance civic cohesion and overall system performance (Götz, 2015).

2.6.7 Principle 7: Redress

The principle of redress demands that all national and provincial departments establish complaints handling systems, guided by the guidelines such as accessibility, fairness, responsiveness, and confidentiality (Batho Pele Handbook, 2003). The redress principle, where the focus is on service recovery, aims to rectify where government failed to listen to citizens' service inputs and concerns (Roberts & Hemson, 2008). Redress entails receiving and responding to service complaints, as well as following through with the process by ensuring that complaints have been satisfactorily actioned and resolved (Roberts & Hemson, 2008). By offering redress, *Batho Pele* not only appeases irate or unhappy customers, but aims to change the mind-set of service providers from a preoccupation with the processes of service delivery to focus on deliverables and outcomes. It thus puts in motion a process of improving service delivery and ultimately continuous improvement and quality service delivery (Umeh, 2018).

2.6.8 Principle 8: Value for money

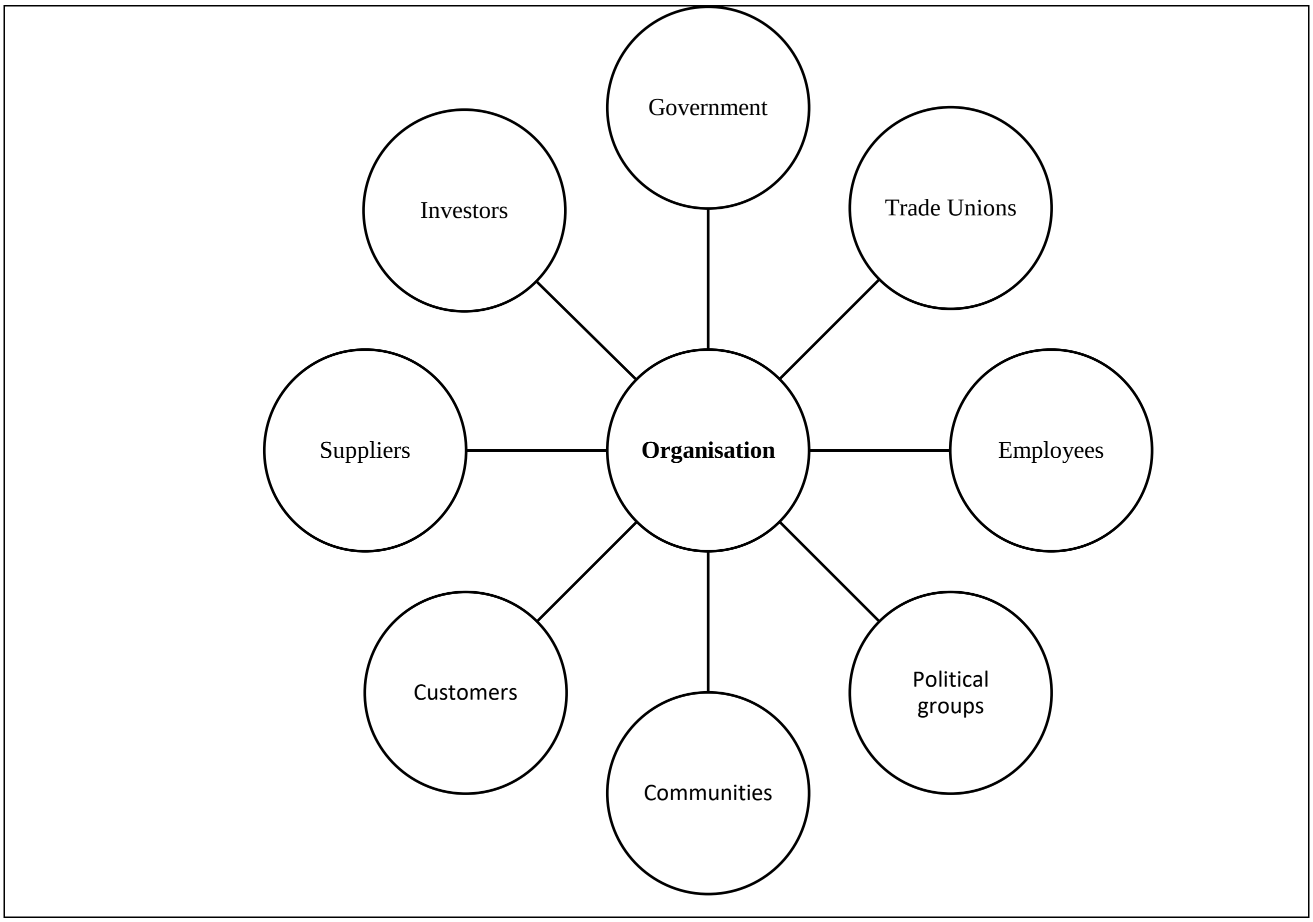
Value for money is one of the key considerations when making a decision that involves the use of public funds. The value for money principle in the public sector means that services provided to the citizens should be provided economically and efficiently. This includes eliminating waste, fraud, and corruption, as well as finding ways to improve services at little or no cost, provided in line with the allocated resources be it physical, financial or human. Maimela (2009) suggested that the value for money principle requires that the best possible use is made of public resources to ensure universal access to affordable and sustainable basic services.

2.7 THEORIES OF CORPORATE GOVERNANCE

Organisation theory may be defined as the methodical study of the structure, functioning and performance of organisations and the behaviour of groups and individuals within them (Pugh, 1973). Fuhs (2009) describes organisation theory as a multi-disciplinary and intricate arrangement of theories and methodologies that explores knowledge from different fields including linguistics, sociology, economics, ecology, psychology, political science, cultural studies, and anthropology. These two explanations propose an interdisciplinary and multidisciplinary phenomenon that allows information dispensation through the collaboration of determinants within and the external environment of the organisation. There are numerous theories of corporate governance which address the encounters of governance of corporates and public service organisations from time to time. These include stakeholder theory, practice theory, agency theory, resource dependency theory, political theory, stewardship theory, transaction cost theory and institutional theory. In this study five theories have been selected and explained in detail in the following subsections.

2.7.1 Stakeholder Theory

Stakeholder theory incorporates the accountability of management to an extensive range of stakeholders (Branco & Rodrigues 2007). The theory indicates that management in organisations have a system of relationships to serve. This comprises the employees, suppliers, business partners and customers (Freeman, 1984). Samuel (2013) asserts that the theory focuses on management decision-making and interests of all stakeholders have intrinsic value; no sets of interests are presumed to overlook others. Freeman (2004) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Samuel (2013) expands on this by enlightening that a constricted definition of stakeholders entails "those groups who are vital to the survival and success of the corporation…[while] the wide definition of stakeholders includes any group or individual who can affect or is affected by the corporation". In terms of how the stakeholder theory affects organisations, Hatch (2013) explains that "organisations that appear to attend to the demands of all stakeholders will outdo organisations that ignore some of their stakeholders while privileging others". An example of the clarification offered by Hatch (2013) is the enrichment of shareholders' wealth while at the same time producing the pollution of water supply or the local air. Figure 2.1 depicts the elements found in the stakeholders' theory. It perceives an organisation as an entity that is dependable on both the internal and external operating environment. The organisation has to consider all the elements in its environment for a continuous survival.



Source: Samuel (2013)

Figure 2.1: The configuration of the Stakeholder's theory

One of the major purposes of the stakeholder theory is to assist top management and boards of directors to understand their stakeholder environments and manage them more effectively within the nexus of relationships that exists for their organisations. Carroll and Buchholtz (2009) assert that the purpose of implementing the stakeholder theory in organisations is to help top management and executive directors in improving the value of their shareholders and at the same time minimise the harm to stakeholders. Therefore, the theory could be understood as teleological ethical methodology in which the significances of any action taken by the top management are judged as to whether they benefit majority of the organisations' stakeholders or not (Belal & Owen 2007; Smith, 2008)). In utilitarianism terms, the more the outcomes of decisions taken by the boards of directors resulting in happiness to most of the stakeholders, the better it is for the company and its stakeholder groups. The whole point of stakeholder theory, in fact, lies in the good that prevails when organisations and stakeholders act in a good relationship.

2.7.2 Resource Dependency Theory

The dominant characteristic of resource dependency theory is that all organisations depend on resources from their environment. Wry et al. (2013) assert that these financial and non-financial resources are held by other organisations within the operating environment of the organisation in question. Drees and Heugens (2013) point out that these holders or owners of these resources are able to apply their control and power over organisations that need financial and non-financial resources. Consequently, organisations must rely on each other for survival, sustainability, and exchange. According to Pfeffer and Salancil (1978), resource dependency theory maintains that "the key to organisational continued existence is the capability to attain and maintain resources". Hatch (2013) expands on this definition by explaining that an organisation's dependence on its environment is a function of "its need for resources such as raw materials, labor, capital, equipment, and outlets for its products and services". Thus, according to Hatch (2013), the environment can proclaim inspiration over organisations through fundamentals such as "competitive process, desirable products and services, and efficient organisational structures and processes". Shu and Lewin (2017) suggest that an organisation cannot continue if it is incapable of assuring the uninterrupted supply of resources from its environment crucial to its sustainability and continued existence. Using a predictive model of resource dependency, Sheppard (1995) establishes important, constant positive associations among organisational sustainability and the contemporary level of an organisation's resources, influence with key resource suppliers, and the stability of organisations' environment.

The resource dependency theory pays attention to the responsibilities of board directors in providing access to key financial and non-financial resources required by the organisation (Hallen et al., 2014). It further states that management should play a significant role in providing or warranting critical resources to an organisation through their associations to the external environment (Casciaro & Piskorski, 2005). The provision of resources augments organisational operations, financial performance, and its continued existence. Hallen et al. (2014) believe that its top management bring resources to the organisation, such as "information, skills, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy". Organisational directors can be classified into four groups: insiders, business experts, support specialists and community (Shu & Lewin, 2017)). Although the theory it has its own demerits, is still a relevant organisational one. Public service organisations in South Africa can implement some of the practices that the theory offers.

2.7.3 Institutional Organisational Theory

Institutional organisational theory is an extension of resource dependence theory (Hatch, 2013). Hatch (2013) suggests that although organisations need resources such as entrepreneurship, finance, capital, labour, and raw materials to continue operating, organisations that are endowed with all these resources but lack approval of the societies in which they operate in, such as financial institutions, courts, regulators, government agencies, mobilised public opinion professions and interest groups, will not survive. Consequently, in an "input-output model", an organisation must have resources such as finances, labour, raw materials, capital equipment, entrepreneurial skills as well as social legitimacy to be able to generate outputs. DiMaggio and Powell (1983) describe three mechanisms of institutional isomorphic change that support the repeated activities of institutions:

- coercive isomorphism that stems from political influence and the problem of legitimacy.
- mimetic isomorphism, resulting from standard responses to uncertainty; and
- normative isomorphism, associated with professionalisation institutional mechanisms.

Bruton, Ahlstrom and Puky (2009) assert that these three mechanisms of institutional isomorphic change are derived from different conditions, and as a result, outcomes may differ.

Therefore, the theory proposes that for organisations to operate fully they should comply with the institutional regulations that come from governments, acts of parliaments, judiciary, and the society in general. No organisation can survive if it operates in a vacuum.

2.7.4 The Practice Theory

Practice theory holds the view that practices keep evolving through the adoption and adaptation of new methods. Over time these practices become a web of similarities. Ahrens et al. (2011) cite an example of a sub-practice of corporate governance of holding board meetings, where it is characterised by analogous activities such as sending invitations, circulating agendas, and approving minutes. The authors argue that if corporate governance is to become a functioning practice, there needs to be a practical understanding that enables practitioners to connect principles and rules more effectively through being part of forums in which they exchange knowledge and skills to shape the future of their practice, or share unspoken understanding of how one goes about creating the right 'tone at the top' in matters relating to corporate governance. Whilst there are benefits for principles and rules, the practice theory suggests that practical understanding cannot therefore arise from principles or rules in isolation, nor can they be imposed by regulators.

Previous research on audit committees is seen to have followed the same trajectory as early research on boards of directors, which fails to capture the complexity of real-world experiences and behaviours, given its singular theoretical perspectives and methodologies. (Brennan & Kirwan, 2015). The authors argue that over-emphasis on agency theory negatively impacts boards' effectiveness, suggesting that boards are seen as a ritualistic ceremonial behaviour and symbolic endeavours, as opposed to their substantive engagement.

In the quest for a solution, the authors adopted a practice-theory lens and examined what audit committees should do, named 'best practice', versus the actual activities that audit committees do in practice, named 'praxis'. They considered audit committee members' attributes and the relationship dynamics relevant to their role execution, seen as 'practitioners.' Turley and Zaman's (2007) research found that the most significant effects of the audit committee on governance occur outside the formal structure and processes. This is consistent with the observation that corporate governance is a social process, hence it should also be investigated from a social perspective rather than from a theoretical viewpoint only (Turley & Zaman, 2007; Yusof, 2016).

2.7.5 The Agency Theory of Corporate Governance

This section discusses the principal-agent theory and its impact on public service organisations. This study incorporates the agency theory as the main model, in an effort to explore the corporate governance systems in the South African public service.

Several scholars in the field of corporate governance approve the view that the agency theory has served as the most influential viewpoint in the area of corporate governance research, policymaking, and practice (Aguilera & Jackson, 2003; Brennan & Solomon, 2008; Christopher, 2010; Boivie et al.s, 2016; Yusuf et al., 2018). The agency theory is based on the idea that when a company is first established, its owners are usually also its managers. However, as the company grows, the owners appoint managers to run the company, and the owners expect the managers to run the company in their best interests; therefore, a form of agency relationship exists between the owners and the managers (Aguilera & Andrus, 2016; Yusuf et al., 2018;). According to Jensen and Meckling (1976); McColgan (2001), the agency relationship is a contract under which one party (the principal) engages another party (the agent) to perform some service on their behalf. As part of this, the principal will delegate some decision-making authority to the agent (McColgan, 2001). The same is also supported by Mallin (2010) and Kondlo (2017), who argue that the role of the agency theory is to identify the relationship between two parties where the owner of the company (principal) delegates the work to the manager (agent).

Moreover, the theory assumes human beings as self-interested and points out a conflict of interest between principal and agent (Jensen & Meckling, 1976; Yusuf et al., 2018). That is to say the agency theory is part of the more prominent topic of corporate governance. It involves the problem of directors (agent) controlling an organisation (company) while shareholders own the company (Panda & Leepsa, 2017). As a result, a problem usually is identified whereby the directors might not act in the shareholders (or other stakeholders) best interests but rather their own, which results in conflicts. Kondlo (2017) posits that the agency theory is against the Chief Executive Officer (CEO) being the chairperson of the same company as there will be a conflict of interest. It argues that management will be more favoured while sacrificing the interests of owners. The perspective of this theory suggests that managing and lowering the conflict between shareholders and managers is one of the main functions of a board of directors. Figure 2.1 describes the relationship that exists between the principal and the agent in the Agency theory.

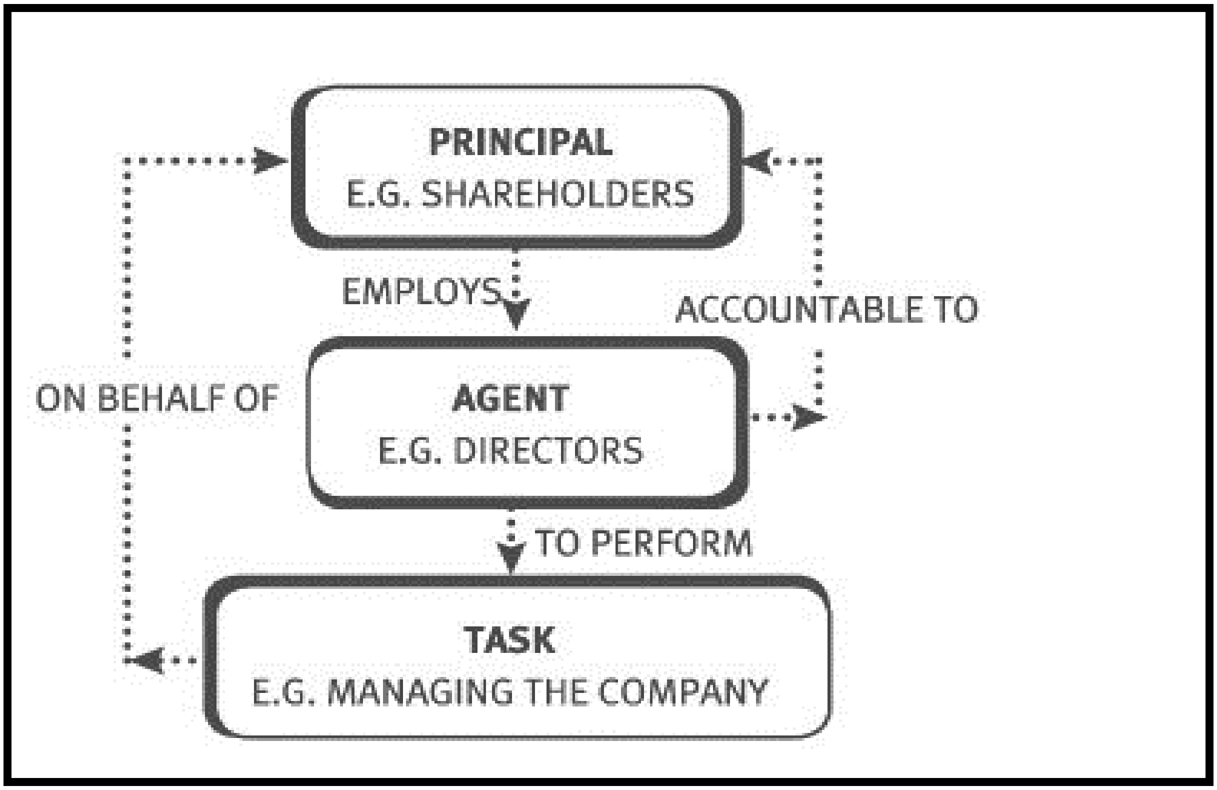


Figure 2.2: The Agency theory relationship

Source: Kaplan Financial Knowledge Bank 2012)

Figure 2.2 highlights how the agency theory can be applied to the agency relationship derived from the separation between ownership and control. The diagram demonstrates how the agents (directors) are appointed by the principals (shareholders) to perform tasks on their behalf, and the agents are therefore accountable to the principal. Hence, shareholders who are the government for public enterprises, delegates control to professional managers (the board of directors in this context) to run the organisation on their behalf. The directors (agents) have a fiduciary responsibility to the shareholders (principal) of their organisations usually described through company law as operating in the best interests of the shareholders (Thabane & Snyman-Van Deventer, 2017). Shareholders normally play a passive role in the day-to-day management of the organisation. However, separation of ownership and control leads to a potential conflict of interests between directors and shareholders. This is so because the agent's' objectives (such as a desire for a high salary, large bonus, and status for a director) will differ from the principal's objectives (wealth maximisation for shareholders).

Within the South African national departments, the principals are the politically elected representatives or the ministers, and agents are the various directors general and managers in charge of the departments. Using the national government departments' setting, the theory suggests that agents (directors general and managers) are believed to be opportunistic. In this regard, the aim of governance under an agency theory is to enable the principals (ministers) to manage that opportunism of their agencies through two major mechanisms, namely, the financial incentives wherein principals (ministers) set salaries to reward the agents (directors general) for doing the work and secondly, where principals set up governance structures to monitor the agents to ensure that agents' actions are in harmony with the interests of the principals.

Concisely, the core of the agency concept involves the delegation of power to individuals who are potentially more capable and better able to fulfill a mission, whilst holding them accountable, and of ensuring that there is a way to control and reframe their actions and adhere to the objectives assigned to them. In this case, the principal does not intervene to control upstream or to define the strategy. The principal only intervenes afterwards to verify that the agent acted in accordance with the contract (Zogning, 2017).

This is the case within the South African public sector setting, where the executive authority (minister) of every government department does not control upstream or define the strategy of his or her department. Instead, it is the directors general that define the strategy. Ministers only intervene afterwards to determine if the directors general have acted in accordance with their contracts with each respective minister. Similarly, the monitoring and oversight roles played by audit committees in the South African public sector are consistent with agency theory.

2.7.5.1 Conflicts in the Agency theory

The origin of conflict in the agency theory is the separation of ownership and control that usually leads to a potential conflict of interests between directors and shareholders. As mentioned, this is due to the agent's objectives like the desire for higher salaries, large bonuses and the love for status that normally differ from the principal's objectives, which is wealth maximisation for shareholders (McColgan, 2001; Yusuf et al., 2018). Another reason for the conflict is the impossibility of perfectly contracting for every possible action of an agent whose decisions affect both his own welfare and the welfare of the principal (Brennan, 1995; McColgan, 2001). According to Yusuf et al. (2018), classical agency theory assumes human beings to be self-interested and opportunistic. Thus, self-interested managers/ directors will be involved in rent-seeking and fraudulent behaviour or may exhibit such behaviours as shirking and lack of responsibility (Eisenhardt, 1989; Feldman & Montgomery, 2015; Yusuf et al., 2018).

The conflicts above arise in several ways that include:

Moral hazard conflict: the view that a party shielded from risk may behave differently from the way it would behave if it were fully exposed to risk (McColgan, 2001). A manager/ director has an interest in receiving benefits from his or her position as a manager. These include all the benefits that come from status, such as a company car, a private chauffeur, use of a company aeroplane, and so on. Jensen and Meckling (1976) suggest that a manager's incentive to obtain these benefits is higher when he has no shares, or only a few shares, in the company. That is to say the managers` incentive to consume private perquisites rather than to invest in positive net present value (NPV) projects, increases as his/her ownership stake in the company declines (Yusuf et al., 2018). This framework is easily applied in companies where ownership structure is diverse and corporate managers do not control the majority of the company's shares, especially in public co-operations. Jensen (1993) views that moral-hazard problems are likely to be more paramount in larger companies. Larger firms attract more external monitoring, increasing firm size expands the complexity of the firm's contracting nexus exponentially, which will have the effect of increasing the difficulty of monitoring and therefore, increase these costs. As such, when managers have such funds at their disposal without any strong requirements for investment, the scope for private perquisite consumption is vastly increased, as it becomes more difficult to monitor how corporate funds are utilised (McColgan, 2001). This is usually the case with public organisations in developing economies like South Africa, Pakistan, Zimbabwe, Nigeria, and others (Yusuf et al., 2018). Moral-hazard problems are also related to a lack of managerial effort.

Earnings retention conflict: in this kind of conflict, the problem of over-investing may be more paramount than that of perquisite consumption and under-investment. Studies of compensation structure have generally found that director remuneration is an increasing function of company size, providing management with a direct incentive to focus on size growth rather than growth in shareholder returns (McColgan, 2001). Jensen (1986) agrees, arguing that managers prefer to retain earnings. In contrast, shareholders prefer higher levels of cash distributions, especially where the company has few internal positive net present value investment opportunities. This implies that the remuneration of directors and senior managers is often related to the size of the organisation, rather than its profits. This gives managers an incentive to grow the company and increase its sales turnover and assets rather than increase the returns to the company's shareholders, which causes conflict between both parties (principal and the agent).

In this kind of conflict, management is more likely to want to re-invest profits to make the company bigger rather than pay out the profits as dividends. When this happens, companies might invest in capital investment projects where the expected profitability is quite small, and the net present value might be negative. According to Jensen (1986; 1993), managers benefit from retained earnings as size growth grants a larger power base, greater prestige, and an ability to dominate the board and award themselves higher levels of remuneration. This reduces the amount of firm-specific risk within the company, and therefore, strengthens executive job security. However, according to McColgan (2001) and Yusuf et al. (2018), the finance theory dictates that investors will already hold diversified portfolios. Therefore, further corporate diversification may be incompatible with their interests, and be that as it may, such a strategy is ultimately damaging to shareholder wealth (McColgan, 2001). Lang and Stulz (1994) find that returns to shareholders in undiversified firms are greater than for those who had attempted to reduce their exposure to risk through this diversification.

Additionally, earnings retention reduces the likelihood of external monitoring, encouraging management to undertake value maximising decisions (Martin, Gomez-Mejia & Wiseman, 2013). Hence, looking at this kind of conflict, it can be argued that in countries with weak governance contexts and high levels of corruption like in South Africa and other developing African countries like Zimbabwe, Ghana and Zambia, the nature of a remuneration package becomes an ineffective governance mechanism owing to higher opportunities for entrenchment (Morck et al., 1988; Yusuf et al., 2018).

According to a Parliamentary Monitoring Group Report (2018), 297 senior management members were found guilty of financial misconduct when they are required to play a critical role in the promotion and maintenance of sound financial management in the South African Public Service. Instead of drawing upon formal remuneration packages, these senior managers in national government departments resort to syphoning cash resources from their organisations through unethical behaviour and unethical transactions.

Managerial Risk Aversion conflict: Conflicts relating to managerial risk aversion arise because of portfolio diversification constraints concerning managerial income (McColgan, 2001). Chari et al. (2019) debate that managerial risk aversion conflict exists because managers are more risk-averse than shareholders because unlike shareholders who diversify their financial capital, managers cannot diversify their human capital. Therefore, risk-averse managers tend to take less than the level of risk desired by shareholders, thereby reducing shareholder value. Conversely, by better aligning managerial interests with those of shareholders, strong governance is likely to induce risk-averse managers to take higher risks, leading to higher shareholder value. Additionally, Denis and Kruse (2001) note that the majority of any company director's human capital is tied to the organisation they work for. Therefore, their income is largely dependent upon the performance of their company. As such, they may seek to minimise the risk of their company's stock (Boučková, 2015). Therefore, they may seek to avoid investment decisions which increase the risk of their company and pursue diversifying investments, which will reduce risk (Jensen, 1986; Boučková, 2015). In short, this conflict entails that those executive directors in organisations are much more dependent on their organisations` doing well for their security and are therefore interested in the stability of the company because this will protect their job and their future income. This means that management might be risk-averse and reluctant to invest in higher-risk projects. As a result, this conflicts with the interests of the shareholders who might want the organisation to take bigger risks if the expected returns are sufficiently high. This is so because shareholders often invest in a portfolio of different companies; therefore, it matters less to them if an individual company takes risks (Moore, 2015).

Boučková (2015), further stress that executives in high-risk organisations prefer to place a smaller fraction of their wealth in the company. This problem may be heightened when executive compensation is composed largely of a fixed salary, or where their specific skills are difficult to transfer from one company to another. In addition, risk-increasing investment decisions may also increase the likelihood of bankruptcy. Such a corporate event will severely damage a manager's reputation, making it difficult to find alternative employment. Managerial risk aversion will also affect the financial policy of the organisation. According to Jensen (1986), higher debt is expected to reduce agency conflicts, and also carries potentially valuable tax shields (McColgan, 2001). However, Brennan (1995) contends that risk-averse managers will prefer equity financing because debt increases the risk of bankruptcy and default.

Jung, Bozeman and Gaughan (2020) suggest that public sector actors are more risk averse than their private sector counterparts. Anandari and Nuryakin (2019) go further by arguing that the job security in the public sector attracts more risk-averse people who tend to hold back on taking initiatives for fear of punishment when initiatives fail, thus making organisations less effective. Given that the South African Public Service's Performance Management System is linked to rewards where managers are involved in setting their own goals, there is a likelihood that a conflict will arise as they will select the easiest goals to be achieved rather than devising innovative ideas.

Time horizon conflict: this conflict is found due to the difference in interests. McColgan (2001) views that conflicts of interest may also arise between shareholders and managers with respect to the timing of cash flows. Since shareholders are concerned about the long-term financial prospects of their company as the value of their shares depends on expectations for the long-term future. This contrast with the interests of directors/ managers as they might only be interested in the short-term cash flows for their term of employment, leading to a bias in favour of short-term high accounting returns projects at the expense of long-term positive Net Present Value projects (McColgan, 2001; Boučková, 2015). This is partly because they might receive annual bonuses based on short-term performance, and partly because they might not expect to be with the company for more than a few years. Managers might, therefore, have an incentive to increase accounting return on capital employed (or return on investment). In contrast, shareholders have a greater interest in long-term value as measured by net present value (Yusof, 2016). Healy (1985); McColgan (2001); and Yusof (2016) further point out that such problems may also lead to management using subjective accounting practices to manipulate earnings before leaving their office in an attempt to maximise performance-based bonuses.

Despite Demircioglu and Audretsch's (2017) finding that innovation in the public sector has become important to principals (i. e., citizens) and agents (i.e., managers) as it leads to efficiency (i.e., reducing costs), effectiveness (i.e. improving quality of services) and satisfies citizen's needs, Bason (2018) points out that risk taking within public organisations is not something that is promoted, but discouraged. In fact, Lapuente and Suzuki (2020) posit that senior managers working in more politicised bureaucracies show lower tolerance for new ideas and creative solutions and are less willing to take actions and risks that might upset the status quo. Remarkably, when it comes to time horizon conflict, the public sector is no different to the private sector. According to Bason (2020), public sector managers, like private sector managers, often prefer short term positive media exposure over what could be the most effective longer solutions for service delivery. However, these long-term solutions are overlooked as they are seen to be restricting public sector managers' ability to earn immediate incentives such as yearly performance bonuses. When employees fear punishment for taking the initiative, organisations are unlikely to be effective as punishment has gained notoriety for inducing fear for non-compliance; and at that point employees have no enthusiasm to learn or to innovate for purposes of performance improvement. Some scholars (Zoghbi, 2006; Jung et al, 2020), present the view that fear of punishment is likely to be greater for those who are risk averse; and the risk averse will likely interpret punishment as a job threat rather than an incentive to improve performance.

2.7.5.2 Conflict management in the agency theory

Within the agency structure, agency conflicts arise from divergences of interest between the principal and the agents within an organisation. As a result, conflicts are almost limitless by nature. Despite the existence of the problems discussed above, a modern corporation is now more exposed to share ownership which has proved to be popular amongst both corporate managers and outside investors alike. This new way of running organisations can be attributed largely to the evolution of internal and external monitoring devices which are aimed at controlling such problems that exist in the agency theory (Boučková, 2015; Yosuf, 2016; Yusuf et al., 2018).Yusuf et al. (2018) point that this conflict of interest that exists in the agency theory can be aligned by either offering appropriate incentives or by monitoring agent's activities (Eisenhardt, 1989; Jensen & Murphy, 1990; Chng, Rodgers et al., 2012). As a result, corporate governance codes across the world focus on aligning the interests of principals with those of the agents by devising equitable executive remuneration and rendering non-executive and independent directors to be the key monitors of the actions of executive management (Fama & Jensen, 1983; Fama, 1980; Feldman & Montgomery, 2015; Cuevas-Rodríguez et al., 2012).

Moreover, corporate governance can also be used to change the rules under which the agent operates and restore the principal's interests (Boučková, 2015). Similarly, the principal, by employing the agent to represent the principal's interests, must overcome a lack of information about the agent's performance of the task, and they should be well informed about the agents` performances before hiring them. However, this is only plausible in developed countries like the United Kingdom, Germany and other developed countries with strong work ethics and regulations that prevent managers/directors from being opportunistic at the expense of the organisation and the shareholders (Chng et al., 2012; Yusuf et al., 2018). In developing countries like South Africa, nonetheless, corruption is rampant and corporate governance can only fully work effectively if there are strong enough legal regulations and effective anti-corruption committees that can oversee public organisations and protect them from the corruption that happens within national government departments. For example, Manyaka and Nkuna (2014) suggest that the Office of the Public Protector found that some cabinet ministers have been involved in maladministration and corruption.

Additionally, agents must have decent incentives encouraging them to act in unison with the principal's interests. Also, the shareholders can as well introduce a performance-based type of incentive to prevent agents/ managers from being self-interested and opportunistic. Agency theory may be used to design these incentives appropriately by considering what interests motivate the agent to act. Incentives encouraging the wrong behaviour must be removed, and rules discouraging moral hazards must be in place. Understanding the mechanisms that create problems helps businesses develop better corporate policy.

Furthermore, another way to determine whether or not an agent acts in his/her principal's best interest and at the same time minimise conflicts in organisations is introducing the standard of "Agency Loss," which has emerged as a commonly used metric nowadays (Moore, 2016). Panda and Leepsa (2017) define agency loss as the difference between the optimal results for the principal and the consequences of the agent's behaviour. For example, when an agent routinely performs with the principal's best interest in mind, agency loss is zero. However, the further an agent's actions diverge from the principal's best interests, the greater the agency loss becomes. Normally, agency loss drops when the agent and principal both hold similar interests of achieving the identical income and when the principal is mindful of the agent's activities. Hence, the principal has a keen knowledge of the level of service he is receiving (Moore, 2015). If neither of these events occurs, agency loss is likely to soar. Therefore, a shareholder should implement practices that persuade agents to prioritise their principal's best interest while placing their self-interest second. And if done correctly, the agent will nurture their principal's wealth, while incidentally enriching their bottom lines (Moore, 2015; Yosuf, 2016).

Several scholars (McColgan, 2001; Panda, & Leepsa, 2017; Yusu et al., 2018; Chari et al., 2019) also propose the introduction of corporate boards to act as intermediates in big or public organisations between the managers/directors and the shareholders/ government to resolve conflicts. Fama and Jensen (1983) argue that effective corporate boards would be composed largely of outside independent directors holding managerial positions in other companies. They argued that effective boards have had to separate the problems of decision management and decision control. However, if the CEO were able to dominate the board, separation of these functions would be more difficult, and shareholders would suffer as a result. Correspondingly, corporate boards should act as monitors in disagreements amongst internal managers and carry out tasks involving serious agency problems, such as setting executive compensation and hiring and firing managers. In the UK, the Greenbury report of 1995 suggests that corporate boards and remuneration committees be comprised only of independent directors increase their neutrality in this task (McColgan, 2001). Effective corporate governance by company boards requires both good information (provided by insiders) and the will to act on negative information (provided by outsiders).

2.7.5.3 Shortfalls of the Agency theory in corporate governance of public service institutions.

Agency theory is an important, yet controversial theory in corporate governance, which controversy surrounding the theory has led to the development of other workable and less restricting theories like the organisation theory. Yusof (2016) argues that the flaws of agency theory in explaining corporate governance mechanisms, in general, are noted by Brudney (1985), when he argues against the analysis that claims that private bargaining or contract restrains management misbehaviour. Acknowledging instead on the importance of institutions, he argues that: "scattered stockholders lack the requisite information and institutional mechanisms either to bargain over the terms of management's employment or to monitor and control management's activities" (Brudney, 1985; Yusof, 2016). The authors went on to argue that the "markets" for managers and securities do not effectively implement investor constraints on management and outside directors are insufficiently independent of management to serve as agents for shareholders in selecting or controlling management. Too many factors, and possibly information imperfections, affect the price of shares for it to serve as a mechanism for effective investor impact upon managerial performance (Brudney, 1985). Therefore, a realistic inquiry into the operation of institutional factors affecting corporate governance is required before accepting approaches which are based on the rhetoric of contract and agency costs and reject the need for government intervention (Yusof, 2016).

In addition, by criticising agency theory, Van Essen (2011) observes the role of ownership in different contexts by considering the different formal and informal institutional constellations found in those contexts. The author found that who owns the organisation matters for its strategies, objectives, and performance, meaning that a crucial factor for ownership awareness, company strategy, and performance relationships, is owner identity (Van Essen, 2011; Yusof, 2016). Moreover, separation of ownership and control in most organisations may not be a given response to the development growth and wealth of an organisation all the time, as proposed by the agency theory. Several authors in the literature (Brudney, 1985; Roe, 1991; Van Essen, 2011; Yusof, 2016) posit that the initial separation of ownership and control in countries like the United States of America, at least in the 1930s, was because of legal and political factors and not as an automatic response to the development of their organisations.

Furthermore, the appropriate remedy for the problem of the potentially self-interested or incompetent managerial team is said to be the monitoring board. Put bluntly, no one knows what the optimal level of the option grant is: what level of stock option compensation will make an executive risk-neutral like the shareholders, or willing to bite the bullet on layoffs, or willing to accept a premium bid (Chari et al., 2019). Hence the failure to find a consistent link between executive compensation and an organisation’s performance has motivated some authors in the literature to supplement agency theory with other theories, like the organisational theory which is more inclusive (Yusuf et al., 2018)

Several scholars (Roberts, McNulty & Stiles, 2005; Turley & Zaman, 2007; Petrovic, 2008; Yusof, 2016; Chari et al., 2019) further argue that although agency theory has been dominating corporate governance literature on the board of directors, it claims, however, to provide very little information regarding actual board functioning and behaviour (Petrovic, 2008; Yusof, 2016), thereby calling for greater theoretical pluralism and more detailed attention to board processes and dynamics (Roberts et al., 2005; Petrovic, 2008; Yusof, 2016). The authors suggest that it is the actual conduct of the directors that determine board effectiveness, while board structure, composition, and independence only condition it.

In the South African public sector, even though there are no boards of directors in national government departments, the audit committee is a legislated accountability instrument for each department. Additionally, Roos (2021) suggests that audit committees have been recognised as an important part of governance due to their composition. They are independent and possess the necessary mix of skills and experience. Through their characteristics, including demonstrating a strong personal influence through interrogation and challenging context-based questions in a constructive manner, their display of honesty and objectivity and diligence is not being easily influenced.

Turley and Zaman (2007) find that the most noteworthy effects of the audit committee on governance occur outside the formal structure and processes, which is consistent with the observation that corporate governance is a social process, hence, should also be investigated from a social perspective rather than from a theoretical viewpoint only (Turley & Zaman, 2007; Yusof, 2016).

Various assumptions of agency theory have been criticised, and other researchers have proposed amendments to its theoretical underpinnings and offered alternative flexible frameworks (Hendry, 2005; Lan & Heracleous, 2010; Cuevas-Rodríguez, Gomez-Mejia & Wiseman, 2012; Yusuf et al., 2018). The traditional agency theory was developed for providing a basis to the Anglo-American model of corporate governance and researchers in the past have developed and studied the assumptions of agency theory mainly in the context of developed countries, especially the United States of America and United Kingdom (Matolcsy, Stokes, & Wright, 2004; Mueller, 2006; Uddin & Choudhury, 2008; Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). Therefore, when dealing with corporate governance problems created by the separation of ownership and control inefficient capital markets, the classical model of agency cannot be suitably applied to markets in developing countries that are characterised by concentrated ownership structure, strong public control, and weak governance context (Abdullah, Evans, Fraser, & Tsalavoutas, 2015; Yusuf et al., 2018).

The codes of best practices found in the Anglo-American system are developed based on agency theory, which means that the codes are developed based on the premise that the main corporate governance problem is self-interested management and weak, dispersed shareholders. However, this empirical context is highly unrepresentative when taken outside the US and the UK and applied to in countries like South Africa since most firms in the world have a dominant owner. High concentrated ownership is a feature of publicly listed companies in emerging economies like South Africa where public or state holds a dominant stake (Berglof & Thadden, 1999; Fan & Wong, 2005; Yosuf, 2016). The organisational activities in emerging economies can differ considerably from those found in developed economies, where corporate governance problems may require different solutions from those generated from agency theory perspective (Lubatkin, Lane, Collin & Very, 2005; Wright, Filatotchev, Hoskisson, & Peng, 2005; Yosuf, 2016). High concentrated ownership means firms could also face principal-principal conflict, meaning conflicts between majority shareholders who dominate the board, and minority shareholders (Young, Peng, Ahlstrom, Bruton & Jiang, 2008). In such a context, managers represent majority shareholders' interests, and in most of the cases, decision-making and management roles are held by the same individuals, that is, the controlling members (Li & Qian, 2013). Therefore, in this current study the agency theory was adopted, as it suggests that corporate governance can reduce agency costs which in turn leads to improved firm performance. This view is in line with the objectives of the study.

2.8 CORPORATE GOVERNANCE MODELS

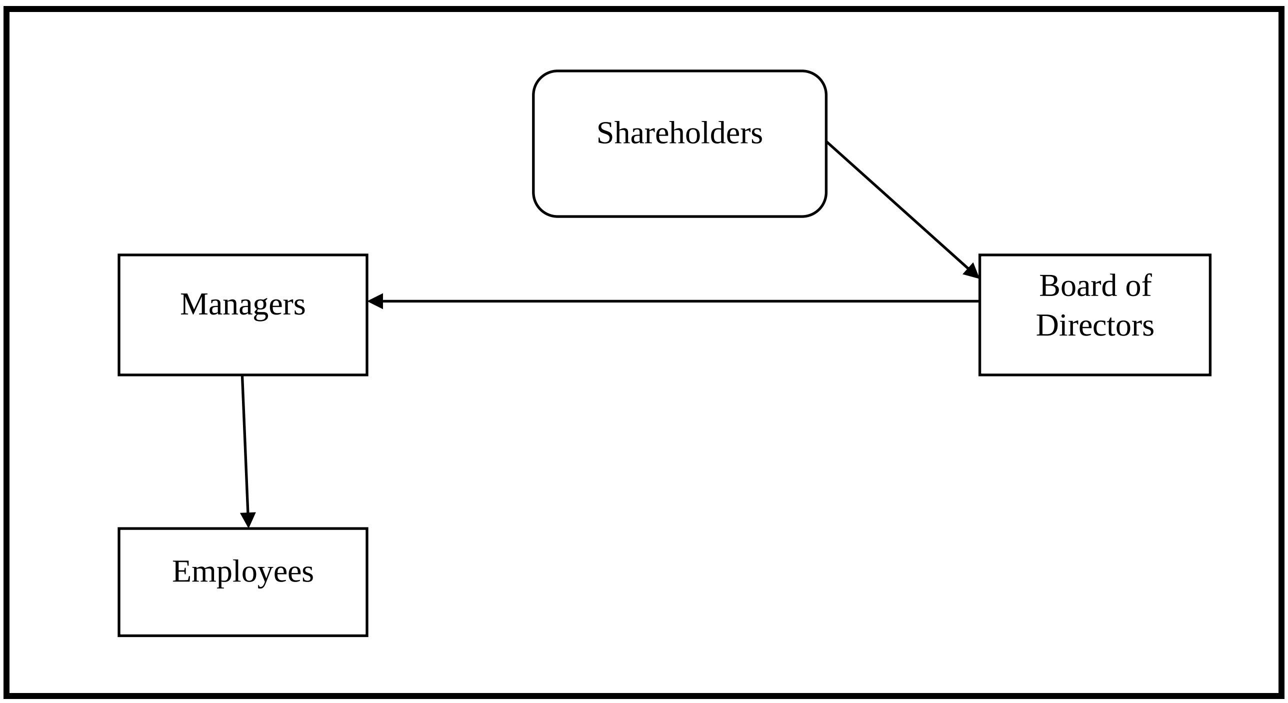
In international corporate governance practice, owing to the differences of the arrangement of corporate governance, various countries follow different models. Although all corporate governance models are said to be implemented in different organisational environments, in veracity, they are diverse in nature pertaining to their orientation in terms of socio-economic, national, religious and cultural perceptions. For instance, Shleifer and Vishny (1997) design a corporate governance model grounded on the philosophies of investors' proprietorship concentration and legitimate security. The critical challenge of formulating standard corporate governance model structures amongst scholars regarding the traditions and practices, is generally the difference in the contrivance of management decision-making process and ownership control (Keasey, Thomson & Wright 1997). Corporate governance rules, standards, regulations, and codes were reorganised with an outlook to controlling and managing organisations after encountering various corporate governance outrages (for example, the world financial crisis of 2008, the collapse of Baring and Policy Peck and the Enron Scandals of United States Bank of credit and commerce international’s web fraud, and deception) into the banks’ transactions and countries (Kay & Silberston, 1995). In addition, Lewis (1999) studied six different corporate governance models, such as the Anglo-Saxon model, the Japanese model, the Germanic model, the Latin model, the Islamic model, and the Confucian model. In the Europe and a few other countries, they follow the European model. Moreover, some nations such as India, China and France have their own distinctive models. The specific model of corporate governance of a country is narrated in its own code but the roots are like a shareholder model (Anglo-Saxon model) or stakeholder model (Continual European Model) or best of both models, namely a hybrid model. A precise overview of each model is explained in detail in the following subsections.

2.8.1 The Anglo-American model

The philosophy to corporate governance that is principal in the United States of America and the United Kingdom (as well as some other countries such as Australia, Canada, and New Zealand) can be pronounced as being a primarily shareholder (or exclusive) and outsider leaning. Although the Anglo-American model is referred to as a single model, there are differences in the corporate governance systems of the United Kingdom and United States of America (Institute of Chartered Accountants in England and Wales, 2005). These include differences in commitment to corporate governance ‘principles’ in the United Kingdom, compared to a ‘rules-based’ approach in the United States of America, an unwillingness to the distinct the role of a chairman and a CEO on American boards and shareholder dispersion. Even though these dissimilarities may be valid and predominantly ostensible when examining at the level of individual organisations, the importance of the resemblances among these two countries confirms that the study of the Anglo-American model remains most valuable in the public sector (Nwanji & Howell, 2007). Collier and Roberts (2001) consider the principles of the Anglo-American model as follows:

Within the agency view of governance there is in principle no ethics and hence no ethical problem. Instead, we are confronted with an atomised self-seeking individual, who must be closely watched and can only be frightened or incentivised into taking account of the interests of others. The only ethical imperative at work here is a Friedmanesque dictum to pursue profit maximisation.

The Anglo-American model remarks on the assessment of human behaviour upon which the agency theory is based, that is, of the sensible individual, who, given opposing choices, will always choose that which maximises his/her economic rewards. Such a view does not allow selflessness and altruism, and if ethics basically encompasses a reflection of the 'good', the 'self' and the 'other' (Rossouw & Van Vuuren, 2004), then definitely there would not appear to be latitude for any ethics in the Anglo- American model. The model, as a leeway of this view by virtue of its foundation in agency theory, and which specifically restricts consideration of the interests of stakeholders other than shareholders, could then be regarded as having 'in principle no ethics'.



Source: Cernat (2004).

Figure 2.3: The Anglo-American corporate governance model

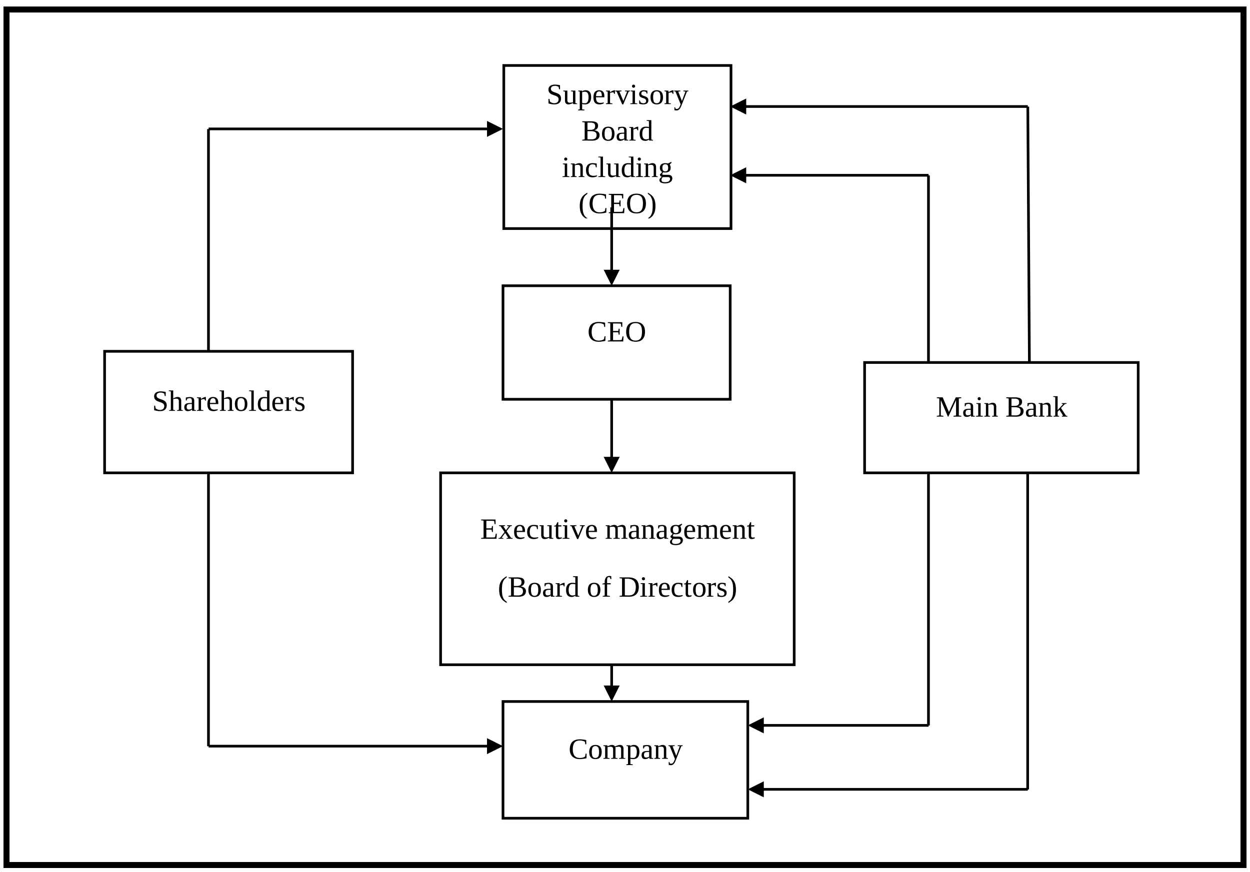
In the Anglo-American model depicted in Figure 2.3, the board of directors (BOD) is usually one-tier and mostly comprises of non-executive directors. In addition, some one-tier boards are shaped with non-executive and executive directors (Siepel & Nightingale, 2012). This model is featured by an arm's length association concerning the corporates (board) and investors (shareholders) (Franks & Mayer, 1997). In the practice of the United States of America and the United Kingdom Anglo-American model with reverence to the roles of CEO is not comparable, because the double role nature of CEO is not allowed in the United Kingdom while it is acceptable and applied in the United States of America (Siepel & Nightingale, 2012). These different practices and structures make differences between the management's influence and ability to change and extract resources

(Meier & Meier, 2014). Moreover, most corporates emphasise a smaller number of individuals and shareholders (Akinpelu, 2012). Trade unions are not given that much attention and they retain comparatively less influence in the corporate governance structures (Gilson, 2001). In this regard, dispute rates are ever increasing where the Anglo-American model is implemented (Cernat, 2004). Nowadays, global practices of corporate governance are moving towards the Anglo-American model (Martynova & Renneboog, 2011). This model has its own limitations in practices, especially when it comes to cases of CEO selections and their duties. Martynova and Renneboog (2011) note that only the institutional shareholders have an excessive influence in this model rather than common shareholders. The model also prioritises the shareholders' interests at the expense of the overall interests of all stakeholders. However, it remains relevant to the study of corporate governance in developing countries, particularly in South Africa where the concept is relatively new. Essential guidelines can be taken from the model, fused with the principles in the South African public sector, to produce a hybrid of corporate governance that can be sustainable and improve the running of the public sector.

2.8.2 Japanese model

The Japan's business environment replicates many of the configurations of the German structure, and its legal arrangement has been profoundly determined by the German public code. From way back, Japan's economy was controlled by a group of family-run businesses known as the *zaibatsu*, which, with close associations through numerous banks, has developed into the *keiretsu* (business network) (Samuel, Ong, Rahman, Olumide & Alam, 2019). The rapid economic boom period from the late 1950s was determined by major cross-directorships, crossholdings, participation from lenders, and an extraordinary level of collaboration amongst employees and the executive management (evidenced in the lifetime employment common amongst Japanese businesses). Capital markets in the Japanese model have ascertained an abridged role in mobilising finance when likened to the Anglo-American model, and imperative stakeholders (mainly banks) are work more closely with corporate management. The Japanese administration has as well assumed a role in defending some oligopolies and industries, complemented by innumerable barriers to non-Japanese businesses (Odenius, 2008.). The world financial crisis that started in the late 1990s has, nevertheless, given rise to a decrease in crossholdings, and a substantial escalation in foreign (precisely Anglo-American) ownership of Japanese corporates has concentrated considerations on refining transparency and accountability towards shareholders (Samuel et al., 2019).

The Japanese corporate governance model displays high level stock possession by private banks and companies. In this model, a banking coordination is regarded by long-term and strong associations with businesses functioning with the banking system. Equity financing embraces an imperative focus in the mechanisms of Japanese corporations. Nevertheless, the main shareholders in these businesses are the insiders and their associates. In this model, benefits of the outsiders are minimal. A very small percentage of Japanese stocks are held by non-Japanese investors. In Japanese corporate governance, as compared with Anglo-US model, non-affiliated shareholders do not have a tangible position. Henceforth, really sovereign directors, representing the outside (or foreign) shareholders, are present in very few numbers (Mostepaniuk, 2017).



Source: Adapted from Mostepaniuk (2017)

Figure 2.4: Japanese model of corporate governance

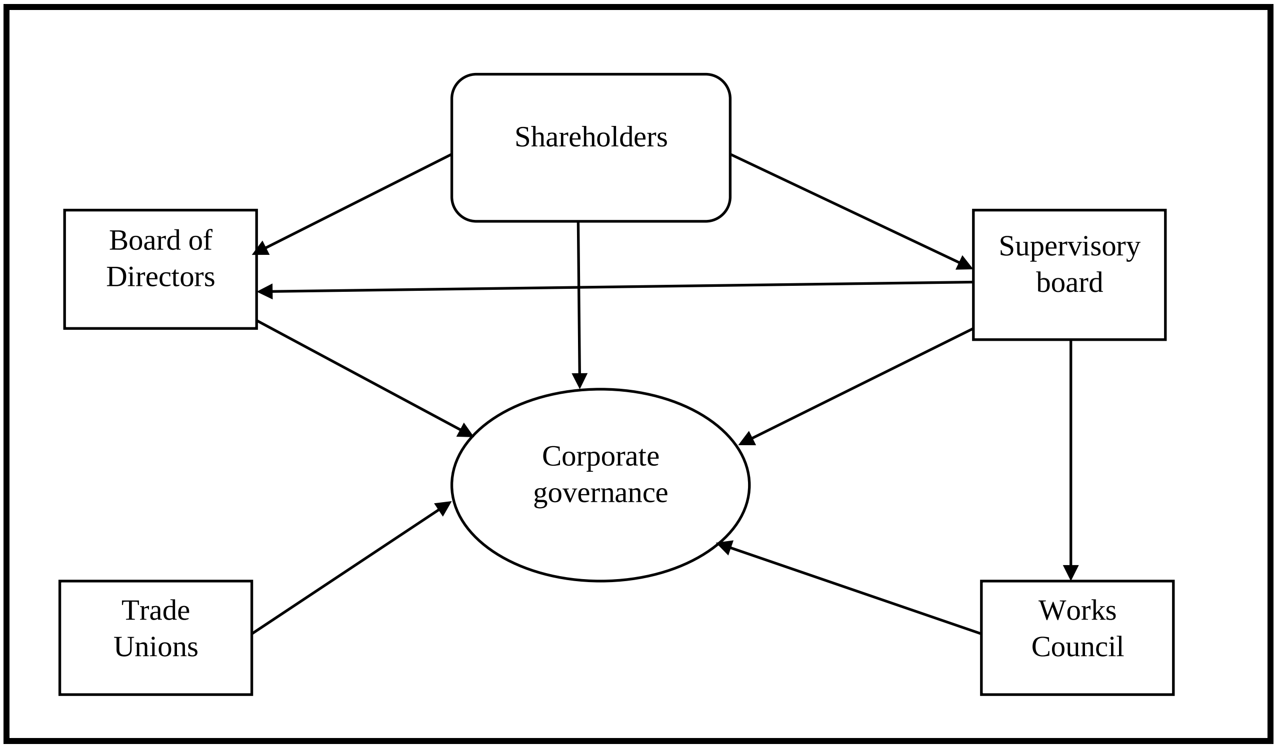
The Japanese corporate governance model presented in Figure 2.4 is categorised by a high level of share ownership which is linked with companies and banks; a banking process by robust, long-term relationships amongst company and bank; an industrial and public policy structure intended to enhance and support "Keiretsu (industrial group associated with trading relation additionally cross-shareholding of debt and equity)" (Ewmi, 2005). In the Japanese structure, the Board of Directors (BOD) is formed more or less exclusively from insiders and a relatively low (in some companies, non-existent) level of votes of outside shareholders, lessened and caused by intricate practices for determining stockholders' votes (Ewmi, 2005). Conversely, insiders and their affiliates are the key shareholders in most of the Japanese corporates and they influence the main roles in the corporates and in the arrangement as a whole. Although the number of foreign ownerships in Japanese shares is relatively less, it plays an important part in terms of establishing the organisation of corporate governance which is more suitable to external stockholders (Ewmi, 2005).

The morality of the Japanese model is possibly more directly patent than that of the Anglo-American model. The official presence of shareholder groups such as creditors and employees in the structure of corporate governance through the supervisory board can be reflected to have ethics and moral substance. Tentatively, at least, it should be more demanding for creditors and employees to be marginalised at the expense of stockholders' benefits. Samuel et al. 2019) assert that as the leading stockholders have an uninterrupted contact with the corporates' management, the agency problem, which is such a concern in the Anglo-American model has as well to be improved. Transparency and accountability of the top management should thus be expedited. However, these ethical merits perhaps embrace the noteworthy stockholders and those with direct access and representation, marginal stockholders lacking such participation may perhaps be subjugated. Guo, Smallman and Radford (2013) also note that challenges of death from overload of work (*karoshi*) and persecution of workers continue to be witnessed in Japanese corporates, which put forward that the ethical interests of a worker orientation are not clear cut. Nevertheless, the model remains relevant and some of its aspects can be harnessed and incorporated in South African public sector corporate governance structures.

2.8.3 The European Model

The European practice of corporate governance is established centred on the interested parties' perception. Donaldson and Preston (2015) examine it relative to the stakeholder theory, who proclaim that all stakeholders have their integral value of self-benefit, but one's benefit does not have that impact on others (Hasan 2009). The stakeholder theory, as a fundamental principle, discards the propositions of stakeholder's value practice and boosts the area of corporate governance structure by instituting the constitutional rights of shareholders to contribute in its resolutions, where the management and executives have the mandates to safeguard the benefits of all stakeholders, and the corporate goals are to enhance the importance of all stakeholders more than shareholders (Iqbal & Mirakhor, 2014).

Freeman (1984) asserts that stakeholders are group elements who have the constitutional rights of the corporate or a person who underwrites to the organisation indirectly or directly. Besides, Hasan (2011)) ordered the internal stakeholders (such as employees, and labour unions); into shareholders, the social community (state authorities, trade unions, non-government institutions, and civil society) and operational associates (customers, suppliers, creditors, and contractors) (Iqbal & Mirakhor, 2014). The European model has been criticised because it was incapable of discussing the agency challenges commendably (Donaldson &. Preston, 2015). The model configuration is formed on a two-tier approach encompassing a separate management board from executive directors and a supervisory board from external directors in which the arrangement of these two boards convenes meetings independently (Dignam & Galanis, 2009).



Source: Cernat (2004)

Figure 2.5: European model of corporate governance

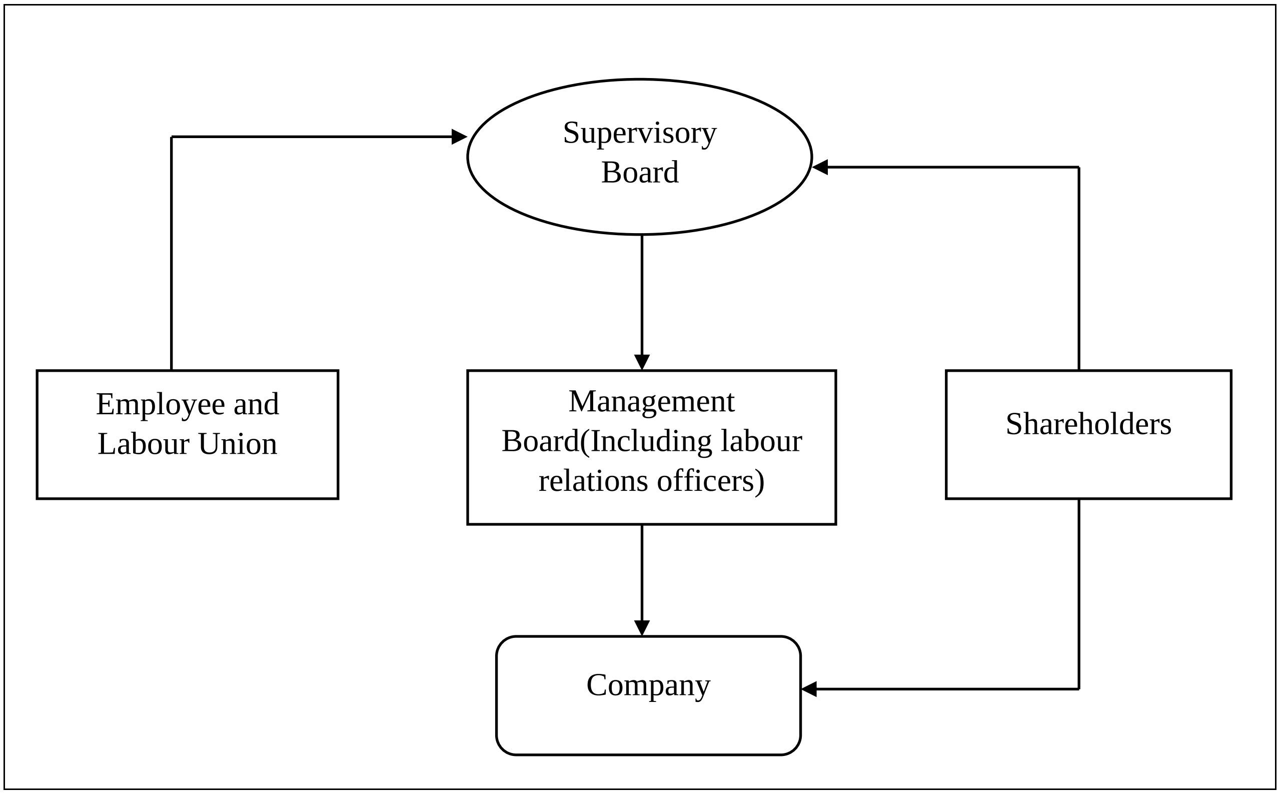
The European corporate governance model depicted in Figure 2.5 works on two-tier board schemes, that is, the supervisory and management board system. In this model, the management board is carefully chosen from the workers and the supervisory board is selected by the shareholders (Schilling, 2011). The supervisory board consists of work council legislatures, trade union members, and shareholders (Dignam & Galanis, 2009). The management board has an amalgamated role to achieve business undertakings and functions of the corporate, putting into consideration the interests and the rights of all stakeholders more than the shareholders, and at the same time, the management board is administered and checked by a supervisory board (Schilling, 2011; Hasan, 2011). Hasan (2011) notes that the European model of corporate governance safeguards the rights and interests of stakeholders but from the viewpoint of shareholder rights. However, the model is quiet and does not converse visibly the agency challenges**.** At the same time the model remains vital and useful in the field of corporate governance. The public sector in South Africa, therefore, can incorporate some of the behaviours of this model, enhancing them to the South African corporate governance structures, thereby improving the whole governing structures.

2.8.4 German model

There are certain distinguishing features of the German model which differentiate it from the other models (Samuel et al., 2019). In most German corporations a conventional preference towards bank financing is perceived over equity financing. This displays that stock market capitalisation in Germany is much smaller in relation to the size of the economy. Additionally, individual share ownership is correspondingly very low in Germany, which is symptomatic of the fact that German investors are risk averse and embrace conventional investment strategies such as corporate share ownership, joint ventures, and total ownership of enterprises. (Schilling, 2011). A corporate governance organisation in Germany has strong intentions of preserving long term relationships amongst the crucial economic agents, that is, the private corporations and banks (Aguilera, 2009). The structure leans towards defending the benefits of the significant shareholders. Apart from the principal participants, this model furthermore offers an opportunity to the marginal shareholders to take part in the development of shareholder proposals and suggestions.

The structure of German corporate governance practices is suitable in an independent economic arrangement where, both the stakeholders and shareholders of a corporate obtain the benefits. The German corporate governance system is characterised by the two-tier board, with co-determination between employees and shareholders on the supervisory board. As an example, stakeholders, particularly employees, have an important role in German corporate governance. They participate in decisions that affect them directly through workers councils, as well as those that affect the corporation through union representation on the supervisory board (Muswaka 2014).

The model is shaped by an amalgamation of a managing board and a supervisory board. In this model, banks are regarded as the fundamental sources of financing (Odenius, 2008). The model of German corporate governance (as presented in Figure 2.6) has differentiated itself considerably from the European model, Anglo-American model, and the Japanese model even though few of constituents resemble the Japanese model. In German corporations, banks hold the long-term stakes (just like in Japan) and bank representatives are carefully chosen by German boards (Ewmi, 2005). However, participation is continuous, unlike the situation in Japan where bank governing boards are nominated by a corporate board only in the period of financial distress.



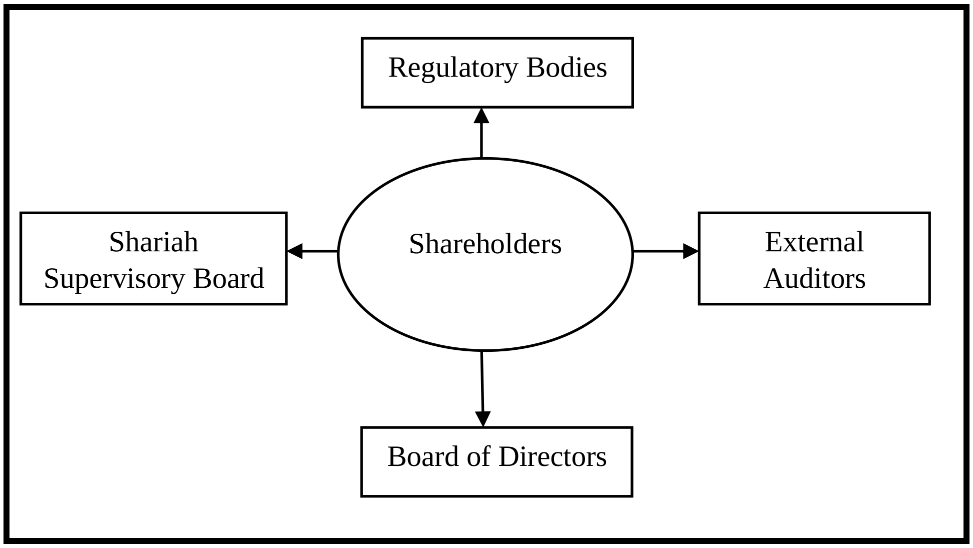
Source: Adapted from Mostepaniuk (2017)

Figure 2.6: The German model of corporate governance

Figure 2.6 depicts the German model of corporate governance. The model is dissimilar from other models because of its three exclusive features where two are regarded to the board formation and one refers to shareholders' rights. Primarily, the German model commends a two-tier board system with distinct members where the supervisory board is a mixture of shareholder representatives and labour or employee representatives; and the management board consists of insiders such as the management executives of the corporates (Mostepaniuk, 2017). The two boards are completely independent, and an individual may serve all together at a time in the supervisory and management board of the corporation. In addition, the supervisory board size is permanent by law and shareholders cannot alter the board size. Lastly, balloting influence limits are legalised, which limit a shareholder to voting a certain percentage of the corporate's whole share capital, irrespective of share ownership situation (Ewmi, 2005). However, the collapse of Steinhoff in South Africa has brought into sharp focus the question of whether the two-tier board system is less effective than the unitary board system. With a primary listing in Frankfurt and an Amsterdam corporate address, Steinhoff followed the Dutch corporate governance code. The code requires an open discussion between the management board and supervisory board as well as among the members within the management board and the supervisory board (Muswaka, 2014). Steinhoff’s collapse was a demonstration that the two-tier structure has natural holes, the biggest one being that the management board doesn’t always keep the supervisory board in the loop. Nevertheless, the public sector of South Africa can benefit a lot from the German model of corporate governance This is so because a two-tier system has more checks and balances built into it, which fits very well in the South African public sector mechanisms, whereby the two-tier processes are implemented.

2.8.5 Islamic corporate governance model

The Islamic banking structure is comparable to the capitalist economic trade and the conservative method of banking, where it permits the investors to make the profit and have the right to get the most out of their wealth. Nevertheless, the Islamic corporate governance model attributes the rights of stakeholders to create business stability, with economic and social justice through the organisational framework. In this model, stakeholders can contribute straight into the structure and process of corporate governance systems and communicate with shareholders to safeguard their own self-interests (Iqbal & Mirakhor, 2014). Moreover, by applying the rule-based benefit system, the Islamic corporate governance guarantees social justice (Iqbal & Mirakhor, 2014) where the rule-based sets into the organisational configuration so that managers are inducted to apply the well-being of all stakeholders and the application of guidelines to warrant the inside rights of stakeholders. In the process of Islamic corporate governance (Figure 2.7), two boards, that is, the Shariah supervisory board and the shura board formed with the stakeholders are there to display Shariah matters and to protect the benefits of all stakeholders. Shariah acquiescence is the central aspect that distinguishes Islamic corporate governance to be very distinctive (Alam *et al*., 2019). Together with the BOD, the Shariah supervisory board checks for the values of Shariah to confirm Shariah assertiveness in the entire function of the Islamic banking system. Furthermore, BODs and Shariah supervisory boards are correspondingly accountable in the implementation of the Islamic values and safeguard the Islamic reputation of the Islamic banking systems.



Source: Shanmugam and Zahari (2009).

Figure 2.7: Responsible parties for the implementation of corporate governance

In the stakeholder model of Islamic corporate governance, managers have a fiduiary duty to conduct the business to safeguard the best interests of all stakeholders, and the stakeholders have the freedom to join in organisational activities to rid conflicts among the stakeholders to safeguard their rights (Hasan, 2009). In the corporate governance model depicted in Figure 2.7, the Shariah supervisory board plays an imperative role to oversee, control and monitor Shariah ethics in the actions of Islamic corporations through the inside Shariah compliance unit, or Shariah department. Shareholders and the other community members play an efficient role to achieve the goal of Islamic corporate governance by upholding social justice (Alam et al., 2019). The Islamic model guarantees the interests and rights of all stakeholders of the corporation. Alam et al. (2019) assert that the shareholder has the prospect to contribute to the decision-making process of Islamic banks and corporations. Although unique to the South African set-up, the model displays the agency practices and values ethics for all the involved stakeholders. These principles, if well incorporated into the South African public sectors, can attain robust corporate governance practices.

2.9 BENEFITS/IMPORTANCE OF EFFECTIVE CORPORATE GOVERNANCE

In recent years, much has changed in companies, including the ownership structure from financial institutions, public corporations, as well as mutual funds (Radebe, 2017). These changes brought along with them a good deal of pressure on many institutions to have effective control over management structures of their organisations, thus resulting in the implementation of corporate governance in both public and private sectors (Akrani, 2011; Radebe, 2017). This section discusses the benefits related to good corporate governance, which include improved efficiency, corporate success and economic growth and investors' confidence, thereby increasing access to financing, minimising fraud, and corporate collapse, improving performance, protecting shareholders and promoting better organisational relationships.

2.9.1 Improved efficiency

It is commonly accepted that corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and ensure that an appropriate governance structure is in place (Radebe, 2017). Therefore, if corporate governance strategies are implemented well in organisations, be it public or private, they can ensure the smooth running of an organisation and allow it to meet expected standards effectively at the expected time and at the lowest cost (Ashe-Edmunds, 2016; Radebe, 2017). Efficiency in literature is seen as a "value-free" quantifiable measure, highly valued as a basis for activities such as improvement programmes or as a base for rewards. Kefela (2011) posits that effective and efficient governance is integral to any country's well-being, and that is why corporate governance is regarded as a solution to poor management of organisations. Corporate governance, if implemented well in public organisations, comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences (Kefela, 2011; Bicksler, 2013). Hence, the main strategy of having effective and efficient governance is to relate to the functioning of the public sector departments focused on accountability and scrutiny. Rabede (2017) argues that running an organisation can be challenging, but then again when an organisation, especially public institutions can incorporate product innovation strategies and corporate governance, stakeholders and management can predict demand and act efficiently and accordingly to citizen demand. Additionally, researchers (Kefela, 2011; Sun, 2016; Rabede, 2017) argue that through corporate governance availability of reliable information and trust among management and the government, enhanced efficiency and effectiveness of public institutions can be facilitated. This enhanced efficiency through corporate governance enables better coordination between different departments of the public sector and between stakeholders and improve service delivery (Rabede, 2017). In addition, Kondlo (2017) argues that corporate governance underpins market confidence, integrity, and efficiency, and hence promotes economic growth and financial stability. Kondlo (2017) posits that corporate governance can change the ownership structure of a company, and it puts pressure on its management to be more efficient, transparent, and accountable.

2.9.2 Increases trust and reduces risks.

Organisations do not exist in a vacuum. Organisations that are aware of the role they play in wider society will typically seek to behave transparently by providing clear and accurate information to their stakeholders regularly (Tafara & Peterson, 2016). When all stakeholders feel that they can rely upon the data provided by companies, this leads to increased levels of trust between management and stakeholders, and organisations can develop stronger, long-standing relationships with their stakeholders. Besides, companies committed to implementing and maintaining good governance practices are likely to find that certain risks are drastically minimised. This is because strong governance practices typically increase levels of transparency, trust, and integrity, all of which create an environment conducive to reducing risks, opportunities for corruption, and any source of mismanagement (Keyes, 2014).

2.9.3 Reduce fraud, conflicts and corporate collapse.

In recent years there has been an increasing number of companies collapsing due to fraud, scams, and corrupt practices (Fernando, 2009; Kondlo, 2017). These corporate collapses have had many effects on shareholders, employees, suppliers, as well as local and international communities. However, as good practice, corporate governance limits the potential for the bad behaviour of employees by instituting rules to reduce potential fraud and conflicts of interest. For example, organisations might draft conflicts of interest statements that top executives must sign, requiring them to disclose and avoid potential conflicts, such as awarding contracts to family members or contracts in which an executive has an ownership interest. It also allows the organisation, especially in the public sector, to form anti-corruption and anti-fraud committees to protect citizens and public institutions from opportunistic executive and management. For example, in South Africa, through corporate governance the government introduced the National Anti-Corruption Strategy in 2015 when it initiated this process that takes into account all existing institutional structures and efforts to fight corruption. The framework for its development was endorsed by the anti-corruption inter-ministerial committee. In addition, the government introduced the anti-corruption pledge to all national government departments (South African Government, 2018). Therefore, fraud and company collapse tend to be reduced in corporations that practise good corporate governance (Mallin, 2010; Kondlo, 2017). Also, corporate governance guides corporations to conduct their affairs with integrity and honesty (Hendrikse & Hendrikse, 2012).

2.9.4 Creation of wealth- improves access to capital and improved performance.

An important feature of good corporate governance is that it can increase wealth by improving the performance of honestly managed and financially sound organisations (Du Plessis, 2005; Kondlo, 2017). Institutions that practise good corporate governance gain added value through making institutional investors pay a premium for their shares as they are well aware of their interests being considered (Du Plessis, 2005) Therefore corporations with good corporate governance structures tend to attract investors. Furthermore, much attention to corporate governance issues in emerging markets among policymakers and academics has focused on the role governance can play in improving access for emerging market companies to global portfolio equity (Kompanek, 2016). An increasing volume of empirical evidence indicates that well-governed companies receive higher market valuations (Rabede, 2017). However, improving corporate governance will also increase all other capital flows to companies in developing countries, from domestic and global capital, equity and debt, and public securities markets and private capital sources.

2.9.5 Lowers the cost of capital

In today’s volatile environment, the implementation of good governance practices may lead to a reduction in an organisation’s cost of capital. An organisation that is seen to be stable, reliable, and able to mitigate potential risks will be able to borrow funds at a lower rate than those with no or weak governance systems (Kompanek, 2016; Radebe, 2017). Organisations that are stable may find their investors investing more and freely. This is because they know that the organisation, they are dealing with has a sound governance framework. Therefore, good corporate governance reduces the costs of capital as investors are willing to invest in good faith.

2.9.6 Improved performance and higher organisation valuation

Equally important and, irrespective of the need to access capital, good corporate governance brings better performance for both public and private organisations. Improved governance structures and processes help ensure quality decision-making, encourage effective succession planning for senior management and enhance the long-term prosperity of organisations (Kompanek, 2016; Radebe, 2017). In addition, corporate governance affects not only access to funding but also the organisation`s valuation and operational performance. External investors are more resistant to provide finance to companies where corporate governance are not implemented (Kondlo, 2017). Furthermore, the investors will also charge higher rates if they are not assured that they will get an adequate rate of return (Claessens, 2006). Corporations who do not practise corporate governance are more likely to have conflicts with regards to cash flow and voting rights. With good corporate governance, an organisation's performance is improved through more efficient management, better asset allocation, labour policies and any other efficiency improvements (Kondlo, 2017). Therefore, a good operational performance which is done by the allocation of resources and good management creates wealth (Claessens & Yurtoglu, 2012; Kondlo, 2017).

2.9.7 Better relations with other stakeholders

Public and private corporations have relevant stakeholders that play an important role in corporations. These include banks, bondholders, and local and national governments. These stakeholders who play significant roles, which include monitoring, motivating, and ensuring discipline (Ashe-Edmunds, 2016; Kondlo, 2017). Stakeholders therefore hold a critical position in a firm, and corporate governance includes policies that protect their rights. A firm cannot operate without them. When employees are being treated fairly, the company benefits as well, as more output is produced by employees. It is submitted that corporate governance improves labour relations issues, which helps both the corporation and the stakeholders (Keyes, 2014). Workers will be treated fairly, which will result in more positive labour relations, which improves productivity and quality of work which will attract investors as they will be happy with the quality of work being done by stakeholders. A firm's financial performance can be improved through a high degree of corporate responsibility in relation to all the stakeholders of the firm. Determining the responsiveness of a company to its stakeholders is not easy; the effectiveness of stakeholder management, therefore, depends on the company's transparency and its reputation to the industry (Keyes, 2014).

A high standard of corporate governance assists the board and management to pursue objectives that are in the interests of the organisation and its stakeholders facilitate effective monitoring and encourage the organisation to use its resources more efficiently. Corporate governance is important because it makes good business sense. The role of the board is to delegate certain functions to board committees; however, the board should not abandon its duties and responsibility. In this sense, corporate governance provides rules and guidelines on the operation of a board of directors and their duties and responsibility in a company. Effective corporate governance provides a balance between the performances of the company while preventing the risks of corporate collapse. Excellent corporate governance promotes the value of transparency of the company as well as ensuring that the interests of both the shareholders and stakeholders are respected and considered (Ahmed, 2017). Therefore, corporate governance is a stability factor for companies in terms of social, political, and favourable investments.

2.9.8 Increased access to financing

Another reason for the importance of corporate governance is increased access to financing, which can lead to larger investment, higher growth, and creation of employment. Research shows that there is a relationship between corporate governance and access to financial services. Effective corporate governance leads to a better developed financial system which is associated with small and medium enterprises (Keyes, 2014; Kondlo, 2017). It is submitted that corporate governance is important as it provides opportunities for financing (Ahmed, 2017). It includes policies and structures which make companies transparent while protecting the rights of shareholders and stakeholders. A transparent company makes it easier for financial institutions to finance it (Kompanek, 2016).

2.10 BARRIERS TO CORPORATE GOVERNANCE

This section discusses the barriers to effective and efficient corporate governance in organisations. This can be grouped into political barriers, cultural barriers, social barriers, financial barriers, and technological barriers. There are three major barriers, which are political barriers, which could take the form of corruption, nepotism, embezzlement of funds; cultural barriers, resulting in poor planning, resistance to change and oversight issues; and social barriers such as conflict of interest and poor governance.

2.10.1 Political barriers

Superior corporate governance means an efficient, open, accountable, and audited public service, which has the bureaucratic competence to help design and implement appropriate public policies and at the same time help an independent judicial system to uphold the law (Hossen & Anwar, 2011). However, corporate governance faces many political challenges in the public sector. Corruption is one of the biggest obstacles in many African public service institutions. According to the Transparency International Report (TIR, GCR: 2003), corruption acts to diminish the ability of law enforcement to accomplish its mission. The prevalence of corruption in the South African public service has not only diminished the ability of law enforcement but also adversely affected the judiciary, public administration and is impeding the good functioning of society. Therefore, public service corruption refers to the misuse of public power or position by public officials with an expectation of undue private gain or advantage (for self or others) (Manyaka & Nkuna, 2014). It may include bribery, embezzlement, fraud, extortion, trading in influence, perverting the course of justice, exchanging goods for money or information. Corruption also has a serious impact on government, industry, and national security. It prejudices the rule of law and distorts markets. Therefore, corruption is one of the political barriers to effective corporate governance in the public sector as political leaders and their subordinates in power are misusing their authority by embezzling funds and being engaged in bribery scandals.

Organised corruption, as it is now affectionately known, involves internal coordination, shared knowledge, and a vertical exchange of benefits. It creates and facilitates an internal economy that benefits only the principals (politicians) and agents (public sector managers). Behind the scenes, principals make major decisions, control agents' discretion and powers, and confer or withhold shares of the take. Political or bureaucratic agents pay for their spoils through for example, by providing services to clients in exchange for payments to be shared with the principals. Corruption is seen as a collective rather than an individual behaviour. Decisions on whether to engage in corruption occur within a wider society rather than in isolation (Marquette and Peiffer, 2015; Johnston, 1998).

Moreover, nepotism is another curse of politics and administration in South Africa. The rulers (political leaders) give privilege and unfair advantage to their family members, their kith and kin on public resources. As a result, civil servants and the mass population at large are deprived of certain opportunities and privileges. Besides, politicisation in government institutions, including the police, not only increases inefficiency and corruption but also increases human rights violations, especially on the opposition political parties by filing false cases (Manyaka & Nkuna, 2014).

Another political barrier to corporate governance is the improper and non-observance of the rule of law by political officials and those in the position of power in the public sector (Manyaka & Nkuna, 2014). In reality, laws are there for the nation; however, some of them are only applied in favour of privileged people or class. As a result, justice suffers and is denied to the common people. However, that is an important aspect of corporate governance, which is the adherence to the rule of law in public institutions when conducting public business and offering service to the people. Additionally, Coehlo (2007) argues that in many democracies, citizens enjoy the relatively free and equal exercise of their political rights, including the right to vote, but they experience gross inequalities to access public goods that are necessary to the enjoyment of many other (non-political) rights and entitlements that constitute contemporary citizenship.

2.10.2 Cultural barriers

Many cultural barriers that affect effective corporate governance in organisations are mainly due to the organisational culture of those organisations. Organisational culture is defined as the underlying beliefs, assumptions, values, and ways of interacting that contribute to the unique social and psychological environment of an organisation. These cultural hindrances are due to resistance to change.

Most public leadership in many public institutions are resistant to change as they believe that things should be done the same way as their forerunners did before. These official public leaders and their management at large believe that certain practices always work best as they are, ignorant to the fact that things change daily with the globalisation era we live in. It can be submitted that public organisations might resist changing the way things are done in the organisation, especially if the change comes from the private sector rivals and also if the change is not beneficial to them, and if the change in the organisation will add more work for them (Argentino et al., 2017).

Garland, 2012 posits that organisational climate is not entirely objective as it is characterised by communicative and didactic punishment. Working in formal organisations, even ones with benevolent missions and making valued social contributions, is that they can sometimes be dreadful places in which to work. The work climate in the public sector, for example, is characterised by greater formalisation, rule boundedness, rigidity, and a higher level of red tape, which still induce more fear of retribution for bending the rules Furthermore, those lower in the hierarchy and with less authority will be more fearful to suggest new ideas, despite them being sources of new ideas. Furthermore, those employees who are bold enough to provide new ideas may expect more push-back than would be the case were they acting from a position of greater authority. (Jung et al., 2018).

Additionally, the authors found that managers are perceived as having an inferior knowledge to their juniors and as such, junior employees feel they may be punished for presenting a new idea, suggesting that something is not right in terms of the climate of their organisation. Given that in South African national departments, punishment and consequent management is normally used to generate fear and compliance rather than promote learning or performance improvement, this fear of punishment is likely to be greater for most risk averse public sector employees, who are likely to interpret punishment as a job threat rather than an incentive to improve performance.

In addition to resist change, oversight issues are also a barrier to effective corporate governance. This requires the board of directors to have substantial oversight of the organisation's procedures and practices. Oversight is a broad term that encompasses the executive staff reporting to the board and the board's awareness of the daily operations of the organisation and the way in which its objectives are being achieved (Manyaka & Nkuna). However, in most public institutions, these reporting systems are not as effective, and the management normally does not report them that often, unless it is an emergency and the organisations` boards are also not bothered to follow up with the reports (Argentino et al., 2017). This affects corporate governance greatly and promotes incompetence in the public sector. The board should protect the interests of the shareholders by acting as a check and balance against the executive staff. Without this oversight, corporate staff might violate state or federal law, face substantial fines from regulatory agencies and suffer reputational damage with the public, which is not beneficial for public organisations.

Ethics and conflict of interest greatly affect effective corporate governance organisations in South Africa. According to Ambe (2016), there is enormous power wielded by some chief public officers and lack of proper communication with other senior officials can cause a conflict of interest in public offices. Hence, transparent communication systems are of importance in public institutions to avoid conflicts and cases of ethical misconduct among government officials. Additionally, poor planning in organisations hinders good governance. Poor planning in the public sector as well as in the private sector can have deep havoc outcomes in people's everyday life. Improper planning can also result in unnecessary use of resources.

2.10.3 Social barriers

Bureaucracy is inevitable in any society or state and is an integral part of an organised society. Nonetheless, the bureaucracy of South Africa is not efficient in management and administration. The capacity of policy implementation of the South African bureaucracy is inferior. Bureaucrats are not accountable and transparent to the people as they are supposed to be. This is evident by strong criticisms that the African National Congress (ANC) as the ruling party is responsible for cadre deployment of public officials (Areff, 2012; De Waal, 2012; Thornhill, 2012; Argentino et al., 2017).

Reasons for governments not being citizen-centric can be attributed to limited social interaction between public servants and the citizens, or to the attitude and work of some government servants and some citizens. While the laws made by the legislature may be sound and relevant, very often they are not properly implemented by government functionaries (Gosh, 2021). Public service appointments are used to reward political allies, which discourages talented staff and undermines institutional performance. Powerful public officials can control the agenda of governance meetings, or those who sit on the governance structures (Boivie et al. 2016). These officials preserve their situation as long as they can. Consequently, few citizens or businesses are willing or able to confront them directly. As posited by Marquette and Peiffer (2015), though hardly ideal, citizens sometimes view corruption as a solution-mechanism, meaning that for many, the only way to gain access to services is through corrupt channels. In these situations, corruption, maladministration, and mismanagement find a fertile ground to breed, often leading to service delivery protests.

2.11 CORPORATE GOVERNANCE IN THE PRIVATE AND PUBLIC SECTOR

This section of the chapter discusses corporate governance in the private and public sector.

Private sector governance, meaning governance in major listed companies, has caught much public attention in recent years due to the collapse of major corporations around the world. The result has been a plethora of standards for corporate governance in public and private companies (Armstrong, Jia & Totikidis, 2015). In general, corporate governance is concerned with structures and processes for decision-making, accountability, control, and behaviour at the top of organisations (Spiller, 2004; Armstrong et al., 2015). The concept addresses the issues arising from the interrelationships between boards of directors, such as interactions with senior management and relationships with the owners and others interested in the affairs of the entity, including regulators, auditors, creditors, debt financiers and analysts (Standards Australia, 2003). The purpose of good governance is to add value to the organisation, reduce financial, business, and operational risk, strengthen shareholder confidence in the entity, and assist in the prevention of fraudulent, dishonest, and unethical behaviour (Armstrong, 2004). However, the way these two organisations are governed and managed is different, resulting in one organisation being more effective and the other not so much.

The study of corporate governance is concerned with various governance models. In the private sector, these are found in the guidelines and standards for good governance for private organisations. For example, in Australia, these guidelines are the OECD Guidelines (OECD, 1999), the Australian Stock Exchange Guidelines (Australian Corporate Governance Council, 2003) and the governance standards developed by Standards Australia (Standards Australia, 2003). In South Africa, these guidelines are found in the Johannesburg Stock Exchange, the Companies Act and the King report III (Nevondwe et al., 2014).

In literature, several scholars agree that public sector and private sector are two different entities with different responsibilities, but despite this difference, there are corporate governance principles applicable for both entities, which include accountability, transparency, responsiveness, and the rule of law (Spiller, 2004; Hennie & Bekker, 2009; Nevondwe et al., 2014; Armstrong et al., 2015). However, even though there are principles that are applicable to both sectors, there is an opposing view that suggests that governance experience in the public sector is long-standing and that many of the criteria applied in the private sector are unsuitable for the public sector (Armstrong et al., 2015). Moreover, the public sector and private sectors apply different governance models in managing their organisations. The type of organisation structure involved influences the type of governance model adopted in each sector. In the private sector, Australia, for example, most types of enterprise is governed by the Corporations Law (Armstrong et al., 2015). Since the public sector is complex, and public sector entities do not operate within a common legislative framework, or have a standard organisational shape or size, it is important, to recognise the diversity of the public sector and the different models of governance that apply in different countries and in different sectors; each of which has unique features that require special attention and impose different sets of accountabilities (Nevondwe et al., 2014). In private sector companies (profit-seeking) the board represents the link between the shareholders and the managers. It is the instrument through which managers are accountable to the shareholders and by which their performance is appraised. The "unitary" board model combines both a governing (monitoring and supervisory) function represented by non-executive directors independent of line management; and a management function, represented by executive directors employed directly by the company, who are responsible for the day-to-day management of the operations (Nevondwe et al., 2014; Armstrong et al., 2015)

On the other hand, Nevondwe et al. (2014) posit that governance in the public sector has a political dimension because the roles of the stakeholders in governing the public sector are important (Hartley, 2005). A governing body will represent the stakeholders, for example, parliament, who has the responsibility for appraising performance through elected representatives (McGregor 2007; Nevondwe et al., 2014). Stakeholders include providers of resources (taxpayers, lenders, bondholders, and creditors), service provider/partners (employees, contractors, and joint venture partners and other government entities), users of services (individuals and businesses who benefit from the services that the entity provides), interest groups, analysts/statistic gatherers (policy analysts, economists, financial analysts, rating agencies), media and the wider community (McGregor, 2007).

In South Africa, the corporate governance framework that applies to both private and public sectors is known as the King III Report. The third King Report became necessary due to changes in legislation, namely, the Amended Companies Act of 2008, as well as changes in international governance trends (Hennie &Bekker, 2009; Nevondwe et al., 2014). Effective and efficient local government demands good governance, which is based on sound principles.

2.12 IMPLEMENTATION OF CORPORATE GOVERNANCE IN THE SOUTH AFRICAN PUBLIC SERVICE.

In South Africa, corporate governance has been a reasonably well-developed concept since the establishment of the King Committee in 1992 under the influence of the Institute of Directors of Southern Africa. This committee was responsible for the release of the first King report on corporate governance in South Africa in 1994 (African Corporate Governance Network, 2016). Historically, South Africa`s corporate governance framework has evolved broadly in line with the Anglo- American approach to corporate governance. The following paragraphs briefly explore the implementation of corporate governance in the public sector as addressed in the legal frameworks provided for in South Africa. These frameworks include the King Reports and codes, Companies Act and Public Finance Management Act.

2.12.1 King Reports

In South Africa, corporate governance was institutionalised by the publication of the King Report on corporate governance in November 1994. However, the first King report has been superseded by the King II of 2002, the King III report of 2009 and the King report IV of 2016 (Koma 2009; Nevondwe, Odeku & Tshoose, 2014). African Corporate Governance Network (2016) argues that the purpose of the King reports is to promote the highest standards of corporate governance in South Africa. The first King report (King I) was instrumental in raising public awareness about what constitutes good governance in both the public and the private sectors. Following the international trend of establishing codes of corporate governance setting out recognised best practices commencing with issuance of the Cadbury Report in the United Kingdom in 1992, King report I offered all economic role players in the South African economy a governance framework that was relevant to local situations. The report also recommended standards of conduct for boards and directors of public entities (state-owned companies) intending to promote good corporate governance. Moreover, the first King report went on beyond the financial and regulatory aspects of governance. Also, it advocated as well as acknowledge an integrated approach that acknowledged the importance of all stakeholder interest by encouraging the implementation of good ethical, financial, social, and environmental practice (African Corporate Governance Network, 2016). The report also urged companies to be a responsible part of the societies in which they operate (King report, 1994). The report led to the implementation of the Public Finance Management Act of 1999.

The second King report (King report II, 2002) was issued in 2002. This report, in particular, played an important role in promoting corporate integrity in South Africa through its influence on legislative reforms and regulatory measures, the Johannesburg Stock Exchange (JSE) listing requirement and banking sector regulations (King report II, 2002; Nevondwe et al., 2014; African corporate governance Network, 2016; Thabane & Snyman-Van Deventer, 2018). King report II also led to the update of the Protocol on corporate governance in the public sector. Thabane and Snyman-Van Deventer (2018) pointed out that the report (King II) was designed as a tool to identify legal deficiencies in company law regime and to identify core areas of good governance for companies, corporate boards, and directors (African Corporate Governance Network, 2016). This report led to the implementation of the Companies Act of 2008.

The third King Report and code was established in 2009 and became effective in March 2010. King report III is not legislative in nature; rather it is a voluntary set of principles, practices, and guidance (Wiese, 2014; Ahmed, 2017). This report, unlike others, applies to all entities that are private or public sectors, listed or privately-owned companies, including non-profit organisations and pension funds (African Corporate Governance Network, 2016). King Report III integrates a set of corporate governance principles and associated with recommended practices that merged from a holistic approach to governance (King report III, 2009; African Corporate Governance Network, 2016; Masegare; 2016; Thabane & Snyman-Van Deventer, 2018). The philosophy of King report III rests on the concepts of leadership, sustainability, and corporate citizenship (Wiese, 2014). It also recommended the integration of economic, social, and environmental reporting to explain how organisations` activities have impacted its stakeholders, be it negatively or positively (African Corporate Governance Network, 2016).

The fourth King report was established in 2016. King report IV, according to Ahmed (2017), is an amendment to King report III. King IV reinforces the notion that good corporate governance is a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner (Masagare, 2016). King IV asks for the mindful application of the King reports principles and practices and to be interpreted and applied in a way that is appropriate for the organisation and the sector in which it operates (King report IV, 2016). Ahmed (2017) views that King IV is streamlined to include 17 consolidated principles, as opposed to the 75 principles of King III, the report also assumed application of all principles and requires entities to explain how they are applied. This is referred to as the 'apply and explain' philosophy (King report IV, 2016; Institute of Directors Southern Africa, 2016). Additionally, King IV seeks to reconcile with the minimum legislative requirements placed on companies by advocating an approach whereby the principles are adapted to 'fit in' with sectoral contexts and legislative regimes. In this report, remuneration of directors has a more prominent role than in other reports (Harris, 2017)

2.12.2 The Public Finance Management Act (PFMA) 1999

In 1999, the South African government subsequently enacted the Public Finance Management Act (Act 1 of 1999), which is one of the pieces of legislation that promotes the objectives of good financial management in the national and provisional levels of government (Vabaza, 2015). According to Ambe and Badenhorst-Weiss (2012), Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. Hennie and Bekker (2009) posit that the PFMA is an exemplary guideline for effective financial control, and it is being applauded by financial experts, with by far most of its clauses being noted as practical and of great value for improved public finance administration. Furthermore, Thabane and Snyman-Van Deventer (2018) view that the PFMA establishes the accountability of the public institution boards and requires directors to exercise their duty with utmost care so as to ensure reasonable protection of the public assets and records. The Act also acknowledges that directors of public institutions must act with fidelity, honesty, integrity, and in the best interest of public institutions in managing its financial affairs (Hennie & Bekker, 2009; Thabane & Snyman-Van Deventer, 2018).

Moreover, the PFMA (1999) marks the transition to a decentralised procurement system, managed by accounting officers in national and provincial departments; and it also governs the timing and content of public budgets (Turley & Perera, 2014). The PFMA gives effect to most issues referred in Chapter 13 of the Constitution of South Africa such as imposing the responsibility on the head of departments to implement procurement systems that are fair, equitable, transparent, competitive, and cost-effective in public organisations (Watermeyer, 2011; Nevondwe et al., 2014; Thabane & Snyman-Van Deventer, 2018). According to several authors (Ambe & Badenhorst-Weiss, 2012; Vabaza, 2015; Nevondwe et al., 2014; Thabane & Snyman-Van Deventer, 2018), the main aims of the PFMA is to modernise the system of financial management in the public service; enable public service managers to manage, but at the same time be held more accountable; and ensure timely provision of quality information and eliminate waste and corruption in the use of public assets. Nevertheless, the Act has certain shortcomings, in its implementation. It is sometimes theoretical and is lacking in the proper sanctioning of civil servants who have indeed breached provisions of the Act (Hennie & Bekker, 2009; Thabane & Snyman-Van Deventer, 2018). Henceforth, it is essential that legislation controlling the Public Service and Administration be brought in line with PFMA, or else the latter would remain toothless with regard to the sanctioning of contravening civil servants (Hennie & Bekker, 2009). The PFMA should therefore be read in conjunction with the South African Treasury Regulations and The Public Audit Act because if read together, they provide clear guidance for effective financial control, with strict sanctions for non-adherence to the Act and the regulations (Hennie & Bekker, 2009; Thabane & Snyman-Van Deventer, 2018).

2.12.3 The Companies Act (2008)

The main purpose of this Act as provided for is to provide for the incorporation, registration, organisation, and management of companies, the capitalisation of profit companies, and the registration of offices of foreign companies carrying on business within the republic; to define the relationships between companies and their respective shareholders or members and directors; to provide for equitable and efficient amalgamations, mergers and takeovers of companies; to provide for the efficient rescue of financially distressed companies; and to give appropriate legal redress for investors and third parties with respect to companies (Companies Act, 2008). In terms of the Companies Act 71 (2008) Section 66(1)(2), a public or state-owned entity must have a board, which is charged with the primary responsibility of exercising all the powers and performing any of the functions of the entity, except where limited by the Act itself, or the memorandum of incorporation (Thabane & Snyman-Van Deventer, 2018). This is an important provision, considering the political meddling sometimes experienced by the boards of state-owned entities from their shareholder ministers. For example, in 2015 as well as in 2018, the communications minister sought to arrogate the power to appoint, suspend and dismiss key officers of the South African Broadcasting Cooperation (SABC). Likewise, the Act pointed out that state-owned entities` board should consist of at least three directors and must establish a social and ethics committee. The directors are expected to act in good faith and in the best interest of the organisation, and with the degree of care, skill and diligence that may reasonably be expected of similarly situated and able persons (Companies Act, 2008; Thabane & Snyman-Van Deventer, 2018)

2.13 PREVIOUS STUDIES ON CORPORATE GOVERNANCE IN THE SOUTH AFRICAN PUBLIC SERVICE.

Over time, corporate governance has become one of the most common terms in the business world. Though it does not have a specific definition, it is sometimes defined as the systems by which companies are directed and controlled. Due to its complexity, other studies have been conducted all over the world. This section looks at three major studies that have been conducted on corporate governance, specifically in South Africa.

Ntim et al. (2013) studied corporate governance and risk reporting in South Africa: A study of corporate risk disclosures in the pre- and post-2007/2008 global financial crisis period. The research examined the crucial policy question of whether the quality of firm-level corporate governance has any effect on the quality and extent of corporate risk disclosures (CRD) in South Africa (SA) with particular focus on the pre- and post-2007/2008 global financial crisis periods. Using one of the largest datasets to-date on corporate governance and CRD, from 2002 to 2011, and distinctively drawing on multiple theoretical perspectives, they found that CRD is largely 'non-financial', 'historical', 'good news' and 'qualitative' in nature over the ten-year period investigated. Also, that block ownership and institutional ownership are negatively associated with the extent of corporate risk discloses, whilst board diversity, board size and independent non-executive directors are positively related to it.

A study by Kondlo (2017) was conducted on the importance of corporate governance in South African family-owned companies: effects of ownership and board composition on Performance. The study showed the impact that corporate governance structures have on the performance of family-owned firms. It used the desktop research method, which consists of the research in books, internet sources, journals articles, theses, dissertations, and reports. A comparative approach was adopted to examine the board composition and corporate governance structures from South Africa and Brazil. Thabane and Snyman-Van Deventer (2018) also conducted a study on "Pathological Corporate Governance Deficiencies in South Africa's State-Owned Companies: A Critical

Reflection". By critically examining the corporate governance, challenges besetting the SABC, SAA and Eskom in particular, they sought to explore the root causes of corporate governance deficiencies of state-owned companies, and how their corporate governance could be enhanced. The study concluded that the challenges faced by the country's state-owned companies are twofold: firstly, the state-owned companies` boards' lack of appreciation of the cardinal corporate governance rules; and secondly, the role of government as a single or dominant shareholder, which results in substantial political interference in the running of the state-owned companies.

A notable observation from the above studies is that there is a lack of research that has tested the direct relationship between corporate governance, its barriers, and organisational performance in the South African public service. This presents an important research gap that this study intends to address.

2.14 CONCLUSION

This chapter aimed to perform a review of the literature on corporate governance. Conclusively, throughout the discussions here, it has been found that corporate governance has no set specific definition of what the concept. However, it is vital for companies to place emphasis on corporate governance. In the context of South Africa, since King III, the emphasis is also on ethics, ethical and effective leadership that guide companies in the right direction to avoid issues of corporate scandals and collapses in public organisations. Corporate governance regulations in South Africa discussed in this chapter consist of the King reports, Public Finance Management Act 1999, and the Companies Act 2008, which serve as guidelines for companies' boards of directors and foster practices of transparency, accountability, and effectiveness. Effectively, corporate governance provides characteristics which ensure that transparency, accountability, honesty, and integrity are practised in organisations. Acceptable corporate governance can contribute to the growth and stability of a corporation as well as cut organisational costs. The chapter noted that the development of corporate governance had been driven by the need to restore investor confidence. Corporate governance is there to ensure that boards of directors are more accountable, the directors play their key role, and those committees can operate effectively. Corporate governance definitions, policies and theories were discussed, which are set out as guidelines to help with the sustainability and growth of companies. The agency theory was discussed, which was found not to be very applicable in developing economies like South Africa. It was noted that there is a link between corporate governance principles and guidelines and their practices and the failure of public institutions. The next chapter discusses the literature on the public service in South Africa, with particular emphasis on its performance.

CHAPTER 3
LITERATURE REVIEW ON ORGANISATIONAL PERFORMANCE

3.1 INTRODUCTION

The previous chapter analysed the literature on corporate governance. Since the study is intended to assess the impact of corporate governance on organisational performance in the public service, the current chapter discusses the literature on organisational performance. It begins by highlighting its conceptual definitions according to various sources in the literature. The next section discusses the factors influencing organisational performance in the public service, such as the structure of an organisation, leadership, organisation environment, and management involvement. This is followed by a discussion on the importance of organisational performance. The next section discusses the framework for the measurement of organisational performance, which include financial metrics, BSC, systematic management accounting, benchmarking, and local information systems. This is followed by a discussion on the public sector performance challenges in South Africa, which include corruption, lack of institutionalised performance measurement instruments and organisational challenges. It discusses previous studies on organisational performance in South Africa and the conceptual framework guiding this study and hypothesis are also drawn. The chapter concludes by summarising all the issues examined.

3.2 CONCEPTUALISATION OF ORGANISATIONAL PERFORMANCE

This section provides varying definitions and descriptions of what organisational performance entails.

The potential success of a business depends on its organisational performance, which means its ability to effectively implement strategies to achieve institutional objectives (Randeree & Al Youha, 2009; Bashae et al., 2016). Several variables constitute organisational performance, such as business model effectiveness, efficiency, and outcomes (Deshpande., Farley & Webster, 1997; Boyatzis & Ratti, 2009; Ryan., Emmerling & Spencer, 2009; Bashaer et al., 2016). According to Cho and Dansereau (2010), organisational performance refers to the performance of a company compared to its goals and objectives. In addition, Tomal, and Jones (2015) define organisational performance as the actual results or output of an organisation as measured against that organisation's expected outputs. Another definition by Upadhaya et al.(2014) suggests that organisational performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives). In another definition by Musmuliana (2012), organisational performance is defined as a process to enhance both the effectiveness of an organisation and the well-being of its members through planned interventions. Ho (2008) also explains that organisational performance is an indicator which measures how well an enterprise achieves its objectives (Venkatraman & Ramanujam, 1986; Hamon, 2003; Ho, 2008). Organisational performance can be assessed by an organisation's efficiency and effectiveness of goal achievement (Robbins & Coulter, 2002).

Organisational performance encompasses three specific areas of firm outcomes, which are financial performance (profits, return on assets, return on investment), product market performance (sales, market share) and shareholder return (total shareholder return, economic value added) (Richard, 2009). In addition, Tomal, and Jones (2015) define organisational performance as the actual results or output of an organisation as measured against that organisation's intended outputs. The effectiveness of an organisation consists of the efficiency of each of its individual employees; thus, employee performance can be defined, in part, as a function of leadership (Mastrangelo et al., 2014). Also, the performance of any organisation depends largely on the level of skills its leaders possess when it comes to implementing strategies.

Several scholars in literature concur that organisational performance is probably the most widely used dependent variable in organisational research today, yet at the same time it remains one of the vaguest and loosely defined constructs (Rogers et al., 1998; Jahanshahi et al.r, 2012; Tomal & Jones, 2015). Also measuring organisational performance is difficult, especially when what has to be measured keeps changing (Hubbard, 2006; Jahanshahi et al., 2012).

According to literature, a basic performance model derived from the private sector only looks at inputs, activities, and outputs. However, due to the private sector model's inadequacy for public and non-profit activities, some scholars decided to redefine the model by using the same logic of the production model of performance but extending it to cover the whole chain from input to outcome. (Hatry, 1999; Poister, 2003; and Pollitt & Bouckaert, 2011; McDavid & Hawthorn, 2006; Bouckaert & Halligan, 2008). According to literature, the most common types of organisational performance measures that are used in recent empirical research are financial or accounting performance, operational performance and market-based performance (Jahanshahi et al. 2012). These three measures of organisational performance are provided in Figure 3.1.

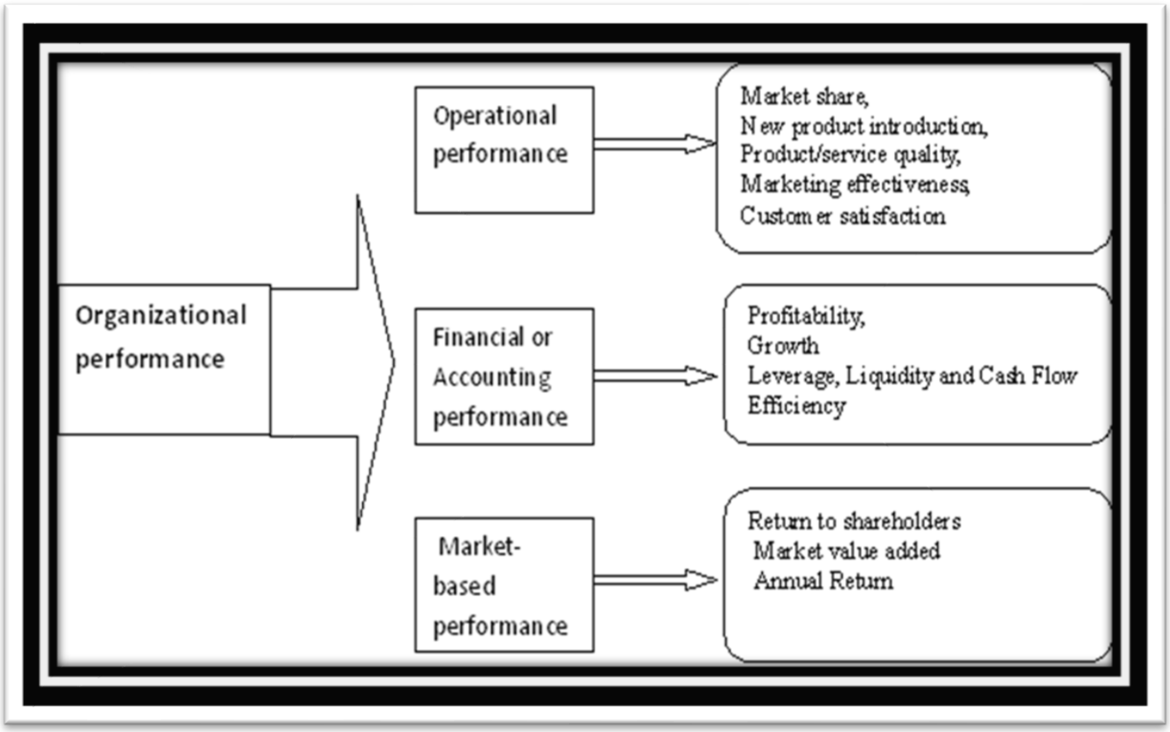


Figure 3.1: Common types of organisational performance measures

Source: Jahanshahi et al. (2012

As indicated in Figure 3.1, operational performance relates to concepts such as market share, new product introduction, product or service quality, marketing effectiveness and customer satisfaction. Financial or accounting performance is concerned with profitability, growth, leverage, liquidity and cash flow, and efficiency. Market-based performance involves a return to shareholders, market value and annual returns.

3.3 FACTORS INFLUENCING ORGANISATIONAL PERFORMANCE.

This part of the chapter discusses the factors influencing organisational performance in organisations, both in the public and private sector. Various factors influence it, and some include the structure of the organisation, leadership, work environment, personnel skills, external factors like national policies, media communication, the motivation of the employees, innovation, and employee involvement. These are discussed briefly in this section.

Raza (2019) points out that each organisation has its very own ideas and values. Nearly everything that influences an organisation's capacity to contend and react adequately to changes in the outer condition eventually affects its prosperity or failure.

3.3.1 Structure of an organisation

Organisational structure is how job tasks are formally divided, grouped, and coordinated within an organisation (Robbins, 2019). Robbins (2019) views that an organisational structure defines how activities such as task allocation, coordination, and supervision are directed toward the achievement of corporate aims. According to Raza (2019), the structure of an organisation can hinder or advance the performance of it, depending on how viable the supervisory connections and work process impact profitability. This is further supported by Duggan (2020), who argues that organisational structures could impede or promote performance, depending on how effectively the supervisory relationships and workflow influence productivity. These relationships define the departmental structure and the reporting hierarchy, which usually affect the management of performances in organisations (Duggan 2020). Performance management is crucial in organisations and their structures, as it involves goal-setting activities and periodic reviews by managers in the reporting hierarchy. Additionally, without defined policies and procedures that are consistently enforced throughout the organisation, performance management strategies can fail to achieve their desired goal of improving product and service quality for end-user customers and the improvement of the entire organisation`s performance (Raza, 2019; Duggan, 2020).

Furthermore, for organisations to have improved organisational performance, organisations should have clearly defined structures and reporting hierarchies (Robbin, 2019; Raza, 2019; Duggan, 2020). Also, for organisations to achieve this, they should move away from a regional management structure to reduce complexity and eliminate duplication because for them to be successful in managing performance, the management structure requires simplicity and clarity (Robbins, 2019). An example to follow is Empire Company Limited. Empire is a Canadian food-retailing and real estate company with more than 17 billion in annual sales and more than 124 000 employees. With a lofty goal of being recognised as the best food retailer and workplace environment in Canada, Empire has moved away from a regional management structure to reduce complexity and eliminate duplication. The company streamlined its organisational structure to reflect its transition to an operationally focused grocery retailer with related real estate interests (Robbins, 2019).

In our global era, organisations are questioning and re-evaluating traditional approaches to organising work in their search for organisational structures that can achieve efficiency but also have the flexibility necessary for success in today's dynamic environment (Robbins, 2019). The challenge for managers is to design an organisational structure that allows employees to work effectively and efficiently. Hence organisations should make sure that their structures have clarified issues on work specialisation, departmentalisation, chain of command, span of control, centralisation and decentralisation, and formalisation as their design (Robbins, 2019). By the same token, Duggan (2019) argues that in an entrepreneurial organisation, the company typically has a simple flat structure, and this type of organisation is relatively unstructured and informal so performance management also may need to be flexible. However, in a bureaucratic organisation, work is very formalised, with many routines, policies, procedures, and standards. Clearly articulated job descriptions and job levels establish a well-defined career path in each functional area of the company (Duggan, 2020). Therefore, an organisation can be structured in various ways, depending on its objectives. Furthermore, the structure of an organisation will determine the modes in which it operates and performs.

3.3.2 Leadership competence

The leadership of an organisation is vital for its survival. Raza (2019) argues that extraordinary leaders rouse and direct. Therefore, an organisation leadership structure and its competence are essential for positive organisational performance. Moreover, the success of an organisation depends on the competency of its leaders and the organisational culture those leaders create (Bashaer et al., 2016). The beliefs and values of an organisation's leaders will always influence its performance (Soebbing et al., 2015). According to Uhlig (2018), an organisation's leadership structure determines how workflow, accountability and authority work together. Hence, to manage performances, organisations should have defined leaderships models that work in place since leaders oversee as well as help other employees to do things correctly in the organisation. Leaders set the course in the organisation, fabricate a motivating vision for the whole workforce, and encourage innovation in the organisation, thereby improve performances in organisations (Raza, 2019). Good leadership in organisations, be it public organisations or private organisations, encourages winning as a group or an association, and it is their dynamic, energising, and motivating characteristics that make the organisation remarkable and effective.

Organisations have different types of leaderships. There are hierarchical leadership organisations and non-hierarchical organisations. According to Uhlig (2018), hierarchical leadership employs a top-down, pyramid-shaped structure with a narrow centre of power that trickles down to widening bases of subordinate levels. Non-hierarchical leadership flattens the pyramid to form a structure with decentralised authority and fewer levels (Uhlig, 2018). To shed more light on this, Uhlig (2018) and Raza (2019) assert that a hierarchy is a logical organisational structure in which power belongs to the position rather than the individual, which has one advantage that the risk of an organisation's leader abusing power is reduced. In a hierarchical leadership organisation, management assigns duties according to employees' specialised skills, so roles and power structures are clearly defined, and employees have the opportunity to grow within their positions (Uhlig, 2018). The rigidity of a hierarchy is well-suited to highly regulated businesses.

In contrast, non-hierarchical leadership is decentralised, meaning the authority to make decisions is spread across a flat organisation, not concentrated at the peak of a vertical one (Uhlig, 2018; Raza, 2019). Decentralisation in these types of leadership structures gives employees a higher level of responsibility and accountability for their work, as well as more significant stakes in outcomes. It encourages functional diversity within roles and creativity because employees aren't confined to specific areas of specialisation. This allows it to operate with less redundancy, as teams can share resources more readily than hierarchical divisions (Uhlig, 2018). Also, the flexibility inherent in non-hierarchical leadership structures allows organisations to adapt very quickly to changing conditions.

3.3.3 The Environment of the Organisation

As the environment becomes more complex and dynamic, increasing attention has been given to the relationships between the environment and organisations. Organisations, however, possess unique and distinctive features as each organisation has its own culture, traditions and private methods in realising objectives, factors which would inevitably form an exclusive environment for each group within it (Soleman; 1997; Almanae, 2007). An organisational environment is defined as a set of characteristics that describe the organisation and distinguish it from other organisations within a given time period that affects the behaviour of its personnel (Almanae, 2007). These characteristics basically interconnect the internal work environment in the organisation, and a distinction can be made between one organisation and another, characterised to some extent, by relative stability.

The environment of the organisation centres on whether representatives have vital and satisfactory tools, supplies, and stable environmental conditions to function admirably. Likewise, whether the association or organisation has the upkeep frameworks set up to help a well-working environment (Raza, 2019). Therefore, an organisation should provide a healthy working environment for workers, which provides them with adequate working tools and supplies, strategy manuals, accurate and sufficient information in departments, access to incentives for their workers to promote motivation, excellent infrastructure, and safety at the workplace (Raza, 2019).

Few studies have considered the issue of team goals and team performance on organisational performance. Instead, most of the studies on organisational performance have focused on individual goal setting and individual performance. This is caused because the culture in most organisations can be seen as dominated by individual goals and objectives rather than being team-based. However, there is a growing number of organisations that are moving away from the long-held belief that reinforces individual achievement and success, often through internal competition. As such, a team concept is rapidly gaining momentum because of the positive outcomes of teamwork such as improved performance, information sharing, increased collaboration, innovation, and team cohesion. (Gomez-Mejia & Franco-Santos, 2015).

Furthermore, creative compensation management, in which pay is tailored to the needs of the organisation, the nature of work, and the characteristics of the workforce, is playing an important strategic role in it. Kim and Vikander (2015) investigated the choice between individual and team-based incentives in a principal-agent framework and found that team incentives are desirable for multi-task problems, where a problem should be solved, regardless of who solves it. The interpretation is that the whole team is rewarded whenever the team succeeds. The authors found that linking team rewards to the achievement of team goals has a positive effect on performance, and that when the achievement of team goals is linked to rewards, the team goal-setting process becomes more effective. Gomez-Mejia and Franco-Santos (2015) suggest that there is general agreement in the literature that although advantages of team-based incentives outweigh problems, there is, however, a need to be aware of potential pitfalls, such as free riding so that they can be avoided. Team based planning and team-based execution of organisational strategies as well as team-based incentive programmes require leadership that is creative enough to design programmes that communicate to the workers that a group, rather than an individual, is critical for organisational success. If the environment in which the organisation operates in is attractive and safe, performance is most likely to be useful as well.

3.3.4 Management involvement

Ed Lawler first used the concept of management involvement for access to management inside employee involvement (Humayon et al.& Raza, 2018). It involves empowering employees with opportunities to make decisions for the accomplishment of their jobs and to contribute to organisational performance. A high involvement management practice or engagement is a significant success factor for organisational performance in recent decade (Ahmad, Shahzad et al., 2014). Management involvement consists of practices like indulging employees in performance-based work, solving critical problems, training for development, rewards, and empowerment. Many organisations including government sectors, universities, non-profit organisations, and other firms believe that employee involvement and contribution are crucial to better organisation performance (Boxall & Purcell, 2011; Humayon et al., 2018). In a resource-based view, high involvement of management practices is claimed to develop diverse capabilities in the workers, which is essential to superior firm performance (Pfeffer, 1998; Humayon et al., 2018). Likewise, the management should not only participate actively in making the physical environment of the job place and making it appropriate for employees, but also changing characteristics like commitment, behaviour, interpersonal relations, ethics, and professionalism in employees for the betterment of both (Humayon et al., 2018).

3.3.5 Staff motivation

Staff motivation is another factor that influences organisational performance. Motivation is a fundamental mental process that provokes, strengthens, and directs behaviour and performance. It is a process of inspiring employees to utilise compelling motivation, which makes them more satisfied and committed to their services (Humayon et al., 2018). Similarly, employee motivation is a tool that managers use in their strategies to excel effective job performance among employees in organisations (Hassan, 2011; Humayon et al., 2018). Every organisation wants to be successful in a highly competitive environment. Thus, organisations of multicolour struggle to retain the best employees, recognising their work, and impact on the organisational performance in return (Dobre, 2013).

Therefore, organisations should develop a positive and robust relationship with its employees and guide them to organisational objectives. They do this by offering incentives to workers, creating a pleasant corporate environment, offering safety during working times and establishing supervisions for workers. Motivation is an essential aspect for employees as well as the organisation because when there is high motivation, employees work well, resulting in top performances (Shah et al. 2018). High exchange relationships between superiors and subordinates that are characterised by high levels of trust have been linked to higher subordinate satisfaction, stronger organisational commitment by the subordinate, higher subordinate performance and increased customer centricity.

3.4 IMPORTANCE OF ORGANISATIONAL PERFORMANCE.

Bashaer et al. (2016) argues that the potential success of a business depends on its organisational performance, which means its ability to effectively implement strategies to achieve institutional objectives (Randeree & Al Youha, 2009; Bashaer et al., 2016). For that success to happen, a robust performance management and development process should be in place as it allows the organisation to harness the full potential of their employees by ensuring their constant learning, development, and growth. Several aspects related to the importance of organisational performance are discussed in this section.

3.4.1 Enhanced competition

Environmental turbulence in today’s business landscape has caused grave concerns in contemporary business organisations. As a result, organisations seek to achieve competitive advantage through organisational performance (Namada, 2018). Therefore, organisational performance is a crucial source of competitive advantage in contemporary business organisations. Superior organisational performance gives the organisation an enhanced competitive advantage in the industry (Namada, 2018). According to Amadeo (2019), a competitive advantage is what makes an entity's goods or services superior to all other choices of a customer. Further, Shahmansouri et al. (2013) define competitive advantage as a collection of the organisation’s unique features which allows it to perform better than competitors and competitors are not able to replicate such features easily. Organisational performance has also been recognised as an essential means of providing a sustainable competitive advantage and achieving strategic renewal (Namada, 2018). Therefore, the performance of an organisation, if it outranks all other competing organisation in the industry, can give the organisation a good competitive advantage which can be used to advance the organisation's influence and future (Namada, 2018). Besides, enhanced competitive advantage that is influenced by organisational performance increases its profit and impacts on the market thereby allowing the organisation to be well known in the industry (Namada, 2018; Amadeo, 2019).

3.4.2 Improves leadership competence.

The key factors that contribute to organisational performance include leadership competencies (Bashaer et al., 2016). Although leadership competence contributes to organisational performance, it is one of the most crucial factors that come with satisfactory corporate performance. Mastrangelo et al. (2014) argue that competent leaders influence their followers to enhance performance in organisations and the overall performance of the organisation also make competent leaders. Additionally, organisational leaders play a vital role in the achievement of organisational goals and objectives by creating a conducive environment that influences employees' behaviours, attitudes, and motivations. However, as Babcock-Roberson and Strickland (2010) mention, competent leadership empowers employees to engage themselves and improve their performance outcomes. The authors stated that leadership competency determines organisational success. The success of an organisation depends on the competency of its leaders, and the organisational culture those leaders create and also the beliefs and values of an organisation's leaders will always influence its performance (Soebbing et al., 2015). In this sense, the organisational performance of leading organisations in the market help motivate and create competent leaders in other low performing organisations, which is one of the most critical benefits of organisational performance in industries. Ssekakubo et al. (2014) studied leadership competencies and its effects on organisational performance and noted that leadership competencies could improve employee performance as well. This improvement is manifested by enhanced organisational performance. Globally, researchers have focused on the relationship between the skills of leaders and how well their organisations perform (Pradhan & Pradhan, 2015). Furthermore, the competencies of a leader represent their abilities to persuade other people, on behalf of the organisation, to complete the tasks required to accomplish the organisation's objectives and to communicate its vision to others (Lee et al., 2015; Bashaer et al., 2016). Asree et al. (2010) state that vision, integrity, openness, dedication, and creativity among leaders ensure that all employees succeed and that organisations perform better.

3.4.3 Increase employee motivation.

Motivation is a fundamental mental process that provokes, strengthens, and directs behaviour and performance (Hamayon et al., 2018). Additionally, it is a process of inspiring employees to utilise compelling motivation, which makes them more satisfied and committed to their services. This kind of motivation can also be increased through organisational performance. Employee motivation is a tool that managers/leaders use in their strategies to excel effective job performance among employees in organisations (Hassan, 2011; Dobre, 2013; Hamayon et al., 2018). Since every organisation wants to be successful in a highly competitive environment, the motivation of workers in organisations is therefore essential, and various factors can enhance it, and the excelling performance of an organisation is one of them (Hamayon et al., 2018). However, organisations of multicolour do struggle to retain the best employees, recognising their work, and impact on their organisational performance (Dobre, 2013). Therefore, organisations should develop a positive and robust relationship with its employees and guide them to organisational objectives. Likewise, motivation is essential for the continuation of organisations because when employees have high motivation, they will work well (Roseanne & Daniel, 2006; Hamayon et al., 2018). When employees stay motivated and positive, it significantly reduces the employee attrition and turnover.

3.4.4 Promotes innovation, recognition and open communication

Innovation is an essential function of organisations in getting a competitive advantage. It refers to the accomplishment of critical thought or behaviour (North et al., 2001). Organisational performance, according to Hamayon et al. (2018), enables organisations to be more innovative by supporting their employees to produce new ideas in a knowledge-intensive setting (Nodl, 2017). The relationship between innovation and performance in organisations has been identified to be a positive one and innovation has been argued to promote competitive advantage (Loof & Heshmati, 2006; Hamayon et al., 2018). Furthermore, organisations always demonstrate higher organisational performance towards new market transformation and innovations. Thus, if every employee works optimistically in the direction of the organisational goals, this will be directed towards innovation and a boosted performance.

Additionally, organisational performance through well-established performance management systems helps in goal alignment in organisations. These aligned goals enable employees to understand how their work leads to the overall success of the company's strategies and goals (Kurji et al., 2016). This understanding keeps them focused and ensures that their work offers real value to the organisation. Equally, the constant increase of organisational performance enables employees to identify new skills and interest areas, thereby providing them the opportunity to expand their horizons. An effective performance management system leads to managers and employees having open communication about goals, expectations, challenges, and development needs of the organisation. This ensures that employees obtain the essential feedback and recognition they need to continue to improve their work.

3.5 FRAMEWORKS FOR THE MEASUREMENT OF ORGANISATIONAL PERFORMANCE.

The term "performance measurement" usually refers to the continuous gathering of data from specific functional areas (The Development Compendium, 2012). It concerns the ongoing monitoring and reporting of an organisation`s progress towards reaching its organisational goals. It is made up of an internal system that collects, organises, and reports on workflows, outputs, and outcomes. This section is primarily concerned with performance measurement in the context of the organisation as a whole. Organisational performance measurement methods are discussed. Five performance measurement tools are discussed, which include BSC, financial metrics, benchmarking, systematic management accounting and local information systems.

3.5.1 Balanced Scorecard (BSC)

The purpose of performance measurement is to assist in making decisions and to understand progress towards meeting the outcomes of the strategic plan and action plans. A balanced scorecard (BSC) is a strategic management performance metric used to identify and improve various internal business functions and their resulting external outcomes (Tarver, 2020). BSCs are used to measure and provide feedback to organisations. According to Askarany (2011), the BSC is an integrated strategic performance management framework that helps organisations translate strategic objectives into relevant performance measures by linking non-financial measures with a financial perspective in four areas of performance concerned with: financials, internal process, customers and innovation and learning. It was first introduced in 1992 by David Norton and Robert Kaplan, who took previous metric performance measures and adapted them to include non-financial information. This is fully shown in Figure 3.2.

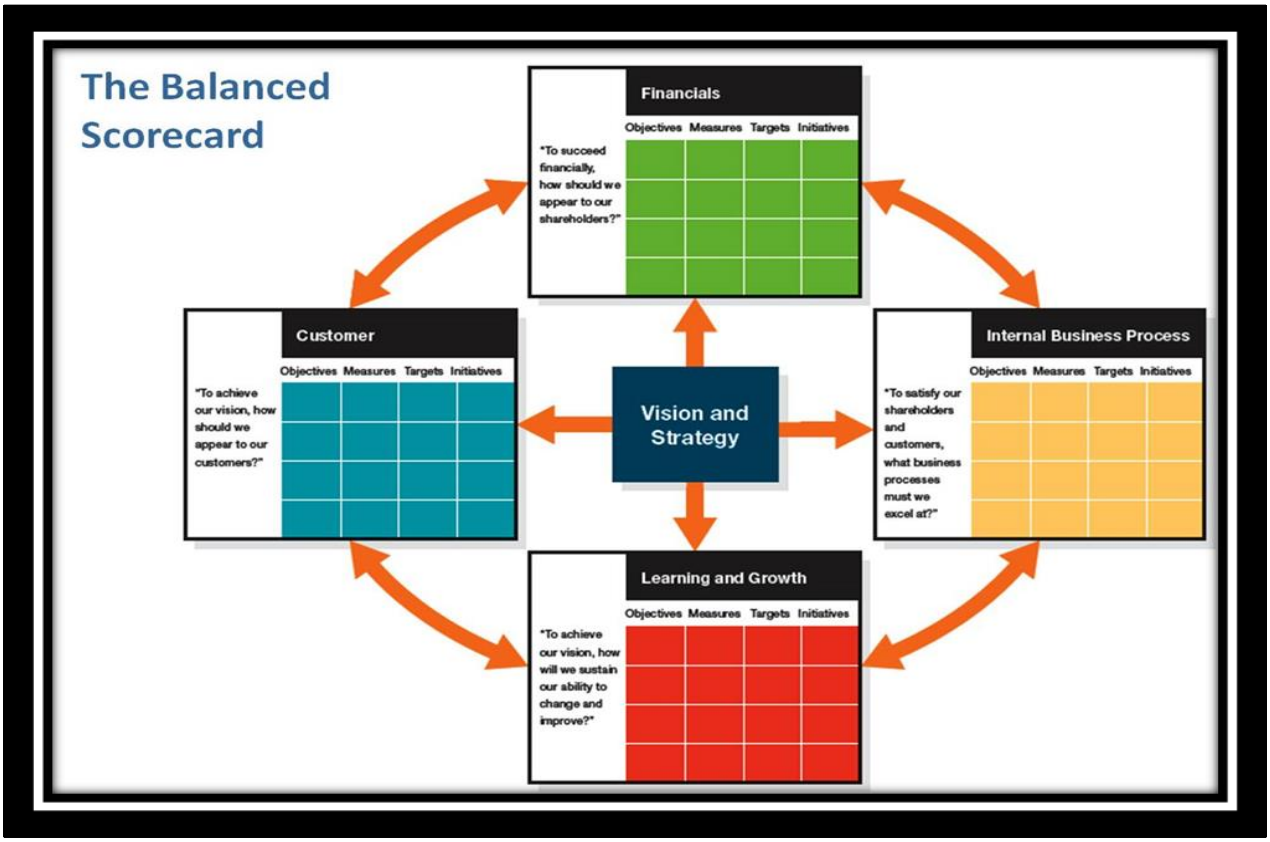


Figure 3.2: The Balanced scorecard

Source: Shehu (2013)

Figure 3.2 describes the four aspects of the BSC, which are the financial aspect, internal business processes, learning and growth and customer-aspect used to implement strategies and monitor progress and organisational performance. The BSC model reinforces good behaviour in an organisation by isolating four separate areas that need to be analysed. These four areas are also called the legs of an organisation (Tarver, 2020). They seek to answer these questions; to succeed financially and how they should appear to our stakeholders; to satisfy stakeholders and customers and what business procedures the organisations must excel at; to achieve a preset vision and how to sustain the ability to change and improve; and to achieve the vision and how should the organisations appear to their customers. These are the major questions that the BSC model of measuring performance seeks to answer, as shown in Figure 3.2.

Additionally, the BSC is used to attain objectives, measurements, initiatives, and goals that result from these four primary functions of a business. Companies can easily identify factors hindering business performance. Furthermore, the BSC can provide information about the organisation as a whole when viewing company objectives. An organisation may use the BSC model to implement strategy mapping to see where value is added within an organisation (Tarver, 2020). In the public sector, public institutions also use the BSC to develop strategic initiatives and strategic objectives. According to Shehu (2013), the BSC in public service institutions is used to provide a mechanism for controlling and monitoring the organisational progress as well as a communications device to keep team members up to date. The BSC helps in translating strategy into operational and measurable actions and achieves strategic implementation (Shehu, 2013; Tarver, 2020).

These aspects or perspectives are the characteristics of the BSC model of measurement of organisational performance.

3.5.1.1 Characteristics of the Balanced Scorecard Model

Information in organisations is collected and analysed from four aspects of a business:

- **Learning and growth** is analysed through the investigation of training and knowledge resources. This first leg handles how well information is captured and how effectively employees use the information to convert it to a competitive advantage in the industry (Tarver, 2020).

- **Business processes:** are evaluated by investigating how well products are manufactured. Operational management is analysed to track any gaps, delays, bottlenecks, shortages, or waste (Tarver, 2020).

- **Customer perspectives:** the views of customers are collected to gauge customer satisfaction with quality, price, and availability of products or services. Customers provide feedback about their satisfaction with current products/ services (Tarver, 2020).

- **Financial data:** financial data, such as sales, expenditures, and income are used to understand financial performance. These financial metrics may include dollar amounts, financial ratios, budget variances, or income targets (Tarver, 2020).

3.5.1.2 The balanced scorecard as a public sector performance management tool

The BSC as a management measuring tool has gained prevalent recognition in business organisations (Hallman, 2005; Brignall, 2012; Tarver, 2020). At first, the BSC has been proposed as a multi-dimensional performance measurement technique (Shehu, 2013; Tarver, 2020); however, its attention soon moved to performance management (Kaplan & Norton, 2001; Shehu, 2013). The performance management prospective of the concept BSC is established on the postulation that causative associations exist amongst its four dimensions – growth and learning, customer satisfaction, internal business processes and financial performance (Nørreklit & Mitchell, 2007; Inamdar & Kaplan, 2008; Davis & Albright, 2009; Brignall, 2012; Ittner &Larcker, 2013). Conferring to Tarver, (2020), "an entire chain of cause-and-effect relationships can be established as a vertical vector through the four BSC perspectives". These connecting relations propose that management action focused on improving results on the "leading" indicators (in the first three dimensions) will eventually determine performance improvement in the last, "lagging" dimension (i.e., financial performance). Evidently, this conceptualisation pinpoints financial goals as the end point of the BSC's performance management purposes, which seems to vary with the objectives of most public service organisations.

Nevertheless, Kaplan and Norton (2001) advocate that while initially considered for profit making organisations, the BSC can be willingly adjusted for application in government organisations and departments merely by "repositioning the scorecard to place constituents or customers at the apex of the pecking order" (Niven, 2006, Davis & Albright, 2009). Appropriately rearranged, it is claimed the BSC can function a twofold role in government departments and agencies' perspectives as a dimension tool to monitor performance, and a way of augmenting self-governing responsibility and accountability (Inamdar & Kaplan, 2008). This assessment is buttressed by other researchers who propose the BSC has some usefulness in government organisations, owing to its multi-dimensionality in apprehending the non-financial features of performance (Ittner &Larcker, 2013) and its recognition of a few numbers of KPIs that deliver a strong emphasis on attaining an organisational approach despite a multifaceted operational environment (Chow et al., 2008).

Conversely, other studies have conveyed hesitations about the efficiency of shifting management techniques like the BSC into compound government organisational contexts (Pidd, 2005; Arnaboldi & Lapsley, 2014). Remarkably, Northcott and Taulapapa (2012) identify complications with validating causative connections in government department BSCs, signifying that the essential "rearranging" of the BSC may not be straightforward in practice and may harm its performance managing prospective. Nonetheless, a limited number of studies have explored how the "rearrangement" of the standard BSC practice works in reality, and whether the non-existence of perfect financial objectives offers a problem for implementing the BSC to the government departments' performance management system.

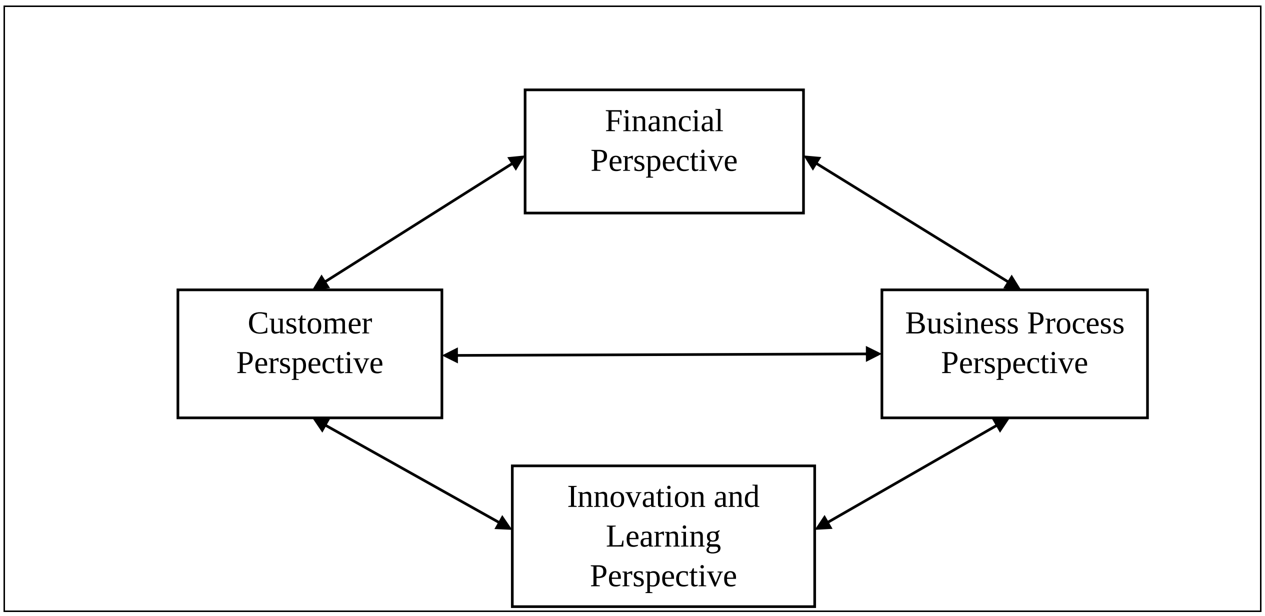


Figure 3.3: The standard BSC model and its assumed causal relationships

Source: Kaplan and Norton (1992; 2001)

3.5.1.3 The BSC in practice: evidence from the public sector

Various studies noted that much of the empirical BSC literature concerns its private sector adoption (Ahn, H. 2007; Lipe & Salterio, 2008; McCunn, 2008, Hoque & James, 2010; Williams, 2014). Although there have been far fewer studies of BSC solicitations in the public sector (Arnaboldi & Lapsley, 2014) contemporary confirmation suggests that public sector application of the BSC has met with variable degree of achievement (Niven, 2005). Up till now, the details for BSC failure or success in the public sector have not been properly studied. Just a few studies have recognised aspects that corporate governance professionals identify as imperative to the effective application of public service BSCs or appreciate as consequential in non-implementation or ineffective (Chan, 2004; Ahn, 2007).

Greatbanks and Tapp (2007) assert that successful influences include: employee buy-in; top management commitment; an emphasis on performance excellence; a simple BSC; adequate training; links to incentive schemes; adequate resourcing; and clear organisational goals and strategies. Yeung and Connell (2006) argue that fundamental causes for non-implementation consist of insufficient backing of the BSC systems by top management, ineffective information structures, and a lack of time. In concurrence, Davis, and Albright (2004) claim that ineffective applications of BSC in public sectors, especially in developing countries, are accredited to bad relations to worker rewards, organisational resistance to change and uncertainty about the choice of suitable KPIs.

However, Aidemark and Funck (2009) maintain that numerous of these proposed explanations for BSC failure or success in public sector organisations are comparatively not explicit since they could relate correspondingly in the other non-governmental organisations and the private sector. A knowledge gap therefore seems to be present in respect to the influences that hamper the implementation of BSC precisely in the South African public service. Additionally, some areas of the public service have been studied more than others. For example, in the healthcare area, studies of the application of BSC have been piloted in a diversity of countries, including Australia, Afghanistan, Canada, Netherlands, New Zealand, Singapore, Sweden, the United Kingdom, and the United States of America (Zelman et al., 2003; Chan, 2004; Ten et al., 2004; Northcott & France, 2005; Peters et al., & Burnham 2007; Chow-Chua & Goh, 2008; Aidemark & Funck, 2009, Chang et al., 2012). Thus far, other public service areas have been comparatively deserted. The government agencies and departments in South Africa – the perspective for this study is one of them. A handful of prior studies have pointed to positive outcomes from BSC use in public sector departments, such as: complementing financial measures of past performance with operational measures that drive future performance; integrating goals across departments; clarifying strategic goals; narrowing measures to those most meaningful and manageable; setting performance measures within a more strategic context; and providing a link between the organisation's mission and strategy (Niven, 2006; Kloot & Martin, 2010; Chan, 2014).

Nevertheless, it has also been distinguished that government BSC applications face encounters, such as poor measures, problems with defining the customers and their needs and poor information systems (Wisniewski & Olafsson, 2004; McAdam & Walker, 2013). Given the substantial size of various nations' government sectors, these outcomes appear scant and further research into BSC implementations and outcomes in government departments and agencies seems justified.

3.5.2 Benchmarking

Benchmarking is another framework for measuring organisational performance. This framework uses standard measurements in a service or industry for comparison with other organisations to gain perspective on organisational performance. According to The Development Compendium (2012), benchmarking is the search for industry best practice that would lead to superior performance. It emphasises an outward focus and seeks to improve performance by learning from the experience of active organisations. Dimensions measured in benchmarking are quality, time, and cost. Hence, benchmarking is used to measure performance by using a specific indicator (cost per unit of measure, productivity per unit of measure, the cycle time of x per unit of measure or defects per unit of measure), resulting in a metric of performance that is then compared to others (Invernizzi et al., 2017). Therefore, benchmarking is a continuous process of establishing critical areas of improvement in organisations. Invernizzi et al. (2017) argued that in non-nuclear sectors of both public and private sectors, benchmarking has already been used to compare projects to identify successful projects and the reasons for their success. Within the construction industry, for instance, the interests in benchmarking have significantly risen because by finding examples of superior performance, organisations can adjust their policies and practices to improve their returns (Ramirez et al, 2004; El-Mashaleh & Minchin, 2007; Invernizzi et al., 2017). That being said, benchmarking is not an overall comprehensive process assured to improve performance; instead, the results from benchmark comparisons can be used in more overall processes (Freytag & Hollensen, 2001; Invernizzi et al., 2017). Benchmarking is often perceived as a quality initiative.

3.5.2.1 Types of Benchmarking

There are different types of benchmarking, which are internal benchmarking, industry (functional) benchmarking, competitive benchmarking, and process (generic) benchmarking.

- **Competitive benchmarking:** This type of benchmarking is used against direct competitors and is performed externally to compare companies offering competing products, services or processes in the same markets (Freytag & Hollensen, 2001). However, with direct competitors, information is not easy to obtain, and public domain information is the most accessible. If some key customers in the market have experience with more suppliers (competitors), they may be willing to give their evaluation of these suppliers, but this method often involves high costs (Freytag & Hollensen, 2001).

- **Internal benchmarking:** Benchmarking against internal operations is one of the simplest forms of benchmarking since most enterprises have similar functions inside their business units. The immediate benefit comes from identifying the best internal procedures, and subsequently transferring them to other parts of the organisation. Organisations which implement internal benchmarking alone often retain an introverted view, unless they use internal benchmarking as a baseline for external benchmarking at a later time (Freytag & Hollensen, 2001).

- **Process (generic) benchmarking:** This type of benchmarking, even though the procedure is similar, it is different from the other two mentioned. Here, similar procedures at separate establishments are benchmarked (Freytag & Hollensen, 2001). Although it is considered relatively effective, it is difficult to implement. This is so because process benchmarking requires a broad conceptualisation of the entire process and a thorough understanding of procedures. As indicated above, the concept has also been referred to as generic benchmarking because it is not restricted to any business structure or market (Freytag & Hollensen, 2001).

- **Data benchmarking:** In contrast to process benchmarking, data benchmarking is a way of comparing quantitative measures (key figures) with competitors, or with members of an industry group (key average figures). In data benchmarking the team is not interested in the underlying processes (Freytag & Hollensen, 2001).

Furthermore, several scholars (Garnett & Pickrell, 2000; El-Mashaleh & Minchin, 2007; Invernizzi et al., 2017) highlight the problems in benchmarking, which include insufficient client resources (time, money, staff) to compare projects, internal resistance to undertake field studies, previous bad experiences in some projects from different organisations might not be recorded in detail, difficulty in identifying and obtaining partners and difficulty in obtaining data. Similarly, the uniqueness of projects, their various location, the inability of identifying best practices, and the low number of good benchmarks hinders the benchmarking analysis of most organisations, especially public sector organisations as resources in public sectors like local governments are limited (Invernizzi et al., 2017).

3.5.3 Financial metrics

A metric is a meaningful measurement taken over a period of time that communicates vital information about a process or activity leading to fact-based decisions (Henry et al., 2011). Metrics are usually specialised by the subject area. In business, they are sometimes referred to as key performance indicators (KPI). Financial analysis tools can be useful in assessing a company's performance and trends in that performance. In essence, an analyst converts data into financial metrics that assist in decision-making. Financial metrics, however, are the key numbers that you can focus on in financial statements (Henry et al., 2011). Usually, there are three financial statements: the balance sheet, the income statement, and the cash flow that we can view to find important financial metrics. Financial metrics in the balance sheet can be found in the form of "liquidity" on the balance sheet. According to Town (2019), the first important number we look at on the balance sheet is liquidity in the form of cash. Therefore, to evaluate if the organisation covered everything that they need to cover, or if they have somehow overloaded themselves with short-term debt and obligations that they could run out of cash in the next year, current ratios are used. Essentially it is a measure of working capital and compares the current assets, which are assets that can be turned into cash in the next year, with current liabilities, which are obligations that have to be paid in the next year (Town, 2019). Therefore, when evaluating an organisation, the current ratio of that organisation should be 2:1 ratio of liquidity to debt. However, some companies are very well run that they have lower ratios than that (Henry et al., 2011; Town, 2019), or they are in an industry that isn't growing fast, so they don't need as much liquidity.

Additionally, the income statement has a couple of important sets of key financial metrics. The main ones are the growth of earnings and the growth of net income, and if these two are evaluated, it can be noted if the company is growing or not (Town, 2019). Moreover, return on assets can also be used as financial metrics to measure the performance of organisations. Return on assets is basically using two financial statements. Return on assets, return on equity, and return on capital, are all measures of what the earnings are accomplishing, relative to the amount of money being used to get those earnings (Town, 2019). Outstanding companies can have excellent returns. For example, having a 30% return per year is not that uncommon for excellent profit-making organisations. Therefore, the return on assets is an indicator of how profitable a company is relative to its total assets. Return on assets gives an idea of how efficient management is at using its assets to generate earnings (Town, 2019).

3.5.4 Strategic Management Accounting (SMA)

The underlying assumption of this discipline is that it graduated from the traditional management accounting by enlarging its scope and realigning it more tightly with other disciplines such as strategy and marketing (Shah, Malik & Malik, 2011). Numerous calls for improvement in management account have repeatedly been made so that the discipline can regain its lost relevance (Baines & Langfield-Smith, 2003). Just as management accounting was developed and introduced as a recipe for the shortcomings of the traditional cost accounting textbooks, systematic management accounting has, arguably, been launched by accounting scholars as the new state of the art discipline (Shah et al., 2011). It has been claimed that the development of the field of systematic management accounting would render the old-fashioned management accounting extinct as the newer version focuses not only on the internal financial information but also upon the external aspects of the business operations (Smith 2005; Shah, 2011). According to Askarany (2011), systematic management systems focus on the analysis of the external environment which mandates corrections and adjustments to the internal control systems structures and decision support systems, which are vital for the survival of organisations. Systematic management accounting has an orientation towards the organisation’s environment, such as suppliers, customers, and its competitive position relative to both existing and potential competitors (Askarany, 2011).

The primary focus of systematic management accounting is on the comparison of the organisation with its competitors to measure if the organisation is performing well compared to its competitors. Several authors (Bromwhich, 1990;Shah et al. 2011), argue that systematic management accounting enables the management to have a bird`s eye view of the competitors' procedures and business techniques so that the organisation can take decisions accordingly. In this way, a significant hallmark of systematic management accounting is its inclusion of non-financial aspects for decision-making purposes (Shah et al., 2011).

3.5.5 Local information systems

A local information system (LIS) is a form of information system built with business intelligence tools, designed primarily to support geographic reporting. According to Oakford and Williams (2011), local information systems collect, analyse, and disseminate relevant information/data electronically. Even though information can be obtained at the national level, their advantages include their ability to provide accurate information which has finer geographical detail and is more current to meet local level needs (Oakford & Williams, 2011). These systems of performance measurements are a recent development commonly used at first in the United Kingdom municipalities in the early 2000s. Despite the lack of dedicated literature, the importance of local information systems is referred to in many government reports. For example, the local government White paper in 2006, recognised the importance of these systems, describing them as powerful tools for targeting activity and better performance (Oakford & Williams, 2011). Additionally, local information systems overlap with some capabilities of geographic information systems (GIS), although their primary function is the reporting of statistical data rather than the analysis of geospatial data. They also tend to offer some standard knowledge management functionality for storage and retrieval of unstructured data such as documents.

3.6 PUBLIC SECTOR PERFORMANCE CHALLENGES IN SOUTH AFRICA

In most African countries, public service is a product of the colonial masters transferred to the natives at independence, and of late, most African states have modified public service to suit their cultural diversity. However, African public services seem to be continually facing challenges of service delivery in the quest to be accountable, customer-focused, and responsive to the needs of the citizens. The emphasis on this section is to identify and discuss performance challenges that the South African public service is facing. Some of the problems identified include difficulties in measuring performance, lack of clarity on roles and responsibilities, political factors, and organisational climate.

3.6.1 Difficulties in measuring performance

There are two main difficulties encountered when measuring performance. These include the lack of performance measuring tools and role ambiguity.

3.6.1.1 Lack of performance measuring tools

The vital idea behind performance measurement in public sectors is supposed to be simple, as public institutions are to formulate foreseen performance and indicate how this performance can be measured by defining performance indicators (Van der Waldt, 2006). However, the same is not valid in public organisations in South Africa. The South African public service has been faced with performance challenges for decades, despite regulatory frameworks that were put in place to aid in improved and effective public sector performance. According to Perotti (2003), government's involvement in the provision of goods and services has generally been characterised by inefficiency, poor performance and poor delivery of essential services. In municipalities, performance is difficult to measure (Smith, 1993). This is particularly true for the "outcome" performance: the final effect is foreseen. This outcome simply may depend on too many factors, and the fact that most public service institutions lack effectively implemented and viable performance measurement techniques and tools that make the measurement of outcome performance difficult. Moreover, the time between the effort to implement performance policies as well as strategies and its effect may also be too long to conduct meaningful research (Van der Waldt, 2006; Okeke et al, 2014). On the contrary, what is measurable is usually the direct effects (the output performance), for example, the number of judgements passed by a municipal court; the number of official reports drawn up by a police officer; the number of patients treated by a doctor; and the number of graduates leaving a university (Van der Waldt, 2006). Therefore, that is why many performance measurement systems focus on output performance where products or services are defined, production targets are agreed with organisations, and the output is measured and reported annually (De Bruijn, 2002; Van der Waldt, 2006).

However, to improve performance in the public sector, it is proposed that performance indicators in public institutions be divided into two distinct areas, namely, internal management (internal focus) and public accountability (external focus). Performance indicators for internal control can provide managers at all levels with information necessary to make decisions which reflect, for example, economy, efficiency, effectiveness, and quality service provision (Isaac-Henry, Painter

& Barnes, 1997; Van der Waldt, 2006; Okeke-Uzodike & Chitakunye, 2014). These indicators can also assist in the policymaking, planning and control processes within the institution. On the other hand, performance indicators for public accountability will allow those outside the organisation to be able to judge performance in public institutions and establish accountability. These could include council members, the auditors and, of course, the consumers and public at large (Van der Waldt, 2006). It is unlikely that a single set of indicators can satisfy both purposes since the needs of internal managers and the different external stakeholders will vary, with the latter requiring less technical indicators than more high-profile ones (Hilliard, 1995; Van der Waldt, 2006). Moreover, the same indicators may be interpreted differently by different audiences. To add, Van der Waldt (2006) argues that all users of performance indicators should remember that the indicators do not provide answers to why differences exist but raise questions and suggest where problems may exist. Also, the inappropriate use of indicators will not generate service improvement. Isaac-Henry et al.(1997) warn that there is a danger of 'targetology', where a narrow focus on set targets adversely affects other aspects of service delivery. The risk is that accountability becomes reduced to the meeting of pre-stated performance indicators, and that activity is manipulated to show that these have been met whilst real priorities are neglected (Van der Waldt, 2006).

3.6.1.2 Role Ambiguity

Transparency in roles and responsibilities that each individual plays in organisations is essential for employee performance measurement. Bashaer et al. (2016) postulate that employee performance and leadership competencies are the key factors that contribute to organisational performance, and that this employee performance and leadership competencies can only exist and measured if duties and responsibilities of each individual are clear to everyone. However, the public sector in South Africa is characterised by role ambiguity (Van der Waldt, 2006), where most of the workforce in the national government is not clear with what their duties are. According to Lee (2015), role ambiguity is a term used to describe the lack of clarity, certainty, and predictability one might have expected with regards to behaviour in a job (due, perhaps to an ill-defined or ambiguous job description or uncertain organisational objectives). Role ambiguity occurs when people are unclear or unsure about their expectations within a particular role, typically their role in the job or workplace. Role ambiguity arises when the definition of a person's job is vague or ill-defined (Pandey & Wright, 2006). For example, the lack of clear roles and responsibilities between the categories of municipalities and between provincial and national government has not contributed to the maintenance of local infrastructure. Provincial rural areas face an even more significant challenge as their revenue generation potential is limited, and there are increased costs associated with service delivery in these areas due to their geographical locations. These communities are unable to fund any additional charges (for example, performance improvement programmes) and some municipalities` existing revenue resources do not even adequately cover basic administrative requirements (Van der Waldt, 2006). Given the above constraints, it is difficult for municipalities in rural areas to expand infrastructure and reform their budgets to promote effective and efficient service delivery.

There is a need, therefore, for role clarity in public institutions. Role clarity is the degree to which employees have a clear understanding of their tasks, responsibilities, and processes at work (Pandey & Wright, 2006). This clarity is not limited to their role; it also includes their colleagues' roles. Transparency is an essential antecedent of productivity, and a lack thereof can cause stress and confusion. Role clarity is thus crucial in public service organisations in reducing these challenges and improving both personal effectiveness and the organisation's overall performance.

3.6.2 Political challenges

Political factors often outweigh management rationale in local government decision-making and these political challenges that public service institutions experience is greatly hindering public sector performance (Meyer & Theron, 2000; Van der Waldt, 2006). Political challenges in public service institutions often include corruption and nepotism. Van der Waldt, (2006) argues that although councillors frequently bemoan the growing bureaucracy and promise to cut red tape and taxes while improving services, once in office, they typically find the tedious, time-consuming, and often frustrating task of productivity improvement to be less glamorous or appealing than addressing other municipal problems or opportunities. Councillors tend to weigh decisions according to a time horizon only as distant as the date of the next election. Similarly, the public officials that are voted in office mostly resist dealing with controversial issues when an election nears and are reluctant to favour programmes with high short-term costs and the promise of major gains only in the long run, which is a characteristic common to many performance improvement projects. In addition, in national and local government departments, policy issues usually also receive more attention than internal performance issues, which often results in inefficiency of the national government. Another challenge generally faced by public service is that councillors tend to avoid union conflicts, especially if the unions are against the performance management system proposed (Van der Waldt, 2006). Furthermore, corruption is rampant in public service institutions, which affects public sector performance. For example, in 2019, The 2019 Analysis of Corruption Trends Report, revealed that for the first time, corruption in the police sector had overtaken other areas such as schools, health and local government. In the South African Police Service (SAPS), the leading forms of corruption are the abuse of power and bribery, which stand at 35.7% and 30.6% respectively. The impact of the network of patronage within the SAPS frequently protects those engaged in corrupt activities but makes more vulnerable those trying to expose corruption in this critical sector.

3.6.3 Organisational climate and culture

Culture experts believe that culture is the cure for many organisational problems. High performance cultures are characterised by skilled leaders who take care of their people and their customers, leaders who drive clear and compelling vision and mission; leaders who can formulate effective goals and strategies, leaders who have commitment to ethics and doing things right, leaders who understand success criteria, and are commitment to engaging, empowering, and developing people. Furthermore, a high performing organisation is considered to have an open, candid, straightforward, and transparent communication, teamwork, collaboration, and involvement by all. In successful organisations, emphasis is placed on constant improvement, state-of-the-art knowledge and practices, willingness to change, adapt, learn from successes and mistakes, take reasonable risk, and try new things (Warrick, 2017).

As such, another challenge to organisational performance identified in this chapter is poor corporate culture and environment. In the public service, public officials generally know that they must function within the framework of a broad array of rules and regulations designed to ensure accountability (Van der Waldt, 2006). However, most public institutions lack firm organisational culture, resulting in many of the rules and regulations that govern local and national governments considered tiresome and not conducive to the delegation of powers and the exercise of discretion, and thereby act as a disincentive to performance management (Van der Waldt, 2006). Similarly, it is never easy for subordinates to be honest with their superiors. A case in point is the collapse of Enron, where Enron's chief financial officer embarked in creative accounting to hide billions of dollars in losses and debt. In response, the Vice President of Enron escalated this conduct to Enron's chief executive, the vice president was nearly fired.

Furthermore, there is a lack of commitment to excellence, questionable ethics, and a reputation for doing what is expedient rather than what is right. Unclear roles and responsibilities, little interest in fully utilising and developing the capabilities and potential of people, guarded communication, reluctance to be open and straightforward, and consequences for saying things leaders do not want to hear, is characteristically a poor organisational culture (Warrick, 2017). Be that as it may, improving productivity in any public institution requires a considerable amount of innovation (Hilliard, 1995; Van der Waldt, 2006; Kanyane, 2014).

However, the apparent inability exists to delegate power in such a way that officials feel they have the tools and skills they require to perform their jobs effectively and make fair use of their judgement and initiative affects performance and productivity in governments (Van der Waldt, 2006). Moreover, poor performance in public governments is assumed to be the result of a prevalent non-performance culture in these public institutions.

Therefore, for public institutions to enhance performance, a better balance of norms must be created in their systems, structures, and controls. Also, rules and regulations should be so designed as to ensure the highest possible degree of departmental autonomy and freedom of individual managers at all levels within departments to manage effectively (Van der Waldt, 2006; Kanyane, 2014). Accountability by departmental heads must, however, also be ensured at all times. Increasing effectiveness, efficiency and economy is not just a question of reducing resource input, in governmental circles, it is also a matter of excessive flexibility and adaptation in the face of change (Metcalfe & Richards, 1990; Van der Waldt, 2006; Kanyane, 2014).

3.6.4 Lack of planning

Another issue affecting performance in the public sector in South Africa is planning. The national, provincial, and local spheres of government planning are not aligned and coordinated. As a result, this usually leads to the duplication and wastage of resources (Fourie & Valeta, 2008; Kanyane, 2014). For example, many Local Economic Development (LED) initiatives are not aligned with provincial and national priorities. Fourie and Valeta (2008) warn that if the problem of service delivery remains unresolved for much longer, the country will continue to struggle to bridge the gap of inequality between the rich and poor. The “haves” (who are in the minority) are trapped among the sea of the “have-nots” (who are in the majority), and this gap remains unbridged (Kanyane, 2014). Bosch (2011) adds that planning in the South African government has not yet considered the reality of different cycles because Monitoring and Evaluation (M&E) is not yet the lifeblood of sound and efficient planning and implementation. However, even though there is some level of good planning cycle in government, effective monitoring and evaluation still have to play a significant role in enhancing the effectiveness of development programmes and projects. This planning cycle, according to Bosch (2011), should focus on the results that matter to learn from past successes and challenges so that current and future initiatives are better able to expand people’s choices and also to improve their lives (Kanyane, 2014). Thus, the challenges discussed are the public sector performance challenges South Africa is facing.

3.6.5 Organisational challenges

Furthermore, organisational challenges that hinder performance in the public service refer to organisational structures, financial practices, policies, political and managerial leadership style, the effect of unions on the employee and the employer, the increased use of technology, and other analytical and administrative tools. Several scholars (Fisher et al., 1990; Hilliard, 1995; Van der Waldt, 2006; Kanyane, 2014) argue that personnel utilisation is a further factor which influences potential output in organisations and utilisation entails the human resources element of productivity improvement. Additionally, aspects that may adversely affect the performance of human resources in public organisations include unfair labour practices (e.g., victimisation and discrimination), inadequate remuneration, unsafe and unhealthy work environment, poor management, absence of a career plan (i.e., promotion is limited in most public institutions) poor working conditions and work overload (Rector & Kleiner, 2002; Van der Waldt, 2006).

3.7 PREVIOUS STUDIES ON ORGANISATIONAL PERFORMANCE IN SOUTH AFRICA.

Several studies on organisational performance have been carried out in South Africa by several researchers, both in the public and private sectors. This part of the chapter discusses some previous research that has been conducted by other scholars.

In 2006, Van der Waldt, carried out research entitled, “Managing Local Government Performance: Key Considerations and Challenges”, outlining the challenges that hinder organisational performance in the public service in South Africa. In this research, the main aim was focusing on key considerations and challenges associated with the improvement of local government service delivery through the implementation of performance management systems. The research pointed out that since local government is the nearest to service users, it is expected to be at the forefront of service delivery. For that reason, local government needs to demonstrate that performance is managed, measured, and improved continuously. For this purpose, it must develop a comprehensive performance management system. However, after identifying political, cultural, organisational, and economic challenges that render high organisational performance in the local government, the researcher pointed out that performance management thus becomes a way of looking at the entire municipal context within which services must be rendered. It means looking at types of organisational models, environmental constraints, asset, and resource management; working conditions, and numerous other aspects which could have either a positive or a negative impact on institutional performance (Van der Waldt, 2006).

Hendricks and Matsiliza (2015) assess the challenges encountered in the application of the Employee Performance Management System (EPMS) in the National Department of Rural Development and Land Reform (DRDLR) in South Africa. The 1999 major restructuring of the South African public service was adopted in line with the New Public Management (NPM) initiatives, when all departments were guided by public service regulations to develop and implement their departmental performance management systems. To make public agencies work, governments in various countries have attempted to introduce diverse appraisal tools that are capable of measuring employee performance as well as organisational performance effectively. To be able to draw results from the study, a qualitative approach was employed using mainly interviews and literature review as instruments for data collection. The literature review and its findings revealed gaps in the understanding of the employee performance, like resources allocated to apply the Employee Performance Management System at the National Department of Rural Development and Land Reform; also, insufficient compliance and commitment from staff during the performance cycle leading to poor performance by the organisations. Findings from this study could contribute towards improving the management and evaluation of employee performance as well as organisational performance of the public sector (Hendricks & Matsiliza, 2015).

Another study on organisational performance was carried out by Cameroon (2015) entitled "Performance management in the South African Department of Labour smoke and mirrors?". The study examined performance management in the South African Department of Labour, examining the roles of the national office, provincial offices, and labour centres. The objective of the research was to identify the problems and obstacles in implementing both the organisational and individual performance management systems. A single case-study method was followed, using a semi-structured questionnaire, and primary data was gathered through its use as well as interviews and focus group meetings. The findings of the study stated that although there are well-developed performance management frameworks in the Department of Labour, they have not really been successfully implemented. Four categories of impediments affecting the implementation of performance management were drawn. The first included problems of measurement and design. The second category included the gaming of the system and a lack of compliance in the signing and evaluation of individual performance agreements by senior officials. The third category is lack of capacity, which includes inadequate information technology systems and poor quality of staff. The fourth category is that of accountability. The study concluded that to maintain good organisational performance, there is the need for strong accountability of bureaucracies if performance is to be taken seriously and public bureaucracies are to work effectively for better results (Cameron, 2015).

A study entitled "Assessing high performance in organisations: A South African case study" was conducted by Hattingh et al. (2018). It focused on the organisational characteristics that drive high performance derived from De Waal's high-performance organisation (HPO) framework, and proposed interventions to enhance the development of a high-performance culture within the case company, which was a security company that remained anonymous. Their study employed self-administered questionnaires with 35 questions. From the study, it was possible to determine the performance of the case company across a range of five critical dimensions for high performance. A detailed analysis of each of the 35 questions provided an in-depth picture of the organisation's strong and weak points, and from this analysis, specific actions to address the areas of weakness were identified (Hattingh et al., 2018).

3.8 CONCEPTUAL FRAMEWORK AND HYPOTHESES FOMULATION

This section aims to formulate hypotheses derived from the conceptual framework and proposed relationships in the study. The conceptual framework of the study is provided in Figure 3.4.

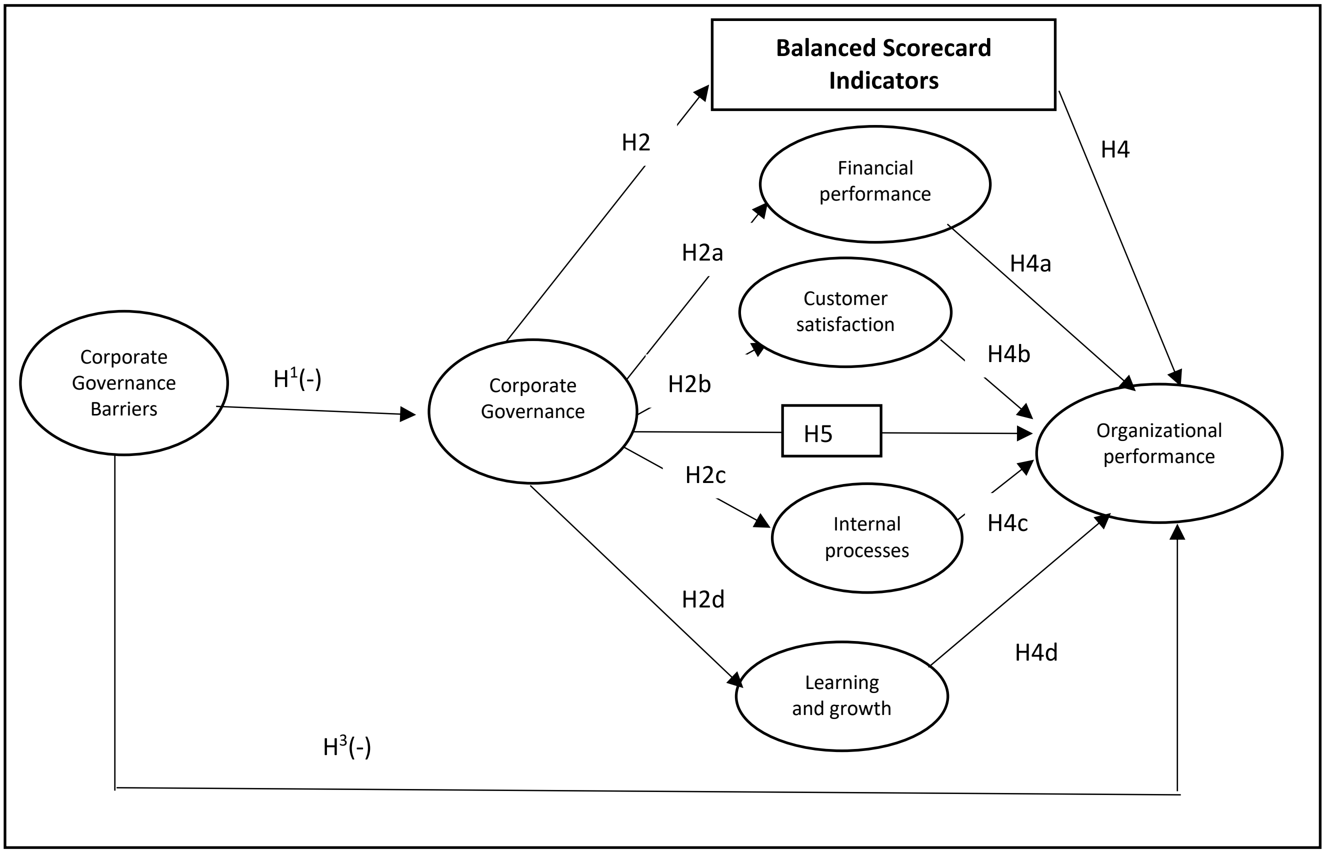


Figure 3.4: Conceptual framework for Corporate Governance and Organisational Performance in National Government Departments

Source: Compiled by author.

3.8.1 Corporate Governance barriers and corporate governance

Satisfactory corporate governance means an efficient, open, accountable and audited public service which has the bureaucratic competence to help design and implement appropriate public policies and at the same time an independent judicial system to uphold the law (Hossen & Anwar, 2011). According to Tricker (1994), there are two aspects of corporate governance, which are conformance and performance. Conformance consists of two elements: monitoring and supervising executive performance; and maintaining accountability, while performance consists of strategy formulation and policymaking. Therefore, for organisations, both public and private to be at their best, these two aspects of corporate governance should be implemented and used in the running of the organisation (Mulyadi et al., 2012). In the private sector, however, more emphasis is given to the conformance aspect, but in the public service, the performance aspect is as crucial as the conformance aspect (Hodges et al, 1996). Therefore, public service corporate governance is concerned with structures and processes for decision-making and with the controls and behaviour that support effective accountability for performance outcomes (Barrett, 1998; Mulyadi, et al., 2012). The Cadbury Report in the UK (1992) identifies three important principles of corporate governance that promote superior performance for organisations, which are openness, integrity, and accountability.

However, some challenges are always associated with the implementation and exercise of corporate governance in organisations when the problems drag down the performance of an organisation. Political barriers, cultural barriers, social barriers, financial barriers, and technological barriers to corporate governance challenge the intention of the concept that is intended to promote efficiency and effectiveness in organisations through accountability, openness, and integrity (Nevondwe et al., 2014). Political barriers to corporate governance, like corruption, nepotism, and improper and non-observance of the rule of law by governmental officials and those in a position of power, lead to poor performances of organisations, resulting in inefficiency and failure to deliver services as intended (Hennie & Bekker, 2009; Thabani, 2017). Cultural barriers leading to resistance of change in organisations also hinder the development and successful implementation of corporate governance in organisations in South Africa. In order for corporate governance to work, bureaucrats need to be accountable for their actions but in the South Africa public sector, bureaucrats are not responsible and not transparent to the people as they are supposed to be. Also, the public sector`s whole system runs on an outdated legal structure, which alone challenges corporate governance and its principles that are outlined in the King reports of South Africa (King report IV, 2016). This leads to the first hypothesis of this study:

H_1: The barriers to corporate governance have a significant negative influence on corporate governance in national government departments.

3.8.2 Corporate governance and the indicators of the balanced scorecard

Corporates can generate shareholder value through more efficient corporate governance, and through boards that do not basically enforce compliance but focus their efforts, time, and resources on key strategic areas. Previous board outcomes have often not been positive, and the ever-volatile present-day business environment makes board performance even more challenging. Effective and efficient boards are those that have the creativity to plan vibrant and engrossed progressive outlines, directing board energy on the organisation's explicit value movers, and then engaging techniques and information systems to support them and monitor and evaluate the organisation's performance. The BSC approach therefore has progressed into a technique that can be implemented to assist organisations to create greater worth at the business unit level, the corporate level, and the board level. The BSC assists them to manage the value creation development at each of these levels. In each situation, it generates a policy map that connects the financial outcomes with the main determinants of the business, including internal processes, customers, employees, and suppliers. The main hypothesis linking corporate governance to the indicators of the BSC reads as follows:

H2: Corporate governance has a significant positive influence on balanced scorecard indicators in national government departments.

The hypothesis above is addressed through the relationships between corporate governance and the four individual indicators of the BSC. The next subsections explain the link between corporate governance and the BSC indicators. Subsequently four hypotheses are developed.

3.8.2.1 Corporate governance and the financial performance

Over the past few decades, various empirical studies have been progressively considering the influence of corporate governance on financial performance of organisations. At present, a wide-ranging literature review indicates that no unanimity and agreement has been achieved amongst academics (Xu & Wang, 1997; Lehman & Weigand, 2000; Agarwal & Knoeber, 2006; Black et al., 2006; Gruszczynski, 2006; Berthelot et al.,2010). Several studies outline a significant positive influence of corporate governance on organisational financial performance (Black et al., 2006; Aboagye & Otieku, 2010; Berthelot et al., 2010). Drobetz, Schillhofer, and Zimmermann (2004) determine that processes of an organisation’s worth, such as market-book worth and the Tobin’s

Q are significantly and positively correlated to enhanced corporate governance practices. Brown and Caylor (2006) discovered a significantly positive relationship between a constructed corporate governance index and Tobin's Q, which comprises 51 features of external and internal corporate governance structures. In the background of emerging markets, Muranda (2006) ratifies the presence of a significant positive relationship between corporate governance measures and financial performance, as determined by excess stock return and Tobin's Q.

While the OECD made incredible efforts to improve the affirmative relationship between the best corporate governance practices and organisational financial performance, such a relationship is not as vivid in both developing economies and transitional markets. Aboagye and Otieku (2010) established no significant relationship between the corporate governance practice between community bank organisations and their financial performance in Ghana. In addition, Al-Tamimi (2012) specifies that there is an irrelevant affirmative association among the corporate governance practices of United Arab Emirates public organisations and their financial performance level. Makki and Lodhi (2014) examine the presence of an imperative structural link amongst intellectual capital efficiency, corporate governance, and financial performance. They conclude that there is no positive link between it and an organisation's financial performance (refer to section 5.8.6). Nevertheless, the best corporate governance practices in an organisation have an important positive influence on intellectual capital efficiency, which ultimately increases its level of financial performance. Considering the above diverse outcomes, the anticipated positive influence of external and internal corporate governance practices is significantly influenced by the environment. Therefore, the current study is highly motivated to re-examine whether corporate governance practices can positively enhance the financial performance of South African public service corporations. The following hypothesis is thus formulated.

H2a: Corporate governance has a significant positive influence on financial performance in national government departments.

3.8.2.2 Corporate Governance and Customer Satisfaction

Customers become a significant part of the organisation because they can influence its continued existence. Business organisations should be able to meet the consumers' expectations from all angles, such as the best practices of marketing management, finance, and reporting, including compliance (Strand, Freeman & Hockerts, 2015)). Corporate governance becomes imperative because of its role in the economic performance of corporations and society (Story & Neves, 2015). Srivastava and Sharma (2013) indicate that corporate governance upholds ethical behaviour to maintain the interest of vital stakeholder groups such as consumers. Application of its practices is valuable to the business in safeguarding stakeholders' interests, particularly the customer. Strand et al. (2015) believe that best practices will raise the customer satisfaction. Story and Neves disclose that customer satisfaction can be used as a performance key indicator in the performance of the organisation.

Renouard and Ezvan's (2018) study of corporate governance practices and mechanisms find that they have a significant positive influence on customer satisfaction. Lee and Shakir (2011) who examine the attitude of Islamic banking in Pakistan, find that Islamic banks customers strongly consider the Sharia compliance and corporate governance practices in place, and they could switch to another bank if they know of Sharia violation on the other banks. They believe that the banks that displays the Sharia corporate governance practices provide them with the best customer satisfaction. Lee and Shakir (2011) further state that the customer will consider other factors such as funds security, convenience, advanced technology, and proper management by the top managers of banks. According to Ishak (2017), trust is one of the determining factors of customer satisfaction because it indicates the confidence of the customer to the service. Therefore, organisations must apply effective corporate governance practices, which can be attained by embracing a set of best practices and principles (Glavas & Kelley, 2014). The following hypothesis is therefore put forward:

H2b: Corporate governance has a significant positive influence on customer satisfaction in national government departments.

3.8.2.3 Corporate governance and the internal control processes

Internal control processes signify all the appropriate procedures and policies used by management to realise an operational management of business (Elbannan, 2009). Robust control systems comprise internal controls and procedures. Absence of internal controls and their lack of operation make organisations susceptible to several risks, such as fraud, improper recording of accounting transactions, theft, making unauthorised transactions, all of which have an important effect on business competitiveness and financial performance (Suyono & Hariyanto, 2012). Robust corporate governance practices cannot be present if deprived of strong internal control systems (Fadilah, 2013). This brings to considering the part played by internal controls in corporate governance. An internal control application is the development instigated by the executive management to afford rational assertion that the subsequent goals are accomplished, that is, compliance with applicable laws and regulations, safeguard of assets, efficiency and effectiveness of operations, and reliability and transparency of financial reporting (Romney & Steinbart, 2006). Khan (1994) describes internal controls as designed to safeguard an organisation from risks, or mismanagement of its assets, as well as to warrant that all business transactions are appropriately ratified which thus pledge or nurture the best corporate governance practices.

Various studies (Mensah et al.,, 2003; Steinthórsdóttir 2004; Ping & Wen-hua, 2007; Hoitash, et al.,, 2009; Njanike et al., 2011; Fadilah, 2013)) state that an efficient internal control process is indispensable in achieving the best corporate governance practices in different organisations. Mensah et al (2003) establish empirical confirmation in Ghana that robust internal control systems improve CG practices and reduce the elements of corruption in public organisations. Steinthórsdóttir (2004) concludes that internal control processes are imperative aspects of corporate governance, and internal audits enhances worth of the organisation by evaluating the internal control systems. Ping and Wen-hua (2007) assert that the consolidation of internal control processes upholds the understanding of corporate governance. Viriyanti (2008) demonstrates that internal control processes have a positive connection with best corporate governance practices at public enterprises in Indonesia. Hoitash et al. (2009) examine the relationship between corporate governance and the disclosures of material feebleness in internal control over financial reporting. They conclude that the audit committee and board characteristics are related to the quality of internal control systems. Susanty (2009) studies the correlation between internal control functions of an organisation and the successful implementation of corporate governance principles and concludes that internal control processes give support to the effective application of good philosophies. Elbannan (2009) suggests that its strength is absolutely interrelated with the quality of internal control systems.

Njanike et al (2011) find that failure to positively apply internal control processes underwrites considerably bad corporate governance practices. Johnstone, Li and Rupley (2011) provide confirmation that transformations in corporate governance practices happen simultaneously with the mitigation of internal control process feebleness. Mihaela and Iulian (2012) assert that corporate governance and internal control processes should not be sustained and considered independently. An organisation lacking a well-organised long-term outlook of leadership and efficient internal control contrivances cannot be maintainable; hence, corporate governance is not completely operational, devoid of a robust internal control system. Suyono and Hariyanto (2012) assert that internal controls, internal audits, and organisation commitment have an affirmative substantial correlation with the best corporate governance practices in Indonesia. Vlad (2012) argues that the vital features of rock-solid corporate governance consist of satisfactory transparency and internal control systems. Fadilah (2013) indicates that the putting into practice of internal controls affords a superior support to the enactment of good governance. This leads to the following hypothesis:

H2c: Corporate governance has a significant positive influence on internal processes in national government departments.

3.8.2.4 Corporate governance and learning and growth.

Comprehensive, logical, well-governed and managed organisations (both private and public) add more to the learning and growth, as these corporations are sustainable, stable, and able to offer consistent dividends to their shareholders and regular remunerations to their workforce and fortify investors' confidence in both the money and capital markets. The Organisation for Economic Co-operation and Development (OECD), which is eligible to support procedures, strategies, policies and plans intended to attain the utmost sustainable learning, growth and standard of living in partner economies, and consequently to underwrite the improvement of the global economy, has issued "The OECD Principles of Corporate Governance" as one of 12 main standards for a comprehensive financial structure. It is therefore unquestionable that corporate governance influences positively on learning and growth. According to the OECD (2004), organisations play an essential part in an economy; accordingly, good corporate governance is a substantial section of learning and growth. Furthermore, it is one main aspect in harnessing the learning efficiency and growth as well as improving investors' confidence (OECD 2004). Specifically, the existence of a robust corporate governance practice inside an individual organisation and throughout the whole economy aids in providing a greater extent of buoyancy that is essential and required for the appropriate operational of a market economy system. Consequently, the capital costs are lower, and organisations are fortified to spend resources more proficiently, thus supporting growth and learning (OECD 2004).

A study by Claessens (2006) shows that the part played by corporate governance in enhancing growth is appreciated in its far-reaching perception. For example, the significance of the financial structure designed for growth has been noticeably recognised by Claessens (2006). The authorities recommend that irrespective of how financial development is evaluated, there is a positive link between financial development and the level of learning and growth. For them to operate at the highest level, organisations are obligated to apply the best corporate governance practices, and as a result good systems certainly influence the way they are run and managed, thus leveraging organisational learning and growth. Corporate governance therefore has a greater influence on growth. Klapper and Love (2004) offer an important comprehension, whereas Claesseens (2006) determines the relationship between capital markets' efficiency and growth. The challenge faced by implementing the best practices on corporate governance (economic entrenchment) as explained by Claessens (2006), has a profound influence on growth through resource misallocation, which causes inefficient organisations. Therefore, based on the objectives of the study and literature reviewed, the following hypothesis is formulated:

H2d: Corporate governance has a significant positive influence on learning and growth in national government departments.

3.8.3 Corporate governance barriers and organisational performance.

Organisational performance, a frequent process that is often attended by the organisation in order to guarantee its performance is still proving to succeed and grow (Gavrea et al., 2011; Humayon et al., 2018). It is also a process to increase the effectiveness of an organisation and the goodness of its employees through corporate governance principles (Balzac, 2011). Literature recognises organisational performance as the outcome that reflects the organisation's efficiencies or effectiveness in terms of company image or financial performance (Khanderkar & Sharna, 2006; Balzac, 2011; Humayon et al., 2018). In addition, Faiz (2015) reports that organisations should estimate their internal and external factors which support competitive advantage and enhanced performance. Thus, with the purpose of improved organisational performance and sustainable, dynamic advantage, it is essential for the organisations to be market-oriented, well-positioned and develop an influential organisational culture (Ahmed et al., 2017).

In public organisations, performance is a multidimensional construct that includes a potentially wide range of measures, reflecting multiple external and internal stakeholders, where public managers face constraints that arise from resource limitations. Furthermore, external environmental hostility is also an exogenous driver of performance, as pressures by outside groups represents a means for improving public services (Kearney & Morris, 2015). This is so because globally, there are concerns for good public sector governance to facilitate the attainment of the desired socio-economic growth and upliftment of the general wellbeing of the citizenry (Hamid, 2013; Igbuzor, 2017). Corporate governance in the South African public sector is finding a balance between external factors (i.e., socio-economic, legislation, new technology, politics, and community goals) while encouraging the proficient use of resources, responsibility, the use of power, and accountability at the same time, supporting the benefits of people, businesses, and society through good corporate governance (Cameroon, 2015; Hattingh et al., 2018). As such, public organisations in South Africa recognise the external environment factors as opportunities and threats presented by such aspects as sociocultural, legal, political, economic, technological, and infrastructural factors; hence, they have a positive relationship with corporate governance if applied efficiently (Hendricks & Matsiliza, 2015).

More so, organisational performance is influenced by factors such as innovation and sound corporate governance principles (Oke et al., 2012; Likar et al., 2014). According to Likar et al. (2014), organisational leaders should understand and be aware of the impact of different variables on organisational performance to manage them effectively and avoid underperformance.

Furthermore, while good governance promotes acceptable organisational performance, bad governance practices such as high levels of corruption, lack of transparency, lack of accountability by leaders of the organisation, or overly intrusive regulations can impede business activity, resulting in underperformance and high levels of inefficiency in organisations (Thabane & Snyman-Van Deventer, 2017). Hence, it can be argued that lack of good governance practices in organisations results in the underperformance of organisations, leading to poor service delivery and bankruptcy in extreme cases in private sectors (Thabane & Snyman-Van Deventer, 2017) (refer to 3.8.6). This supports the study`s third hypothesis:

H_3: The barriers to corporate governance have a significant negative influence on organisational performance in national government departments.

3.8.4 Balanced scorecard dimensions and organisational performance.

An increasing number of organisations are using performance measurement with a "Balance Score Card". Supporters of the balance scorecard conception argue that this approach offers an influential strategy for explaining an organisation's vision and plans into an instrument that meritoriously converses strategic determinations and encourages organisational performance alongside the established strategic goals (Kaplan & Norton, 1996). The BSC is a management system that enables organisations clarify their vision and strategy and translate them into action. It delivers response to both their internal business practices and external results to uninterruptedly advance the strategic organisational performance and outcomes. The main hypothesis accounting for the relationship between the BSC dimensions and organisational performance is presented as follows:

H4: Balanced scorecard indicators have a significant positive influence on organisational performance in national government departments.

The hypothesis above is addressed through the relationships between the individual BSC measures and organisational performance. The next subsections explain in detail the relationships between the elements of the BSC and performance measures of the organisation, leading to the formulation of hypotheses between them.

3.8.4.1 Financial Performance and Organisational Performance

Various studies (Orlitzky & Benjamin, 2001; Ribstein, 2005; Kim & Statman, 2012; Wang & Choi, 2013; Jain et al., 2016) are devoted to finding the connection between the financial performance of corporations and the entire performance of the organisation, whether sustainable organisational performance impacts financial performance outcomes, or vice versa. Some hypothetical suggestions in the literature describes the link between corporate performance and financial performance. According to the stakeholder theory, firms' financial performance directly influences the sustainability and performance of the organisation (Laan, der Ees & Witteloostuijn, 2008; Jain et al., 2016). The indirect costs of an organisation with an upright reputation and image in terms of robust financial performance and stability are lower and as a result, the whole organisational performance improves (Laan et al., 2008). Jain et al. (2016) view that committed financial management practices and performance in an organisation is the foundation of competitive advantage, which ultimately improves organisations' profitability, hence its whole performance is enhanced in the process. Waddock and Graves (1997) state that sound financial performance leads to good organisational performance because corporates that are financially successful in terms of performance have more money for investment in other organisational activities, such as corporate social responsibilities. Orlitzky and Benjamin (2001) and Ribstein (2005) argue that the unsystematic risk of listed companies could decrease because of sustainable financial performance, leading to the improvement of sustainable organisational performance factors such as business process improvement, employee loyalty, customer satisfaction and local community. Corporate sustainability is mostly associated with various stakeholder engagement activities. The investment in stakeholder engagement is directly linked to the company's better financial achievement (Kim & Statman, 2012; Wang & Choi, 2013). Moreover, the findings of Kim and Statman (2012) and Gregory and Whittaker (2013) show that any changes in organisational performance leads to subsequent changes in shareholders' value creation. Similarly, Ramachandran (2011) states that sturdy financial performance accountability is the strategic decision of an organisation, which improves not only stakeholder relations but enhances the profitability of the entire organisation. Thus, in general, good financial performance management processes are linked to the enhanced performance of organisations. This study tests the connection between financial performance as a dimension of the BSC systems and the performance of the organisation. Therefore, the above literature review and discussion leads to the following hypothesis:

H4a: Financial performance has a significant positive influence on organisational performance in national government departments.

3.8.4.2 Customer satisfaction and organisational performance

Customer satisfaction is referred to as a consumer's sense of inclination emanating from linking a product's alleged outcomes or performance in connection to the person's anticipations (Kotler & Keller, 2016). According to Kotler and Keller (2016), customer satisfaction is usually imperative to the organisational performance since an exceedingly gratified customer is mostly projected to continue being loyal for longer periods. Zhang and Pan (2009) assert that the satisfied consumer talks favourably about the company and its products (good mouthing), buys more as much as the company introduces new products and modifies existing ones, offers product ideas to the company, and most significantly costs less to retain and serve than new consumers. Habibi et al (2013) note that contented customers symbolise assets to the organisation, hence contribute to the positive performance of the organisation. Furthermore, Kombo (2015) posits that customer satisfaction is directly linked to the financial performance of an organisation. Organisational performance is realised when a business is making profits at a high level as regards to capital, financial, as well as other resources (Habib et al., 2013). According to Kombo (2015) that this level is achieved only if the customers are highly satisfied. However, Richard et al. (2009) mention that organisational performance consists of three precise segments, that is, shareholder return (such as economic value added and total shareholder returns), financial performance (such as profitability, return on investments and return on assets); and product market performance (such as sales and market share). Customer satisfaction has significant influence on these different matrices of organisation performance, contributing to elements such as market share, total sales, gross margin, total revenues, and stakeholder value (Ibok & John, 2013). Ibok and John (2013) believe that greater levels of customer satisfaction undoubtedly impact on purchase intention, customer retention, positive word-of-mouth and thereby contribute positively to the organisation's business performance. In the same way, Kombo (2015), pointed out that strong predictors of further business performance, such as positive net operating cash flows, annual sales growth, and market share growth are achieved because of harnessing customer satisfaction amongst consumers. It is an obligation, therefore, that all organisations at some point should consider making their customers satisfied and reap the necessary enhanced organisational performance. Hence the following hypothesis is formulated:

H4b: Customer satisfaction has a significant positive influence on organisational performance in national government departments.

3.8.4.3 Internal processes and organisational performance

Sturdy internal control processes are an asset to the organisation. Dănescu et al. (2011) note that robust control systems have a positive link to enhanced organisational performance. Mawanda (2008) piloted a study on effects of internal control processes on performance in institutions of higher learning in Uganda. The study recognised that internal control systems have a significantly positive relationship on organisational performance. Olumbe (2012) carried out a study to institute the association between internal controls and performance in 45 commercial banks in Kenya. The outcomes confirmed that banks had recognised good corporate governance processes, positive organisational performance with a strong system of internal controls, and that there is a positive association between internal control processes and organisational performance. Wainaina (2011) examines the relationships between internal control processes and the general performance of public organisations. The researcher maintains that other than the detection and prevention of fraud and theft risks, internal control processes must reveal the eminence of the condition of general accounting processes in an organisation and to the accuracy of its operational and financial records, thereby enhancing general organisational performance. Thus, good internal control processes are linked to the improved performance of organisations. This study tests the connection between internal control systems as a measurement of BSC and the performance of the organisation. The following hypothesis is suggested:

H4c: Internal processes have a significant positive influence on organisational performance in national government departments.

3.8.4.4 Learning, growth and organisational performance

Learning and growth management is an ongoing process of identifying, assessing and developing human performance in organisations (Locke & Latham, 2016). It is expected that necessary data and information are collected from methodical interpretations, not only to evaluate current performance precisely, then corresponding to offer feedback information needed for changes that would improve organisational performance (Hoque, 2009). The resolution is to evaluate development, distinguish between organisational performance levels, determine learning and growth needs, corroborate rewards, and recognise and ascertain promotion of individuals in the organisation (Buchner, 2007; McCarthy & Garavan, 2011). Most organisational top management have been disparaged for not including their workforce in the growth and learning process (Virmani & Guptan, 1991; Locke & Latham, 2016).

Fernandez and Moldogaziev (2013) argue that innovation, learning and growth in the public sector has shown that while elected officials and political appointees are the source of many innovations, but so are frontline employees who generate novel ideas through experimentation, accidental occurrences, and other forms of experience. Similarly, a study that was done in the US and Canada found that the most frequent initiators of innovations were career civil servants at the middle manager and frontline employee levels, and not elected officials or agency heads. In the South African national department context, given that national department managers and employees are provided with planning information such as strategic goals and strategic objectives for each business unit, these employees should be empowered to find innovative ways of achieving these goals, of correcting errors in service delivery and of redesigning their work processes for purposes of improving performance, and ultimately improving service delivery.

Encouragement to innovate is of particular significance in the public sector where there is goal ambiguity and high levels of formalisation. Empowered employees improve performance by recovering quickly from errors in service delivery, learning from those recoveries, and generating innovative proposals for redesigning processes and products (Fernandez & Moldogaziev, 2013). However, giving discretion to employees is never without a challenge and, as posited by Fernandez and Moldogaziev (2013). Although public managers behave responsibly when granted a discretion to innovate, there are instances of its reckless use among public employees, when there is a need for principals to have monitoring mechanisms in place to limit the reckless use of discretion to innovate.

McDonald and Smith’s (1995) study involved 440 organisations in the United States of America confirmed and validated that corporations which implemented learning and growth management systems outclassed those without such arrangements on a wide range of productivity and financial measures. Similarly, Beer et al. (1978) evaluated the organisational performance development and review part of their learning and growth management systems by means of a 140-item questionnaire. Outcomes were significantly positive, although the 'hard' side of the overall learning and growth management system as a measure of the BSC was not fully addressed. Nankervis and Compton (2014), in their study (covering almost 1000 organisations throughout the Australian manufacturing sector), came out with a few ideal principles of learning and growth design and implementation. These are: “strategic alignment of organisational goals, employee goals and outcomes; user friendliness, consistency, equity and transparency, and clear links between an appraisal and salary review, human resource development, coaching and succession plans”. Learning and growth management is the part of human capital development practices. The wide-ranging review of the literature exposes the notion that embracing a wide range of learning and growth practices is vital in realising greater organisational performance outcomes (Hoque, 2009). Nankervis and Compton (2014) also establish an affirmative association amongst various companies' strategic learning and growth policies/practices and organisational performance. Delaney and Huselid (2016) find that progressive learning and growth management practices, including training, selectivity in staffing, compensation and development were absolutely correlated to acknowledged organisational performance. Therefore, established on the justification of literature review above, the following hypothesis is formulated:

H4d: Learning and growth has a significant positive influence on organisational performance in national government departments.

3.8.5 Corporate governance and organisational performance.

It is submitted that a sound corporate governance regime not only serves to create a favourable investment climate but furthermore serves as a critical balance against the excessive exploitation of resources and ensures satisfactory organisational performance (Gyamerah & Agyei, 2016; Hove-Sibanda, Sibanda & Pooe, 2017). Corporate governance is the system by which companies and other organisations are directed, monitored, and encouraged, involving relationships between members, the board of directors, the board of executive officers, supervisory and control bodies, and other stakeholders (Argentino et al.,. 2017). The concept of corporate governance was created to improve agency theory associated problems, but later evolved not only to place emphasis on issues such as disclosure, transparency, and accountability but embrace large issues in organisations, ranging from ownership structure to the processes and procedures of the organisation (Gyamerah & Agyei, 2016). Satisfactory corporate governance translates basic principles into objective recommendations, aligning interests with the purpose of preserving and optimising the long-term economic value of the organisation, facilitating its access to resources, and contributing to the quality of the organisation's management, its longevity and enhanced organisational performance (Argentino et al., 2017). The origin of good corporate governance lies in transparency, fairness, accountability, and corporate responsibility (IBGC, 2015). Therefore, if corporate governance strategies are implemented well in organisations, be it public or private, they can ensure the smooth running of an organisation and allow it to meet expected standards effectively, at the expected time and the lowest cost, leading to excellent performance of the organisation (Ashe-Edmunds, 2016; Radebe, 2017). Furthermore, good corporate governance may give multinational firms engaging in foreign direct investment some form of reassurance against appropriation, or unlawful losses from their investment.

Therefore, the world over, good corporate governance is recognised as a fundamental principle that underpins organisational performance (Salima et al., 2016). Successful corporate governance structures can improve public accountability, create value, minimise risks and improve efficiency in organisations as well as boost performance (Fu et al., 2014). The discussed information leads to the fifth hypothesis of this study:

H5: Corporate governance has a significant positive influence on organisational performance in national government departments.

3.9 CONCLUSION

This chapter provided a discussion on the aspects of organisational performance. Focus on its conceptual definitions according to different sources in literature was captured. It proceeded by discussing a section on the factors influencing organisational performance in the public sector, which were recognised in the literature as the structure of an organisation, leadership competence, organisation environment, management involvement and staff motivation. These were identified as primary drivers to better organisational performance, and their importance in enhancing competitive advantage was stated. This was followed by a discussion on the importance of organisational performance. The next section discussed frameworks for the measurement of organisational performance, which were identified to be financial metrics, BSCs, systematic management accounting, benchmarking, and local information systems. A discussion on the public sector performance challenges in South Africa was also provided, and challenges were identified as hindrances to organisational performance in public institutions, which lead to poor service delivery by public institutions. Corruption, lack of institutionalised performance measurement instruments and organisational challenges were also included. Previous studies on organisational performance in South Africa were reviewed, the conceptual framework guiding the research was discussed and the hypotheses were drawn. To capture the pressing issues in this chapter, the study developed three hypotheses to address its proposed relationships. The next chapter outlines the research methodology.

CHAPTER 4
RESEARCH METHODOLOGY

4.1 INTRODUCTION

The specific aim of this chapter highlights the research methodologies followed in undertaking the present study. First, it addresses the different forms of research reasoning, followed by an overview of the paradigm selected for the current investigation. A choice is made from the three main research methods, namely quantitative, qualitative, and mixed methods. It also addresses the research design and the establishment of the time frame, or horizon for the completion of this study. One section directs its attention to the literature review subsections, whereby an overview of the major themes and their sources is outlined. This is followed by a discussion of the methods used in the empirical part of the study, which deals with the sampling design, procedures for data collection, how the data were analysed and the ethical considerations that safeguard the practical completion of the study.

4.2 RESEARCH REASONING

Research reasoning refers to the process of drawing scientific deductions based on a structured and concise research engagement (Goel & Dolan, 2004). Conclusive (scientific) observations are derived from the adoption of both inductive and deductive approaches (Cooper & Schindler, 2014). Inductive reasoning is a basis from which broad empirical assumptions are derived from the assessment of individual factual events considered as authentic, while deductive reasoning is based on the premise that individual accurate observations are drawn from general empirical findings (Akhtar-Danesh & Mirza, 2017). Inductive reasoning is mostly supported in qualitative research because of the subjectivity of its premise that underpins its overall rationale (Heit & Rotello, 2010). In contrast, deductive reasoning is mostly supported in quantitative research because it starts with an assumption or hypothesis (premise), and logical conclusions are then drawn based on the evidence available after testing the premise (Stephens et al., 2018).

Another emerging school of thought is abductive reasoning. Abductive reasoning presents a concise view from which ideas and facts are derived from a combination of both inductive and deductive reasoning approaches (Osman et al., 2018). It is further referred to as a problem resolution process designed at obtaining general and conclusive facts based on the generation of ideas from different perspectives (Hwang et al.,, 2019). Abductive reasoning is mainly associated with mixed methods research where an inquiry is premised on both qualitative and quantitative approaches (Wheeldon, 2010).

Considering the discussion above, and based on the context of this study, deductive reasoning was deemed to be suitable, since it seeks to provide accurate and relevant scientific results based on the assessment of research hypotheses. The study was premised on the assumption (hypothesis) that there is a link between corporate governance, its barriers and organisational performance. Logical conclusions were drawn after these hypotheses were tested to either confirm or refute the suggested relationships.

4.3 RESEARCH PARADIGMS

The emergence of research paradigms dates to initial work by Thomas Kuhn (1962), who referred to it as a critical approach to thinking, intended to solve problems philosophically. This view was further developed by Lather (1986), who expresses that a research paradigm encompasses a theoretical approach to problem-solving based on the understanding of the research surroundings. Three main paradigms have been established, namely, positivism, phenomenology, interpretivism and pragmatism (Mangan et al., 2004; Henderson, 2011).

The positivism paradigm is regarded as an objective evaluation of a specific phenomenon based on factual analysis. It is fundamentally based on the scientific exploration of distinct relationships between constructs (Kivunja & Kuyini, 2017). Positivism is applicable to studies that require a quantitative analysis of direct or indirect causal relationships between identified constructs (Rehman & Alharthi, 2016). In contrast, interpretivism is more subjective in nature, implying the comprehension of phenomena from the participants' standpoint, rather than the researcher. Furthermore, it is more reliant on qualitative data in its assessment of the research problem (Rehman & Alharthi, 2016). Just like interpretivism, phenomenology derives from the understanding of an individual's view and conception of a particular research matter. This view was echoed by Kivunja and Kuyini (2017), who further stated that it is a qualitative driven approach that draws its rationale on the understanding and description of an individual's experience and views of a specific pattern or phenomenon. As such, these authors suggested that phenomenology is suitable for studies with a more qualitative connotation whereby people's perceptions are the subject of analysis.

Pragmatism is based on the relationship between action and knowledge. It is derived on the distinction of “what works” as opposed to the perception of what could be the objective representation of the truth or agreeable reality (Goldkuhl, 2012). This paradigm is usually applicable in qualitative research that seeks to establish action as well as intervention processes of the specific phenomenon; and can be further employed in mixed methods approaches (Feilzer, 2010).

This study was based on the positivism paradigm as it appeared to be the most suitable paradigm. This is because like positivism, the present study was intended to apply statistical methods to determine the causal relationships between the research constructs (corporate governance and its barriers, and organisational performance).

4.4 RESEARCH APPROACH

A research approach (also known as a research method), represents an essential aspect that an investigation needs to determine and offers a roadmap and directions to a study. In their research on mixed-methods research design, Zou, Sunindijo and Dainty (2014) identify the quantitative, qualitative, and mixed methods as the primary research approaches applicable in social research studies. According to Rutberg and Bouikidis (2018), the quantitative method refers to the use of numerical figures and statistics to explore a particular problem. At the same time, the qualitative research concentrates on the respondents’ stance and subjective perceptions. This implies that quantitative research is more data-driven whereby mathematical and factual reasoning is of significant value, as opposed to the qualitative, which is abstract orientated in which explanation and comprehension of facts are paramount (Martin & Bridgmon, 2012; Maxwell, 2013). The mixed-methods research approach combines both qualitative and quantitative principles as well as operational procedures (Saunders et al., 2015).

The present investigation was based on the quantitative approach. As indicated in Section 4.2, the study adopted the positivism paradigm, which is based on the statistical analysis of a social problem. This investigation was aimed at examining the causal relationships between the identified constructs through the established hypotheses. Furthermore, the quantitative approach is suitable as it was necessary to generalise the results to various national government departments throughout South Africa and other regions of the world. Other benefits of applying a quantitative study in the present investigation included the formulation of action plans and policies that emanate from the findings and outcomes of the research (Schwickerath & Varraich, 2017). Besides, this approach allowed for the objective collection of information and views from the respondents without any form of bias and provided an efficient assessment of the strategic direction as required in public sector departments (Queirós et al., 2017).

4.5 TIME HORIZON

Time horizon plays a fundamental role in providing the direction the research study has taken in the collection of data. There are four primary time horizons in research, and their breakdown is provided in Table 4.1. These include experimental, ex-post-facto, cross-sectional and longitudinal.

Table 4.1: Time Horizons in Research

Time horizon	Definitions	Applicability	Sources
Experimental	Focuses on the determination of a research's outcome based on the control of variables which have a direct or indirect role in the occurrence of a phenomenon or event.	Relevant in establishing the outcome of a particular event or phenomenon.	Sekaran and Bougie (2016) Creswell (2013)
Ex-post facto	Process of examining the causal effects of a practical problem after its occurrence.	Determines the root cause or reasons for a problem or event that happened.	Simon and Goes (2013)
Cross-sectional	Refers to the descriptive analysis of a research problem through the assessment of established association that exists between the constructs.	Useful when surveying to determine the perceptions of the study population once in a particular timeframe.	Sekaran and Bougie (2013)
Longitudinal	Deals with the continuous observation of a problem or pattern of events over a specific period.	Assessment of individuals' behavioural variances over time.	Ployhart and Vandenberg (2010) Flick (2014)

Source: Author's own compilation

Based on the reviewed literature provided in Table 4.1, this study employed the cross-sectional design because it sought to establish public employees' perceptions of effective corporate governance adoption as well as its direct causal relationship with corporate governance barriers and organisational performance. To achieve this, data were collected once in a specific timeframe from each respondent using a survey questionnaire. The paybacks of following a cross-sectional time horizon in this study included a faster turnaround time of completion of the survey at a specific point in time or period, and the fact that it facilitated the collection of data from large samples (Setia, 2016).

4.6 RESEARCH DESIGN

A research design is viewed as a structured action plan designed to offer a roadmap or direction that a research study must followed/ conducted. It involves the proper presentation of how data and information from participants will be collected (Tobi & Kampen, 2018). According to Price and Lovell (2018), quantitative research involves the implementation of its five design types, namely, survey, experimental, correlation, observations and descriptive. Table 4.2 provides a contrasting discussion of their operational characteristics.

Table 4.2: Research Design Approaches

Approaches	Definitions	Sources
Survey	Refers to the evaluation of perceptions and views of a study's targeted population. It is conducted in a structured way, mostly using a questionnaire of interviews	Couper (2018) Zou, Sunindijo and Dainty (2014)
Experimental	Focuses on the establishment of a research outcome or result based on an identified or predefined process	Creswell (2014) Herman et al. (2019)
Correlation	Entails the assessment of a direct or indirect relationship between more than one research construct. It also involves the analysis of difference or changes between specific groups of participants.	Curtis et al. (2016) Bold (2001)
Observations	Encompasses the sound observations of individual or groups with the objective of examining their behaviour.	Herman et al. (2019)
Descriptive	Concentrates on the overall ascertainment of descriptive characteristics and traits of a particular problem under investigation.	Bellini (2017) De Vaus (2013)

Source: Author's own compilation.

Based on the information provided in Table 4.2 and in accordance with the context of this investigation, the survey approach has been employed as the design for this research. This design was suitable because the study sought to collect data from large groups of respondents, which were implemented in a structured way, using a questionnaire. Additionally, the use of a survey approach offered several spin-offs that are essential to the present research. These included the ability to reach larger sample sizes, allowed for a higher degree of dependability as it enabled respondents to provide a valid and honest answer, and offer a quick and accurate response (Kumar, 2019).

4.7 LITERATURE REVIEW

A literature review refers to a summary of previous research thematic or topics from relevant and reliable scholarly articles, reports, and journals (Cooper & Schindler, 2014). The relevance of a study's literature review cannot be understated. This is because it offers a theoretical foundation upon which the quality of the research study was premised. In this study, a comprehensive review of the literature was conducted and is presented under Chapters Two and Three. In Chapter Two, a literature review on corporate governance in South Africa was performed. Topics covered include the principles and practices of corporate governance, its agency theory and the benefits as well as barriers to corporate governance. It also compared its implementation in the private and public sectors of the economy.

Chapter Three concentrated on the review of the literature on organisational performance. Topics discussed include the conceptualisation of organisational performance, factors influencing it, its importance, measurement frameworks and public sector performance frameworks in South Africa. It also used literature to develop hypotheses. Information used in the literature review was sourced primarily from peer-reviewed journal articles and other relevant materials such as industry reports and government publications. The documents were accessed from various scholarly databases such as Google Scholar, Science Direct, Emerald, J Stor, Sabinet and EBSCO-Host, among others.

4.8 EMPIRICAL RESEARCH

The empirical research part of the study involved the collection of primary data, sampling design, instrumentation, the data collection procedures, and data analysis techniques.

4.8.1 Sampling Design

A research sampling design is regarded as a mathematic approximation of variables such as trends, perceptions, and behaviour of a selected sample population. It further consists of a research's population, sampling frame and method as well as the sample size (Taherdoost, 2016).

4.8.1.1 Research population

A research population can be defined as a group of individuals or objects from which a research study intends on drawing general representation and findings (Kumar, 2019). As such, the population of this study comprised all government officials operating in the national government departments in South Africa. All national government departments are based in the Gauteng province.

4.8.1.2 Target population

A study's target population is the collection of objects or individuals on which research focuses (Adams, Khan & Raeside, 2014). The target population for this study consisted of managers and professional employees in national government departments. These included assistant directors, deputy directors, directors, and chief directors in the South African national government departments, all based in the Gauteng province.

4.8.1.3 Sample frame

A sample frame is defined by Rahi (2017) as the actual list of registered participants or cases from which a sample is derived. For this study, it consisted of all assistant directors, deputy directors, directors and chief directors in the South African national government departments. The list was requested from the active databases of the various human resource departments when the UNISA SBL granted ethics clearance.

4.8.1.4 Sample size

A research's sample size is defined as the number of population elements that will participate in a study (Desu, 2012). Reference was given to a review of sample sizes used in previous similar studies. Table 4.3 offers a summary of past studies and the sample sizes used.

Table 4.3: Previous Sample Size Studies

Construct	Studies	Sample size used
Corporate Governance	Ngulube and Ngoepe (2013) Ntim et al. (2012) Ntim et al. (2013)	171 169 500

Construct	Studies	Sample size used
Corporate Governance Barriers	Lenssen, et al. (2011)	149
Organisational Performance	Adeoye and Elegunde (2012) Neneh and Van Zyl (2012) Quartey (2012)	150 350 400

Source: Author's own compilation.

Sample sizes used in the studies presented in Table 4.3 range from 149 to 500, which provided an idea of the ranges to be considered in this study. Apart from the studies in Table 4.3, the present research also made use of recognised sample size formulae to support further its determination of sample size in the study. For instance, Taherdoost (2016) recommends the use of the following formula when determining sample sizes in quantitative research:

n= p (100-p) z2/E2,

A further explanation of the symbols of the formula is presented in Table 4.4.

Table 4.4: Symbols of the Formula and Sources

N	Expected sample size.	Taherdoost (2016)
p	Ratio of occurrence As recommended by Bartlett, Kotrlik and Higgins (2001), the rational estimation assumes that 50% should be the basis upon which a P is set because of the likelihood of the maximisation of variance, which will therefore result in a maximum sample size figure.	Zikmund (2002) Bartlett et al. (2001)
E	Ratio of maximum expected error (margin of error or expected precision). As recommended by Bryman and Bell (2003), the accepted E = 5%.	Bryman and Bell (2003)
Z	Value related to the confidence level. It estimated at 95% (0.05: z =1.96) or 99% (0.01: z = 2.57).	Taherdoost (2016)

Source: Author's own compilation.

A proper determination of a study's sample size should be based on the combination of three essential criteria such as precision, level of confidence and the population ratios, or 50% of the variability (Taherdoost, 2016). Table 4.5 presents different sample sizes estimations based on the mentioned criteria.

Table 4.5: Sample Sizes based on the Level of Accuracy

	Variance of the population P=50%					
	Confidence level=95% Margin of error			***Confidence level=99% Margin of error***		
Population size	5	3	1	5	3	1
50	44	48	50	46	49	50
75	63	70	74	67	72	75
100	79	91	99	87	95	99
150	108	132	148	122	139	149
200	132	168	196	154	180	198
250	151	203	244	181	220	246
300	168	234	291	206	258	295
400	196	291	384	249	328	391
500	217	340	475	285	393	485
600	234	384	565	314	452	579
700	248	423	652	340	507	672
800	260	457	738	362	557	763
1000	278	516	906	398	647	943

Source: Gill, Johnson, and Clark (2010).

In view of the evidence provided in Tables 4.3 and 4.5, the present study used a sample size of 260 respondents, which is in line with the previous considerations in terms of the highlighted historical sample sizes which were all confined between n=169 and n=500. This estimation was in line with the study by Gill et al. (2010), who offered a breakdown of feasible sample size determinations based on their confidence levels.

4.8.1.5 Sampling approach and technique

Selection of a sample approach and technique is vital for a researcher's ability to investigate by concisely selecting respondents of the study. According to Uprichard (2013), there are two main sampling approaches, namely, probability and non-probability sampling. Probability sampling offers all a study's respondents a fair and equal chance to be part of the investigation, whereas non-probability sampling is viewed as a more judgmental process of selecting research respondents on a convenient standpoint when a specific data register is not available (Langer, 2018). In this study, respondents were selected using the non-probability sampling approach since the lists of employees in public sector departments in the Gauteng province were not accessible from each department. The non-probability sampling procedure consists of four main techniques, namely convenience, purposive, quota and snowball sampling techniques.

Purposive sampling is a technique in which only those respondents that have the information required to answer the research questions are selected. The researcher applies judgment in selecting the units (e. g., people, case/organisations, events, pieces of data) that are to be studied. This enables better matching of the sample to the aims and objectives of the research, thus improving the rigour of the study and trustworthiness of the data and results. This type of sampling provides researchers with the justification to make generalisations from the sample that is being studied, and whether such generalisations are theoretical, analytical, and logical in nature (Sharma, 2017). Purposive sampling, also called deliberate sampling or judgmental sampling, is used where the researcher knows that the target population fulfils the demands of the study, the samples selected will be good respondents for that study and the researcher will get the real-time results, as respondents will have appropriate knowledge and they understand the subject well (Bhardwaj, 2019).

The purposive sampling technique was selected because it facilitates the inclusion of respondents that match the objectives of the study in terms of the information they possess. To be included in the study, one had to be employed at least at the assistant director level in a national government department and be a holder of at least a matric certificate.

4.8.2 Data Collection Instrument

Primary data was collected using a structured survey questionnaire. A research questionnaire comprises a set of questions on a specific topic, which are posed to an audience with the objective of understanding their perceptions and view on the matter (Patten, 2016). The use of a questionnaire was essential in this study as it enabled the collection of reliable, valid, and critical information from respondents when designed adequately (Brace, 2018). Additionally, a questionnaire can provide a fast quantification of data that are quickly and objectively assessed (Ikart, 2018). The questionnaire used in this study was self-administered. This means that respondents completed it by themselves in the absence of the researcher. It was crucial to use a questionnaire in this study because it enables the optimum collection of data in terms of ensuring that respondents understand the contents of the survey instruments. Also, respondents can complete it at their convenience without any pressure (Dalati & Gómez, 2018).

To optimise the response rate, the questionnaire was distributed to respondents using a combination of two methods (Sahlqvist et al., 2011). First, the questionnaire was physically distributed by the researcher to all identified employees operating in eight national government departments in Gauteng province. The researcher followed up on the completed questionnaires after a period of two to three weeks.

The second method used was to email the questionnaire to the respondents. Emails of targeted respondents were requested from their departments. This allowed for the respondents to access the questionnaire conveniently and in the electronic format. Respondents were expected to email the completed questionnaires back to the researcher.

There are several benefits to be expected from using a combination of the two methods mentioned to collect the data. The email method is a cost-effective process as it requires insignificant financial outlays, apart from the planning and setting up of the dissemination platforms of the survey. It is time-efficient because it takes little to no time when dispatching emails to various respondents' addresses. Physical distribution of the questionnaires (the other method) was essential because of its ability to ensure a higher response rate because the researcher can reach out in person to the respective respondents. The common factor linking these three techniques is the fact that they minimise the level of biases in the completion of the survey questionnaire by the study's targeted population.

4.8.2.1 Research questionnaire cover letter

A covering letter offered an important focus upon which the research study was based. It provided sufficient information to respondents on the nature of the study, its purpose as well as other aspects related to the participants' voluntary consent and confidentiality. The following section concentrates on the design of the questionnaire of this study.

4.8.2.2 Questionnaire structure

In this study, the survey questionnaire consisted of seven distinct sections, each pertaining to a specific aspect of the study under investigation.

Section A focused on the demographic information of the respondents (national government department employees). Sections B, C, D and E comprised questions about the three constructs of study, namely, corporate governance, corporate governance barriers and organisational performance. The structured response options of these constructs were based on a five-point Likert scale, which is anchored by 1= “strongly disagree” to 5= “strongly agree”. However, due to the nature of the information assessed in corporate governance barriers, the construct was measured using a five-point Likert scale anchored by 1= Not at all significant, 2= Slightly significant, 3= Moderately significant, 4= Very significant, and 5= Extremely significant.

The use of a Likert scale was critical in this study because it ensured that the research assesses respondents’ attitudes and perceptions towards the measurement instruments developed on the constructs (Likert, 1932). Furthermore, it is an essential measuring tool to be used, not only in quantitative survey studies (Kriksciuniene et al., 2019).

4.8.2.3 Construct items design

The measurement scales of the questionnaire of this study were developed based on previous research instruments derived from previous studies which have established the reliability and validity of the original instruments. A total of 64 measurements items (measuring the constructs of the study) formed part of the questionnaire of this investigation. They are divided as follows:

- Corporate governance: consisting of 5 measurement items.
- Corporate governance barriers: consisting of 29 measurement items.
- Organisational performance: consisting of 30 measurement items.

The research questionnaire of this study is provided in Appendix 1. The constructs items, as well as their scale reliability and sources from which they were adapted, are presented from Table 4.6 to 4.8.

4.8.2.3.1 Measurement scales

The measurement scales used in the study and their respective reliability values and original contexts from which they were initially developed, are presented in the tables following.

Section B: Corporate governance

This section offers responses on corporate governance using five measurement items. These items were obtained from a study conducted by Khalid et al. (2016). Additional details on the measurement items are presented in Table 4.6.

Table 4.6: Scale Development and Reliability for Corporate Governance

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
CG1	My department ensures that internal control exists to minimise the risk of fraud	Corporate governance	Khalid et al. (2016)	Malaysia's public sector	0.880
CG2	My department has a thorough process in investigating and handling fraud				
CG 3	My department provides corporate governance training and education for top management and staff				
CG4	My department ensures the accountability of performance at all levels.				
CG5	My department focuses mostly on the drivers of organisational success				

Source: Adapted from Khalid, Alam and Said (2016).

Table 4.6 indicates the measurement scale derived from Khalid et al. (2016). It is important to note that these items are considered to be essential in examining the level of good practices in corporate governance as highlighted by the authors in their initial work. Moreover, it was observed that the Cronbach Alpha value of this scale is above the required minimum threshold of 0.7 (0.88). Therefore, the scale measuring corporate governance is reliable and appropriate for this study.

Section C: Corporate governance barriers

Section C presents the items on corporate governance barriers, which used 29 measurement items. These items were adopted from Zebal (2003) and Okpara (2011). Table 4.7 provides further details on the measurement instruments.

Table 4.7: Scale Development and Reliability for Corporate Governance Barriers

Item Code	Code description	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
CGB1	Competition from other public sector organisations	Zebal (2003)	Marketing and non-marketing departments of the Consumer goods manufacturing companies in Bangladesh	0.77
CGB2	Public sector turbulence/instability			
CGB3	Technological changes in the economy			
CGB4	Corporate culture of the organisation			
CGB5	Interdepartmental conflicts within the organisation			
CGB6	Organisational political behaviour			
CGB7	Breakdown of information dissemination within the organisation			
CGB8	Non-adherence to policies and procedures of the organisation			
CGB9	Risk aversion by top management of the organisation			
CGB10	Lack of interdepartmental connectedness within the organisation			
CGB11	Centralisation of decision making			
CGB12	Inconsistent reward systems within the organisation			
CGB13	Top management's reluctance to drive corporate governance			
CGB14	Lack of innovativeness and creativity within the organisation			
CGB15	Inadequate quality management and incompetence			
CGB16	Control of resources of the organisation			
CGB17	Inadequate customer service orientation			
CGB18	Weak organisational support systems			
CGB19	Lack of formal education and training			
CGB20	General economy of the country			
CGB21	Formalisation of rigid rules and procedures			
CGB22	Non-compliance with statutory requirements	Okpara (2011)	Firms listed in Nigerian's stock	0.86

Item Code	Code description	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
CGB23	Lack of action regarding complaints by stakeholders about mismanagement		market and security.	
CGB24	Lack of action regarding improper behaviour against staff members			
CGB25	Ineffective implementation of recommendations from auditors			
CGB26	Poor access to information for all stakeholders			
CGB27	Lack of integrity of the organisation's financial reporting system			
CGB28	Unavailability of a formal platform for reviewing and guiding organisational strategy			
CGB29	Poor monitoring of the effectiveness of the governance practices			

Source: Adapted from Zebal (2003) and Okpara (2011).

Table 4.6 presents measurement scales assessing corporate governance barriers. The set of items highlight the impediments that the authors of the scales identified as challenges to the achievement of good corporate governance. Most of these challenges are related the internal organisational practices or operations. These consist of the corporate culture of the organisation, internal conflict, non-adherence to policies, lack of interdepartmental connectedness, formalisation of rigid rules and procedures, lack of formal education and training and lack of integrity of the organisation's financial reporting system, to name a few. Barriers associated with the external environment of an organisation include competition from other public sector organisations, public service turbulence/instability, technological changes in the economy and the general economy of the country. Moreover, it could be observed that the Cronbach alpha values for the scales obtained from Khalid, Zebal (2003) and Okpara (2011) are 0.77 and 0.86, respectively. These values are in higher than the 0.7 minimum cut-off score. Thus, these measurement scales are considered to be internally consistent and therefore suitable for use in this study.

Section D: Balanced scorecard Items

Section D provides the items used to measure the four constructs of the BSC, namely, financial performance, customer satisfaction, internal process, learning and growth, which used 30 measurement items. These items were adapted from scales developed by Parasuraman et al. (1988), Chueng et al.(2008), Rodrigues and Pinho (2012), Mafini and Pooe (2013) and Hatane (2015), as detailed in Table 4.8.

Table 4.8: Scale Development and Reliability for Balanced Scorecard Dimensions

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
FP1	My organisation has managed to achieve its financial objectives	**Financial Performance**	Rodrigues and Pinho (2012)	Public organisations in Portugal	0.82
FP2	My organisation has managed to operate within its budget				
FP3	Measures related with the efficient use of assets funds		Mafini and Pooe (2013)	Social Services Department	0.75
FP4	The funds that are allocated to the department are sufficient				
FP5	The overall financial performance of the department is good				
FP6	Effective financial control measures are in place				
CS1	In my organisation, customers are satisfied with the appearance of physical facilities.	**Customer Satisfaction**	Parasuraman et al. (1988)	Service and retail organisations in the USA	0.72
CS2	In my organisation customers are				

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
	satisfied that the promise regarding service offered is always kept.				
CS3	In my organisation customers are satisfied that the equipment used are up to date.				
CS4	In my organisation customers are satisfied with the level of individualised attention provided.				
CS5	Our customers are satisfied with the integrity of staff, which makes them feel safe always in their transactions with the organisation				
CS6	In my organisation customers are satisfied with the willingness of employees to help.				
IP1	The department promotes good corporate ethics	**Internal Processes**	Mafini and Pooe (2013)	Social Services Department in South Africa	0.85
IP2	The culture in the department is effective				
IP3	The department implements effective strategies		Chueng,et al (2008)	Corporate Governance in China	
IP4	The department assesses the quality of organisational				0.74

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
	information, in particular its quarterly performance information, service delivery and organisational risks				
IP5	The department provides a code of Ethics or statement of business conduct for all employees				
IP6	The department has an independent audit, ethics, and risk committee with independent members				
LG1	In my organisation, every employee is rewarded for his/her efforts to learn.	**Learning and Growth**	Hatane (2015)	Manufacturing firms in Indonesia	0.78
LG2	In my organisation, every employee is willing to accept an agreement on the results of the discussion group, despite different opinions.				
LG3	My organisation provides learning facilities to all employees.		Mafini and Pooe (2013)	Social services Department in South Africa	0.76
LG4	My organisation rewards employees for taking initiatives in work or resolve problems.				

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
LG5	My organisation is in cooperation with the outside community to maintain good relations with stakeholders.				
LG6	I have a chance to participate in the department's ethics training and workshops.				

Source: Adapted from Parasuraman et al(1988), Rodrigues and Pinho (2012), Hatane (2015), Mafini and Pooe (2013) and Chueng et al Lu (2008).

Table 4.8 highlights all the measurement scales adapted from Parasuraman et al. (1988), Rodrigues and Pinho (2012), Hatane (2015), Mafini and Pooe (2013) and Chueng et al. (2008), which were used to measure organisational performance. The study assessed the BSC performance as multi-dimensional with four components identified as financial performance (FP1 to FP6), customer satisfaction (CS1 to CS6); internal processes (IP1 to IP6) and learning and growth (LG1 to LG6). Furthermore, the Cronbach alpha values for all of the four measurement scales are higher than the required threshold of 0.7. These scales are therefore considered to be internally consistent and suitable for application in the present study.

Overall Organisational Performance Items

Section E provides the items used to measure the perceived overall organisational performance. This scale, consisting of six items, was adapted from Ironson et al;. (1989) and a recent study by Alosani et al. (2020). These items are presented in Table 4.9.

Table 4.9: Scale Development and Reliability for Organisational Performance (OP)

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
OP1	Resources are managed efficiently in our department	Organisational performance	Alosani et al. (2020)	Security, United Arab Emirates	0.784

Item Code	Code description	Measurement dimensions	Author(s) and Year	Industry and region where the scale was applied	Reliability (Cronbach's Alpha) (α)
OP2	Programs are implemented speedily				
OP3	The level of wastage in our department is low				
OP4	Our department has successfully developed the procedure to improve the quality of service offered				
0P5	We have ample opportunities to make independent decisions		Ironson et al. (1989)	Cross-sector, USA	0.880
OP6	My organisation can retain essential employees				

Source: Adapted from Ironson *et al*. (1989) and Alosani *et al*. (2020).

As revealed in Table 4.9, the previous studies from which the scale for the measurement of organisational performance was adapted, all achieved reliabilities above 0.7, as measured by the Cronbach alpha coefficient. This confirms that the scale is reliable and is suitable for application in the present study.

4.8.2.3.2 Questionnaire Adaptation

As pointed out in the above discussion, all instrument scales from the study are adapted from previous established empirical investigations. Questionnaire adaptation is the process of modifying or changing an established questionnaire or set of questions to suit or fit the context of a particular study (Mohler et al., 2016). It is vital because it enables the survey questionnaire to retain the most important message or points that the items convey. If performed correctly, questionnaire adaptation also ensures that the psychometric properties of the instruments are maintained, in the form of reliability and validity (Nora et al., 2017). The importance of using already tested and validated scales is crucial in ensuring the finding of valid and reliable results (Laake et al, 2007). The evidence presented in the tables above (4.6 to 4.9) highlighted the reliability scores of these measurement scales, which met the Cronbach Alpha's minimum threshold reliability value of 0.7.

Minor adaptions were performed on the questionnaire because of the similarities in the contexts of the studies from which the items derived. The original measurement scales were developed in the English language, and the language used is applicable to the South African context, which means that it is assumed that the average respondent would not encounter challenges in understanding the questions. However, a few changes might have been made in respect of the wording as well as the structure of the sentences, depending on the results of the pilot study.

4.8.3 Data Analysis Procedures

Once gathered, the data of the study was assessed using two statistical software, namely, the Statistical Packages for the Social Sciences (SPSS) and the SMART PLS. The first step in the analysis consists of the recording of data onto an Excel spreadsheet, followed by a cleansing process to ensure that there are no missing entries that could negatively impact on the analysis procedure. Thereafter, the SPSS software was used for analysing the respondents' demographic information, descriptive statistics for the research constructs and the distribution of data. It was also employed in performing the Exploratory Factor Analysis for determining the data structure in all measurement scales. The psychometric properties of the data were analysed to determine the reliability and validity of the constructs under investigation. Lastly, the SMART PLS software was used for conducting a Confirmatory Factor Analysis, which was performed to assess the accuracy of the scales and for analysing the relationships between various constructs (corporate governance, corporate governance barriers and organisational performance).

The next section provides details on the data preparation processes.

4.8.3.1 Data preparation procedures

The preparation of data is essential because it enables the effectiveness of the whole data analysis procedure. It further ensures that there is no error that can negatively impair the sound examination phase. The readiness of the data consists of several aspects such as data editing, coding, and cleansing. These respective techniques are unpacked in sections 4.8.3.1.1 to 4.8.3.1.3.

4.8.3.1.1 Data editing

Data editing refers to the process of examining the quality of the gathered survey data to minimise any errors that might filter through during the collection phase (Habibzadeh, 2017). These include, amongst others, missing entries in the section of options, disparities in the sequence of answers as well as typological mistakes. Data was edited by perusing through the collected questionnaires to identify any inconsistencies in the several selections that were obtained. This also allowed for the instant correction of answers by looking at a respondent's selection pattern to make corrective input where missing entries are observed.

4.8.3.1.2 Data coding

Data coding is regarded as a researcher's ability to assign a specific numerical code or number to an item of the questionnaire (Williams & Moser, 2019). For this study, the coding of data had been done through the assignment of numerical codes on an Excel spreadsheet of figures confined between 1 and the actual number of returned questionnaires (the exactitude of this information is provided in Chapter Five under the response rate section). Other allocations are based on the types of questions in the questionnaire. For example, a code of 1 and 2 was assigned to determine the demographic evaluation participants, with a focus on their gender information. These two options represented male and female, respectively. Regarding the questions measuring the constructs of the study, a code ranging from 1 to 5 was provided, expressing the degree of agreement/disagreement to the statements offered.

4.8.3.1.3 Data cleansing

Data cleansing can be defined as the process of screening survey questions to identify inaccuracy or inconsistency of the selection options (Habibzadeh, 2017). As such, this procedure was done after the completion of data editing and coding. It consisted of a double-checking process in which the Excel document was scrutinised to ensure that there are no missing coded entries on the spreadsheet. Once this process was completed successfully, the Excel data spreadsheet was used in further analysis, which included testing for normality, which is addressed next.

4.8.3.2 Test for normality of data

A normality test is defined as the assessment of effective modelling of a study's data set (Mishra et al. 2019). Conducting a normality test of data is important because it enables research studies to determine the distribution of the data, which determines the type of analysis to be applied (Ghasemi & Zahedias, 2012). The assessment of normality of data is necessary to reinforce the need to conduct parametric tests. Several tests can be performed to test for the normality of data. These include the Jarque-Bera test, Lilliefors corrected K-S test, Anscombe-Glynn kurtosis test, D'Agostino-Pearson omnibus test and D'Agostino's K-Squared test (Peat & Barton, 2005; Oztuna et al.2006; Ghasemi & Zahediasi, 2012).

In the present study, normality of data was determined using the D'Agostino's K-squared test. This test is designed to establish whether a study's sample is derived from an adequately distributed target population (Ahmad & Al-Mutairi, 2017). The sample skewness and kurtosis were considered when performing this test, with the former assessing the lack of regularity while the latter establishes three fundamental options. These include the following determinations based on the data: (1) heavily tailed, (2) or (3) light-tailed, comparatively to a sound distribution (Oztuna et al., 2006; Lee et al., 2016). In addition, the study follows the suggestion by George and Mallery (2010) that the threshold for establishing skewness is a range of -2 to +2 to prove the normal distribution of data. According to Westfall's (2014) suggestion, the kurtosis value for any standard normal distribution should be equal to 3. In this way, values equal or closer to 3 were considered as a signal for the normal distribution of data. The SPSS software was applied in conducting D'Argostino's K squared test alongside the descriptive analysis of the research constructs. The results for testing for normality are reported in Section 5.6.

4.8.3.3 Descriptive statistics analysis

Descriptive statistics refer to the summation of quantitatively related data which provide a detailed overview of specific patterns or representation of the cohort's population under investigation (Amrhein et al 2019). It further involves the application of measures such as mean-scores, standard deviations, frequencies, and percentages. This study conformed to the techniques to conduct its descriptive statistical analysis. The results for the application of descriptive statistics are presented in Section 5.5.

4.8.3.3.1 Frequency analysis

Frequency analysis can be defined as the degree of occurrence of a particular variable within a determined sample (Khakshooy & Chiappelli, 2018). For this study, the analysis of frequencies was applied to determine the demographic characteristics of the targeted population. Criteria such as gender and racial representations, academic qualification (highest) and experience were evaluated. Additionally, frequency analysis was employed to establish the views and perceptions of the respondents towards the constructs of the study (corporate governance, its barriers as well as organisational performance).

4.8.3.3.2 Mean scores.

A research's mean score is regarded as an overall average score derived from the total representation (Holcomb, 2016). Mean scores were computed to determine the most level of agreement/disagreement with the questionnaire items, which is the respondents' perceptions towards the measurement items and scales. This was made possible by establishing the items with the highest score as the ratios of the sum of its measurement instruments. The subsequent ranking of the remaining constructs was determined on that basis.

4.8.3.3.3 Standard deviation

Standard deviation (SD) is defined as the dispersion of a study's data compared to the mean value (Conner, 2017). The lower the SD to the score value, the closer the data to the mean value, while a contrasting assumption indicates that measures are far more extended over the range of values. As such, the SD was conducted to confirm whether the data are normally distributed.

4.8.3.4 Exploratory factor analysis

Exploratory factor analysis (EFA) is a technique that is employed to assess the level to which a specific factor influences a research variable (Yong & Pearce, 2013). It is based on the exploration of the degree of representation of observed constructs in latent ones. There are three latent variables in this study, which are corporate governance, corporate governance barriers and organisational performance. The observed constructs are based on the items on the instruments measuring these variables. The application of EFA is essential to ascertain the correctness and alignment of the factor structure derived from the proposed conceptual framework of the study, to minimise the possibility that the factor structure may report more than one aspect for a latent construct.

As a prerequisite to the application of EFA, the collected data of the study must be verified by checking their degree of favourability. This is achieved by conducting Bartlett's Test of Sphericity as well as the Kaiser Meyer Olkin (KMO) test of Sampling Adequacy. The former determines the correlation matrix as an identical one. The disconnect of the constructs implied that they are not fit for EFA. Besides, a p-value is key in revealing the relatedness of the construct, with any figure below the threshold of 0.05 indicating that the non-conformance of the variables in the correlation matrix with the acceptability cut-off. The KMO evaluates the largeness of the study's sample based on a threshold value of equal or higher than 0.5 (Field, 2013:1; Andale, 2017:1).

The EFA was performed in three distinct phases. These include: (1) the selection of items with factor loadings higher than 0.5; (2) the selection of factors with Eigenvalues higher than '1' as suggested by the Guttman-Kaiser rule (Kaiser, 1960; Larsen & Warne, 2010); and (3) application of the Cartell's Scree Plot criteria recommendation (Cartell, 1960; Courtney, 2013; Warne & Larsen, 2014). Lastly, SPSS provided the platform to perform the EFA procedure through Critical Components Analysis using Varimax Rotation to perform the rotation process in this study further. The results are reported in Sect 5.4.

4.8.3.5 Structural equation modelling

Structural equation modelling (SEM) is a statistical technique that is utilised to ascertain associations defined in a research study's conceptual framework or model (Awang et al.,, 2016). The present investigation conformed with the stated conceptualisation in testing its research model that highlights the proposed direct causal relationship between corporate governance, its barriers and organisational performance.

The execution of SEM is described as a two-fold step (Brown, 2015). Firstly, the psychometric properties of instrument scales were assessed using Confirmatory Factor Analysis (CFA). Secondly, the examination of the proposed causal relationship derived from the mentioned hypotheses of the study was performed using the path analysis. These statistical procedures were performed using SMART PLS software, while the reliability test was done using SPSS. The results are reported in Section 5.7. These procedures are discussed in the upcoming subsections.

4.8.3.5.1 Confirmatory factor analysis

As indicated previously, CFA is a technique that is employed using SEM and is aimed at assessing the degree of accuracy of the instrument or measurement scales by determining the direct or indirect causal association that exists between research constructs (observed indicators and latent variables) (Li, 2016). According to Marsh et al. (2020), the determination of the accuracy of a research model is based on reliability and validity. Their elaborations are provided below.

4.8.3.5.1.1 Reliability analysis

Reliability analysis refers to the ability of research measurement instrument be free from error (Mohajan, 2017). It can be tested through several methods, which include amongst others the split-half reliability coefficient and the Kuder-Richardson Formula 20 (K-R 20), the Composite reliability test, the Cronbach alpha test and item-to-total correlations (Melchers & Beck, 2018). The Cronbach alpha test and inter-item correlations were performed in this study to determine the reliability of the research instruments.

4.8.3.5.1.1.1 Cronbach alpha

The Cronbach alpha (α) coefficient is a measure used to check the internal consistency of a construct's measurement scale. It is defined by Lee Cronbach's initial work in 1951 as the measurement of the internal consistency of a study's items scales and is determined in values confined between 0 and 1. In other words, it assesses how reliable are a study's construct items (Heo et al, 2015). The greater the value of the Cronbach alpha, the higher the level of acceptability (Vaske et al., 2017). Table 4.10 offers the threshold of acceptability as advanced by Cronbach in the study established in 1951.

Table 4.10: Cronbach Alpha Thresholds

Table 4.10: Cronbach Alpha reliability thresholds	
Cronbach Alpha Value	**Internal Consistency**
$\alpha \geq 0.9$	Excellent
$0.8 < \alpha \leq 0.9$	Good
$0.7 < \alpha \leq 0.8$	Acceptable
$0.6 < \alpha \leq 0.7$	Questionable
$0.5 < \alpha \leq 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: Cronbach (1951).

Table 4.10 provides the degree of acceptance and accuracy of Cronbach alpha values based on their respective threshold values. As can be observed, (α) values that are equal or above 0.7, can be considered as acceptable, reflecting a good internal consistency of the measurement items. However, (α) values below 0.7 are regarded as questionable, with those falling far behind the cut-off point show internal inconsistency. This study followed these rules of thumb in its determination of the reliability of constructs of the study.

4.8.3.5.1.1.2 Item-total correlations

Item-total correlations refer to the assessment or determination of the variables' internal consistency (Howard & Forehand, 1962). They are used to determine a study's reliability and the consistency of their measurement instruments (Howard & Forehand, 1962). The authors endorsed Nunnally's (1978) suggestion that any item with an item-total correlation value of below 0.3 are unreliable and should then be disregarded in further analysis of data. As such, the current study conformed to Nunnally's recommendation in its assessment of item-total correlations.

4.8.3.5.1.2 Validity analysis

Validity refers to the determination of the meaningfulness of a research construct using its measurement instruments (Hopkins, 2017). It further denotes the assessment of whether scales items measure what they intend to measure in a variable (Heale & Twycross, 2015). It is important to determine validity because it establishes the correctness and adequacy of measurement instruments (Drost, 2011). Validity analysis refers to the determination of the adequate and valid inferences of measurement instruments to allow proper understanding by a study's targeted population (Mohajan, 2017). This study assessed its constructs' validity using three validities, which are face, content, and construct.

4.8.3.5.1.2.1 Face validity analysis

Face validity analysis refers to the assessment of the soundness of study's questionnaire in terms of its representation from a facial glance perspective (Connell et al., 2018). It examines research measurement scales to determine their correctness and effective adaptation (Csikszentmihalyi & Larson, 2014). For this study, face validity has been determined through a review of the questionnaire by a panel of academics who have advanced knowledge of corporate governance and organisational performance. These scholars were requested to provide an in-depth review of the questionnaire which was used as a basis to further improve the quality of the measurement instruments, in terms of wording, structure as well as nuance and coherence of the sentences.

4.8.3.5.1.2.2 Content validity analysis

Content validity analysis can be defined as the level of which questionnaire measurement instruments provide a clear representation of the content areas they are intended to address (Connell et al., 2018:1893). As suggested by Almanasreh et al (2019), it is crucial to ascertain the content of a study's measurement instrument because it establishes the quality and the adequate representation of the information to be assessed. In this study, it was assessed by conducting a pilot study derived from the suggestive correction from the panel of experts. This pilot study consisted of trial testing the questionnaire to a relatively smaller sample of the targeted population to ensure a proper comprehension of the question items by the respondents (Johanson & Brooks, 2010). The study conformed with recommendations by Connelly (2008), who suggested that 10% of the total sample size should be conveniently selected to be part of any pilot testing of questionnaire items. As a result, 50 conveniently selected respondents consisting of government officials took part in the pilot study. Its results considered to amend the questionnaire further. The amendments involved the structure of the questions to ensure that the sentences are correctly worded to minimise any ambiguity. It included the minimal use of technical terminologies as well as hard to read/comprehend phrases. Also, the reduction of the length of sentences was considered to prevent the survey from being a lengthy process.

4.8.3.5.1.2.3 Construct validity analysis

Construct validity is referred to as the degree to which a study's constructs assess what they are meant to measure (Polit & Beck, 2012). It is a necessary process to undertake when trying to determine the soundness of measurement items. Besides, it is most prominent in fields related to psychology and social sciences (Almanasreh et al., 2019). Its examination is essentially based on two distinct approaches, namely, convergent and discriminant validity (Bagozzi et al., 1991).

- **Convergent validity analysis**

Convergent validity refers to the ability of two constructs' indicators to relate with each other (Peter, 1981). It is usually applicable in behavioural, psychological and sociological studies, and is meant to confirm the relatedness of two or more theoretically related constructs (Cheah et al. , 2018). It will be determined using two factors, namely, item factor loadings derived in the CFA and the Average Variance Extracted (AVE) value. For the factor loadings to represent acceptable convergence, they must be higher than 0.5. The AVE value will be computed manually, based on the factor loadings for each scale should reveal a minimum acceptance convergence of 0.4, as suggested by Fornel and Larcker (1981). An acceptable level of convergent validity suggests that the item scales converge well with the construct they intend to measure. This further indicates that the items were, at the very least, measure at 50 per cent of what they are intended to measure, as recommended by Anderson and Gerbing (1988).

- **Discriminant validity**

Discriminant validity is a measure of the separation of a research's constructs, confirming that unrelated constructs are indeed not related to each other (Henseler et al., 2015). It is important to assess discriminant validity because it enables the establishment of irrelevant and unrelated constructs (Ibid). In the study, discriminant validity was determined through the Fornel-Larcker (1981) criterion, where the square room for the construct was expected to be higher than its correlations with other constructs.

4.8.3.5.1.3 Path analysis

Path analysis is a procedure which is designed at examining the causal (either direct or indirect) relationship between a research's constructs. It further depicts the significance level as well as the greatness of the hypothesised association between a model's dependent and independent variables (Shipley, 2016). The significance of the association is observed through p-value, and the magnitude through path beta coefficients.

4.9 ETHICAL CONSIDERATIONS

Ethics in research is regarded as all moral rules and standards that should be followed in the completion of the research project. These regulations are essential in ensuring efficient behavioral conduct from a research team to adequately undertake an investigation without compromising or disregarding principles of human rights (Resnik, 2018). As such, there were several ethical considerations to be followed in the present study. These included informed consent, the confidentiality of the study's respondents, protection against harm, permission to conduct the research project and adherence to ethical reporting of findings **(**Hammersley & Traianou, 2012)**.**

4.9.1 Informed Consent

Informed consent refers to the presentation of detailed information by the principal investigator of the research project to the targeted participants about the merits and relevance of the study; to secure their consent to participate in the research (Adams et al., 2017). Informed consent was applied in this study by providing respondents with the necessary information about the purpose of the research project and its scientific relevance as well as the fundamental role that the participants had in its practical completion. This was achieved through the submission of an informed consent letter which respondents were expected to sign as testimony that they understood the purposes of the study. After evaluating the contents of the documents, respondents were given the choice to opt out of the survey without any repercussions if they did not have any interest in completing the questionnaire. Hence, the principle of voluntary participation was upheld.

4.9.2 Ensuring Confidentiality

Confidentiality pertains to the observance of privacy or anonymity of the identity and personal information of a survey's respondents (Adams et al., 2017:50). It enables the protection of privacy of the information given by respondents as well as maintaining their identity. Confidentiality was maintained in this study by omitting any structure in the questionnaire that could require the respondents to reveal their personal identities such as names, surnames, email addresses and even signatures.

4.9.3 Protection from Harm and Victimisation

A sound research project should be able to protect against any forms of harm in terms of victimisation, willing or unwilling subjection of physical or psychological trauma (Myers & Venable, 2014). It is a prerequisite of any comprehensive ethical research project to refrain from inflicting or causing any emotional or physical harm on potential participants. The study followed this principle by providing a detailed explanation of the aims of the project and offered further reassurance that it was intended to serve a purely academic purpose.

4.9.4 Obtaining Permission

Obtaining permission is vital because it offers an official endorsement of the scientific merit of the study by the institution's stakeholders. As such, permission to undertake the research and its data collection procedure was sought from the University of South Africa's (UNISA) research ethics committee. This was based on the assessment of the questionnaire to determine that it was not intended to vulnerable individuals and the establishment of its scientific value. Additionally, permission to conduct the study was also sought from the various national government departments from where data was collected.

4.9.5 Objective reporting of results

The principle of fairness in the reporting of results obtained in the analysis of the collected data was maintained. To achieve the objective reporting of results, their unethical manipulation was avoided throughout the study, and all interpretation of data was performed with accuracy. Efforts were taken to minimise plagiarism to support the notions of fairness and authenticity. Plagiarism was prevented by submitting the content of the study through a plagiarism check to determine the degree of similarity of the content of the entire document *vis-à-vis* the external sources available in the public domain. Also, the study ensured that information obtained from external sources were either rephrased or altered.

4.10 CONCLUSION

The purpose of this chapter was to address at length the research methodology aspects that were conducted in this study. The discussion started by giving the reasoning and paradigms identified in the investigation. It was established that the study is anchored on deductive reasoning and the positivist paradigm. Other methodological considerations such as the research approach, time horizon, design and strategy were discussed. The study was based on the quantitative approach, a cross-sectional time horizon and a survey strategy employed as the data collection method. The chapter also discussed the sampling design, showing that respondents are managers and employees of national government departments based in Gauteng province. The selection used was the non-probability based purposive sampling technique. In addition, the discussion provided an insight into the design and structure of the measurement instrument of the survey questionnaire and its dissemination procedures through email and the drop-and-collect surveys. In terms of data analysis, the chapter showed that the primary data analysis procedures included descriptive statistics, EFA and the SEM procedure. It concluded by highlighting several ethical considerations that were followed to maintain a high level of integrity in the study. The next chapter discusses the results derived from the analysis of the gathered data of the study.

CHAPTER 5

DATA ANALYSIS AND INTERPRETATION OF RESULTS

5.1 INTRODUCTION

Data analysis applies statistical techniques to illustrate, describe, recap, condense and evaluate data. According to Nora et al. (2017), several systematic or logical procedures "provide a way of drawing inductive inferences from data and distinguishing the signal (the phenomenon of interest) from the noise (statistical fluctuations) present in the data". An essential part of certifying data integrity is the appropriate and accurate analysis of research results. Inappropriate statistical analyses misrepresent scientific outcomes, misinform casual readers (Zikmund et al. 2012), and may undesirably influence the public perception of research. Reliability and veracity matters are just as pertinent to the analysis of non-statistical data as well. Therefore, the primary purpose of this chapter is to present the results from the collected data and provide the discussions, analyses, evaluations, elucidations and interpretation of the research outcomes, or results. All data were analysed using SMART PLS 3.0 and the SPSS (version 27.0) software.

The analysis of the data is in two phases: descriptive statistics analysis and inferential statistical analysis. The chapter begins with the pilot study results, response rate of the survey, and descriptive statistical analyses. Descriptive statistics were applied first to analyse the data provided in Section A of the questionnaire that sought to establish the demographic patterns of the respondents in the public sector in South Africa. This is followed by the descriptive analysis of the results where the mean scores and the standard deviations in each measurement item/scale were established to determine the respondents' perceptions towards each conceptual framework construct of the study. The chapter also presents an analysis of the psychometric properties of measurement scales utilised in the study. It further presents the path analysis results, using the PLS technique. In conclusion, the link between the results and the research theory is presented.

5.2 RESULTS OF THE PILOT STUDY

A panel of academics from a university in South Africa reviewed the questionnaire. The constructs' terms were explained to improve understanding. The demographics section has two sections. One section focusing on the respondents' data, thereby enhancing the survey demographic data (see Appendix 1 for the copy of the final questionnaire). The sample questionnaire was then pre-tested using a predetermined sample of 16 (n=16) respondents selected. The pre-testing results confirmed the accuracy of the questionnaire with no meaningful adjustments except one change, which required the inclusion of respondent consent to participate in the survey. This change was implemented, and the questionnaire was considered ready for a pilot study. A sample of 50 (n=50) respondents were selected conveniently and used to carry out a pilot study and test for content validity and reliability of the questionnaire. Measures such as explaining the questions and simplifying the constructs questions were adopted, improving the reliability and validity of the primary survey data. Table 5.1 shows the results of the pilot study.

Table 5.1: Results of the Pilot Test

Scale	Sample Size.	Mean	Variance	Average item-total correlation	Number of items	Number of items deleted	Cronbach Alpha
CG	50	3.276	0.470	0.720	5	0	0.878
CGB	50	4.251	0.063	0.714	29	0	0.970
FP	50	4.687	0.036	0.550	6	0	0.793
CS	50	4.337	0.024	0.707	6	0	0.885
IP	50	4.473	0.170	0.637	6	0	0.844
LG	50	2,274	0.022	0.649	6	0	0.856
OP	50	4.158	0.171	0.703	6	0	0.844
CG= Corporate governance; CGB= Corporate governance barriers; FP=Financial performance; CS=Customer satisfaction; IP=Internal processes; LG=Learning and growth; OP = Organisational performance							

Source: Compiled by author.

As indicated in Table 5.1, all scales attained average item-total correlations above the recommended cut-off value of 0.3 (Greener & Martelli, 2016). In addition, all scales achieved Cronbach alpha values above the 0.7 minimum threshold recommended by various authors (Neuman, 2016; Cook & Campbell, 2017). The reviewing panel advised that the pilot data should be discarded. Therefore, the pilot data were not included in the main survey. The next section presents an analysis of the results of the main survey.

5.3 RESPONSE RATE

Although comparable in description to completion rates, response rates enable understanding into the accuracy of the collected data. Concisely, a response rate refers to the number of people who fully completed the survey questionnaires divided by the number of people who make up the total sample group (Greener & Martelli, 2016). Similarly, Neuman (2016) states that response rate relates to the number of people participating in a survey divided by the number of people who responded, expressed as a percentage (Saunders et al., 2016). Cook and Campbell (2017) define the response rate as the number of completed interviews or distributed questionnaires divided by the total number of respondents. Sekaran and Bougie (2014) present it as the total number of returned questionnaires divided by the total sample who completed the survey initially. This study utilised the definition given by Cook and Campbell (2017) to calculate the response rate of this study. Table 5.2 present the response rate.

Table 5.2: Response Rate

Description	Frequency
Total number of questionnaires distributed	350
Total number of questionnaires returned	279
Total number of questionnaires not returned	71
Unusable responses discarded	19
Valid questionnaires retained	260
Response rate percentage	74.29

Source: Compiled by author.

Table 5.2 outlines the total number of questionnaires distributed, returned, discarded, and retained during the survey and data capturing process. Three hundred and fifty (350) questionnaires were distributed to executive managers, senior management, professionals, and other employees employed in the public sector in Gauteng. From the questionnaires distributed, 279 were returned, and 71 were not returned. From the returned total, 19 questionnaires were discarded because they were unusable as several items had ambiguous responses (for example, double ticking), and some sections were unmarked. In total, 260 questionnaires were retained after establishing that they were valid to be used in the study, depicting a response rate of 74.29 per cent. Therefore, the usable total number of responses available for analysis is 260 questionnaires.

There is no consensus regarding the minimum response rate as various researchers and academics suggest different values. A quick review of survey literature reveals a lack of consistency and benchmark set regarding the minimum and highest response rates. Some studies (Creswell, 2014; Mertens, 2015; Saunders et al., 2016; Cook & Campbell, 2017) mention that there is no absolute threshold for a minimum response rate for sampling items as no rate is revealing of greater or lesser precision utility. Mertens (2015) suggests that a response rate of at least 50 per cent is appropriate, acceptable for analysis and reporting. O'Leary (2014) proposes that a minimum response rate of 60 per cent is both desirable and adequate, while Johnston (2017) recommends that 70 per cent is the most appropriate and desirable. However, the proposed thresholds for response rates may provide a guide that has no statistical basis such that a demonstrated lack of response bias is far more important than a high response rate (Setia, 2016). The 74.29 per cent response rate achieved in this study satisfies the various recommendations cited above. The next section presents the descriptive analysis.

5.3.1 Descriptive analysis

This section presents the results drawn from the descriptive statistics in the first part of the data analysis. The discussion revolves around the data received in Section A of the questionnaire, which seeks to establish the demographic details of respondents. The descriptive analysis is premised on determining the gender, age, race, highest qualification, number of years employed, type of contract, and the occupational position.

5.3.2 Demographic profile of respondents

The data about the demographic profiles of respondents were analysed using descriptive statistics, which focused on categories such as gender, age, race, highest qualification, employment period, type of contract, and occupational position of the respondents. The statistical information in section A of the questionnaire is outlined in Table 5.3.

Table 5.3: Descriptive Statistics Results

Variable	Category	Frequency (n)	Percentage (%)
(A1) Gender	Male Female	127 133	48.8 50.8
Total		**n= 260**	**100**
(A2) Age	18-25 26-35 35-45 46-55 56+	2 32 94 114 18	0.8 12.3 36.2 43.8 6.50
Total		**n= 260**	**100**
(A3) Race	Black White Coloured Indian	220 34 4 2	84.6 13.1 1.50 0.80
Total		**n= 260**	**100**
(A4) Highest qualification	Matric Other: certificates Diploma Degree Postgraduate	20 2 75 91 72	7.7 0.7 29.0 35.0 27.6
Total		**n=260**	**100**
Position	Executive Manager Senior Manager Line Manager Professional/specialist Clerical Other	18 129 69 20 18 5	6.9 49.6 26.5 7.7 6.5 1.9
Total		**n=260**	**100**
Type of Contract	Permanent Fixed term Temporary	254 4 2	97.7 1.5 0,8
Total		**n=260**	**100**
Employment period	<1 year 1-5 years 6 -10 years 11-15 years 16=20 years 20+ years	3 54 137 44 13 8	1.2 20.8 52.7 16.9 5.0 3.1
Total		**n=260**	**100**

Source: Compiled by author.

5.3.2.1 Gender distribution of respondents

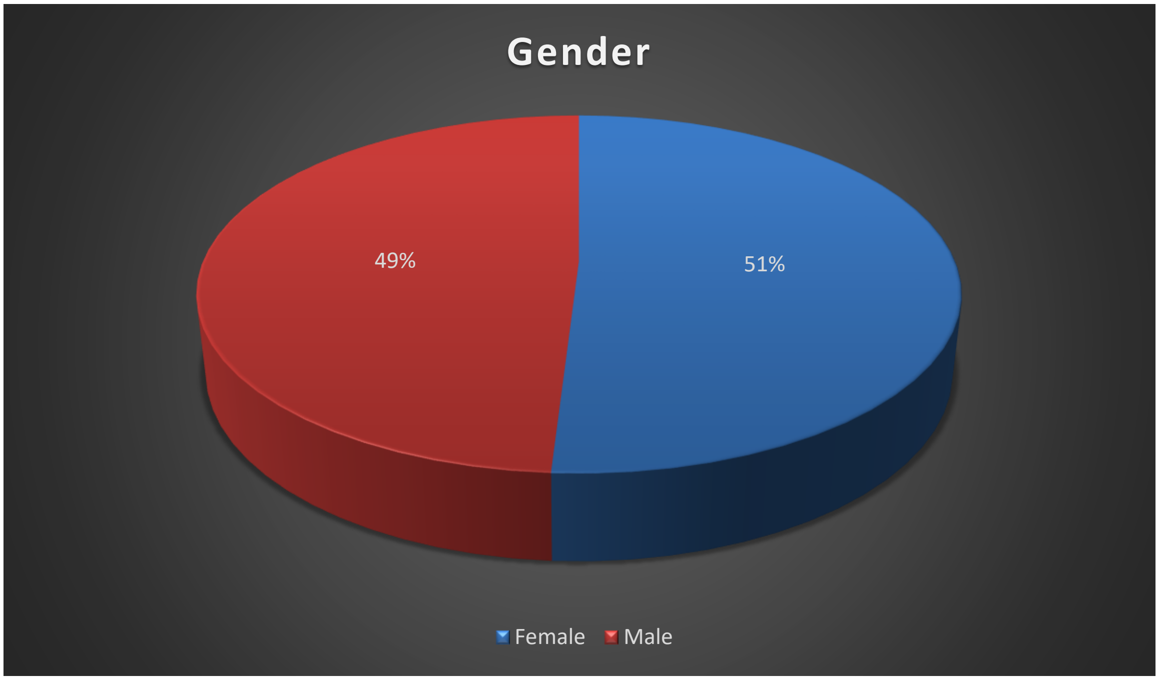


Figure 5.1: Gender Distribution of respondents

Source: Compiled by author.

Figure 5.1 is a graphical diagram of the gender structure of the surveyed respondents. It shows that there were slightly more female respondents represented in the sample than males. The male gender registered 49% (n=127) of the respondents, whereas the female gender registered 51% (n=133).

5.3.2.2 Age distribution of the respondents

Figure 5.2 presents the age distribution of respondents.

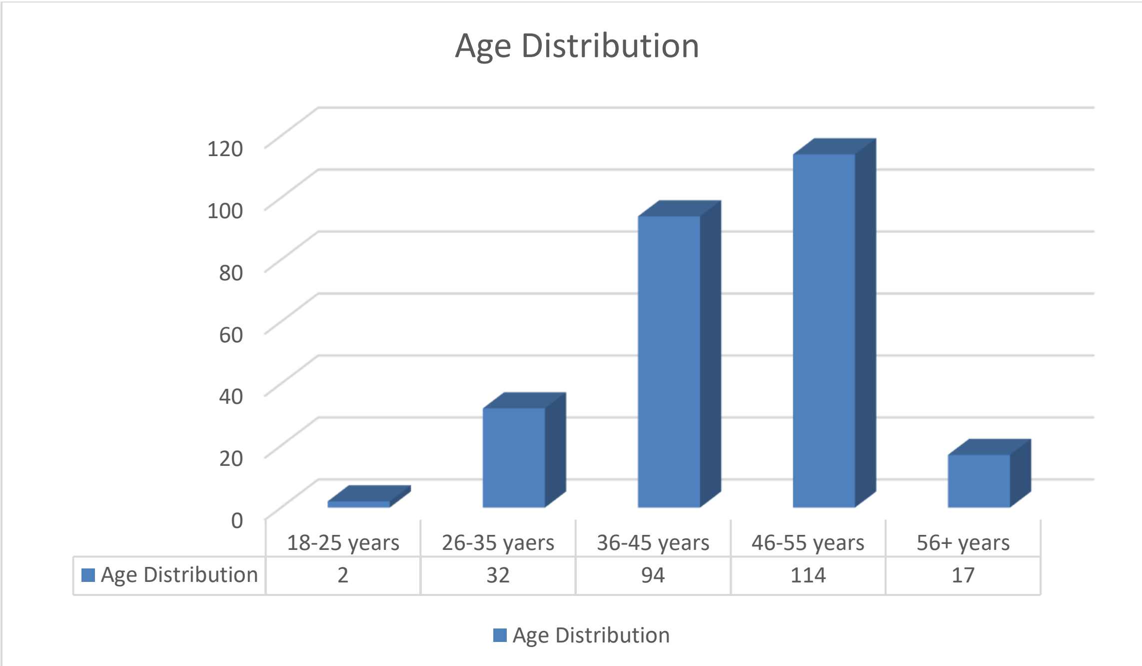


Figure 5.2: Age Distribution of Respondents

Source: Compiled by **a**uthor.

In terms of the age distribution, the results show that most respondents were aged between 46-55 years (43.8%; n=114). This is followed by those aged between 36 and 45 (36.2%; n=94). A 12.3% of respondents (n=32) from the total retained sample data were aged between 26-35 years. The study also reveals that a total 0.8% respondents (n=2) of the sample were aged 25 years and below, while 6.5% of respondents (n=17) were aged 50 years and above. The data reveals that between 46-55 years has the highest number of respondents in this study.

5.3.2.3 Race distribution

The discussed results regarding the racial distribution among respondents are reported in Figure 5.3.

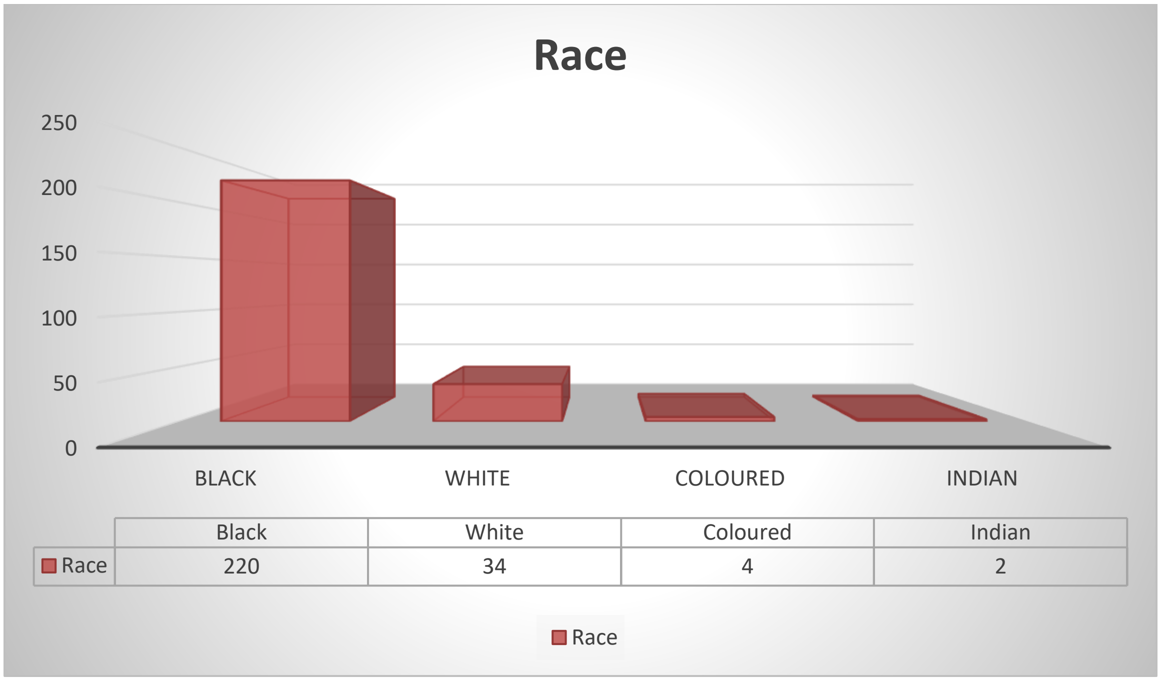


Figure 5.3: Racial Distribution of the Respondents

Source: Compiled by author.

Regarding the race distribution of the respondents, interesting results emerged. The highest percentage of respondents in the study belonged to the Black race, which constituted 84.6 per cent (n=220) of the total sample. This is followed by the White race, which accounts for 13.1 per cent (n=34) of the 260 retained respondents. The mixed race (Coloured) constitutes 1.5 per cent (n=4) of the respondents. The Indian race comes last in terms of dominance with 0.8 per cent (n=2). There were no other races that were identified in the study other than the ones identified above. Therefore, the data shows that the Black race responded more than any other race in this study.

5.3.2.4 Highest qualification distribution of respondents

Figure 5.4 presents information regarding the highest qualification distribution.

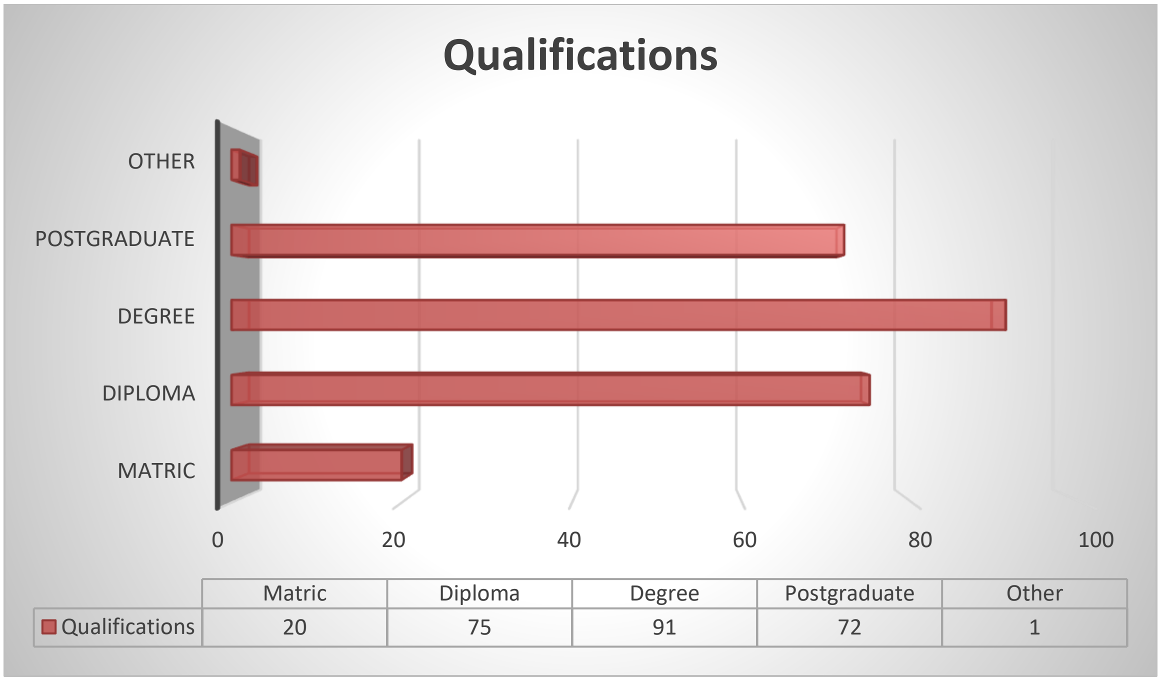


Figure 5.4: Highest qualification distribution

Source: Compiled by author.

Concerning the qualifications of the respondents, the results display that out of n=260 respondents, 7.7 per cent (n=20) were matriculates whilst 28.8 per cent (n=75) were diploma holders. The results also revealed that most of the respondents were degree holders as they constituted 35.0 per cent (n=91) of the surveyed population. Only 27.7 per cent (n=72) of the total sample were holders of postgraduate qualifications. Thus, most of the respondents in this study are degree holders followed by those with degrees and respondents with postgraduate qualifications are third. Respondents with certificates are fourth and respondents with matriculation are the least in terms of representation.

5.3.2.5 The employment period of respondents

From the results presented in Table 5.3, 1.2 per cent (n=3) of the surveyed respondents were employed in their organisations for less than one year. It is also revealed that 20.8 per cent (n=54) of the surveyed individuals were employed for a period of 1-5 years. The results further show that the largest number of sampled individuals (52.7 per cent, n=137) were employed for a period of between 6-10 years, whereas 16.9 per cent (n=44) were employed for a period of between 11-15 years. Only 5.0 per cent (n=13) were employed for a period of between 16-20 years. The results regarding employment period are shown in Figure 5.5.

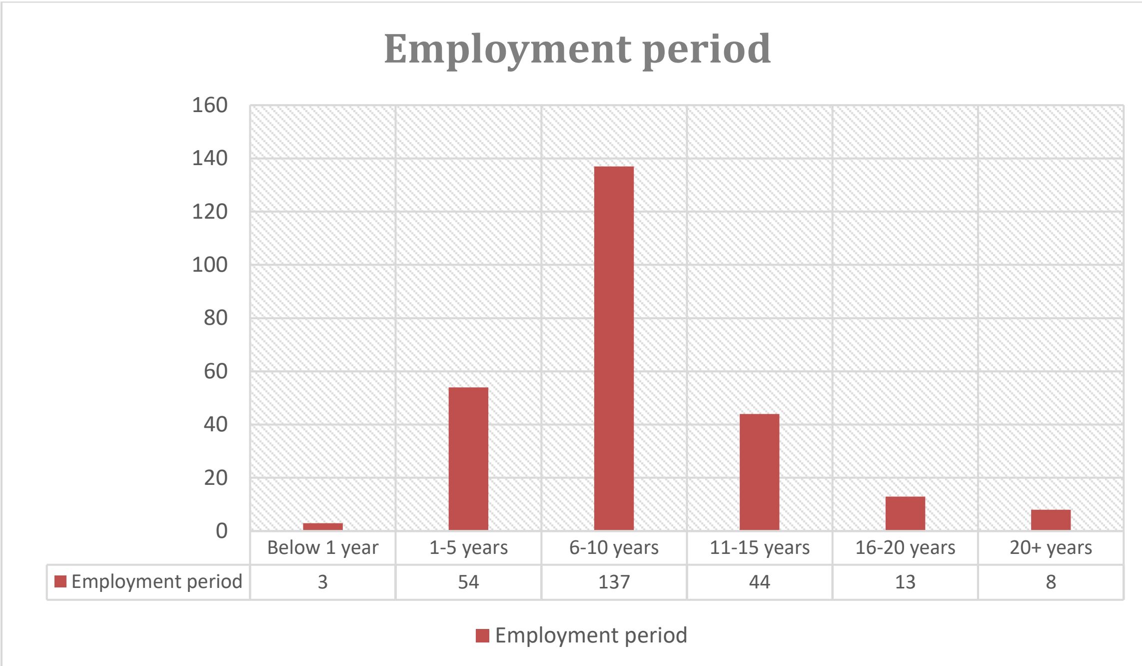


Figure 5.5: Employment period in the Organisation

Source: Compiled by author.

From the statistical results in Table 5.3, most of the respondents were employed for a period between 6 and 10 years.

5.3.2.6 Type of employment

Figure 5.6 presents the results regarding the type of employment.

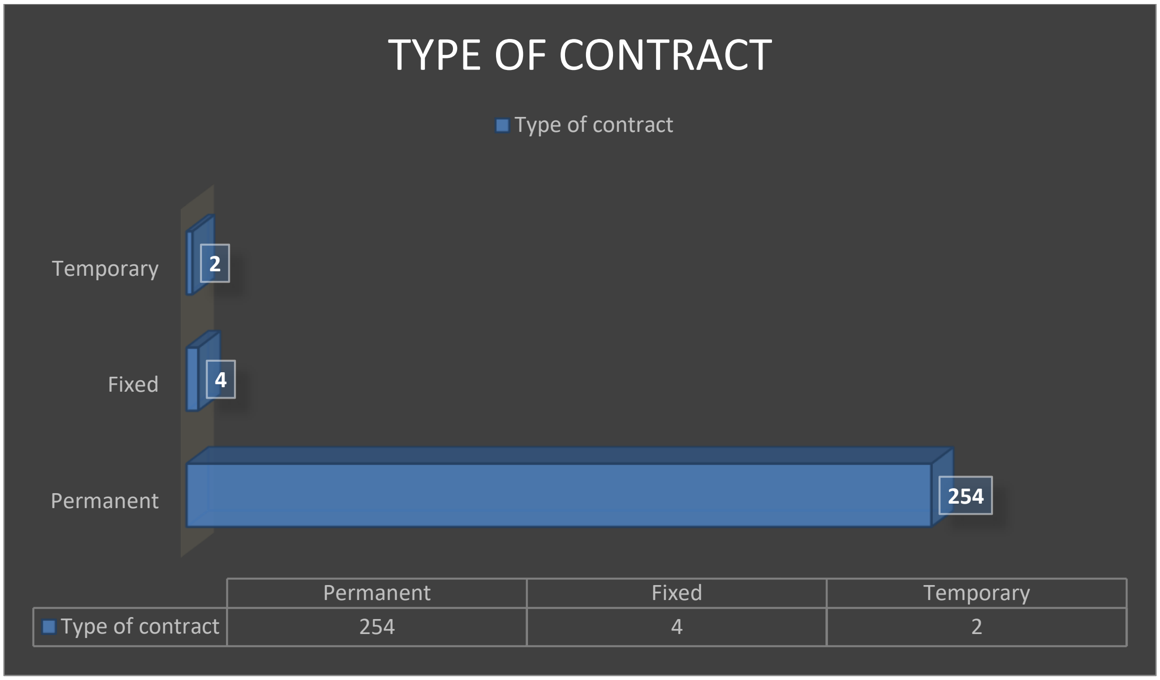


Figure 5.6: Type of Employment

Source: Compiled by author.

The results presented in Figure 5.6 confirm that out of 260 respondents, 97.7 per cent (n=254) were employed on a permanent basis. The results also reveal that 1.5 per cent (n=4) were employed on a fixed contract basis and 0.8 per cent (n=2) were on temporary contract.

5.3.2.7 Position held in the organisation.

Figure 5.7 presents information on positions.

Figure 5.7: Position held in Organisation.

Source: Compiled by author.

The data depicts that out of 260 surveyed respondents, 6.9 per cent (n=18) held executive management positions. The results also reveal that 49.6 per cent (n=129) were into senior management. Those in the position of line management were 26.5% (n=69) of the surveyed respondents. The professionals consisted of 7.7 per cent (n=20) out of 260 respondents. The data also revealed that the position of those in clerical positions comprise 6.5 per cent (n=18) of the surveyed respondents. The other position comprises 2.3% (n=6). The next section is on exploratory factor analysis (EFA).

5.4 EXPLORATORY FACTOR ANALYSIS

In this study, the EFA procedure was applied to evaluate the factor structure of the collected data. This indicates that it was applied to test if the data loaded as arranged in the constructs was proposed initially in this study. In carrying out the exploratory factor analysis procedure, three criteria were applied. It involves the use of factor loadings (which should be greater than 0.5), the eigenvalue criterion (selection of factors with eigenvalues greater than 1) and the scree plot criteria.

(Refer to Section 4.12). The results for the KMO and Bartlett's test for all constructs considered in the study are presented in Table 5.4.

Table 5.4: KMO and the Bartlett's Test Results

CONSTRUCTS	KMO MEASURE	BARTLETT'S TEST		
		Approximate Chi-Square	Degrees of freedom	Significance level
CG	0.847	479.718	10	0.000
CGB	0.954	3881.820	406	0.000
BSC	0.897	1790.766	210	0.000
OP	0.816	469.364	15	0.000
CG= Corporate governance; CGB= Corporate governance barriers; FP=Financial performance; CS=Customer satisfaction; IP=Internal processes; LG=Learning and growth; OP = Organisational performance				

Source: Compiled by author.

Table 5.4 indicates that the KMO values for all scales used in the study were above 0.5, as they ranged from 0.816 to 0.954. In the same way, the Bartlett's test for all scales produced significant levels of 0.000. These results prove that the data collected in this study were appropriate for the EFA procedure. The next sections outline the outcomes of the EFA on the constructs.

5.4.1 Factor analysis for the corporate governance barriers

The EFA for the CGB data yielded six factors. The resultant factor structure is presented in Table 5.5.

Table 5.5: Six-Factor Structure for the Corporate Governance Barriers Scale

Item Code	Description	Factor					
		1	2	3	4	5	6
CGB1	Competition from other public sector organisations	.203	.130	.253	**.736**	.014	.145
CGB2	Public sector turbulence/instability	.094	.215	.454	**.616**	.137	.213
CGB3	Technological changes in the economy	.178	.107	.120	**.777**	.017	.255
CGB20	General economy of the country	.272	.216	.209	**.612**	.081	.101
CGB4	Corporate culture of the organisation	.079	.261	**.652**	.091	.014	.342

CGB5	Interdepartmental conflicts within the organisation	.198	.236	**.597**	.209	.422	.300
CGB6	Organisational political behaviour	.159	.239	**.525**	.325	.301	.016
CGB7	Breakdown of information dissemination within the organisation	.315	.334	**.508**	.179	.112	.122
CGB10	Lack of interdepartmental connectedness within the organisation	.198	.205	**.750**	.204	.061	.431
CGB9	Risk aversion by top management of the organisation	.193	**.660**	.364	.062	.165	.093
CGB12	Inconsistent reward systems within the organisation	.273	**.691**	.221	.021	.310	.105
CGB13	Top management's reluctance to drive corporate governance	.327	**.668**	.199	.035	.153	.322
CGB14	Lack of innovativeness and creativity within the organisation	.274	**.679**	.115	.121	.207	.043
CGB15	Inadequate quality management and incompetence	.049	**.553**	.261	.110	.333	.048
CGB17	Inadequate customer service orientation	.186	.385	.135	.328	**.587**	.072
CGB18	Weak organisational support systems	.430	.425	.248	.177	**.535**	.182
CGB19	Lack of formal education and training	.377	.178	.002	.472	**.592**	.277
CGB26	Poor access to information for all stakeholders	.347	.359	.101	.034	**.651**	.304
CGB21	Formalisation of rigid rules and procedures	.279	.045	.400	.291	.004	**.550**
CGB22	Non-compliance with statutory requirements	.395	.060	.285	.138	.092	**.672**
CGB8	Non-adherence to policies and procedures of the organisation	.349	.234	.243	.246	.252	**.599**
CGB23	Lack of action regarding complaints by stakeholders about mismanagement	**.641**	.323	.278	-.073	.334	.373
CGB24	Lack of action regarding improper behaviour against staff members	**.667**	.299	.242	.058	.457	.151
CGB25	Ineffective implementation of recommendations from auditors	**.594**	.429	.240	-.101	.222	.024

CGB27	Lack of integrity of the organisation's financial reporting system	**.649**	.318	.221	-.042	.091	.024
CGB28	Unavailability of a formal platform for reviewing and guiding organisational strategy	**.678**	.198	.005	.266	.449	.148
CGB29	Poor monitoring of the effectiveness of the governance practices	**.664**	.317	.068	.208	.014	.184
Eigenvalue		**6.214**	**4.519**	**4.127**	**3.923**	**3.750**	**2.135**
Total variance explained		**21.429**	**15.584**	**13.641**	**9.372**	**7.931**	**5.363**
Cumulative variance explained		**21.429**	**37.013**	**40.654**	**49.926**	**57.857**	**63.220**

Source: Compiled by author.

As revealed in Table 5.5, the six factors extracted in the EFA explain 63.220 per cent of the variance in CGB. The outstanding 36.730 per cent is explained by other factors that were not considered in this study. The factor loadings for all factors were acceptable and extended from 0.525 to 0.777, which is larger than the least cut-off value of 0.5.

Factor 1 was labeled as ***Governance Systems and Practices (GSP),*** and was composed of six items that is, CGB23, CGB24, CGB25, CGB27, CGB28, and CGB29. This factor attained an eigenvalue of 6.214 and contributed 21.429% of variance in the CGB. Governance systems and practices (GSPs) refer to the ways in which organisations are governed and to what purpose (Radebe, 2017). The practices and systems identify an individual's power and accountability, and the person who should make decisions. Kondlo (2017) notes that governance systems, in essence, are a mechanism that allows top management to deal more effectively with the challenges of running an organisation. Thus, governance practices ensure that organisations have applicable decision-making processes and controls in place so that all stakeholders' interests (employees, shareholders, customers, suppliers, and the community) are maintained.

Factor 2 was labeled as ***Managerial Skills and Competence (MSC)***. The factor comprised of five items in the form of CGB9, CGB12, CGB13, CGB14 and CGB15. It attained an eigenvalue of 4.519 and contributed 15.584% of variance in the CGB. Managerial competencies are the motives, skills, and attitudes essential to a job, and include such characteristics as problem solving, communication skills, the ability to work within a team and customer focus (Kompanek, 2016). Ahmed (2017) asserts that the ability to evaluate competencies and determine skills gaps is necessary as it allows organisations to manage individuals and team performance better. Therefore, knowing which managerial skills are imperative for diverse managerial functions is essential for developing and improving training and development programmes in national government departments.

Factor 3 was labeled as ***Internal Environment*** and comprised five items in the form of CGB4, CGB5, CGB6, CGB7 and CGB10. This factor attained an eigenvalue of 4.127 and contributed 13.641% of variance in the CGB. The internal environment includes factors that the organisation controls (Manyaka & Nkuna, 2014). For example, the organisation's culture, product development, mission and strategy are all part of the internal environment. Argentino et al. (2017) defines internal environment as a set of components that explain the atmosphere within the organisation's structure. Radebe (2017) describes the internal environment as the way functions and relationships are carried out inside the business, usually within co-workers. Consequently, the internal environment not only impacts the actions and choices of employees but also influences the behaviours of employees within the organisation. Thus, these factors influence the behaviour of people working in the organisation and influence their aptitude to make decisions.

Factor 4 was labeled as ***External Environment*** and consisted of four items in the form of CGB1, CGB2, CGB3, and CGB20. This factor attained an eigenvalue of 3.923 and contributed 9.372% of variance in the CGB. The external environment refers to the elements outside an organisation that can influence its processes by prompting its functions and choices and define its prospects and risks (Armstrong et al., 2015). Ambe (2016) argues that external environment factors are essential because they can cause direct and indirect effects on business operations, personnel, and revenue. Thus, the external environment of an organisation changes continuously in ways beyond the organisation’s control, but top management, especially in national government departments in South Africa, should always track these variations and reduce their effects on operations.

Factor 5 was labeled as ***Client Service Delivery*** (CSD) and comprised four items in the form of CGB17, CGB18, CGB19, and CGB26. This factor attained an eigenvalue of 3.750 and contributed 7.931% of variance in the CGB. Client service relates to following best practices such as valuing customers' time, having a pleasant attitude, and providing knowledgeable and resourceful resources, but taking things a step further to exceed rather than just meet expectations (Thabane & Snyman-Van Deventer, 2018). Customer service is significant to the public sector in South Africa because it retains customers and extracts more value from them (Masagare, 2016). Therefore, by offering excellent customer service, national government departments in South Africa may nurture a loyal following in the form of the customers who make use of their services.

Factor 6 was labeled as ***Policy***, and comprised three items in the form of CGB8, CGB21, and CGB22. This factor attained an eigenvalue of 2.135 and contributed 5.363% of variance in the CGB. A policy is a set of instructions outlined by the owner or leadership of an organisation **(**Vabaza, 2015). Harris (2017) asserts that policies provide accountability, guidance, discipline, consistency, efficiency, and clarity on how an organisation operates. Therefore, the public sector policies in South Africa should define the goals of a department and provide guidance about how to achieve objectives. Furthermore, the policies should identify key functions, such as customer satisfaction, compliance, capital replacement planning and risk management.

5.4.2 Factor analysis for corporate governance

One factor as extracted in the EFA for the CG data. The results are presented in Table 5.6.

Table 5.6: Uni-Dimensional Factor Structure for the Corporate Governance Scale

ITEM CODE	**Description**	**Factor**
		1
CG1	My department ensures that internal control exists to minimise the risk of fraud	0.836
CG2	My department has a thorough process in investigating and handling fraud	0.773
CG3	My department provides corporate governance training and education for top management and staff	0.743
CG4	My department ensures the accountability of performance at all levels.	0.782
CG5	My department focuses mostly on the drivers of organisational success.	0.786
Eigenvalue		**3.077**
Total variance explained		**61.539**
Cumulative variance explained		**61.539**

Source: Compiled by author.

As depicted in Table 5.5, one factor was extracted in the EFA for CG. This factor explained 61.539 per cent of the variance in CG. The loadings for the factor ranged from 0.743 to 0.836. The scree plot further supporting that only one factor was extracted since it had eigenvalues greater than 1 is presented in Figure 5.8.

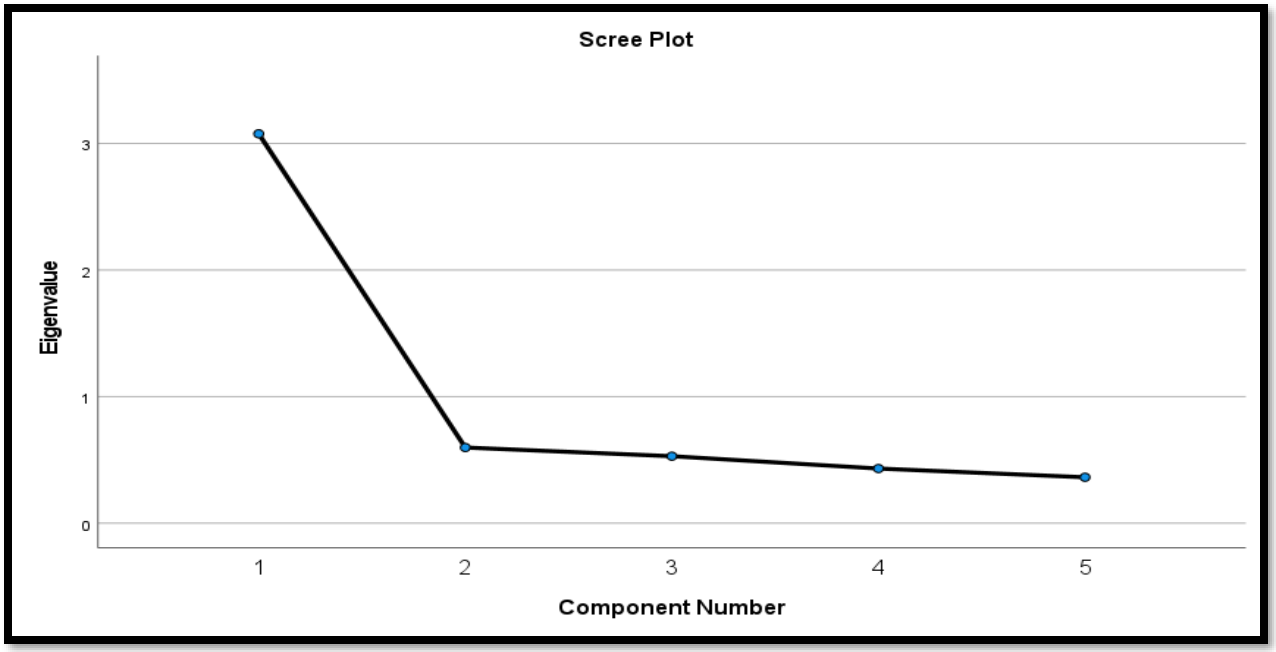


Figure 5.8: Scree plot for corporate governance values

Source: Exported from SPSS (Version 27.0).

Figure 5.8 represents the scree plot for the CG scale. It shows that the scale for CG has a unidimensional factor structure as it extracted only one factor with an eigenvalue of greater than one. The CG scale had an eigenvalue of 3.077.

5.4.3 Factor analysis for the organisational performance

The EFA for OP had one factor extracted. The factor structure is presented in Table 5.7.

Table 5.7: Uni-Dimensional Factor Structure for Organisational Performance Scale

ITEM CODE	Description	Factor
		1
OP1	Resources are managed efficiently in our department	0.690
OP2	Programs are implemented speedily	0.741
OP3	The level of wastage in our department is low	0.731
OP4	Our department has successfully implemented the procedure to improve the quality of service offered	0.744
0P5	We have ample opportunities to make independent decisions	0.728
OP6	My organisation can retain essential employees	0.702

Eigenvalue	**3.136**
Total variance explained	**52.259**
Cumulative variance explained	**52.259**

Source: Compiled by author.

As depicted in Table 5.7, one factor explaining 52.259 per cent of the variance was extracted in the EFA for OP. Factor loadings for the factor ranged from 0.690 to 0.744. The scree plot is presented in Figure 5.9.

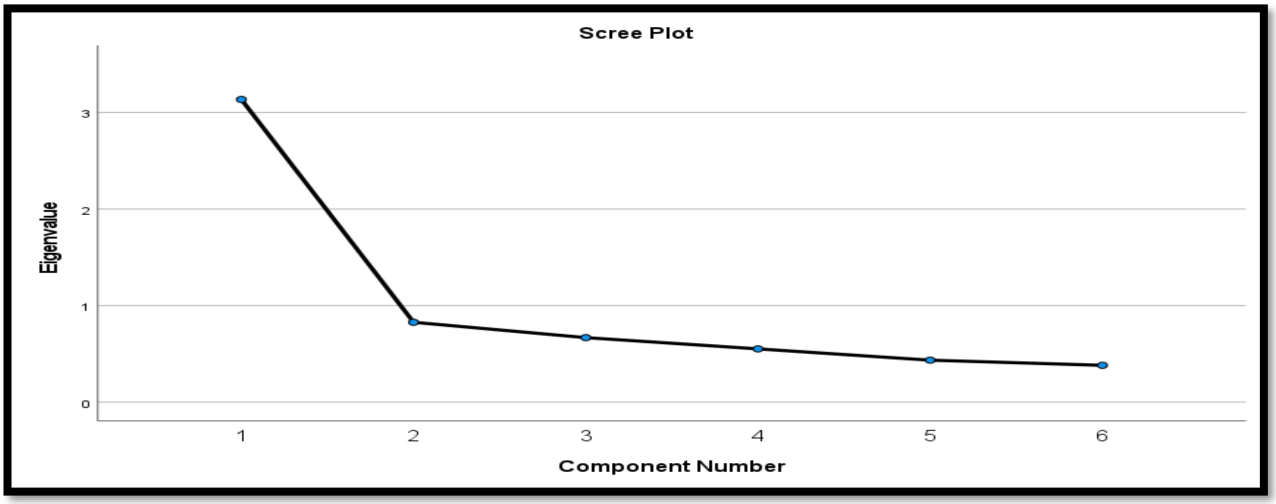


Figure 5.9: Scree plot for organisational performance values
Source: Exported from SPSS (Version 27.0).

Figure 5.9 represents the scree plot for the OP scale. It indicates that one factor with an eigenvalue of 3.136 was extracted.

5.4.4 Factor analysis for the balanced score card dimensions

The BSC data yielded four factors in the EFA. The result is presented in Table 5.8.

Table 5.8: Four-Factor Rotated Structure for the Balanced Score Card Scale

Item Code	Description	Factor			
		1	2	3	4
FP1	My organisation has managed to achieve its financial objectives	0.086	.209	.172	.675
FP2	My organisation has managed to operate within its budget	.146	.178	.135	.705
FP3	Measures related with the efficient use of assets funds	.193	.221	.254	.611

FP5	The overall financial performance of the department is good	.374	-.090	.159	.671
CS1	In my organisation, customers are satisfied with the appearance of physical facilities.	**.626**	.155	.040	.313
CS2	In my organisation, customers are satisfied that the promise regarding the service offered is always kept.	**.595**	.362	-.028	.130
CS3	In my organisation, customers are satisfied that the equipment used are up to date.	**.790**	-.018	.100	.110
CS4	In my organisation, customers are satisfied with the level of individualised attention provided.	**.630**	.296	.171	.082
CS5	Our customers are satisfied with the integrity of staff, which makes them feel safe always in their transactions with the organisation.	**.561**	.334	.288	.089
CS6	In my organisation, customers are satisfied with the willingness of employees to help them.	**.543**	.109	.370	.228
IP1	The department promotes good corporate ethics	.325	.279	.571	.162
IP2	The culture in the department is effective	.301	.651	.158	.209
IP3	The department implements effective strategies	.284	.301	.503	.017
IP4	The department assesses the quality of organisational information, in particular its quarterly performance information, service delivery and organisational risks.	.104	.271	.574	.165
IP5	The department provides a code of ethics or statement of business conduct for all employees	-.074	.540	.251	.339
IP6	The department has an independent audit, ethics and risk committee with independent members	.094	.121	.654	.205
LG1	In my organisation, everyone is rewarded for his/her efforts to learn.	.328	.578	.288	.066
LG2	In my organisation, every employee is willing to accept an agreement on the results of the discussion group, despite different opinions.	.242	.710	.067	.085
LG3	My organisation provides learning facilities to all employees.	.123	-.016	.726	.067
LG4	My organisation rewards employees for taking the initiative in work or resolve problems.	.116	.696	.225	.118
LG6	I have a chance to participate in the department's ethics training and workshops	-.044	.161	.552	.236
Eigenvalue		**6.918**	**1.566**	**1.371**	**1.149**
Total variance explained		**32.943**	**7.458**	**6.528**	**5.470**
Cumulative variance explained		**32.943**	**40.401**	**46.929**	**52.398**

Source: Compiled by author.

As specified in Table 5.8, the four BSC factors extracted account for 52,398 per cent of the variance. Factor loadings extended from 0.525 to 0.777. The following items that had factor loadings below 0.5 were discarded; FP4- factor loading= 0.351; FP6- Factor loading= 0.431, and LG5- Factor loading = 0.474. The scree plot for the BSC scale is presented through Figure 5.10.

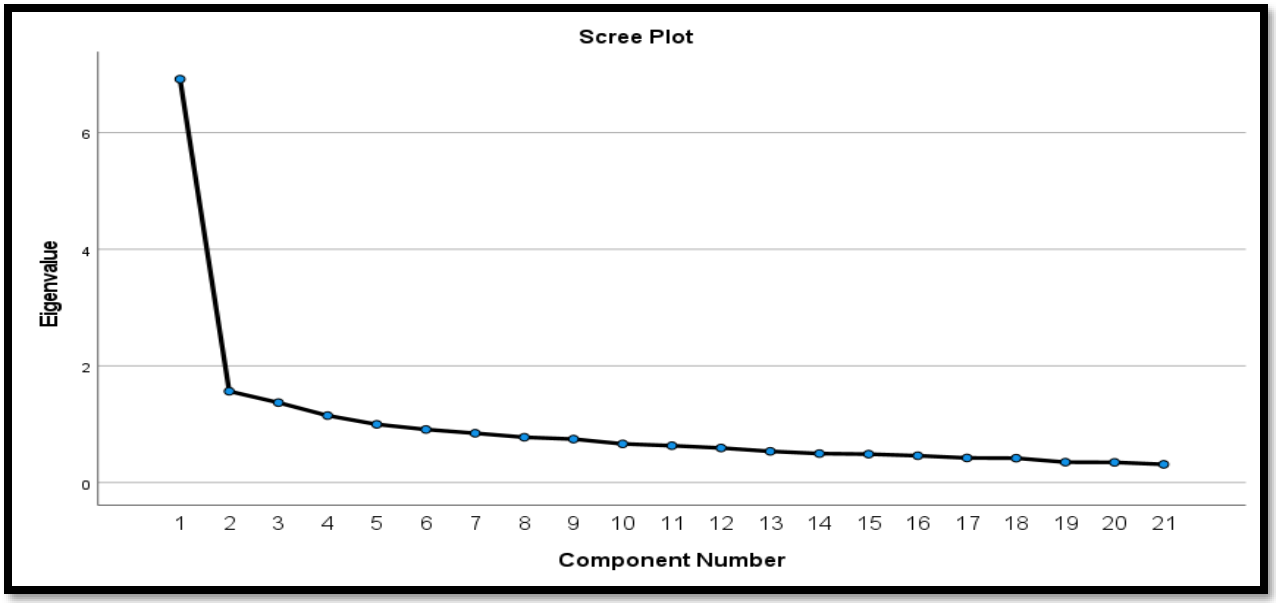


Figure 5.10: Scree plot for balanced-scorecard scale values. Source: Exported from SPSS (Version 27.0).

Figure 5.10 represents the scree plot for the BSC, showing the four-factor structure. The BSC scale comprises of FP, CS, IP and LG with eigenvalues of 6.918, 1.566, 1.371 and 1.149 respectively.

5.4.5 Summary of the Results of the exploratory factor analysis

Table 5.9 shows the results after data purification process performed through the EFA.

Table 5.9: Scale Purification Process through Exploratory Factor Analysis

SCALE	ITEMS DISCARDED	RELIABILITY AFTER ITEM REMOVAL	SCALE IN FACTOR ANALYSIS
Corporate governance	None	0.847	Unidimensional
CORPORATE GOVERNANCE BARRIERS			
Governance Systems and Practices	None	0.862	6 factors
Managerial Skills and Competence	None	0.816	
Internal Environment	None	0.764	
External Environment	None	0.708	
Client Service Delivery	None	0.793	
Policy	None	0.702	
BALANCED SCORECARD INDICATORS			
Financial Performance	FP4 & FP6	0.918	4 factors
Customer Satisfaction	TI4	0.871	
Internal Processes	None	0.841	
Learning Growth	LG5	0.921	

Organisational Performance	None	0.865	Unidimensional

Source: Compiled by author.

As shown in Table 5.9, two factors (CG and OP) were unidimensional. Six factors were extracted in the CGB scales while four factors emerged in the BSC scale. The next section discusses the descriptive statistics of the constructs.

5.5 DESCRIPTIVE STATISTICS OF THE CONSTRUCTS

The current section presents the descriptive statistics of the research constructs. The measures used are the minimum and maximum values, the mean scores, standard deviations of the constructs in the study, are provided in Table 5.10.

Table 5.10: Mean Scores and Standard Deviations of Research Constructs

Study Constructs	Sample size (N)	No of items	Means	Minimum	Maximum	Standard Deviation	x̄ rank
	CORPORATE GOVERNANCE BARRIERS						
EXTEN	260	4	1.00	5.00	3.4923	.65440	2
INTEN	260	5	1.00	5.00	3.4776	.63883	3
POL	260	3	1.00	5.00	3.4994	.73861	1
CLS	260	4	1.00	4.75	3.4064	.75301	6
GSP	260	6	1.00	5.00	3.4414	.73657	5
MSC	260	5	1.00	4.80	3.4764	.70493	4
SCALE Scale: 1= (Not at all significant), 2= (Slightly significant), 3= (Moderately significant) 4= (Very significant), and 5= (Extremely significant)							
CORPORATE GOVERNANCE							
CG	260	5	3.7143	1	5	0.63042	NA
Scale: 1= Strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=Strongly agree							
BALANCED SCORECARD DIMENSIONS							
FP	260	6	3.5618	1	5	0.60525	2
CS	260	6	3.5187	1	5	0.58234	4
IP	260	6	3.5888	1	5	0.54220	1
LG	260	6	3.5046	1	5	0.61837	7
OP	260	6	3.5373	1	5	0.60902	3
Scale: 1= Strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=Strongly agree							
CGB	260	29	3.6730	1	5	0.70234	N/A

CG= Corporate governance; CGB= Corporate governance barriers; FP=Financial performance; CS=Customer satisfaction; IP=Internal processes; LG=Learning and growth; OP = Organisational performance; EXTEN=External environment; INTEN= Internal environment; POL=Policy; CLS= Client Service Delivery; GSP=Governance Systems and Practices; MSC=Managerial Skills and Competence

Source: Compiled by author.

5.5.1 Descriptive Statistics for Corporate Governance

The mean value for corporate governance was $\overline{(x}$=3.7143; SD ± 0.63042). The results suggest that respondents in this study agree that there are internal controls in their national government departments. The outcome confirm that the national government departments have thorough processes in investigating and handling fraud, provide corporate governance training and education for top management and staff and ensure the accountability of performance at all levels. Furthermore, the respondents believe that the national government departments in South Africa focus mostly on the drivers of organisational success. Solid corporate governance can lead to market competitiveness, as mentioned by Chari et al (2019). It is necessary then that measures be developed and implemented to improve the corporate governance in the South African public sector. These practices may include effective communication, implementing integrated business management systems, risk management and routine internal audits. Therefore, this result may imply that top management in public sector are communicating corporate governance during strategic decision-making.

5.5.2 Descriptive Statistics for Balanced Scorecard

This section discusses the descriptive statistics for the BSC practices in the national government departments in South Africa.

5.5.2.1 Financial performance

An analysis of the results in Table 5.10 reveals an overall mean score of ($\bar{x}$=3.5618: SD ±0.60525) on FP. The results demonstrate an inclination towards the ‘agree’ position on the Likert-scale. This result implies that respondents in this study perceive and agree that financial performance has improved in the public sector in South Africa. The respondents agree that the public sector in South Africa has managed to achieve its financial objectives on a year basis. The results also indicate that the selected national government departments in South Africa have managed to operate within their budgets. Measures related with the efficient use of assets funds are formulated and implemented in the selected national government departments. The results also ascertain that funds that are allocated to the departments are sufficient and the overall financial performance of the departments is good. Respondents also agree that effective financial control measures are in place in their national government departments. The result can lead to the fact that the selected national government departments are performing well in some aspects of its financial performance. This may imply that the departments are improving in their overall cost management, thus implementing cost effective programmes such as resource planning, risk management, reduction of fixed costs and budgeting.

Skills and capacity shortages have been identified as an impediment to the success of public procurement in South Africa (Manzini, et al., 2019). For example, the transactions in infrastructure procurement are complex and government officials may lack specialist experience and skills in dealing with issues. This may result in the overpricing of goods by service providers. As such, capacity in the form of appropriate structures with skilled and professional SCM personnel is a necessity for the implementation of well-informed purchasing practices, improvement in SCM and reduction of purchase prices leading to lower costs of service delivery within public sector.

5.5.2.2 Customer Satisfaction

For this study, the mean value for CS was $\overline{(x}$=3.5187; SD ± 0.58234), which demonstrates an inclination towards the 'agree' position on the Likert-scale. This result suggests that respondents are satisfied that their national government departments are involved in customer satisfaction programmes. This means that relationships with customers, suppliers and other relevant stakeholders are maintained in anticipation of future market needs. To meet future demands, customers are included in the entire process of product/service development. Feedback such as complaints and suggestions are reviewed and acted upon. The result asserts that customers are satisfied with the appearance of physical facilities in the national government departments. Furthermore, the results confirm that customers are satisfied that the promise regarding the service offered is always kept and that the equipment used are up to date. The respondents agree that customers are satisfied with the level of individualised attention provided, with the integrity of staff, which makes them feel safe always in their transactions with the selected national government departments. The results also assert that customers are satisfied with the willingness of the public department employees to help them. However, national government departments in

South Africa can further enhance their CS by listening to customers, practising honesty, and managing expectations in marketing.

As argued by Thomas (2013), in the new public sector governance, public service managers must work with members of the public in more than one role at a time, as when people expect to be treated like customers in a courteous and helpful manner, even as they also want to voice opinions as citizens on the nature of public programmes. This means that public managers need to understand the nature of the public that they face, including what they expect in the different roles they assume as citizens, or as customers.

5.5.2.3 Internal Processes

Table 5.10 shows that IP had a mean value of ($\bar{x}$=3.5888; SD ± 0.54220). This result is closest to the ‘agree’ position on the Likert scale. This means that the IP is satisfactory in the selected public sector. This suggests that the selected national government departments promote good corporate ethics. The results also ascertain that the culture in the departments is effective, and the departments are implementing effective strategies. The respondents also confirm that their departments assess the quality of organisational information, in particular its quarterly performance information, service delivery and organisational risks. The same results can lead to knowing that the departments are providing a code of ethics or statement of business conduct for all employees and have an independent audit, ethics, and risk committee with independent members. IP can lead to protecting assets and reducing the possibility of fraud, improving efficiency in operations, increasing financial reliability and integrity, ensuring compliance with laws and statutory regulations, and establishing monitoring procedures (Ramatabana, 2017). Furthermore, Demircioglu and Audretsch (2017) suggest that internal factors, such as experimentation and motivation for improvement in the public sector; and when employees feel that they can control their work, such that they can experiment, will likely make them perform more. As such, public sector departments should focus on encouraging employees to experiment and find innovative ways of service delivery, as this this will likely increase employee motivation to perform. Therefore, it is essential that national government departments should channel more resources towards IP to enhance performance.

5.5.2.4 Learning and Growth

The results in Table 5.10 reveal an overall mean score of ($\bar{x}$=3.5046: SD ±0.61837) on LG. The results establish a leaning towards the 'agree' position on the Likert-scale, suggesting that respondents in this study agree that in their departments, everyone is rewarded for his/her efforts to learn. The results also imply that every employee is willing to accept an agreement on the results of the discussion group, despite different opinions. The respondents agree that their departments provide learning facilities to all employees and rewards employees for taking the initiative in work or resolve problems. The outcome also implies that the national government departments in South Africa are in cooperation with the outside community to maintain good relations with stakeholders. Most respondents agreed that they have a chance to participate in the department's ethics training and workshops. LG can result in the improvement of operational and financial performance of public department (Kondlo, 2017). LG helps national government departments to gain and retain top talent, increase job satisfaction and morale, improve productivity, and earn more profit. Furthermore, departments that have actively interested and dedicated employees experience lower absenteeism rates, and higher productivity. However, the national government departments in South Africa could improve their LG programmes by creating a robust and supportive LG infrastructure coupled with the creation of in-house experts who would be transformation champions within the departments. Likewise, departments could develop easy to implement performance standards and continue to offer ongoing skill reinforcement and knowledge refreshers. These strategies could improve the operations of the national government departments' activities.

However, Jung et al. (2018) submit that there are two different types of fears that can be experienced by employees; first, the fear of being punished for presenting new ideas, and second, fear for consequences for bending organisational rules. The authors further assert that when employees fear punishment for taking the initiative, organisations can suffer paralysis as employees become disempowered, and less effective. It is understandable for the public sector workers to have a greater fear of rule bending. However, it remains important for national government departments to eliminate fear that might be associated with punishment for proposing progressive and innovative ideas. Concisely, employees should be allowed flexibility for innovation, and as such, national departments should invest in activities that enhances people skills for purposes of delivering quality services as well as strengthening their competitive advantage on the markets.

5.5.2.5 Organisational Performance

The mean value for organisational performance was $\overline{(x}$=3.5373; SD ± 0.60902), which demonstrates an inclination towards the 'agree' position on the Likert-scale. This result suggests that respondents in this study are content that their organisations are performing well in the operational activities. The results also imply that resources are managed efficiently in the national government departments and programmes are implemented with speed. The respondents agree that the level of wastage is low, and their departments have successfully implemented the procedure to improve the quality of service offered. Furthermore, the departments have ample opportunities to make independent decisions and retain essential employees. The results support the notion that activities such as the amount of goods delivered on time, quality of products/services provided, number of new products/services provided, and level of capacity utilisation have improved in the national government departments. A better allocation of resources through these principal processes allows the departments to eradicate waste, decrease costs, adjust more to proper technological innovation and, perform better than competitors thereby improving the organisational performance (Bolton, 2016; Tshilo & Van Niekerk, 2016). These principal processes include supply chain execution, supply chain integration, e-procurement and lean SCM. To compete worldwide, an organisation must embrace all performance measures and refine its functionality and processes (Fourie & Poggenpoel, 2016). Therefore, the main objective for the national government departments in South Africa should be to improve their operational performance.

5.5.3 Descriptive Statistics for Corporate Governance Barriers

This section discusses the descriptive results for the dimensions of corporate governance barriers in the national government departments in South Africa.

5.5.3.1 External environment

In this study, external environment barriers scored a mean score of ($\bar{x}$=3.4923: SD ±0.70234), which indicates a 'very significant' response. This result indicates that respondents felt that external environment factors in national government departments in South Africa are significant in influencing performance. The results suggest that there is significant competition from other public sector organisations, public sector turbulence/instability, and technological changes in the economy. External environmental factors such as political instability, competition, economic changes, and technological advancement play an overwhelming part in controlling organisations' decision-making activities, and compelling organisations to act upon their policies (Thabane & Snyman-Van Deventer, 2018). Ongeti (2016) argues that the external environment provides organisations with inputs, and using their internal processes, they transform those inputs into outputs, which outputs are then given back to the environment. To achieve this, organisations should invest in a strategic early warning system, such as horizon scanning. Garnett et al. (2016) describe horizon scanning as the comprehensive and systematic examination of risk, uncertainty, and emerging trends, to frame perceptions and identity implicit and explicit assumptions about the future.

This being the case, national government departments in South Africa should minimise the effects of external environment on their performance through continuous scrutiny of the external environment, which will enable them to develop deep knowledge of the driving forces that influence environmental changes, and better still, understand the dynamics and their interactions. Likewise, they should proactively network with key environmental actors, or through a complementary internal strategy such as creating an environmental scanning business unit to continuously obtain early warnings about the potential extent of shifts and complexity within each department. Capacitating departments with skills and knowledge to identify subtle environmental changes would lead to a quick and effective response to changes and events (Rowe et al. 2017).

5.5.3.2 Internal environment

The mean value for internal environment factors was $\overline{(x}$=3.4923; SD ± 0.60902), which shows that respondents perceive the internal factors have significant influence on the performance of the public sector in South Africa. Internal environment factors are faced by an organisation from within its internal structures and arise during its normal operations. These factors can be forecast with some reliability, and therefore, an organisation has a good chance of reducing internal business uncertainties (Thabane & Snyman-Van Deventer, 2018). Risk aversion by top management of the organisation, lack of interdepartmental connectedness within the organisation and centralisation of decision-making are some of the internal factors that hampers the proper functioning of governance processes in the public sector in South Africa. The common types of internal environment factors common in national government departments in South Africa include human factors (culture, lack of business units' connectedness, dishonesty by employees; ineffective management or leadership), technological factors (outdated operating systems that decrease production ability or disruptions in supplies or inventory), and physical factors (physical risk, i. e., loss of or damage to the assets). Culture, for instance, affects employee morale, job satisfaction, employee engagement and loyalty, commitment to the organisation, and efforts to attract and retain talented employees. As such, organisational performance is significantly affected.

Concisely, national government departments in South Africa may need to undertake aggressive culture change to be able to attract, retain and inspire personnel key to the public sector's success. Improving employee engagement can also help reduce internal risks by enhancing employee determination through effective empowerment and compensation practices. An inspired and happy employee tends to be more productive. Similarly, risk aversion by top management of public sector organisations in favour of short-term benefits should be discouraged. Top management should embark on research, innovation and development practices which are geared towards improvement of service delivery.

5.5.3.3 Policy

Policy as a barrier scored an overall mean score of ($\bar{x}$=3.4994: SD ±0.70234) which indicates a 'very significant' response. This result indicates that respondents felt that policies in national government departments in South Africa are significant in influencing performance. Policy is a deliberate system of guidelines to guide decisions and achieve rational outcomes. Uhlig (2018) defines a policy as a statement of intent and is implemented as a procedure or protocol. Policies are generally adopted by a governance body within an organisation. In this case, the respondents noted non-adherence to its policies and procedures, the formalisation of rigid rules and procedures and non-compliance with statutory requirements, which are barriers to corporate governance in national government departments in South Africa. These factors affect the performance of the public sector in South Africa. Therefore, national government departments in South Africa should adhere to policy as a way of reducing risks. Establishing the expectations and consistency on policy adherence allows leadership to ensure the organisation communicates all laws and regulations to its structures. Furthermore, policy in public department in South Africa ensures that staff understand the policies and know how they apply to their day-to-day functions.

5.5.3.4 Client service delivery

Client service delivery as a barrier scored an overall mean score of ($\bar{x}$=3.4064: SD ±0.70234), which indicates a 'moderately significant' response. This result indicates that respondents felt that CSD in national government departments in South Africa are reasonably significant in influencing performance. Service delivery is any contact with the public administration during which customers – citizens, residents, or enterprises – seek or provide data, handle their affairs, or fulfil their duties. These services should be delivered in an effective, predictable, reliable, and customer-friendly manner (Robbins, 2019). Inadequate customer service orientation, weak organisational support systems and lack of formal education and training are reasonably significant in enabling service delivery. The national government departments in South Africa could improve the service delivery by understanding customer needs, seeking, and promoting customer feedback, setting, and communicating clear service standards to the staff and clients.

5.5.3.5 Governance Systems and Practices

Governance systems and practices as a barrier scored an overall mean score of ($\bar{x}$=3.4414: SD ±0.70234), which indicates a 'moderately significant' response. This result indicates that respondents felt that GSP in national government departments in South Africa are reasonably significant in influencing performance. Governance practices encompass the system by which an organisation is controlled and operates, and the mechanisms by which it and its people are held to account (Raza, 2019). Risk management, ethics, compliance, and administration are all components of governance practices. The results in Table 5.10 indicate that respondents note a lack of action regarding improper behaviour against staff members, ineffective implementation of recommendations from auditors and poor access to information for all stakeholders as barriers that are reasonably significant on the performance of the public service in South Africa. This is so because, even though citizen participation has been mandated in many public policies and programmes, unlike public officials, direct participation by citizens in reviewing and guiding organisational strategy is not realistic or feasible due to the unavailability of formal platforms; or due to size and complexity of the public sector (Roberts, 2015). Compounding this is the fact that the quality of accounting information produced in public institutions is still not good (Susanto, 2016); and as such, a lack of integrity of the organisation's financial reporting system and poor monitoring of the effectiveness of the governance practices pose a threat to governance processes in the national government departments in South Africa. Therefore, it is essential that GSP processes are formed and implemented to enhance performance in the public sector in South Africa.

5.5.3.6 Managerial Skills and competence

Managerial skills and competence factor scored an overall mean score of ($\bar{x}$=3.4764: SD ±0.70234), which indicates a 'very significant' response. This result indicates that respondents felt that MSC in national government departments in South Africa are significant in influencing performance. The respondents felt that inconsistent reward systems within the department, top management's reluctance to drive corporate governance, lack of innovativeness and creativity within the organisation and inadequate quality management and incompetence inhibit good corporate governance in the national government departments in South Africa. Management competencies are the habits, skills, knowledge, motives, and attitudes essential to effectively manage people. Therefore, when established, management competencies promote better leadership and contribute to business success (Duggan, 2020). Furthermore, competency management can identify which skills a person needs to perform well to succeed in their specific role. A robust culture of managerial competence will permit national government departments in South Africa to develop both personnel and organisational competence, adding value to the public sector. Progressively, managerial competence will make a difference in employing and keeping the most talented personnel in national government departments in South Africa.

5.6 TESTS FOR THE NORMALITY OF DATA

This test uses two statistics; namely, skewness and kurtosis to assess the distribution of data (refer to Section 4.12.5). According to Setia (2016), in order to assume that data are satisfactory to demonstrate normal univariate distribution, its skewness must be in the range of -2 to +2 and its kurtosis must be in the range of -3 to +3.

Table 5.11: Skewness and Kurtosis values of Constructs

			Skewness			Kurtosis		
	Valid cases	**Missing cases**	**Sig.**	**Statistic**	**Std. Error of Skewness**	**Sig.**	**Statistic**	**Std. Error of Kurtosis**
CG	260	0.000	0.000	-0.032	.151	0.000	0.505	.302
Balanced Score Card Indicators								
FP	260	0.000	0.000	-0.001	.151	0.000	0.731	.302
CS	260	0.000	0.000	-0.139	.151	0.000	0.965	.302
IP	260	0.000	0.000	0.067	.151	0.000	0.942	.302
LG	260	0.000	0.000	-0.277	.151	0.000	0.842	.302
OP	260	0.000	0.000	-0.186	.151	0.000	1.078	.302
Corporate Governance Barriers								
EXTEN	260	0.000	0.000	-.639	.151	0.000	.998	.302
INTEN	260	0.000	0.000	-.646	.151	0.000	1.554	.302
POL	260	0.000	0.000	-.266	.151	0.000	.103	.302
CLS	260	0.000	0.000	-.760	.151	0.000	.997	.302
GSP	260	0.000	0.000	-.817	.151	0.000	1.615	.302
MSC	260	0.000	0.000	-.746	.151	0.000	1.174	.302
CG= Corporate governance; CGB= Corporate governance barriers; FP=Financial performance; CS=Customer satisfaction; IP=Internal processes; LG=Learning and growth; OP = Organisational performance; EXTEN=External environment; INTEN= Internal environment; POL=Policy; CLS= Client Service Delivery; GSP=Governance Systems and Practices; MSC=Managerial Skills and Competence.								

Source: Compiled by author.

Table 5.11 shows that the skewness statistics for all scales ranged from -0.646 to -0.001 and values of kurtosis fall between 0.505 and 1.077. These values fall within the prescribed ranges of -2 to +2 for skewness and -3 to +3 for kurtosis, which suggests that the data for this study were normally distributed. The results indicate a distribution close to normality as the values fall between -2 to +2 and -3 to +3 (recommended by Graham et al. (2013). The next section discusses the results of the analysis of the inferential statistics.

5.7 INFERENTIAL STATISTICS

The section presents the inferential statistics, which are the results related to the testing of the hypotheses suggested for this study. Inferential statistics use a random sample of data taken from a population to describe and make inferences about the population (Khakshooy & Chiappelli, 2018). Inferential statistics are valuable when examination of each member of an entire population is not convenient or possible. Their main two roles are to estimate parameters and hypothesis testing. In this study, inferential statistics were computed with Structural Equation Modelling (SEM) using Partial Least Squares. Structural equation modeling is a multivariate statistical analysis technique that is used to analyse structural relationships (Holcomb, 2016). This technique is the combination of factor analysis and multiple regression analysis and analyses the structural relationship between measured variables and latent constructs. Partial least squares is a technique that reduces the predictors to a smaller set of uncorrelated components and performs least squares regression on these components, instead of on the original data (Khakshooy & Chiappelli, 2018). The first part of this procedure involved checking the accuracy of the scale to determine its ability to capture the data and the results accurately.

5.7.1 Scale Accuracy Assessment

It is essential to assess a measurement technique since it requires to possess precise psychometric properties that afford objective valuation. Reliability and validity institute the most significant psychometric properties that must be included in measurement tools to confirm that the data analysis produces correct outcomes (Nartgün & Şahin, 2015). The assessment involved meeting quality criteria, which included the reliability of each variable, the internal consistency (Cronbach's alpha and composite reliability), the construct validity, the convergent validity (average variance extracted – AVE), and the discriminant validity (Hussain & Endut, 2018). The results of this criteria are presented in Table 5.12.

Table 5.12: Accuracy analysis statistics

Research Construct		Cronbach's test		Rho A	CR	AVE	$\sqrt{\text{AVE}}$	Factor loading
		Item-total	α					
GSP	CGB23	0.656	0.862	0.856	0.888	0.612	0.782	0.737
	CGB24	0.671						0.826
	CGB25	0.660						0.725
	CGB27	0.669						0.743
	CGB28	0.612						0.752

	CGB29	0.661						0.798
MSC	CGB9	0.537	0.816	0.795	0.851	0.503	0.733	0.798
	CGB12	0.635						0.739
	CGB13	0.616						0.583
	CGB14	0.600						0.672
	CGB15	0.642						0.842
INTERN	CGB4	0.449	0.763	0.785	0.835	0.503	0.709	0.747
	CGB5	0.536						0.721
	CGB6	0.513						0.707
	CGB7	0.564						0.688
	CGB10	0.604						0.702
EXTERN	CGB1	0.482	0.711	0.772	0.812	0.523	0.723	0.823
	CGB2	0.572						0.773
	CGB3	0.487						0.704
	CGB20	0.443						0.563
CLS	CGB17	0.694	0.793	0.858	0.855	0.599	0.774	0.815
	CGB18	0.611						0.797
	CGB19	0.552						0.834
	CGB26	0.557						0.633
POL	CGB8	0.530	0.702	0.766	0.827	0.616	0.785	0.760
	CGB21	0.489						0.858
	CGB22	0.537						0.731
FP	FP1	0.500	0.730	0.734	0.831	0.552	0.743	0.739
	FP2	0.508						0.723
	FP3	0.544						0.777
	FP5	0.531						0.731
CS	CS1	0.544	0.804	0.809	0.859	0.503	0.709	0.688
	CS2	0.536						0.680
	CS3	0.564						0.674
	CS4	0.596						0.753
	CS5	0.572						0.740
	CS6	0.546						0.717
IP	IP1	0.570	0.751	0.756	0.827	0.545	0.667	0.748
	IP2	0.599						0.748
	IP3	0.467						0.663
	IP4	0.507						0.679
	IP5	0.408						0.602
	IP6	0.512						0.663
LG	LG1	0.560	0.776	0.785	0.849	0.531	0.729	0.749
	LG2	0.586						0.755
	LG3	0.463						0.615
	LG4	0.572						0.737
	LG6	0.419						0.628
OP	OP1	0.538	0.817	0.819	0.868	0.522	0.722	0.705
	OP2	0.599						0.748
	OP5	0.590						0.721
	OP4	0.601						0.754
	OP5	0.593						0.718
	OP6	0.557						0.688

CG	CG1	0.718	0.843	0.856	0.888	0.612	0.782	0.814
	CG2	0.632						0.748
	CG3	0.598						0.789
	CG4	0.644						0.780
	CG5	0.650						0.780
CG= Corporate governance; CGB= Corporate governance barriers; FP=Financial performance; CS=Customer satisfaction; IP=Internal processes; LG=Learning and growth; OP = Organisational performance; EXTEN=External environment; INTEN= Internal environment; POL=Policy; CLS= Client Service Delivery; GSP=Governance Systems and Practices; MSC=Managerial Skills and Competence								

Source: Author’s own compilation, 2022.

Table 5.12 shows the measurement scale results for reliability and validity.

5.7.2 Scale Reliability

Reliability refers to how consistently a method measures something (Melchers & Beck, 2018). If the same result can be consistently realised by using the identical methods under the same conditions, the measurement is considered reliable (Marsh et al., 2020). In PLS-SEM, the values of reliability are organised according to their indicator’s individual reliability. The values range from 0 to 1, where a higher value indicates a higher reliability level (Melchers & Beck, 2018). In this study, the reliability was determined by item-total correlation, Cronbach alpha, Rho, and composite reliability.

5.7.2.1 Item total correlations

The item total correlation is a measure of the reliability of a multi-item scale and a tool for improving such scales (Mohajan, 2017). It is the correlation between an individual item and the total score without that item (Mohajan, 2017).). According to Mash et al. (2020) correlation coefficients greater than 0.3 were considered acceptable. The scale item-total correlation results outlined in Table 5.12 display a relationship of items with the dimensions. Items revealed acceptable scores above 0.3 and ranged from 0.563 to 0.842. The results submits that all measurement scales were internally consistent.

5.7.2.2 Cronbach’s alpha

Cronbach’s alpha refers to a measure of internal consistency of a test or scale (Mohajan, 2017).). The degree of reliability of a variable should be confined between 0 and 1 to meet the sufficient reliability threshold (Cronbach, 1951; Mohajan, 2017). Consistently, other scholars (Li, 2016;

Vaske et al., 2017) state that a construct is deemed reliable when the Cronbach alpha result is equal to or greater than 0.7. The results in Table 5.12 illustrate that all the constructs of this study were reliable. They yielded Cronbach values above the 0.7 minimum threshold and ranged from 0.702 to 0.862. These results, therefore, confirm the satisfaction of the criteria of reliability as emphasised by Heo et al. (2015). This suggests that the requirements of internal consistency were met.

5.7.2.3 Rho A

The reliability of PLS constructs was also assessed using Rho. A reliability. Like Cronbach's alpha, rho (also known as reliability rho and composite reliability), ranges between zero and one. The higher its value, the more reliable the item scale. A value of rho above 0.8 indicates good internal consistency, while 0.7 represents the lower limit of adequacy (Vaske et al., 2017). In Table 5, 12, the reliability analysis verified that the measurement scales exhibited Rho. A scores were greater than the recommended value of 0.7 (Hopkins, 2017). It is then concluded that the result validates adequate level of composite reliability.

5.7.2.4 Composite reliability

Composite reliability (sometimes called construct reliability) is a measure of internal consistency in scale items, much like Cronbach's alpha (Connell et al., 2018). It can be thought of as being equal to the total amount of true score variance relative to the total scale score variance (Almanasreh et al., 2019). Composite reliability is described as a measure of internal consistency in scale items (Hair et al., 2017). CR scores vary between 0 and 1 with scores close to 1 highly desirable since they indicate higher reliability. Composite reliability should exceed the value of 0.7 (Connell et al., 2018). The results in Table 5.12 indicate that all values of composite reliability consistently exceeded the threshold of 0.7, therefore they indicate internal consistency of the constructs used in this study.

5.7.3 Validity analysis

Validity simply means that a test or instrument is accurately measuring what it is supposed to measure (Almanasreh et al., 2019). Validity is important because it can help determine what types of tests to use and help to make sure researchers are using methods that are not only ethical and cost-effective but also a method that truly measures the idea or constructs in question. The tests of validity in this study comprised face validity, content validity, convergent validity, and discriminant validity.

5.7.3.1 Face validity

Face validity is the extent to which a test is subjectively viewed as covering the concept it purports to measure. It refers to the transparency or relevance of a test as it appears to test participants (McGregor, 2019). Face validity ensures that there are no errors in the measurement and that the questions posed are clear to avoid interviewer bias (Connell et al., 2018). In this study, face validity was established through consultation with a panel of academics from a selected university of technology. Additionally, the questionnaire was reviewed by the study promoters to ensure that the questions measure what they intend to measure. The reviewers made recommendations in areas such as the wording and grammar of questions, the length of the instrument and its technical layout. These recommendations were implemented prior to the pilot study.

5.7.3.2 Content validity

Content validity is a type of validity that requires that a measure represents all aspects of the conceptual definition of a construct (Neuman, 2014). Ruel et al. (2015) present content validity as the comprehensiveness, relevance, and representativeness of the measurement. In this study, the validity of the content of the constructs was ascertained through a pilot study of the questionnaire. The questionnaire was piloted using a conveniently selected sample of 50 respondents drawn from various public sector organisations in Gauteng. The questionnaires collected from the pilot sample were analysed to check whether respondents had faced challenges in answering the questions. It appeared that respondents were comfortable with the questions and had managed to complete the response within the required time of 15 minutes. Data collected from the pilot sample were then subjected to a reliability test. All measurement scales attained Cronbach alphas above 0.7 and item-total correlations above 0.3. As such, no items were removed from the questionnaire as it showed that its content was valid and reliable. Respondents that participated in the pilot study were excluded from the main survey. The results suggested that the survey instrument was found suitable for this study.

5.7.3.3 Convergent validity

Convergent validity is a sub-type of construct validity. Construct validity means that a test designed to measure a particular construct (i. e., intelligence) is measuring that construct (Henseler et al., 2015). Convergent validity takes two measures that are supposed to be measuring the same construct and shows that they are related. Thus, according to Maydeu-Olivares et al. (2017), convergent validity is a process that allows the researcher to measure the level of correlation of multiple indicators of the same construct that agree (Henseler et al., 2015). In this study, convergent validity was established through factor loadings of items and the AVE (Shipley, 2016). As indicated in Table 5.12, the factor loadings of all items exceeded the cut-off value of 0.50 (Cangur & Ilker, 2015) and ranged from 0.583 to 0.858 while the AVE of constructs presented values equal or greater than 0.50 as recommended by Prasojo et al. (2021) and ranged from 0.503 to 0.616. This submits that the results verified the convergent validity.

5.7.3.4 Discriminant validity

Discriminant validity indicates that two measures that are not supposed to be related are, in fact, unrelated **(**Almanasreh et al., 2019**).** Reinecke and Pöge (2020) assert that discriminant validity provides evidence in a sense that constructs that should not be related do not, in fact, have any relationship whatsoever. To evaluate the discriminant validity of constructs in Smart PLS model, the Fornel and Larcker criterion was used to compare the square root of each AVE in the diagonal with the correlation coefficients for each construct in the relevant rows and columns (Almanasreh et al., 2019). A latent construct must explain better the variance of its own indicators rather than the variance of other latent constructs. Therefore, the square root of each construct's AVE must have a greater value than the correlations with other latent constructs. As evidenced in Table 5.13, it can be concluded that the correlations between constructs do not exceed the value of the square root of the AVE of each construct.

Table 5.13: Discriminant validity analysis

Research construct	CG	CS	FP	IP	LG	OP	CLS	EXTEN	GSP	INTEN	MSC	POL
CG	0.784											
CS	0.514	0.710										
FP	0.507	0.552	0.743									
IP	0.576	0.538	0.708	0.668								
LG	0.556	0.589	0.496	0.594	0.728							
OP	0.556	0.589	0.733	0.547	0.7465	0.723						
CLS	0.683	0.599	0.588	0.567	0.712	0.683	0.774					
EXTEN	0.680	0.771	0.657	0.552	0.678	0.662	0.610	0.723				
GSP	0.625	0.675	0.612	0.633	0.701	0.704	0.761	0.532	0.764			
INTERN	0.644	0.613	0.553	0.657	0.691	0.578	0.588	0.679	0.605	0.709		
MSC	0.613	0.556	0.523	0.661	0.569	0.634	0.657	0.568	0.671	0.715	0.732	
POL	0.554	0.612	0.581	0.598	0.588	0.656	0.703	0.667	0.700	0.642	0.629	0.785

Source: Author’s own compilation**.**

The correlation coefficients between constructs are outlined in Table 5.13 and based on these results, it is vivid that discriminant validity between constructs was well established.

5.8 PATH ANALYSIS RESULTS

Path analysis is a form of statistical analysis used to evaluate causal relationships between a set of variables (Crossman, 2019). Shipley (2016) defines path analysis as a form of multiple regression statistics that are used to evaluate causal models by examining the relationships between a dependent variable and two or more independent variables. In this study, path analysis was used to test the hypotheses and establish their validation or non-validation based on the results obtained from SEM. This section discusses the pathway analysis results.

5.8.1 Path Analysis for Corporate Governance Barriers and Corporate Governance

Hypothesis H1 which states that the barriers to corporate governance exert a negative influence on corporate governance in national government departments was tested using path analysis based on the partial least squares’ technique. The results from Figure 5.26 show that CGB have an insignificant influence on CG (MSC: $\beta = -0.105$; GSP: $\beta = 0.060$; INTEN: $\beta = -0.138$; EXTERN: $\beta = 0.545$; CLS: $\beta = 0.015$; POL: $\beta = 0.095$). Thus, the hypothesis is not supported, is insignificant and rejected. From the results, Hypothesis H1 indicates an insignificant relationship between the two variables. Therefore, result specifies that there is no relationship between the two variables.

This result agrees with previous studies (Gyamerah & Agyei, 2016; Hove et al., 2017), which showed that there is no significant relationship between CGB and CG in organisations.

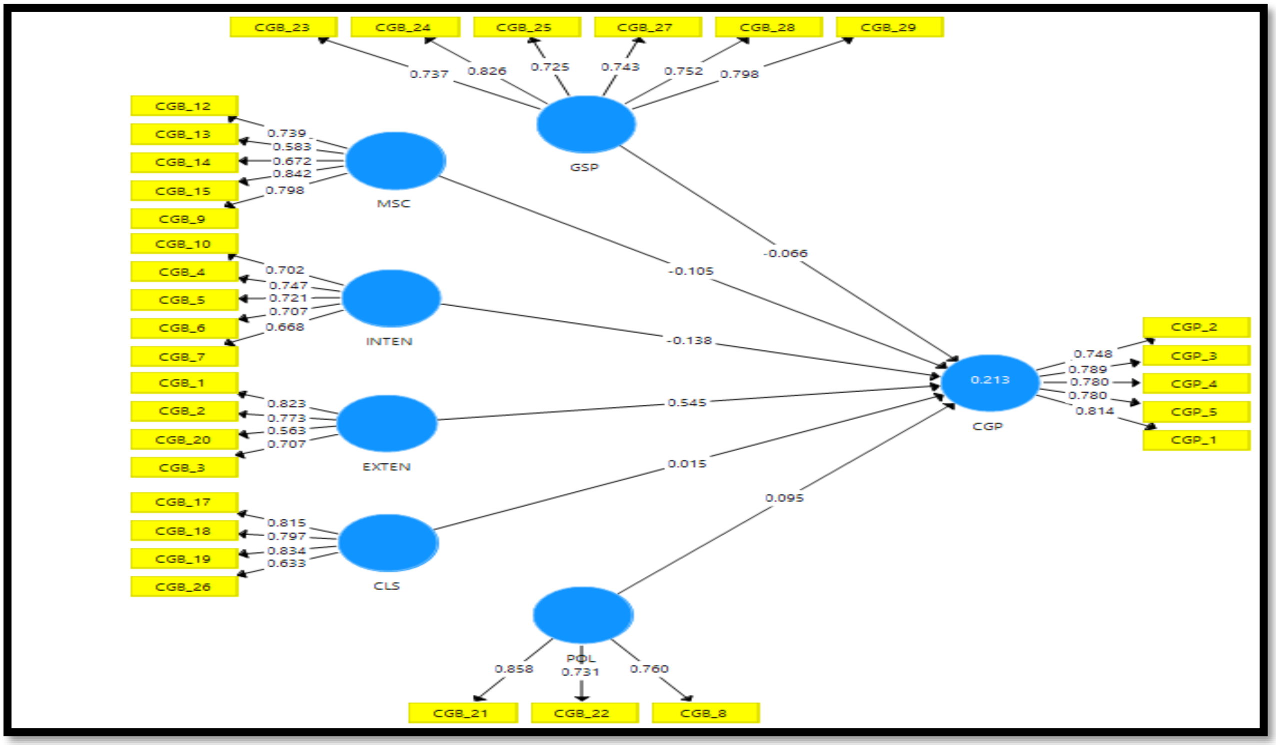


Figure 5.11: Path model

Source: Imported from Smart-PLS analysis, 2022.

Hence, Figure 5.11 shows that INTEN, GSP, MSC, POL and CLS are not significantly related to CG. The results show that when the deficiency in management skills and competence increases or intensifies, organisations should expect more decline in the implementation of CG; but when skills and competence improve, the implementation of CG improves. Equally with internal environment, when poor governance controls, poor leadership and mismanagement increases and intensifies. The worse governance controls become, the more organisations should expect a decline in the implementation of CG. External environment factors (β = 0.545; ρ <0.01) are the only factors that have a significant positive relationship with CG.

This significant positive relationship between external environment EXTERN (β = 0.545) and CG is rather peculiar. It is peculiar because a strong barrier is expected to have a negative impact in the implementation of corporate governance; meaning that when corporate barriers strengthen, corporate governance should weaken. However, in this case, the results revealed a positive relationship between external environment and corporate governance.

This discrepancy is because corporate governance in the public sector in South Africa is finding a balance between external factors (i.e., socio-economic, legislation, new technology, politics, and community goals) while encouraging the proficient use of resources, responsibility, the use of power, and accountability at the same time, supporting the benefits of people, businesses, and society through good corporate governance (Cameroon, 2015; Hattingh et al., 2018). National government departments in South Africa recognise the external environment factors as opportunities and threats presented by such aspects as sociocultural, legal, political, economic, technological, and infrastructural factors, hence they have a positive relationship with corporate governance if applied efficiently (Hendricks & Matsiliza, 2015). In the mainstream of modern culture, information technology (as a dimension of corporate governance barriers) is one of the answers to most problems and/or restrictions in business. It is seen as the way that a business can emerge from the past and enter a brighter, more efficient future (Bashaer et al., 2016). IT-related resources serve as potential sources of competitive advantage, hence a change in technological factors cascades into a positive influence in the CG if implemented effectively.

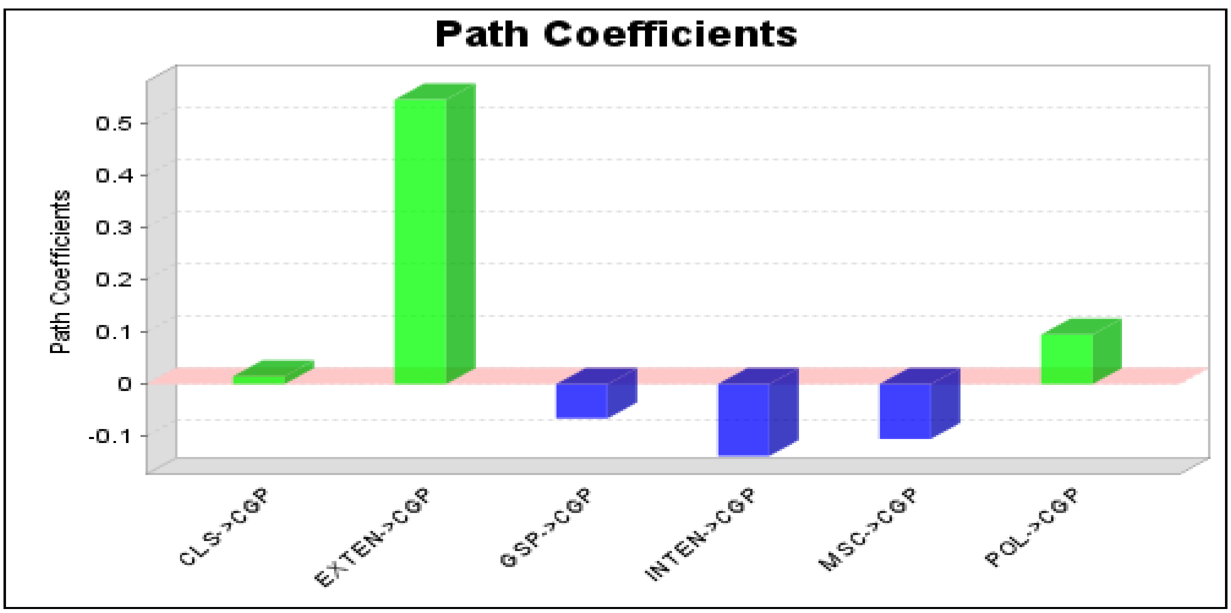


Figure 5.12: Path coefficients

Source: Imported from Smat-PLS analysis, 2022.

Figure 5.12 depicts the path coefficients of the relationship between latent and observed variables. The GSP, INTEN and MSC exerted a negative effect on corporate governance whereas CLS, EXTEN and POL were positively related to corporate governance.

5.8.2 Discussion: Corporate Governance Barriers and Corporate Governance

The public sector is characterised by uncertainty, ambiguity, and stakeholder management issues that are multifaceted and complex. The significant positive relationship between EXTEN and corporate governance is rather peculiar. In normal circumstances the relationship between these variables is inverse. That is when corporate barriers strengthen the corporate governance weakens. The positive relationship between EXTEN and corporate governance highlights that compliance to sound governance practices appears to exist in those practices that are externally determined. Thus, when broadly assessing the corporate governance performance of the national government department in South Africa, it appears that, in the main, there is compliance to the "structure" of governance. That is, committee structures have been established; communication with shareholders, mainly in the form of audited financial statements and annual reports, is undertaken; and some form of identification of risk is included in such statements and reports. Rossouw (2009) suggests that governance of this kind can be considered as "external" where the locus of control for the governance rests with outside agencies, for example, regulatory institutions and laws.

The results also show that INTEN factors have an insignificant influence on corporate governance in government departments in South Africa. It appears that standards of "internal" governance are lacking when noting the incidences of governance transgressions recorded, indicating poor governance controls by the boards and by the executive management of the departments. Due to this, the public sector had consistently fallen below expectations because of frequent political interference; poor leadership and management; outright mismanagement and a regressing economic growth (Korir et al., 2015). The insignificant relationship between the two variables is further compounded by the verdict that political leaders in South African national government departments seem to inhibit the direct running of the departments, thus assuming the authority of the boards. However, where the government should rightfully apply control, through the boards, to guarantee robust governance practices, it appears not to be doing so. Adopting a compliance approach to governance basically necessitates "ticking the boxes", and it is advised that sound governance that embroils board monitoring to confirm that management and operations are above probity, is a more complex challenge.

POL; CLS; GSP; MSC have an insignificant influence on corporate governance. Policies exist in government departments in South Africa, but they are observed on compliance purposes. The results imply that policies are there in departments, but they play no role in strengthening corporate governance. Corruption is rampant in the public sector. Management is appointed on a partisan basis. Uhlig (2018) notes that political connections often inform board and senior management appointments. Raza (2019) terms such practice "political patronage", resulting, as Robbins (2019) suggests, in attempts by the board to "please the stakeholder". Hence, despite the presence of policies, the management of these departments do not consider those policies hence compromising on corporate governance. The most important thing is to pursue the political agenda at the expense of policies and governance.

5.8.3 Path Analysis for Corporate Governance Barriers and Organisational Performance

Hypothesis H2 states that the barriers to corporate governance exert a negative influence on organisational performance in national government departments. The hypothesis was tested using path analysis based on the partial least squares' technique. Figure 5.13 shows the path model for path analysis on CGB and OP.

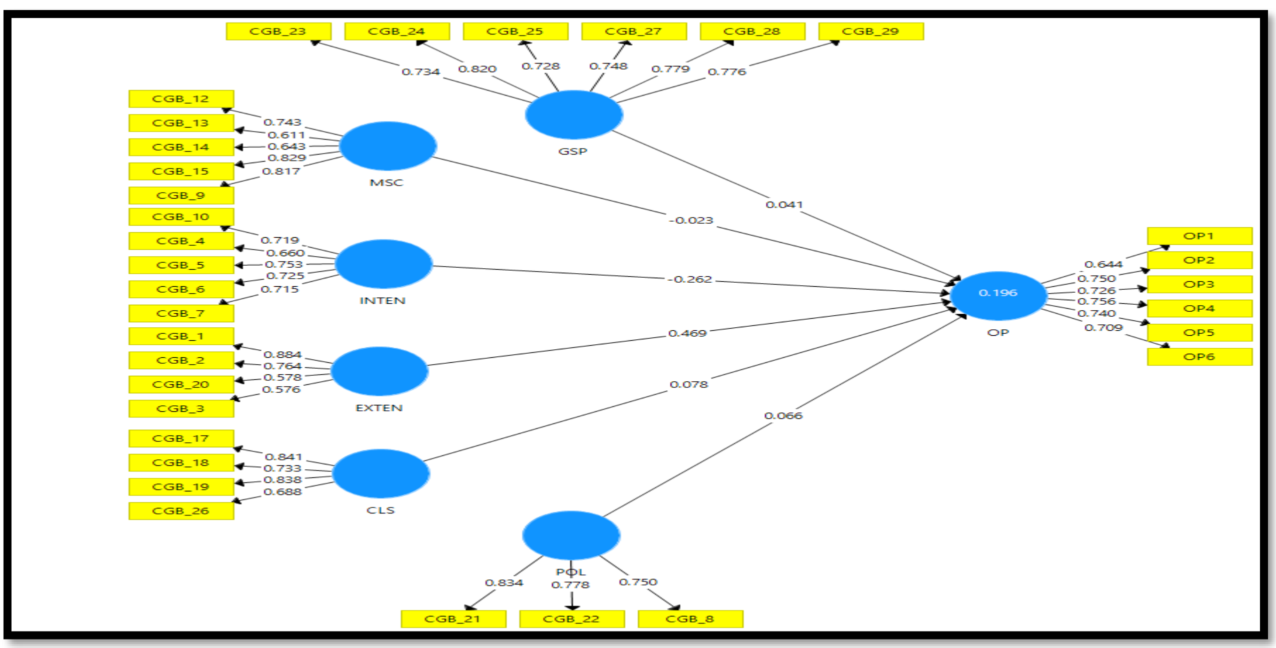


Figure 5.13: Path model

Source: Imported from Smart-PLS analysis, 2022.

Figure 5.13 shows that most of the barriers are not significantly related to operational performance. Thus, (MSC: β = -0.023, t=0.422, p=0.673; GSP: β = 0.041, t=0.349, p=0.727; CLS: β = 0.078, t=0.604, p=0.546; POL: β = 0.066, t=0582, p=0.561) show an insignificant relationship with operational performance. The result on INTEN (β = -0.262, t=2.103, p=0.036) shows that there is an inverse significant relationship with operational performance. The result demonstrates that the existence of INTEN factors in national government departments in South Africa does predict the operational performance inversely. Thus, implementation of INTEN factors decreases it by -26.2 per cent, which is a significant margin to be considered in determining a meaningful hypothesis relationship. The result on EXTERN (β = 0.469, t=4.744, p=0.000) shows that there is a significant positive relationship between external barrier factors and operational performance in national government departments in South Africa. The results, as shown in Figure 5.13, demonstrate that if EXTEN factors increases, operational performance, in turn, increases by almost 46.9 per cent. This shows that a significant relationship exists between the two variables. The result also reveals that where there is EXTEN in government departments, the performance of the departments is enhanced. The result of this study indicates that EXTEN barrier factors are the leading driver of operational performance in South African national government departments. Therefore, EXTEN predicts operational performance. The results suggest that EXTEN factors improves operational performance in government departments. The results presented above contrast the assertion by Collins (2021) who establish that EXTEN influences it in a negative way. The results of this study also infer that EXTEN factors enables government departments to commit to compliance demanded by the factors Essentially, since most of the barriers have no influence on operational performance, it implies that hypothesis H2 is not supported and therefore rejected.

5.8.3.1 Path coefficients

In path analysis and structural equation modelling a path coefficient is the partial correlation coefficient between the dependent variable and an independent variable, adjusted for other independent variables (Connell et al., 2018). Almanasreh et al. (2019 posit that a path coefficient indicates the direct effect of a variable assumed to be a cause on another variable assumed to be an effect. Shipley (2016) asserts that path coefficients are standardised because they are estimated from correlations (a path regression coefficient is unstandardised). Figure 5.14 illustrates the individual strength of the path coefficients.

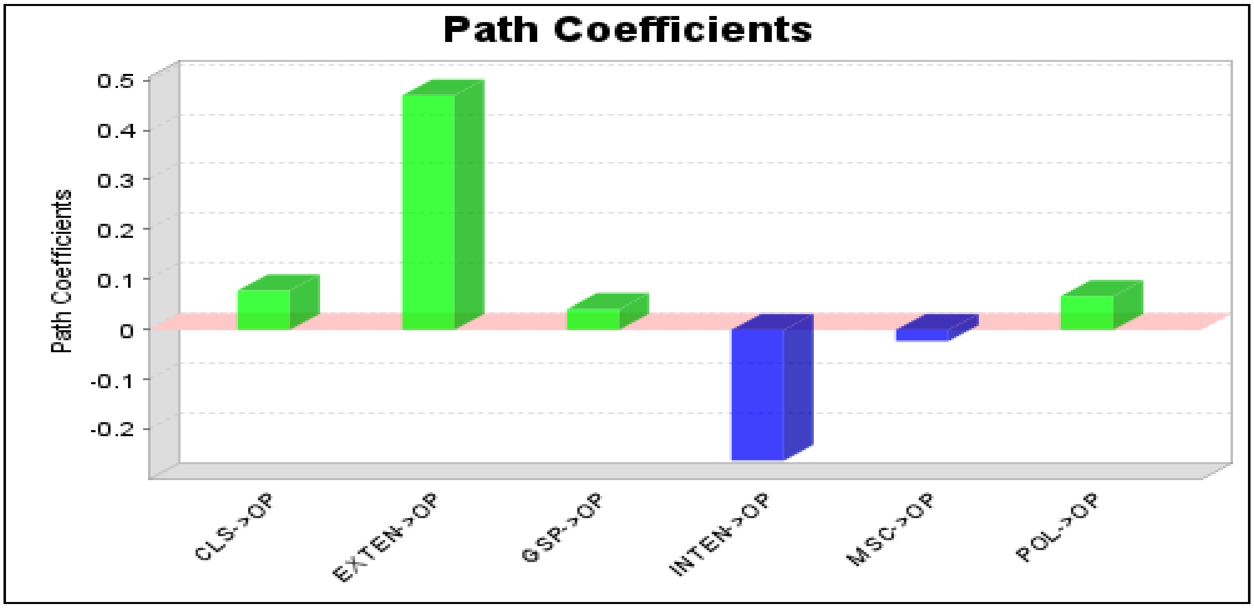


Figure 5.14: Path coefficients

Source: Imported from Smart-PLS analysis, 2022.

The normal PLS path coefficients are interpreted like standardised regression coefficients. Thus, they can be descriptively compared in their magnitude because they are all on the same scale. Figure 5.14 depicts the path coefficients of the relationship between latent and observed variables. INTEN and MSC exerted a negative effect on operational performance. A negative path coefficient is basically the same as a negative regression coefficient. That is, for example, for a path loading from INTEN to operational performance, it is the predicted increase in INTEN factors for a one unit increase on it, holding all other variables constant. Thus, a negative coefficient just means that as INTERN factors increases, operational performance is predicted to decrease. The study results also reveal that GSP, CLS, EXTEN and POL were positively related to GSP, though only EXTEN factors (β = 0.469) have a significant positive relationship with operational performance.

5.8.4 Discussion: Corporate Governance Barriers and Organisational Performance

The traditional pattern regarding barriers and performance is that each operational performance decreases as each barrier strengthens. However, the results of this study represent a distinctive departure from that pattern. MSC has an insignificant influence on operational performance. In

South African national government departments, governance wrongdoings are well documented (Bashaer et al., 2016) and can be considered as symptomatic of “strategic lethargy” (Tomal & Jones, 2015) in an economy that must compete on an international platform. Such practices have resulted in a loss of investor confidence and a lack of confidence in departments by broad stakeholder groupings. Such MSC transgressions include poor leadership, senior leadership vacancies and a lack of succession planning, instability in executive leadership, delays in senior appointments and political appointments and cronyism. Internal barriers such as inappropriate rewards, including excessive pay and benefits to executive managers and board members despite national government departments underperformance have negatively influenced operational performance (Kondlo (2017). Mismanagement of resources evident in poor long-term strategy development, poor financial accountability and unproductive or uneconomical expenditure have led corporate governance to insignificantly influence operational performance in South African national government departments. CLS as a barrier has insignificant influence on operational performance. This is necessitated by factors such as board irregularities demonstrated in apathy or ignorance of national government departments affairs, irregular attendance at meetings and excessive concurrent board appointments. Lack of adherence to fiduciary duties, bribery and corruption, conflicts of interest, tender-rigging, and lack of regular board appraisal are some of the transgressions that have caused POL to insignificantly influence operational performance in the South African’s national government departments. There is little evidence that the governance of South African national government departments has improved over time. Thabane and Snyman-Van Deventer (2018) point out the lack of progress to a “misplaced focus” where structural aspects of the board of directors (for example, composition of the board and of board committees, chairman/ CEO structure, board size) prevail over “process issues” that relate to the tone of the culture and to many of the subtle subjects that are difficult to clearly measure. Kondlo (2017) suggests that while structure is a prerequisite for board effectiveness, it is not sufficient by itself to ensure board success. Therefore, the CGB dimensions have shifted from the tradition whereby their increase will significantly influence the operational performance of government departments. The factors outlined above have contributed in corporate governance barriers insignificantly influencing the departments’ operational performance.

5.8.5 Path Analysis for Corporate Governance, BSC Indicators and Organisational Performance.

Hypotheses H3, H4, H5, H6, H7, H8, H9, H10 and H11 were tested using path analysis based on the partial least squares' technique. Figure 5.15 shows the path model for path analysis on CG, BSC indicators and OP.

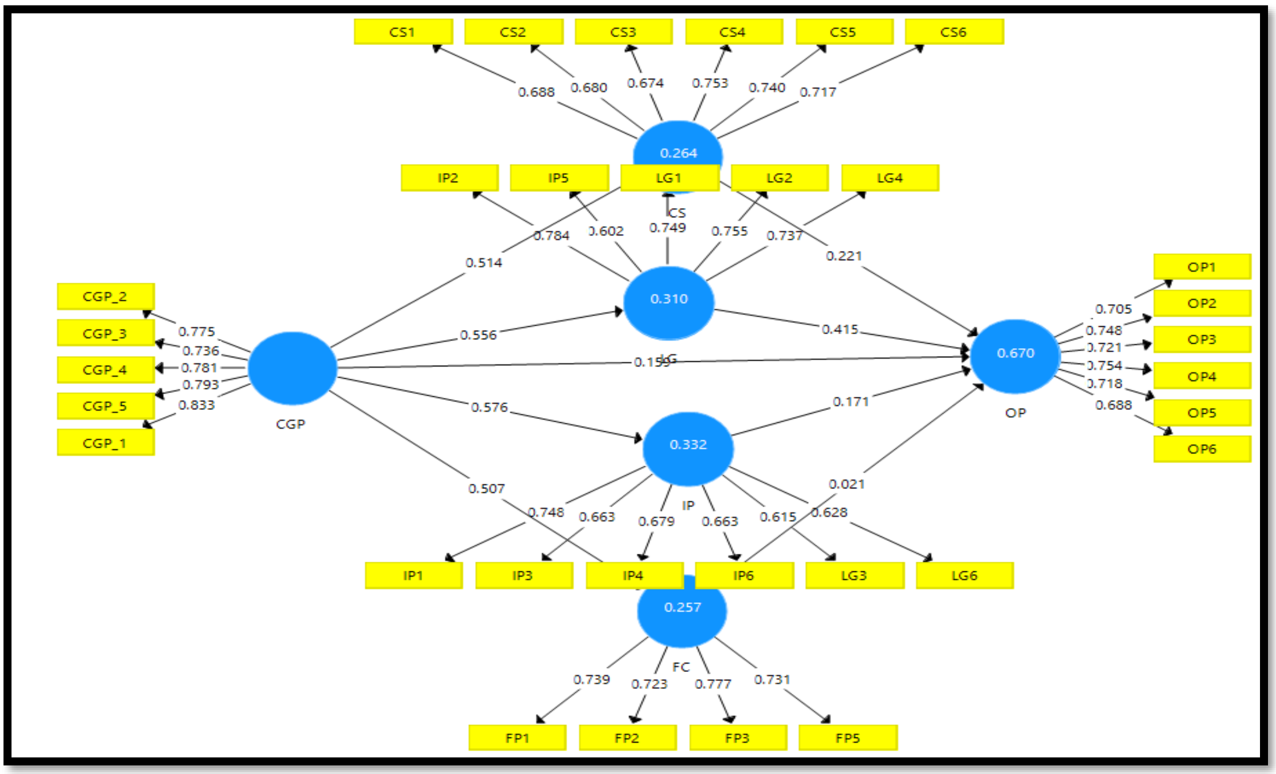


Figure 5.15: Path model

Source: Imported from Smart-PLS analysis, 2022.

Figure 5.15 shows that CG is significantly related to BSC indicators. Thus, (CS: β = 0.514, t=9.705, p=0.000; FC: β = 0.507, t=8.893, p=0.000; IP: β = 0.576, t=13.821, p=0.000; LG: β = 0.556, t=11.867, p=0.000) show an insignificant relationship with CG. The BSC indicators show a positive relationship with OP (CS: β = 0.221, t=4.101, p=0.003; IP: β = 0.171, t=3.712, p=0.000; LG: β = 0.415, t=7.768, p=0.000) The result on FC (β = 0.021, t=0.377, p=0.706) shows that there is an insignificant relationship with OP. The result demonstrates that the existence of FC factors in national government departments in South Africa does not predict the operational performance. Thus, implementation of FC factors increases it by 2.1 per cent, which is an insignificant margin to be considered in determining a meaningful hypothesis relationship. The result on CS shows that there is a significant positive relationship between this BSC factor and operational performance in national government departments in South Africa. The results, as shown in Figure 5.15, demonstrate that if CS factors increases, operational performance, in turn, increases by 22.1 per cent. This shows that a significant relationship exists between the two variables. The results also reveal that where there is LG and IP, the performance of the departments is enhanced. The result of this study indicates that LG and IP are the leading drivers of operational performance in South African national government departments. Therefore, LG, IP, CS predict operational performance. The results suggest that these BSC factors improve OP in government departments. The results presented above support the assertion by Collins (2021) who establishes that LG, IP, and CS influence operational performance in a significant positive way. The results of this study also infer that LG and CS factors enables government departments to commit to compliance and hence improve their performance. Essentially, since most of the balanced-scorecard factors have influence on operational performance, it implies that hypotheses H3, H4, H5, H6, H7, H8, H10, and H11 are supported and therefore accepted.

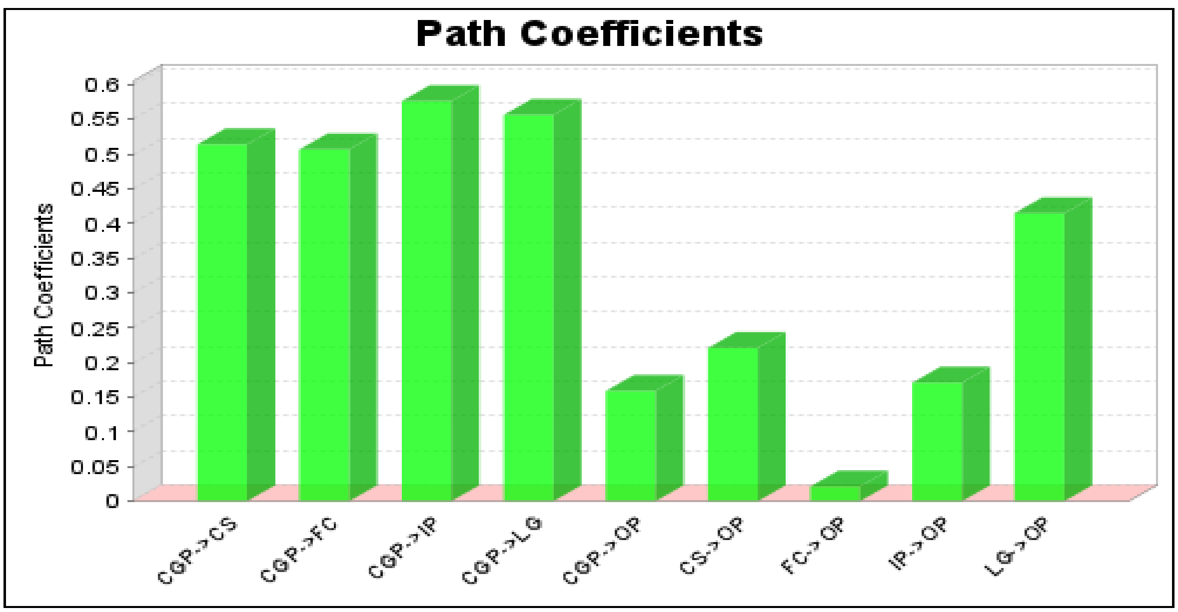


Figure 5.16: Path Coefficients

Source: Imported from Smart-PLS analysis, 2022.

Figure 5.16 depicts the path coefficients of the relationship between latent and observed variables. The Figure 5.16 depicts that corporate governance exerted a positive effect on most of the balanced-score card factors. Thus, it has a significant influence on CS, FC, IP, LG, and operational performance. A positive path coefficient is basically the same as a positive regression coefficient. That is, for example, for a path loading from corporate governance to CS, is the predicted increase in corporate governance factors for a one unit increase on CS holding all other variables constant. So, a positive coefficient just means that as corporate governance factors increase, CS is predicted to increase. The study results also reveal that GSP, CS, IP, FC, and LG were positively related to operational performance, though only FC factors (β = 0.021) have an insignificant positive relationship with operational performance.

5.8.6 Discussion: Corporate Governance, BSC Indicators and Organisational Performance

This section discusses the results of the hypotheses tests performed to address the empirical objectives. The study utilised the two main criteria under path analysis to validate and confirm each hypothesis. The first criterion included checking the path coefficients, which are represented by a beta (β). For a hypothesis to be supported and significant, the path coefficient must be positive or negative (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014). The second criterion constitutes the significant influence of the constructs. This influence constitutes three levels, which are represented by stars also known as p-values. The levels of influence include values with at least three stars (***), which represent p-values less than 0.001, two stars (**) represent p-values less than 0.05, and one star (*) denotes a p-value less than 0.1.

5.8.6.1 Corporate Governance and Balanced Scorecard Indicators

Hypothesis H3: Corporate governance has a positive influence on performance in national government departments.

The results from Figure 5.15 show that corporate governance has a significant influence on OP (β = 0.1996, t=3.001, p=0.003). The p-value is less than the common alpha level of 0.05, which indicates that the impact of corporate governance as a predictor of operational performance is statistically significant. Thus, the hypothesis is supported, significant and accepted. Hence, if the implementation of corporate governance practices increases, operational performance, on the other hand, increases by a margin of 19.96 per cent, which is a significant margin to be considered in influencing a meaningful hypothesis relationship. Thus, hypothesis H3 indicates a significant relationship between the two variables. The result indicates that there is a positive relationship between the two variables. This result supports previous studies (Randeree & Al Youha, 2009; Bashaer et al., 2016; Namada, 2018), which showed a significant relationship between corporate governance and operational performance in business organisations (refer to Section 3.8.3).

This result may be because government departments are beginning to appreciate the importance of corporate governance in their everyday operations. Implementations of the King's reports have shifted from private sector to the national government departments in South Africa (Amadeo, 2019). The accepting of corporate governance in the public service could be a reason why the performance of the departments is improving. Hamayon et al. (2018), find that better corporate governance is associated with better performance in the form of return on assets. Therefore, the public sector in South Africa is responding to the application of corporate governance practices, and this is working as the sector is showing some signs of improvement in the organisational performance. Corporate governance is removing issues such as corruption and fraud in the departments, hence, enhancing performance.

Hypothesis H4: Corporate governance has a positive influence on financial performance in national government departments.

The results of the analysis show that corporate governance has a significant influence on FP. This was shown by a strong positive path coefficient of (β =0.507; $t = 8.893, \rho = 0.000$), which exhibits that a relationship exists between CG and FP. Therefore, H4 was supported and significant. This result illustrates that if corporate governance increases, FP, on the other hand, increases by a margin of 50.7 percent. This indicates that there is a relationship between the variables. The results of the study also reveal that where there is corporate governance, public sector's ability to be competitive financially is improved. Therefore, it can be concluded that corporate governance improves the financial performance of the national government departments in South Africa.

The results suggest that corporate governance positively influences financial performance in South African's national government departments. This result confirms the view of Kurji *et al.* (2016), who submit that strong corporate governance influences positively the economic performance of business organisations (refer to Section 3.8.3). Nodl (2017) asserts that FP depends highly on the implementation of corporate governance strategies. In general, it is a significant variable, influencing growth prospects of an economy because best governance practices reduce risk for investors, improves financial performance and helps in attracting investors (Hamayon et al., 2018). The South African public sector is viewed as an attraction to foreign investors. Hence, its adaption to corporate governance results in attracting investors, thereby enhancing the performance of the economy. Further, two positive changes identified in good governance practices in national government departments in South Africa, are appointing women directors on independent governance structures as required by new standards, and establishing diverse board committees for protecting shareholders rights. These reforms aim at making the boards more powerful and focus on monitoring the management and eventually enhance the financial performance. Therefore, national government departments in South Africa must continue to formulate and implement the proper corporate governance for the achievement of a robust financial performance.

Hypothesis H5: Corporate governance has a positive influence on customer satisfaction in national government departments.

The results of the study through the path analysis reveal that corporate governance exerts a positive and significant influence on CS. The hypothesis (H5) was therefore accepted due to the strong and positive relationship (β = 0.514; t=9.705; ρ =0.000) that was found between the two constructs. The results as shown in Figure 5.15 demonstrate that if corporate governance increases, CS, in turn, increases by almost 51.4 percent. This shows that a significant relationship exists between the two variables. The result also reveals that where there is corporate governance in national government departments, CS is enhanced. The result of this study indicates that corporate governance is the leading driver of CS in the national government departments in South Africa, and therefore it predicts CS (refer to Section 3.8.3).

The results suggest that corporate governance improves CS in national government departments. Those presented above confirm the assertation by Invernizzi et al. (2017), who establish that corporate governance influences CS. Tarver (2020) highlights the importance of customer satisfaction retention and its parameter to identify how much the government department has been successful in the delivery of its service. A satisfied customer permits the department to move on the pathway of growth, improved profitability, fight competition as well as carve a niche in the marketplace. While public governance contributes to strengthening the confidence, raising the quality of service, and maintaining the integrity of economic systems, it also plays an important role in strengthening the supervisory and regulatory process in government institutions. Thus, it fulfills its responsibilities and improves its CS through its regulatory process and can hold them accountable. Therefore, by applying good public governance, national government departments in South Africa should enhance transparency and accountability through maintaining flow of information to its officials, stakeholders, and the public, and consider the quality of information that will affect the decision making and CS.

Hypothesis H6: Corporate governance has a positive influence on internal processes in national government departments.

The results from the hypothesis tests presented in Figure 5.15, show that corporate governance has a significant predictive influence on IP (β = 0.576; t=13.821; p = 0.000). The p-value is less than 0.01, indicating that hypothesis H6 is supported, significant and thus, is accepted. Figure 5.15 shows that if the implementation of corporate governance practices increases IP, on the other hand, increases by 57.6 per cent, which is a significant margin to be considered in determining a hypothesis relationship. Empirical evidence on corporate governance and performance has also supported the results obtained in this study (Pandey & Wright, 2006; Invernizzi et al., 2017; Tarver, 2020).

The result of this hypothesis (H6) suggests the following. First, this positive and significant result on the influence of IP by corporate governance can have substantial implications for national government departments in South Africa. Tarver (2020) affirms that internal control activities ensure that the government departments in South Africa adhere to corporate governance guidelines. Furthermore, corporate governance sets the standards and recommends procedures; internal controls ensure those procedures are being followed. Thus, there is a relationship between corporate governance and IP. Internal control processes also ensure there is an audit trail that can be retraced during internal and external audits. The positive outcome of this relationship confirms that if the national government departments in South Africa direct their efforts towards a robust corporate governance, there is a greater possibility that the IP can be improved thereby enhancing organizational performance (refer to Section 3.8.3). These practices include separation of duties, governance frameworks, governance documentation, effective board reporting, director training and board evaluations. It is therefore concluded that the practice of corporate governance in national government departments in South Africa has a positive influence on the IP.

Hypothesis H7: Corporate governance has a positive influence on learning and growth in national government departments.

The results of the hypothesis test revealed that corporate governance has a significant influence on LG. This was shown by a positive coefficient of beta ($\beta = 0.576$; $t=11.867$; $p = .0000$), and the p-value is less than 0.05, indicating that hypothesis H7 is supported, significant, and thus accepted. Furthermore, Figure 5.15 shows that if the corporate governance practice increases, LG, on the other hand, increases by 57.6 per cent, which is a significant margin to be considered in determining a hypothesis relationship. These results concur with the findings by Nguyen et al. (2020), whose study reveals a positive and significant relationship between governance practices and internal controls in the manufacturing industries (refer to Section 3.8.4).

The result of this hypothesis (H7) therefore suggests the following. The above finding has practical implications in understanding how corporate governance can influence the LG in government departments in South Africa. In addition, these outcomes, which show a positive and significant relationship, provide a critical piece of empirical evidence for corporate governance research. By investigating its practices, influencing LG within the government departments, particularly in South Africa, it is crucial to realise the governance strategic value and operational performance (Zhang, 2017). Therefore, the results from this relationship can practically mean that the expedition towards LG pivots somewhat on the departments' ability to apply corporate governance practices in their organisational processes. This study shows that corporate governance influences the LG in government departments in South Africa.

5.8.6.2 Balanced Scorecard and Organisational Performance

Hypothesis H8: Financial performance has a positive influence on organisational performance in national government departments.

The results of the hypothesis test revealed that FP has an insignificant influence on organisational performance. This was shown by an insignificant positive coefficient of (β = 0.021; t= 0.377p= 0.706), which exhibits that a marginal relationship exists between FP and organisational performance. Therefore, hypothesis H8 was not supported and is insignificant. This result illustrates that if financial performance initiatives are increased, organisational performance, on the other hand, increases by an insignificant margin of 2.1 per cent. The hypothesis H8 was rejected.

The results of this hypothesis test contrast with the finding that the FP does affect the organisational performance. This result, through empirical observations, opposes the assertions of Kanyane (2014), who pointed out that the implementation of financial improving programmes, have a significant effect on the organisational performance in organisations. These results seem to disagree with study by Lee (2015), who establish a significant positive relationship between financial performance and organisational performance (refer to Section 3.8.4).

From a practical perspective, two leading suggestions can be drawn from the empirical evidence obtained from this result. First, this hypothesis result is vital, given the existing South African public sector environment where financial performance is always poor. Many departments operate at a loss. The departments are filled with fraudsters and corrupt officers who spent much of their time pursuing their personal interests (Kanyane, 2014). Furthermore, most departments are there to offer services to the citizens, hence they are not profit oriented. Their financial performance has little effect on the organisational performance. The departments' operations are funded from the fiscus. Therefore, the need to improve on financial performance has become more apparent in the pursuit to achieve organisational performance excellence within the departments (Coetzee & Kleynhans, 2019). Hendricks and Matsiliza (2015) suggest that the understanding of financial performance leads to the development of organisational performance strategies that reduce costs, make procurement predictable, clarify supplier partnership decisions and provide control over suppliers in negotiations. Thus, South African national government departments are more perceptive and incisive to exhibit FC explorative behaviours compared to those that are exploitative. Lastly, exploiting their financial performance models and tactics with the intent and hope of embracing maximum value for their organisational performance are no longer sufficient. Cameron (2015) notes that the departments must embrace new FC practices in their structures to meet the prospects of a flexible organisational performance. These new practices include relationship agility, measurement integration, technology, planning execution, material and service supplier integration, internal operations, and customer integration. The national government departments in South Africa must dig deep and explore further than their normal practices, and diversify their financial performance dimension within to enhance organisational performance. It is essential for the departments in South Africa to focus on enhancing factors linked to financial performance to appreciate the organisational performance benefits.

Hypothesis H9: Customer satisfaction has a positive influence on organisational performance in national government departments.

The results of the path analysis indicate that CS influences organisational performance in South African national government departments. The results support and accept the stated hypothesis (H9) as indicated in Figure 5.15 with a path coefficient of (β = 0.221; $t = 3.001$; ρ =0.000). The result demonstrates that there is a relationship between CS and organisational performance. This implies that when CS is increased within the government departments, there is also an increase in organisational performance with a margin of 22.1 per cent, which shows that there is a significant relationship between these variables. The results also indicate that where there is CS, the organisational performance increases.

This result confirms the view of Cameroon (2015), who submits that effective implementation of CS practices positively influences organisations' performance. The results of this hypothesis test also infer that the ability of the departments to satisfy their customers depends on the robustness of their governance initiatives. Manyaka and Nkuna (2014), who assert that the best customer service practices depend highly on the structure of the corporate governance programmes, also share this view. Several other scholars (Cameron, 2015; Hendricks & Matsiliza, 2015) also noted the success of meeting customers' requirements and giving them the best customer service orbits around all-encompassing and effective corporate governance initiatives.

The practical application of this result can be interpreted using the following essential suggestions. First, this result concurred to Keyes (2014), who found that the CS contributes to organisational performance. Firstly, the degree of close relationships with customers has perhaps allowed the surveyed departments to acquire precise and real-time demand information in the downstream operational process. Kondlo (2017) believes that close customer management can lead to better performance of the organisation. Such information may perhaps allow the departments to be more responsive towards customer requirements (refer to Section 3.8.4).

Furthermore, the departments with high resilient CS capabilities have better chances to sense disruptions and changes in their customer and thereby react proactively in delivering the best customer service to their customers. Ahmed (2017) highlights that government departments that focus on customer service management exceed customer expectations and increase the level of customers' satisfaction. The relationship leads to customer loyalty and organisational performance. Ahmed (2017) further suggests that CS management indirectly affects organisational performance by increasing efficiency and reducing costs. This hypothesis test result also exhibited that customer satisfaction is the corporate governance principal goal. Therefore, departments focusing on building CS resilience into their operational processes would significantly benefit by improving organisational performance. The result makes it significant for government departments to focus on improving strategies related to CS to realise its benefits.

Hypothesis H10: Internal processes have a positive influence on organisational performance in national government departments.

The results of the path analysis indicate that IP influences organisational performance in South African national government departments. The results support and accept the stated hypothesis (H10) as indicated in Figure 5.15 with a path coefficient of (β = 0.171; t=3,712; ρ = 0.000). The result demonstrates that there is a relationship between IP and organisational performance. This implies that when IP is increased in departments, there is also an increase in organisational performance with a margin of 17.1 per cent, which shows that there is a significant relationship between these variables. The results also indicate that where there is IP in the departments, the organisational performance increases.

The results of this study suggest that IP in government departments enables public procurement systems to be flexible in terms of sourcing, reduction in costs, and increase return on investment, thereby providing them an edge to reach their full organisational performance. This result is congruent with a study by Ashe-Edmunds (2016), which establishes that organisations that implement internal control processes perform better in terms of operations and finances. The results suggest that government departments that pursue segregation of duties, physical controls, establish policies, procedures, and documentation that provide guidance and training, enable sturdy organisational performance. Consistently, Kompanek (2016) coined those internal controls in the governance of departments in South Africa improves organisational performance within the departments. Hence, IP is an essential factor in increasing it in South African public service departments.

Hypothesis H11: Learning and growth has a positive influence on organisational performance in national government departments.

The results of the hypothesis test revealed that LG has a significant influence on organisational performance. This was shown by a positive coefficient of beta ($\beta = 0.415$; $t=7.768$; $p = .0000$), and the p-value is less than 0.05, indicating that hypothesis H11 is supported, significant, and thus it is accepted. Furthermore, Figure 5.16 shows that if the LG practice increases, organisational performance increases by 41.5 per cent, which is a significant parameter to be considered in determining a hypothesis relationship. These results agree with the results obtained from studies by Kompanek (2016), whose studies reveal a positive and significant relationship between LG and organisational performance in manufacturing industries.

The result of this hypothesis (H11) is therefore discussed under the following suggestions. The above finding has practical implications in understanding how LG can influence the organisational performance in government departments in South Africa. In addition, these outcomes, which show a positive and significant relationship, provide a critical piece of empirical evidence for supply chain research. By investigating the LG practices influencing organisational performance in government departments, particularly in South Africa, it is crucial to realise the strategic value and competitive advantage (Radebe, 2017). Therefore, the results from this relationship can practically mean that the expedition towards it hinges somewhat on departments' ability to apply LG practices in their organisational processes. LG practices include educational activities within an organisation that are designed to improve the performance of an individual or group, agile learning, and remote mobile training. Thus, the results show that LG influences the organisational performance in the government departments in South Africa.

Table: 5.14. Summary of Hypothesis testing results.

Path	Hypothesis	Path coefficient	Significance	Outcome
Corporate governance → OP	H_3	0.1996	0.003	**Supported and significant**
Corporate governance→ FP	H_4	0.507	***	**Supported and significant**
Corporate government → CS	H_5	0.514	***	**Supported and significant**
Corporate governance → IP	H_6	0.576	***	**Supported and significant**
Corporate governance → LG	H_7	0.576	***	**Supported and significant**
FP → Organisational performance	H_8	0.021	**0.706**	**Not supported and insignificant**
CS → Organisational performance	H_9	0.221	***	**Supported and significant**
IP → Organisational performance	H_{10}	0.171	***	**Supported and significant**
LG → Organisational performance	H_{11}	0.415	***	**Supported and significant**
significance level <0.001***				

Eight hypotheses were tested in this study, as shown in Table 4. Seven of the eight hypotheses were supported. However, one result (H8) was rejected due to statistically insignificant relationships indicated by p values higher than the 0.05 significance level.

5.9 LINKING THE RESULTS TO THE AGENCY THEORY

As highlighted in Chapter One, the current study is based on the agency theory. Agency theory is used to understand the relationships between agents and principals. The agent represents the principal in a particular business transaction and is expected to represent the best interests of the principal without regard for self-interest. The different interests of principals and agents may become a source of conflict, as some agents may not perfectly act in the principal's best interests. The resulting miscommunication and disagreement may result in various problems and discord within the South African service. Incompatible desires may drive a wedge between each stakeholder and cause inefficiencies and financial losses. This leads to the principal-agent problem. The principal-agent problem occurs when the interests of a principal and agent come into conflict. Organisations should seek to minimise these situations through solid corporate policy, governance structures and other monitoring systems and mechanisms. These conflicts present normally ethical individuals with opportunities for moral hazard.

Burgess et al., 2017 coined that where performance targets and rewards were assessed at the level of a district that has different teams of educators, the outcome revealed that teacher incentives to improve pupil performance in math and English significantly raised student outcomes. In the South African national government departments, for instance, a different a similar type of incentive may be used to redirect the behaviour of the agent to realign these interests with the principal's concerns. For example, despite the skepticism of free-rider problems inherent in the team-based schemes, it has been argued that a team-based incentive scheme can work well, and that peer monitoring far outweighs free riding effects (Burgess et al., 2017). Although not a usual practice to utilise team-based incentives in the public sector, corporate governance can be used to change the rules under which the agent operates and restores the principal's interests. In the South African context, for example, the national Department of Education can utilise this team-based reward system as an incentive for teams that are responsible for the performance of various school districts in the country. Not only would this result in financial rewards, but it could introduce healthy competition between and amongst the different teams within the education department. Agents must have incentives, encouraging them to act in unison with the principal's interests.

Incentives encouraging the wrong behaviour must be removed, and rules discouraging moral hazards must be in place. Thus, understanding the mechanisms that create problems helps businesses develop better corporate policy. This is depicted by the result (POL: $\beta = 0.066$, $t=0582$, $p=0.561$), which shows an insignificant relationship with organisational performance. Under the agency theory, shareholders (the principal) are expecting from the directors (the agents) to lead and make decisions in their interest, and of those who have mandated. On the other hand, the agent cannot only adopt the decisions that pursue only the interests of the principal. The results from Figure 5.15 show that corporate governance has a significant influence on organisational performance ($\beta = 0.1996$, $t=3.001$, $p=0.003$) and supports the agency theory. Agency theory leads to the need for harmonisation of the interests of managers with those of shareholders for the objective of maximising company value, which could not be affected by competing interests of managers in different decision-making circumstances.

Throughout this study, the assumptions and concepts of agency theory were aligned to the national government departments environment. The study highlights that the assumption of incompatibility of planning horizons between principal (national government departments) and agent (top government management) takes place inversely, to that assumed as a rule for organisations. The study understands that the government is more concerned with the results of the departments during terms of the boards' contract, and the government is more concerned with the results of its portfolio of present and future initiatives. Therefore, it is apparent that some of the elements and assumptions of the agency theory are being supported. However, some aspects are being violated. The result is expected and acceptable when linking research theories and the results of the study.

5.10 CONCLUSION

Chapter Five provided insights into all the activities related to the collection of data and its analysis, as presented in Chapter Four. Subjects addressed include the pilot study, response rate, descriptive analysis of the results of both the demographic and constructs. Descriptive analysis weighed up the demographic profile of the respondents and their organisations. The chapter explored the mean scores and standard deviation of the constructs to show the averages of the responses on the constructs. The descriptive analysis showed the skewness and kurtosis to highlight the distribution of data. It also discussed the path analysis models of the study. Lastly, it discussed the link between the theories and the results of the study. The next chapter outlines the conclusions and recommendations.

CHAPTER 6

CONCLUSIONS, RECOMMENDATIONS, LIMITATIONS, AND IMPLICATIONS FOR FUTURE RESEARCH

6.1 INTRODUCTION

The main aim of this chapter is to provide a concluding analysis with an overview of the whole study, and present conclusions to each theoretical objective. It provides conclusions established on the empirical objectives, and presents recommendations that could be adopted by national government departments in South Africa on corporate governance and performance. Moreover, the chapter explores both theoretical and practical contributions to the study. It finally outlines the limitations, suggestions for further studies, and the study's overall conclusion.

6.2 REVIEW OF THE STUDY

The study sought to investigate the implementation of corporate governance and determine its possible barriers and their influence on the performance of the South African national government departments. The research developed from the study is divided into six chapters.

Chapter One was divided into 11 sections. The first section discussed introduction and background, highlighting how the South African public sector is structured to enable the distribution of responsibilities across the different levels of economic clusters, for purposes of ensuring that national imperatives are met. The chapter further discussed how the performance challenges facing the South African government are attributable, in part, to ineffective corporate governance mechanisms and practices. The problem statement was further outlined, followed by research aims; primary objective and three secondary objectives. The main research question and four sub-research questions were also presented. A conceptual framework and a summary of research hypotheses for the study was presented. This was followed by significance of the study, and the agency theory which is the anchor theory and the relevant foundation for this study. A preliminary literature review, a brief research methodology and statistical analysis, and ethical considerations. The chapter concluded by outlining the chapters of the thesis.

Chapter Two on the literature review on corporate governance in South Africa was divided into 14 sections. The first section discussed the chapter's overview. The second section reviewed the conceptualisation of corporate governance. Section three reviewed the literature on the growth of corporate governance in South Africa. The fourth section reviewed principles of corporate governance. The fifth section reviewed practices of corporate governance. Section six discussed South Africa and the Batho Pele principles. Section seven discussed the various theories related to corporate governance and mainly, the principal agent theory as an anchor theory of the study, and its impact on public sector organisations. Section eight discussed the different models of corporate governance, and section nine dealt with benefits related to good corporate governance. Section ten reviewed the barriers that hinder effective and efficient corporate governance in organisations. The eleventh section addressed the corporate governance in the private sector and the public sector. Section twelve discussed the implementation of corporate governance in the South African public service. Section thirteen discussed the previous studies on corporate governance in the South African public sector, while Section fourteen discussed the chapter's overview.

Chapter Three, which reviewed organisational performance, was divided into nine sections. Section one covered the chapter overview. Section two provided varying definitions and descriptions of what organisational performance entails. Section three discussed the factors influencing organisational performance in organisations in both the public and private sector. Section four discussed the importance of organisational performance while section five discussed organisational performance measurement methods. Section six discussed performance challenges that the South African public service is facing. Section seven reviewed some of the previous research that have been conducted by other scholars. Section eight discussed the conceptual framework and hypothesis formulation, and section nine was on the chapter's conclusion.

In Chapter Four, the methodology applied in this study was discussed in detail. The chapter was divided into ten sections, in which the first section discussed the chapter's overview. The second section discussed the forms of reasoning that influence research studies and highlighted the reasoning model that was applied. The third section discussed research paradigms or philosophies that influence research on the methodology used in collecting research data. The fourth section focused on the research approach, whereas the fifth section discussed the research time horizons(dimensions) that was adopted for the study. The sixth section discussed the study's research strategies. Section seven focused on the appraisal of the previous literature review chapters. Section eight discussed the empirical part of the methodology that constitutes the sampling design, sampling techniques, research population, sample size, and sampling frame; the procedures for data collection and research instruments, questionnaire administration, data analysis and statistical approaches, the reliability methods and the validity forms used in the study. Ethical considerations were discussed in Section nine. Lastly, section ten presented the chapter's summary.

Chapter Five of the study, which focused on data analysis and interpretation, was divided into 11 sections. The first section discussed the study's introduction, whilst the second section focused on the pilot study results. The third section was on calculating the response rate of the study. The fourth section divulged the explanatory factor analysis results. The fifth section focused on descriptive statistics. The testing was realised through the exploratory factor analysis and the skewness and kurtosis test. Section six discussed the normality testing of data, and Section seven focused on inferential statistics of the research constructs. Section eight discussed the path analysis and hypothesis test results. Section nine discussed the link between the research theory and the study's results, while Section ten focused on the summary and conclusion of the chapter.

Chapter Six discusses the conclusion and recommendations. The chapter is divided into nine sections. The first section provides the chapter's introduction. The second section presents the review of the study, whereas the third section focuses on presenting conclusions based on the theoretical objectives of the study. The fourth section presents conclusions based on empirical objectives, whilst the fifth section presents the recommendations. Section six of the chapter presents the study's contributions, Section seven presents the limitations of the study, Section eight presents' suggestions of further studies and lastly, Section nine seven presents the conclusion.

6.3 CONCLUSIONS BASED ON THE THEORETICAL OBJECTIVES

This section discusses the conclusions based on the theoretical objectives of the study. As indicated in Chapter One, the following theoretical objectives were set:

1) to explore the literature on corporate governance.
2) to conduct a literature review on corporate governance barriers.
3) to analyse the literature on the Balance scorecard factors; and
4) to provide an overview of the literature on the organisational performance.

6.3.1 Conclusions based on the literature review of corporate governance in government departments.

The first theoretical objective focused on conducting a literature review on corporate governance in government departments. This objective was achieved in Chapter Two. The review acknowledged its importance in government departments. The literature review established that corporate governance is the system by which companies are directed and controlled. The review further asserts that corporate governance refers to the rules, incentives, institutions and philosophies for coordinating, controlling and supervising behaviour impacting on social responsibility investment (SRI). The practice also refers to the process by which organisations are directed, controlled, and held accountable. It was revealed that corporate governance and serving the community is not a new concept in the world and has been practiced by corporates such as the Carrefour, Shell, Tatas, Birlas and Indian Oil corporation ever since their inception in early 1900s.

In South Africa, the literature concluded that King report IV, although not the first corporate governance framework that evidently applies to both private and public sector in South Africa, is widely used. The literature review established that there are six main practices related to corporate governance principles, as provided for in King report IV (2016). These practices include transparency, accountability, fairness, social responsibility, responsibility, and risk management. They are fundamental to the solution that is required for any government to perform optimally for purposes of adequate service delivery. In South Africa, institutions like the Office of the Public Protector and the Office of the Auditor-General of South Africa ensure transparency and good governance in the public service. The review found that there are numerous theories of corporate governance which address the encounters of governance of corporates and public organisations from time to time. These include stakeholder theory; practice theory; agency theory; resource dependency theory; political theory; stewardship theory; transaction cost theory; and institutional theory. Some benefits related to good corporate governance that were established by the literature review include: improved efficiency; ensuring corporate success and economic growth; maintaining investors' confidence thereby increasing access to financing; minimising fraud and corporate collapse; improving performance; protecting shareholders; and promoting better organisational relationships. It can be concluded that a high standard of corporate governance assists the governing bodies and management to pursue objectives that are in the interests of the organisation and its stakeholders; facilitate effective monitoring and encouraging the organisation to use its resources more efficiently. Corporate governance is important because it makes good business sense.

6.3.2 Conclusions based on literature review of corporate governance barriers in government departments.

The second theoretical objective of this study focused on reviewing the literature on corporate governance barriers. This objective was addressed in Chapter Two. The literature review confirmed that barriers to corporate governance can be grouped into political barriers, cultural barriers, social barriers, financial barriers, and technological barriers. The study revealed that corruption is one of the biggest obstacles to corporate governance in many South African public service institutions. The literature review further asserts that corruption has a serious impact on government, industry, and national security. It prejudices the rule of law and distorts markets. Therefore, corruption is one of the political barriers to effective corporate governance in the public service as political leaders and their subordinates in power are misusing their authority by embezzling funds and engaged in bribery scandals.

The study further reveals that corruption takes place in a synchronised and coordinated manner, and mostly entails internal efforts and sharing of knowledge and trading of benefits between two or more individuals. Concisely, corruption is portrayed as internal economies that benefit some principals (politicians) and some agents (public sector managers), where principals underhandedly direct, for example, procurement processes within departments in exchange for providing protection to agents, whilst withholding part of the loot or the ill-gotten gains. In brief, the study established that generally, corruption is seen as a joint and shared action rather than an individually driven act; implying that most decisions to engage in corruption typically occur within a broader society, rather than in isolation.

Moreover, nepotism is another curse of politics and administration in South Africa. The rulers (political leaders) give privilege and unfair advantage to their family and friends on public resources. As a result, civil servants and the mass population at large are deprived of certain opportunities and privileges.

The literature review found that many cultural barriers that affect effective corporate governance in organisations are mainly due to their organisational culture. It further affirms that these cultural hindrances are due to resistance to change. Most public leadership in many public service institutions are resistant to change as they believe that things should be done the same way as their forerunners did before, thereby creating barriers to corporate governance.

The literature found that the work climate in the public service, for example, is characterised by greater formalisation, rule boundedness, rigidity, and a higher level of red tape, which induce more fear of retribution for bending rules, and those lower in the hierarchy and with less authority are more fearful to suggest new ideas, despite them being sources of innovation. Similarly, those employees who are bold enough to provide new ideas may expect more push-back than would be the case were they acting from a position of greater authority. The literature review also found that some managers are perceived as having inferior knowledge to their juniors and as such, junior employees fear being punished for presenting new ideas. In South African public service, punishment and consequent management is normally used to generate fear and compliance rather than to promote learning or performance improvement, which is likely to be greater for most employees who are likely to interpret punishment as a job threat rather than an incentive to improve performance. It is therefore important that a clear message is driven that there are no consequences for errors relating to innovative efforts; and that consequence management is reserved for those employees who deliberately break rules.

Similarly, other findings from the literature are that it is never easy for subordinates to be honest with their superiors. A case in point was that of the vice president of Enron who was nearly fired for raising the alarm about wrongdoing within the company. Concisely, rigid, and non-transformational leadership, or leadership that induces fear, hampers learning and innovation, which in turn results in poor, and at times offering nonresponsive services.

6.3.3 Conclusions based on literature review of the balanced scorecard factors.

The third theoretical objective focused on conducting a literature review on the BSC factors. This objective was achieved in Chapter Three. The literature review describes the four aspects of the BSC, which are the financial aspect, internal business processes, learning and growth, and customer-aspect used to implement strategies and monitor progress and organisational performance. The model reinforces good behaviour in an organisation by isolating four separate areas that need to be analysed. These four areas are also called the legs of an organisation. Additionally, the literature review confirms that the BSC is used to attain objectives, measurements, initiatives, and goals that result from these four primary functions of a business. Companies can easily identify factors hindering business performance. Furthermore, the BSC can provide information about the organisation as a whole when viewing company objectives. An organisation may use the BSC model to implement strategy mapping to see where value is added within an organisation.

Moreover, the review mentions that the BSC in the public service is used to provide a mechanism for controlling and monitoring the organisational progress as well as having a communications device to keep team members up to date. It was also revealed that the BSC helps in translating strategy into operational and measurable actions and achieve strategic implementation. As such, the literature review confirms that the BSC is an integrated strategic performance management framework that helps organisations translate strategic objectives into relevant performance measures; it links non-financial measures with a financial perspective in four areas of performance concerned with: financials, internal process, customers and innovation and learning. Similarly, BSC is seen as a strategic management performance metric used to identify and improve internal business functions and their resulting external outcomes. The literature review confirms that BSC can be adapted for use in public sector organisations simply by rearranging the aspects of the scorecard to place customers or constituents at the top of the hierarchy, and that if those aspects are suitably restructured, it can serve a dual role in public sector contexts as a performance measurement instrument, and a means of enhancing accountability and responsibility. It also revealed that, albeit very few, there have been studies focusing on BSC solicitations in the public sector, with some degree of success in application.

6.3.4 Conclusions based on the literature review on organisational performance.

The fourth theoretical objective focused on conducting a literature review on the BSC factors. This objective was achieved in Chapter Three. The literature revealed the various factors which influence organisational performance, such as the structure of an organisation, leadership, work environment, personnel skills, external factors like national policies, media communication, the motivation of the employees, innovation, and employee involvement. The study revealed that the potential success of a business depends on its organisational performance, its ability to effectively implement strategies to achieve institutional objectives. Predictably, the literature review revealed that high performing organisations are characterised by skilled leaders who take care of their people and their customers, leaders who drive clear and compelling vision and mission; leaders who can formulate effective goals and strategies; leaders who have commitment to ethics and doing things right; leaders who understand success criteria and are committed to engaging, empowering, and developing people. Additionally, a high performing organisation is considered to have open, candid, straightforward, and transparent communication, teamwork, collaboration, and involvement by all, and that in successful organisations, emphasis is placed on constant improvement, state-of-the-art knowledge and practices, willingness to change, adapt, learn from successes and mistakes, take reasonable risk, and try new things.

The literature also found that the private sector model of performance is inadequate for the public sector as it only looks at inputs, activities, and outputs, whilst in the public sector the model should cover the whole chain from input to outcome. It found that new public management also advocates for the adjustment of the performance measurement methods applied in private organisations for the public sector as this allows performance to be organised more effectively to the satisfaction of service users. Furthermore, the literature found that a robust performance management and development process should be in place as it allows the organisation to harness the full potential of their employees by ensuring their constant learning, development, and growth.

The literature review also found that performance culture in most organisations is still dominated by individual goals and objectives, rather than team-based performance. However, there is a growing number of organisations that are moving away from the long-held belief that reinforces individual success and are adopting a team concept due to positive outcomes, such as improved performance, information sharing, increased collaboration, innovation, and team cohesion. The review asserts that organisational performance is a crucial source of competitive advantage in contemporary business organisations. Superior organisational performance gives the organisation an enhanced competitive advantage in the industry. The literature review revealed further that these incentives play a huge role in raising productivity of workers in the public service and that despite skepticism of free-rider problems inherent in the team-based schemes, team-based incentive scheme can, if properly designed, work well.

Whilst national government departments' performance is measured in terms of the framework designed by national treasury, the literature found that improvement in departmental performance can be achieved if performance indicators could be divided into two distinct areas, namely, internal management (internal focus), and public accountability (external focus). Performance indicators for internal control could provide managers at all levels with information necessary to make decisions which reflect, for example, economy, efficiency, effectiveness, and quality service provision, and that these could also assist in policymaking, planning and control processes within the institution. On the other hand, performance indicators for public accountability could allow those outside the organisation to be able to judge performance in national government departments and establish accountability. These could include the consumers and the public at large. The division (internal and external focus) is necessary because it is unlikely that a single set of indicators can satisfy both purposes, since the needs of internal managers and the different external stakeholders will vary, with the latter requiring less technical indicators and more high-profile ones. Another added problem is that the same indicators may be interpreted differently by different audiences.

Furthermore, what emerged from the literature review is that the inappropriate use of indicators will not generate service improvement; it warns that there is a danger of 'targetology', where a narrow focus on set targets adversely affects other aspects of service delivery.

6.4 CONCLUSIONS BASED ON EMPIRICAL OBJECTIVES

This section discusses the conclusions based on the empirical objectives of the study. As indicated in Chapter One, the following empirical objectives were set for the study:

1) to determine the main barriers to corporate governance relevant to the national government departments in South Africa,
2) to determine the perceptions of public service employees towards the implementation of corporate governance, its barriers and performance within the national government departments in South Africa.
3) to examine the effect of corporate governance and its barriers to the performance of national government departments in South Africa; and

4) to develop a model for the implementation of corporate governance for the improvement of organisational performance within national government departments in South Africa.

6.4.1 Conclusions on determining the main barriers to corporate governance within national government departments in South Africa.

The first empirical objective was designed to determine the main barriers of corporate governance within national government barriers in South Africa. An EFA approach was applied on the data on the data on corporate governance barriers. The study identified six barriers, namely, governance systems and practices, managerial skills and competence, internal environment, external environment, external environment, and policy. Based on the comparison of mean scores, policy emerged as the most significant of these barriers.

6.4.2 Conclusions on the perceptions of public service employees towards the implementation of corporate governance, its barriers and performance within the national government departments in South Africa.

The second empirical objective was designed to define and determine the perceptions of public sector employees towards the implementation of corporate governance, its barriers and performance within the national government departments in South Africa. To realise this objective, descriptive statistics, that is, minimum and maximum values, mean scores, and the SD, were applied and the results were then analysed.

Regarding the public service employees, they perceived and agreed that there is an acceptable implementation of corporate governance within government department in South Africa. External environment barriers indicate a ‘very significant’ response. This result indicates that respondents felt that external environment factors in national government departments in South Africa are significant in influencing performance. The mean value for internal environment factors shows that respondents perceive the internal factors to have significant influence on the performance of the public sector in South Africa. Internal environment factors are faced by an organisation from within its internal structures and arise during its normal operations. Policy as a barrier indicates a ‘very significant’ response. This result indicates that respondents felt that policies in national government departments in South Africa are significant in influencing performance. Policy is a deliberate system of guidelines to guide decisions and achieve rational outcomes.

Client service delivery as a barrier indicates a ‘moderately significant’ response. This result indicates that respondents felt that CSD in national government departments in South Africa are reasonably significant in influencing performance. Governance systems and practices indicate a ‘moderately significant’ response. This result indicates that respondents felt that GSP in national government departments in South Africa are reasonably significant in influencing performance. Managerial skills and the competence factor indicate a ‘very significant’ response. This result indicates that respondents felt that MSC in national government departments in South Africa are significant in influencing performance. The respondents felt that inconsistent reward systems within the department, top management’s reluctance to drive corporate governance, lack of innovativeness and creativity within the organisation and inadequate quality management and incompetence inhibit good corporate governance in the national government departments in South Africa. The mean value for organisational performance demonstrates an inclination towards the ‘agree’ position on the Likert-scale. This result suggests that respondents in this study are content that their organisations are performing well on operational activities. The results also imply that resources are managed efficiently in the national government departments and programmes are implemented with speed.

6.4.3 Conclusions regarding the influence of corporate governance barriers on corporate governance.

Six corporate governance barriers were identified in the Exploratory Factor Analysis, these being governance systems and practices, managerial skills and competence, internal environment, external environment, client service delivery and policy. The third empirical objective focused on determining the influence of corporate governance barriers on corporate governance in South African government departments. This objective was achieved by analysing the hypothesis testing results between the barriers: EXTERN, INTERN, MSC, CLS, POL, and corporate governance. The results from Figure 5.15 show GSP: $\beta = 0{,}066$; MSC: β = -0.105; INTEN: β = -0.138; EXTERN: β = 0.545; CLS: β = 0.015; POL: β = 0.095). Three barriers showed an insignificant influence on corporate governance, which were Governnace Systems and Practices (GSP: $\beta = 0{,}066$); Client Service Delivery (CLS: β= 0.015); and Policy (POL: β = 0.095). The results show that even though there are governance systems and practices, policies, and customer service charters within departments, these are not followed, and instead, leaders pursue political agendas at the expense of these factors, and managers follow their own agenda of self-enrichment, thus compromising corporate governance. The other three barriers shows that some relationships exist, these being managerial skills and competence (MSC: β =-0.105), internal environment (INTEN: β=-0.138) and external environment EXTERN (β = 0.545). Managerial skills and competence and internal environment have an inverse relationship, shown by a beta value of -0.105 for managerial skills and competence, and negative beta of -0,138, for internal environment. As such, managerial skills and competence and the internal environment emerged as significant barriers to corporate governance.

A significant and peculiar positive relationship between external environment EXTERN (β = 0.545) and corporate governance has been revealed, meaning that the pressure from external environment makes the national government departments want to do better. Hence, the external environment is a driver and not a barrier to corporate governance within national government departments.

6.4.4 Conclusions regarding the influence of corporate governance barriers on organisational performance.

Hypothesis H2 states that the barriers to corporate governance exert a negative influence on organisational performance in national government departments. The hypothesis was tested using path analysis, based on the partial least squares' technique. The results show that most of the barriers are not significantly related to organisational performance, these being Government Systems and Practices (GSP: β = 0.041); Managerial Skills and Competence (MSC: β = -0.023), Client Service Delivery(CLS: β = 0.078); Policy (POL: β = 0.066). Only two barriers have shown a strong relationship with organisational performance, these being Internal barriers (β = -0.262) and External barriers (β =0.469). The results demonstrate that there is an inverse significant relationship between INTERN and organisational performance. The existence of INTEN factors in public departments in South Africa predict the organisational performance inversely. Thus, implementation of INTEN factors decreases it by 26,2%, meaning that when INTERN factors increase, the organisational performance will decrease by 26,2%. The results of the study show that there is a significant positive relationship between external barrier factors and organisational performance in national government departments in South Africa. They demonstrate that if EXTEN factors increases, organisational performance in turn, increases by almost 47% per cent.

The result reveals that where there is EXTEN in government departments, the performance of the departments is enhanced. Concisely, the result of this study indicates that EXTEN barrier factors improve organisational performance and are its leading drivers in South African government departments.

6.4.5 Conclusions regarding the influence of corporate governance and organisational performance.

Hypothesis H3: Corporate governance has a positive influence on performance in national government departments.

The results from Figure 5.15 show that corporate governance has a significant influence on organisational performance (β = 0.1996, t=3.001, p=0.003). The p-value is less than the common alpha level of 0.05, which indicates that the impact of corporate governance as a predictor of organisational performance is statistically significant. Hence, if the implementation of corporate governance practices increases, organisational performance, on the other hand, increases by a margin of 19.96 per cent, which is a significant margin to be considered in influencing a meaningful hypothesis relationship. In other words, the results reveal that an improvement in corporate governance leads to 20% improvement in performance for national government departments. Ordinarily, there is a need for 100% improvements, although the study’s results suggest that corporate governance contributes 20% and the remainder of 80% is attributable to other factors that were not considered in the study.

6.4.6 Conclusions regarding the influence of corporate governance, BSC indicators and organisational performance.

This subsection discusses the conclusions regarding the influence of corporate governance, BSC and organisational performance.

6.4.6.1 Conclusions regarding the influence of corporate governance on financial performance in national government departments

The results of the analysis show that corporate governance has a significant influence on FC. This was shown by a strong positive path coefficient of (β =0.507; $t = 8.893, \rho = 0.000$), which exhibits that a relationship exists between corporate governance and FC. The results revealed that if corporate governance improves, the performance that is based on FC improves by 50,7%. Therefore, H4 was supported and significant. It can be concluded then that corporate governance improves the financial performance of the national government departments in South Africa.

6.4.6.2 Conclusions regarding the influence of corporate governance on customer satisfaction in national government departments

The results of the study through the path analysis reveal that corporate governance exerts a positive and significant influence on CS. The hypothesis (H5) was therefore accepted due to the strong and positive relationship (β = 0.514; t=9.705; ρ =0.000) that was found between the two constructs. The results reveal that if corporate governance improves, the performance that is based on CS improves by 51,4%. The result of this study indicates that it is the leading driver of CS in the national government departments in South Africa, therefore corporate governance predicts CS. The results suggest that it improves CS in national government departments.

6.4.6.3 Conclusions regarding the influence of corporate governance on internal processes in national government departments.

Regarding the hypothesis (H6), which stipulates the relationship between corporate governance and IP, the hypothesis test results demonstrate a significant relationship between the two factors. The result was depicted by a significant beta margin that measured the strength and predictive power of the relationship (β = 0.576). The results revealed that if corporate governance improves, the performance that is based on IP improves by 57,6%. The result leads to the conclusion that its initiatives have a positive influence on IP. Therefore, the corporate governance in either predicts, or influences the IP.

6.4.6.4 Conclusions regarding the influence of corporate governance on learning and growth in national government departments.

The results of the hypothesis test revealed that corporate governance has a significant influence on LG. This was shown by a positive coefficient of beta (β = 0.556). The results revealed that if corporate governance improves, the performance that is based on LG improves by 55,6%. indicating that hypothesis H7 is supported, significant, and thus, is accepted.

6.4.7 Conclusions regarding the influence of balanced scorecard on organisational performance.

This subsection discusses the conclusions regarding the influence of BSC factors, and organisational performance.

6.4.7.1 Conclusions regarding the influence of financial performance on organisational performance in national government departments.

The results of the hypothesis test (H8) revealed that FC has an insignificant influence on organisational performance. This was shown by an insignificant positive coefficient of (β = 0.021; t= 0.377p= 0.706), which exhibits that a marginal relationship exists between FC and organisational performance. Therefore, hypothesis H8 was not supported and is insignificant. Given this result, it is concluded that there is no relationship between FC and organisational performance. In other words, FC emerged as the least important factor in eight National government departments. This is not surprising, considering that in the public sector the aim is not about profit, or how much how they make. Hence, FC is an insignificant determinant of organizational performance in the South African national government departments.

6.4.7.2 Conclusions regarding the influence of customer satisfaction on organisational performance in national government departments.

The results of the path analysis indicate that CS influences organisational performance in South African national government departments. The results support and accept the stated hypothesis (H9) as indicated in Figure 5.15 with a path coefficient of (β = 0.221; $t = 3.001$; ρ =0.000). The result demonstrates that there is a relationship between CS and organisational performance. These results align with the observations drawn from the literature review, which indicated that the implementation of CS interventions is important as they comprehend and improve the organisational performance of many organisations worldwide. In line with this result, the study concludes that CS has a significant relationship with organisational performance in South African public service.

6.4.7.3 Conclusions regarding the influence of internal processes on organisational performance in national government departments.

The results of the path analysis indicate that IP influences organisational performance in South African national government departments. The results support and accept the stated hypothesis (H10) as indicated in Figure 5.15 with a path coefficient of (β = 0.171; t=3,712; ρ = 0.000). The result demonstrates that there is a positive relationship between IP and organisational performance. The results also indicate that where there is IP in the public service, the organisational performance increases.

6.4.7.4 Conclusions regarding the influence of learning and growth has a positive influence on organisational performance in national government departments.

The results of the hypothesis test revealed that LG has a significant influence on organisational performance. This was shown by a positive coefficient of beta ($\beta = 0.415$; t=7.768; $p = .0000$), and the p-value is less than 0.05, indicating that hypothesis H11 is supported, significant, and thus accepted. The results reveal that the most important BSC indicator to organisational performance is LG at 42%. These results agree with the results obtained from studies by Kompanek (2016), which reveal a positive and significant relationship between LG and organisational performance.

6.5 MODEL FOR CORPORATE GOVERNANCE AND ORGANISATIONAL PERFORMANCE IN NATIONAL GOVERNMENT DEPARTMENTS.

Based on the results of the study, a model showing the interplay between the various constructs tested in the study was developed, presented in Figure 6.1.

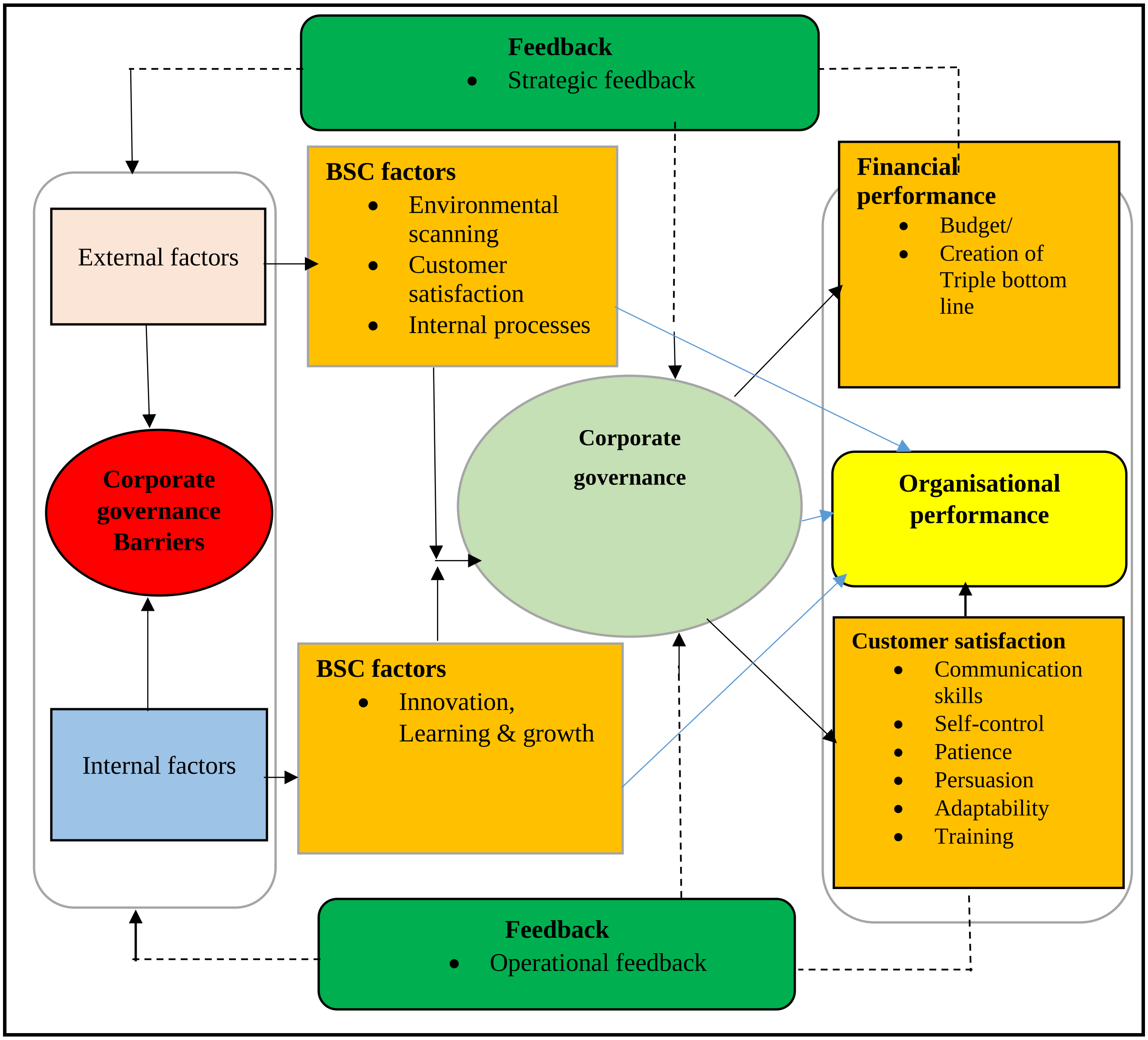


Figure 6.1: 1: The model for corporate governance, corporate governance barriers and organisational performance in the South African national government departments.

Source: Compiled by author.

The model developed in the study (Figure 6.1) illustrates that both external and internal barriers factors are the two barriers that influence the corporate governance in South African national government departments. This view is premised by the significant positive relationships between external factors and corporate governance. In addition, all the BSC indicators have an influence on organisational performance. Therefore, the study's model depicts that:

- External barriers influence corporate governance in South African national government departments.
- Internal barriers influence corporate governance in South African national government departments.
- BSC perspective influences corporate governance in South African national government departments.
- BSC perspectives (i. e., CS, IP, LG, and FC) influence organisational performance in South African national government departments.
- Corporate governance influences customer satisfaction in South African national government departments.
- Corporate governance influences financial controls in South African national government departments.
- Corporate governance influences innovation, learning and growth in South African national government departments.
- Corporate governance influences internal processes in South African national government departments.
- Corporate governance influences organisational performance in South African national government departments.

The model allows feedback from the organisational performance back to the corporate governance, BSC perspectives and corporate governance barriers. The type of feedback includes strategical feedback such as efficiency measures; risk management, risk reporting; accountability, corporate strategies, transparency, fairness, and ethical standards. Operational feedback may include consistency, effectiveness, policy formulation, auditing, internal control measures and corporate social responsibility.

6.6 RECOMMENDATIONS

Recommendations follow conclusions and are views, sentiments, suggestions, submissions, or proposals supported by the research's findings. Kompanek (2016) defines recommendations as submissions written to propose or commend the options available to fill a need or solve a problem. The goal of the recommendations is to compare options, recommend some options, and support those suggestions. The study seeks to investigate the implementation of corporate governance and determine possible barriers to corporate governance and their influence on the performance of South African national government departments. In determining these relationships, the study suggests several recommendations that could improve the performance of the national government departments. These intend to benefit all government departments and other relevant organisations in South Africa and could be applied to other companies in developing countries and beyond.

6.6.1 Recommendations regarding corporate governance barriers on corporate governance

The following are the suggested recommendations regarding corporate governance barriers on corporate governance.

6.6.1.1 Regular evaluation of the internal governing systems within national government departments

This study recommends that national government departments should regularly evaluate their internal governance structures. Regular evaluation involves examining the procedures and process of the governing structures along with their effectiveness, the quality of decision-making and strategy, and its relationship with executive management. Governance infrastructure is the combination of governance operational systems (i. e., the people, processes, and technologies) that executive management has put in place to govern the day-to-day functions of the organisation, as well as the procedures used to gather information and report it to the internal and external stakeholders. Moreover, under operational governance infrastructure are procedures, systems, and processes. Poor internal procedures and processes can lead to poor communication, inadequate access to information, and uninformed decision-making, resulting in a high level of dissatisfaction among departments' leadership. Therefore, the study suggests that the national government departments in South Africa should ensure that their governance frameworks are enhanced and maintained. This can be achieved by enhancing monitoring, assessments, and continuous evaluations of these internal governance structures. In addition, some of the internal governance structures, for example, those that deal with customer care, client service delivery and performance information, should be reviewed to ensure that they comprise different members from each business subunit to enable interdepartmental connectedness, collaboration and minimise internal conflict.

6.6.1.2 Appointment of competent audit committee members to oversee internal governance.

The study recommends that national government departments should appoint competent audit committee members to oversee and monitor internal governance. Usually, the appointment of audit committee members is done by ministers. Applying the principles of corporate governance to the selection and appointment of audit committee members of an organisation is essential for ensuring that the potential audit committee member is competent with regards to the duties and responsibilities associated with the position. This could be achieved through a robust recruitment process to identify members who have the skills and industrial knowledge to assist the minister of that department. There should be a balance between those members who know the department, those who have a helpful expertise and those that offer a renewed perspective. What is important for a committee is that it has a good understanding of what skills it has and what skills it requires. An audit committee candidate should also be evaluated on his or her interpersonal skills since committee interactions and relationships will be important to overall committee performance and the department. In particular, its members must be of professional and commercial good repute, possess adequate knowledge and expertise to perform their duties and be in a situation in which they can exercise good governance of the departments.

6.6.1.3 Amendments to methods followed for the evaluation of skills of the accountability body (Audit Committees) within national government departments.

A diverse audit committee structure that works well on paper is one thing, but how they perform in real life is another thing altogether. The study admits that currently, the audit committee structures within national government departments, although regarded by some scholars as symbolic or passive, have managed to strengthen good governance. However, changes to some processes, however minor, could induce, or lead to improvements. Hence, it is necessary for national government departments to always seek answers to questions such as: What is corporate governance? Who are corporate governors? What do corporate governors do? What does an analysis of corporate governors and their domain explain? This suggests that regular evaluations are important. Evaluations help to track progress over a period and understand where the accountability body's strengths lie as well as provide a good understanding of the areas that need improvement. Presently, all national government departments' audit committees embark on a self-assessment and evaluation process once a year. However, these self-assessments do not address the question of whether audit committee members have adequate skills and competencies to be able to discharge their governance role. The study, therefore, recommends that over and above the audit committee members' self-assessments, the internal audit should include, as part of their audit planning and risk assessment processes, the review of audit committee members' skills and competence, a process that could also be subjected to review by the AGSA. Transparency in the evaluation process breeds confidence and trust within the departments and would assist to grow a diverse board of directors. Thus, evaluations should not be a tick-the-box exercise. They should feature sincere, in-depth discussions that give the department real data to work with to instill a culture of unremitting development.

6.6.1.4 Regular and outside of formal interactions between chairpersons of the governing body and chief audit executives of national government departments

Internal auditors often possess critically sensitive information that is substantial to the organisation and poses significant potential consequences. This information may relate to exposures, threats, uncertainties, fraud, waste and mismanagement, illegal activities, abuse of power, misconduct that endangers public health or safety, or other wrongdoings. Practice Advisory 2440-2 "Communicating Sensitive Information within and outside the Chain of Command", related to internal audit standard 2440 (Institute of Internal Auditors, 2010), explains that in some situations, an internal auditor may face the dilemma of considering whether to communicate the information to persons outside the normal chain of command or even outside the organisation. Findings that have emerged from exploratory studies within the public sector suggest that in most cases, corruption within institutions exists between principals (politically elected) and agents (top level management). As such, this study recommends that there should be regular interactions between the chairperson of the audit committee and chief audit executives of national government departments. These interactions should take place outside formal interactions to enable in-depth discussions that are not regulated by the usual agenda. The study recommends further that national treasury should be tasked with the facilitation of payments for these meetings, in a way that would not reveal such interactions to the employer of the chief audit executive.

6.6.1.5 Follow sustainability best practices.

The results revealed the impact of external environment to organisational performance in national government departments in South Africa. Concisely, the study revealed those external factors are the leading drivers of organisational performance in national government departments. The results demonstrate that if external factors intensify, organisational performance in turn improves, something that was unexpected in the study. Although not anticipated, the findings are consistent with those of other scholars that have confirmed that external environmental hostility is also an exogenous driver of performance, as pressures by outside groups represent a means for improving public services. Likewise, there are global concerns for good public sector governance to facilitate the attainment of the desired socio-economic growth and upliftment of the general wellbeing of the citizenry. Hence corporate governance in national government departments in South Africa is the balance between external factors (i.e., socio-economic, legislation, new technology, politics, and community goals) while encouraging the proficient use of resources, responsibility, the use of power, and accountability at the same time, supporting the benefits of people, businesses, and society through good corporate governance. As such, South African national government departments recognise the external environment factors as opportunities and threats presented by such aspects as sociocultural, legal, political, economic, technological, and infrastructural factors; hence, they have a positive relationship with corporate governance if applied efficiently.

The study recommends that the public service in South Africa should pursue good corporate governance sustainability best practices. Sustainability and strategic management are linked in the corporate governance, as investors make their preferences heard. Good corporate governance is basically established along three guidelines: economic progress; social improvement; and environmental developments. Good governance eventually nurtures sustainability, creates sustainable values, and helps organisations achieve these values. As the quest for corporate sustainability continues to improve and enhance the principles of good corporate governance, the national government departments also feel pressured to support their efforts with transparency and public disclosure. Sustainability best practices can be achieved when national government departments intensify intolerance to corruption and maladministration through robust management processes.

In addition, internal control systems, internal auditing and risk management should be enhanced in the departments as ways of promoting sustainability best practices. Customers, investors and other stakeholders have also begun to desire doing business with organisations that assert sustainable best practices. In addition, there is increasing regulatory pressure for reporting of environmental, social and corporate governance metrics, consequently South African national government departments are advised to get ahead of the game and be prepared for the upcoming Environmental and Social Governance (ESG) compliance legislation.

6.6.1.6 Ensuring independence between politicians, management and accountability structures within departments.

The study recommends that the government departments should ensure and promote independence between politicians, managers, and their governing body set-up, such as the audit committees or portfolio committees. This is so because the public sector is characterised by silent wars between politicians and public sector managers, or politicians and governance structures, where politicians seek to expand their authority into their areas, something which goes against good governance. Independence allows forward-looking top management that is not afraid to think outside of the box, rather than simply continue down the same road the organisation has always taken. Forward thinking executives provide insights that benefit the shareholders, given their different perspective on matters. They also help create innovation and avoid stagnation within an organisation.

6.6.1.7 Accountability and transparency advocation

The openness and willingness to share accurate, clear, and easy-to-understand information with stakeholders, including shareholders, generates trust and congeals the department’s reputation. This means that the departments must report openly the good news, as well as the bad news. Trying to avoid negative publicity only to be found out later is more damaging for the department and its reputation. Accountability and transparency cause integrity. The departments should create plans of what they will share with shareholders and how often so that they can see that their intention is to be as transparent as possible. To enable transparency and accountability, government departments must be managed in a way that gives effect to the values of an open society. Thus, accountability and transparency in departments promote social justice and protect the interests of the departments, its stakeholders as well as citizens, the community and society at large.

6.6.1.8 Ensuring timely information

It is recommended that the government departments, in their corporate governance structure, should provide information results timeously with better decision-making. Timely information means distributing information sufficiently far in advance, so the interested stakeholders have sufficient time to analyse pertinent issues, decide whether to become involved, and make strategies for that involvement. Senior management must provide timely information to enable proper supervision and direction by members of the governing bodies. However, members of the governing bodies should not be overwhelmed with information. There is a balance which needs to be attained between required information and inappropriate information. Communication between senior managers and the governing body is critical to ensure that acceptable and relevant information is provided to the governing body. If a member of the governing body requests information, senior managers must respond promptly to the request. Timely information in government departments should be enhanced by implementing modern communication technologies. Further, the information presented in the governing body's papers develops trust between the management and the governing body where it is correct, well-timed, penned for governing members and not managers, and well organised. Thus, anticipations as to the delivery and content of the governing body's papers are a vital element of its policy framework. Therefore, it is always prudent for the departments to have governing body paper policy – either as a separate document or as part of its charter. There should be consequences for delays in providing the governing body with late and incomplete information.

6.6.2 Recommendations regarding the influence of corporate governance on organisational performance

Corporate governance is important for businesses, even small businesses. It is not limited to large corporations. It consists of two primary components. First, corporate governance is the behaviour exhibited by various members of a company, whether it be at the management and executive level, or among other employees. The second component is the specific set of rules that help govern this behaviour. Having these rules in place makes it possible for leaders of organisations to create strategies to improve corporate governance. Well-managed corporate governance processes play a significant role in enhancing corporate performance. Good corporate governance is fundamental for a government department in South Africa in different ways: it improves the image of the department; raises shareholders' confidence; and reduces the risk of fraudulent activities in the government department. The following are the suggested recommendations regarding the influence of corporate governance on organisational performance.

6.6.2.1 Create an organisational culture that assists it to thrive.

Some culture experts believe that culture is the cure for many organisational problems. An organisational culture commences with a concept or a thought, and requires a mindset shift to put it in place. This requires the leadership of the organisation to communicate the wanted culture and give it a voice. It starts by the department leadership in molding the governance culture they want to have. In other words, it requires not just talking the talk but walking the walk. The culture is significant but very hard to quantify and change. High performance cultures are characterised by skilled leaders who take care of their people and their customers, leaders who drive clear and compelling vision and mission; leaders who can formulate effective goals and strategies, leaders who have commitment to ethics and doing things right, leaders who understand success criteria, and are commitment to engaging, empowering, and developing people. Furthermore, a high performing organisation is considered to have an open, candid, straightforward, and transparent communication, teamwork, collaboration, and involvement by all. In successful organisations, emphasis is placed on constant improvement, state-of-the-art knowledge and practices, willingness to change, adapt, learn from successes and mistakes, take reasonable risk, and try new things. However, most public leadership in many public institutions are resistant to change as they believe that things should be done the same way as their forerunners did before, ignorant to the fact that things are changing daily with the globalisation era we live in.

The directors-general within the national government departments play the most important role in nurturing the organisation’s culture. With most national government departments and their employees having access to team facilities for online meetings, the study suggests that directors general should establish a forum where he/she will, on a quarterly basis, communicate with all employees in the department, and voice the desired culture, and culture that is not desirable. Given that it is never easy for subordinates to be honest with their superiors, as was the case with Enron when the vice president was almost fired for sending a letter warning the CEO about Enron's accounting practices, it is thus recommended that directors general should in those team sessions, invite employees to be candid and point out where service delivery processes are not working, and where improvements should be made. Process owners are critical in these sessions.

6.6.2.2 Distinguish between consequent management for breaking rules and no consequences for errors in innovation.

National government departments in South Africa are characterised by greater formalisation, rule boundedness, rigidity, and a higher level of red tape, which if broken, there are consequences. Given that punishment and consequence management for bending rules is normally used to generate fear and compliance rather than to promote learning or performance improvement, this fear of punishment is likely to be greater for most employees, who are likely to interpret punishment as a job threat rather than an incentive to improve performance. Thus, the study recommends that a clear message is driven within national government departments that there are no consequences for errors relating to innovation efforts; and that consequence management is only reserved for those employees who deliberately break rules. This would enable employees, especially those in the lower hierarchy and with less authority, to be bold to suggest new ideas, given that they are mostly the process owners and sources of new ideas.

Given that the directors-general within the national government departments are seen as nurturing leaders, the study suggests that these leaders should vociferously drive a message of no consequences for errors during innovation, a move that would enhance organisational performance.

6.6.2.3 Collaboration and communication by the department with its stakeholders: formation of environmental scanning sub-units.

The study recommends that the government departments in South Africa should collaborate and communicate with their stakeholders in enhancing corporate governance. This can also be achieved if departments proactively and continuously scrutinise the external environment to understand the driving forces that influence environmental changes. This would enable departments to better understand the different dynamics within the environment and how they interact; conscientiously and diligently networking with key environmental actors; or through formation of a complementary unit within each department, which focuses on environmental scanning to obtain early warnings about potential shifts and complexities in the external environment for each department. Strengthening the departments' capability to identify subtle environmental changes would lead to a quick and effective response to changes and events, minimise and where possible, thwart any attempts of service delivery protests. Thus, the study recommends that national government departments should form environmental scanning sub-units solely for purposes of dealing with outside stakeholders, apart from the research units that are inward looking.

6.6.2.4 Moving away from a corporate entity that is regarded as having a fear of being told the truth.

In national government departments, performance is a multidimensional construct that includes a potentially wide range of measures, reflecting multiple external and internal stakeholders, where public managers face constraints that arise from resource limitations. Thus, the governance of national government departments needs persistent communications in many, if not all, of its functions. In some cases, it is a process of reporting both non-financial and financial outcomes. In addition to reporting, communication is essential to keeping decision-making systems linked with stakeholders. The organisation's investors, employees and other stakeholders have a joint interest in ensuring that the organisation is able to deliver quality services, adapt to changing demands, continue to be competitive and to create value in the whole economy. Moreover, it involves not only sending out relevant information to the stakeholders but also explaining the organisational policies, creating awareness of the rights of stakeholders, and developing instruments that permit a two-way communication between stakeholders and the organisation. National government departments should embark on a process to encourage stakeholders to give absolute and sincere feedback, a message that affirms that the department welcomes positive feedback, but at the same time, a message that confirms it has no fear of being criticised, or to be given negative feedback. National government departments therefore should establish a positive interaction not only between management and investors, but also in relation to other stakeholders. Good corporate governance is also about creating suitable communicating outlines or structures, that allow stakeholders to engage in dialogues with the organisation's management. Openness and transparency are required as to allow the departments' stakeholders to have even access to assess and relate to the department and its future, thus engaging in constructive discussion with the department on this basis. It is essential therefore that the government departments in South Africa should develop the communication platforms to enhance their corporate governance that cascades into robust organisational performance. Furthermore, to enhance organisational performance, the study recommends that national government departments should consider establishing departmental social responsibility committees, made up of panel of experts from society with terms of reference that are appropriate to address accountability and responsibility for service delivery.

6.6.2.5 Strong commitment to integrity

For strong corporate governance structures in the national government departments in South Africa, this study recommends that the department should instill strong commitment to ethical values, integrity and observing the rule of law. Corporate integrity is about improving an organisation's viability, competitiveness, and longevity by aligning goals with honest, transparent ways of doing business throughout the organisation. Integrity policies intended to prevent corruption and fostering high standards of behaviour help to reinforce the credibility and legitimacy of those involved in policy decision making, safeguarding the public interest, and restoring confidence in the policy making process. Misinterpretation or ignorance of the reality of corporate integrity may fatally damage the reputation of an organisation. The public sector is normally responsible for using a significant proportion of national resources raised through taxation to provide services to citizens. Public service entities are accountable not only for how much they spend but also for the ways they use the resources with which they have been entrusted. In addition, they have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels.

6.6.2.6 Revive the Batho Pele principles: openness and comprehensive stakeholder engagement.

Government departments in South Africa are run for the public good, so there is a requirement for openness about their functions and vivid, reliable platforms of consultation and communication and to engross successfully with service users, individual citizens, and institutional stakeholders.

6.6.2.6.1 Openness

The study recommends that the government departments in South Africa should demonstrate that they are always acting in the public interest and to uphold public trust and assurance. Furthermore, departments should be as open as possible about all their activities, decisions, functions, resource use, strategies, outcomes, outputs, and forecasts. Openness means a readiness by an organisation to deliver clear information to stakeholders and other shareholders. Openness in the government department can be achieved by dialogue, information sharing, allowing for mistakes, driving performance, engaging stakeholders, and welcoming change. Superlatively, this obligation should be standardised through a prescribed policy on open information. Governing bodies in the departments should provide explicit cognitive reasoning for their decisions. In both their public records of decisions and in explaining them to stakeholders, they should be clear about the rationale, criteria, and considerations on which decisions are based, and, in due course, about the bearing and outcomes of those decisions. The departments should limit the information provision only when the broader public interest demands it. Such restrictions may be suitable only in a limited number of circumstances. These might include conditions where disclosing information might imperil national security or unfavourable affect a state’s relations with other countries or international organisations. There may also be circumstances concerning business associations with the private sector where information cannot be easily disclosed as it is held in private ownership. Lastly, there may be circumstances concerning individual citizens, for example, when dealing with citizens within the social welfare sector where personal veracity would prevent information from being willingly available. Therefore, the government departments in South Africa should assess when to communicate their information to the public. Although openness is the function of robust corporate governance, assessment is needed as to where and when information communication is required.

6.6.2.6.2 Engaging individual citizens

The study recommends that the governing bodies of government departments in South Africa should ensure that they engage the public and service users to ensure that the services provided contribute to the attainment of envisioned outcomes. Citizen engagement is a form of collaboration between government and their citizens. It can happen at any phase of the implementation or development of government policy and the delivery of public services or be impelled by proceedings in local areas. Citizen engagement can be achieved by using an integrated approach through diverse communication, transparency, and accountability. The government departments should also certify that they have procedures and systems in place to gather and assess the experiences and views of citizens of all backgrounds to promote their good corporate governance. Assessment procedures should permit the interests of the major stakeholder groups to be balanced with other stakeholders' interests to guarantee that no one group becomes too dominant. In addition, the departments should also consider the interests of future generations of citizens. Representative views from, for example, current service users about the suitability and quality of existing services are relevant, as are those of both users and non-users about their future needs. Such views can be expressed through a diversity of platforms, such as websites, surveys, and direct feedback from systematic conferences with citizens. The policy should clarify how the departments will use this input in its corporate governance decision-making and how it will convey these decisions back to the citizens.

6.6.2.6.3 Engaging expansively with institutional stakeholders

Few public sector organisations can attain their intended corporate governance results exclusively through their own efforts. This study recommends that South African national government departments work with institutional stakeholders to their corporate governance for accountability and transparency reasons. An institutional stakeholder is a party that has an interest in an organisation and can either influence or be affected by the business. The key institutional stakeholders in a typical organisation are its employees, investors, suppliers, and customers. However, with the increasing attention on corporate social responsibility, the concept has been extended to include trade associations, governments, and communities. Developing informal and formal partnerships with other organisations, both in the private sector and other parts of the economy, permits the departments to use their resources more efficiently and achieve their corporate governance outcomes more effectively. Relationships with other organisations are significant if they serve the same communities, or if they provide complementary or related services. As a result, public service departments in South Africa often have a complex network of different types of relationships with other stakeholders, the range and strength of which vary. Some are lateral relationships between partners while some are hierarchical relationships, such as those between legislatures and different levels of government. For many parts of the public sector, other departments (such as central government) play a key role in defining policy and resources. Good governance entails clarity of objectives, purpose, and well-defined results for each of these relationships. Operative engagement with other stakeholder institutions is important to the development of specified outcomes if these are to be accomplished effectively. Additional considerations when working with other departments include:

- clearly allocating responsibilities and accountabilities with governance options, including the appointment of a governing body composed of representatives from the involved departments.
- working towards a shared outcome or objective, with consideration given to the best way to assess the success of joint functions in attaining goals; and
- stipulating clear funding provisions and confirming suitable processes are in place so that expenses against deliverables can be appropriately managed.

Therefore, it is significant for the government departments in South Africa to engage in partnerships with institutional stakeholders to enhance their corporate governance and organisational performance.

6.6.3 Recommendations regarding the influence of balanced scorecard indicators on organisational performance.

Organisations can develop shareholder value through more effective governance and through governing bodies that do not simply guarantee compliance but concentrate their time and efforts on the most critical strategic areas. Successful boards, accountability structures and governing bodies are those that take the initiative to design clear and focused forward-looking agendas, focusing the governing body’s energy on an organisations’ particular value drivers, and then utilising tools and information structures to assist them monitor the organisational performance. The BSC approach has evolved into a tool that can be used to help organisations create greater value at the business unit level, the corporate level, and the board level. It makes clear goals, priorities, practices, and ownership, and defines the connections between desired organisational performance results and the actions needed to achieve them. This sub-section discusses the recommendations suggested by the study on the influence of the BSC indicators on organisational performance on government departments in South Africa.

6.6.3.1 Reward innovation, learning and growth initiatives.

The finding that has emerged from the study is that the learning and growth perspective of the BSC is the major contributor to organisational performance. As such, it is of paramount importance that in environments characterised by high levels of formalisations, such as the national government departments, employees should feel empowered to initiate and suggest areas where improvement in organisational performance can be made. Learning and growth initiatives refers to an individual/team's capacity to apply their maximum cognitive abilities (in terms of strategic/creative thinking and logical reasoning, and fundamental principles) to deliver structured, original, insightful, and impactful creative solutions pertinent to supply chain problems. It has been proven that the most frequent initiators of innovations are career civil servants at the middle manager and frontline employee levels, not elected officials or agency heads. Concisely, while elected officials and political appointees are the source of many innovations, so are frontline employees, who generate novel ideas through experimentation, accidental occurrences, and other forms of experience. In government departments, learning and growth initiatives could be achieved by considering everyone's ideas, specifying intended goals, training, encouraging innovation sessions, encouraging customer feedback; leaders should never indiscriminately dismiss a suggestion.

Critically, employees who could have initiated unsuccessful ideas and innovations should not be punished, and the failure of a programme must be treated as part of the learning process. Presenting and providing protection and rewarding innovation conserves the intellectual property of the innovators, which helps reduce the fear of being punished and improves trust, commitment, and performance, and enhances good corporate governance. Innovations and ideas must be appreciated without resistance to encourage others to be inventive. In addition, valuing in-house learning and growth in departments create the desire and dedication to innovate. All this can be attained if the department leadership practice has sound corporate governance. Learning and growth initiatives are one of the most important concerns of each government department, and its role in the development and coordination of the corporate governance initiatives is indisputable. Rewarding learning and growth initiatives increases the chance to react to changes and discover new opportunities. It can also help foster competitive advantage as it permits government departments in South Africa to build better corporate governance processes, services, and products.

Similarly, when employees are allowed to innovate, they can recover quickly from errors made in the process of innovation; are able to learning from those mistakes and generate successful innovative proposals for redesigning service delivery processes and products. As such, it is recommended that national government departments in South Africa should allow, protect, appreciate, and value new ideas that benefit the departments from their employees.

6.6.3.2 Offer specialist training and build a database of supply chain management technical experts.

In national government departments in South Africa, SCM professionals do not see the importance of being familiar with all other business units within their departments, yet it is important that they should we well versed with SCM from all angles, i. e., technical and analytical understanding. SCM in national government departments plays a key role in creating value by reducing costs, as well as increasing customer satisfaction through better quality of services. Cost reduction and good quality services can only be realised if SCM practitioners possess industrial knowledge of their department, analytical and quantitative skills, specific technical skills such as technology or quantity surveying, risk management and financial skills, amongst others. Given that skills and capacity shortages have been identified as an impediment to the success of public procurement in South Africa and given that transactions in infrastructure procurements are complex and government officials may lack specialist experience and skills in dealing with related issues, increased capacity in the form of appropriate structures with skilled and professional SCM personnel becomes a necessity for each national government department.

6.6.3.3 Monitoring of financial position and overheads

Following from the recommendation above, the study further recommends that all employees who participate on bid committees are properly trained in technical procurement areas such as ICT, quantity surveyor related procurements to avoid overcharging by service providers during bid processes. By so doing, departments would save costs, reduce expenses whilst enhancing financial performance, which cascades to the improvement of the organisational performance, and ultimately the triple bottom line.

6.6.3.4 Team performance and team rewards

Performance management in national government departments in South Africa are individually based as opposed to team based. Thus, it is necessary that leaders in the departments should consider moving away from an individualised performance system to a combination of both individual performance and team-based performance system. This system can work well in departments such as education and health, where service delivery can easily be monitored per district, for instance, the pass rate and performance of learners in different districts should be a subject of all district teachers in areas such as mathematics and physical science. Furthermore, creative compensation management, in which pay is tailored to the needs of the organisation, the nature of work, and the characteristics of the workforce, plays an important strategic role in the organisation. For instance, team incentives are desirable for multi-task problems where a problem should be solved, regardless of who solves it. In this case, the whole team gets rewarded whenever the team succeeds. Although there is a free-rider problem in team rewards, the advantages outweigh problems due the positive outcomes of teamwork such as improved performance, information sharing, increased collaboration, innovation, and team cohesion. As such, the study recommends that the principals (politically elected) should review the performance bonus structure to include team-based rewards for programmes and projects that are critical to service delivery.

6.6.3.5 Approve superior technological innovations.

The study recommends that the government departments in South Africa should adopt and implement new information and technological innovations such as e-business, e-logistics, e-government, and e-procurement to stay involved and at par with global competition and development in general. Technological innovation is a new, enhanced process or product whose technical characteristics are encouragingly different from before. This can be achieved by having department employees involved in the innovation process, such as solving problems during governance meetings, providing a suggestion box, rewarding them for their ideas that become implemented and providing creativity or innovation workshops. In addition, new technology permits them to institutionalise various initiatives that facilitate the effective sharing of information with their stakeholders, thereby improving the governance processes, leading to enhanced organizational performance. The adoption of advanced technological innovations can also be achieved if the leadership in these departments can display and implement individualised consideration traits of leadership. Adopting innovations also cascades into solid relationships with stakeholders as the departments may be obliged to provide capacity-building sessions to train and develop each other on the new technology and how they can best apply it. Furthermore, adopting new technologies presents government departments with better ways to engage with their relevant stakeholders and provide opportunities to be innovative. Nevertheless, a leadership that promotes innovation in the entire government department process can only achieve new technology adoption.

6.6.3.6 Seeking customer feedback

The study proposes that government departments need to ensure that they make multiple channels to their customers to share their feedback. Customer feedback is information provided by customers about their experience with a product or service. It helps delivery services teams understand where there is room for improvement. To provide excellent customer satisfaction, the departments first need to understand customer issues together with their experience and needs in the entire corporate governance process. The process can be done through telephone surveys, or a feedback form sent via SMS or email. Other than surveys, the government departments could also establish a complaint system approach, permitting their customers to raise their problems or concerns. This would allow the governing bodies to know their customers' good, depraved, and unpleasant experiences when interacting with the departments. Through this, the management obtains real insights into their governance systems and which areas in the process require improvement. Linking with their customers to gather feedback is also another vital benefit to government departments, particularly in South Africa. The connection through feedback makes customers feel that the department values them and is willing to resolve their issues. This would establish trust and might even prevent customers from sharing their concerns or pessimistic comments on social media. For example, a web hosting service provider (Site Ground) invites its customers to present their feedback constantly through three different feedback channels: phone, live chats, and tickets. Therefore, the departments in South Africa could use the same feedback platform to improve the relationship between their customer satisfaction practices and organisational performance.

6.7 CONTRIBUTIONS OF THE STUDY

The contributions of this study are both theoretical and practical. Theoretical contributions concern the applicability and benefits of the cited literature, while practical contributions are aligned with the benefits of the study's results to managers and professionals with innovative knowledge. The following sections discuss in detail both its theoretical and practical contributions.

6.7.1 Theoretical contributions

This study provides a theoretical contribution to innovative scientific development by equally testing the concepts of corporate governance barriers, corporate governance, and organisational performance. Thus, it contributes to the existing body of knowledge since it is an addition to the available literature on corporate governance barriers, corporate governance, and organisational performance in South African government departments. The study also contributes to the existing literature on the conceptualisation, drivers, and importance of these practices. Furthermore, it provides a specific hypothesis test on the relationship between them, which enables a platform for the theory's applicability to the South African national government departments where no such study was conducted before. This study supports the appropriateness of methodical critical literature reviews to determine theory building. It proposes that such a philosophical and reflective study is mainly practical when corporate governance barriers and corporate governance initiatives and organisational performance measurements in government departments are strategic and complex. It also contributes to clarifying the concepts of corporate governance barriers, BSC, organisational performance and an enhanced understanding of these relationship constructs by providing empirical evidence.

The study’s conceptual framework suggests a podium for recognising deviations, conjunctions and subjects that have been in focus as well as ones that have been missing. In addition, it provides the determination of the relationship between constructs in the conceptual framework. It reveals that a significant relationship exists between corporate governance and organisational performance. The relationship was also supported by various examples of previous results drawn from other studies. Thus, this study contributes to the understanding of the relationships between the applied constructs. It is significant for future studies as it can be a source of information and practical applications in corporate governance. It also provides a starting point for posturing novel research questions and enhanced operationalisation of corporate governance barriers, corporate governance, and organisational performance in South African national government departments.

The study also contributes to clarifying the ongoing debate of whether the BSC can be applied in the public sector setting. As such, the study confirms that it can be adjusted for application in national government departments and other public sector organisations merely by repositioning the scorecard to place constituents or customers at the apex of the pecking order; BSC has then a dual role in the government departments as a dimension tool to monitor performance, and a way of augmenting self-governing responsibility and accountability. Further, the BSC's focus on key performance indicators (KPIs) directs managerial attention to important drivers of organisational results and informs performance management by linking these KPIs in causal relationships with desired outcomes.

6.7.2 Practical contributions

Firstly, one of the practical contributions of this study is the comprehensive perception and insight provided by the constructs, that is, corporate governance barriers, corporate governance and organisational performance dimensions (BSC factors).

Secondly, the results reveal that corporate governance is linked to organisational performance of government departments in South Africa. This entails that for organisational performance improvements, and ultimately improvement to service delivery and better living conditions, emphasis should be placed on understanding and considering the appropriate corporate governance, which initiatives could help the organisational performance of different national government departments, not only in South Africa, but beyond. An effective corporate governance model helps to encourage departments to continue updating and improving corporate governance guidelines, as we can consider these an important springboard to improvements in real business life.

Thirdly, the main issue that could be considered by policy and decisionmakers is to enhance organisational performance in the South African public service through innovation, learning and development. The public service is governed by rules which has consequences for employees if broken. This fear can sometimes inhibit initiatives and innovation by employees, that if the initiative fails, there would be consequences. As such, it is important that leaders should make a clear distinction that there is management intervention for breaking rules, but no consequence when employees attempt innovations and initiatives that may improve organisational performance. More than anything, leaders should encourage and reward innovative employees. Leaders should also consider strategic programmes that are related to skills and knowledge enhancement. Furthermore, they should create a robust and supportive learning and growth infrastructure, identifying in-house experts who can be champions of learning in the various skills related to the mandate of the department. National government departments should also offer ongoing reinforcement and knowledge refreshers. Departmental leaders should also consider partnering with institutions of higher learning and other service providers to develop syllabi or syllabuses that enhance employees' understanding of factors influencing organisational performance in the respective departments.

Fourthly, it is commonly acknowledged in corporate governance that corporate governance is required for enhanced performance. This infers that the achievement of superior performance includes the simultaneous integration of its practices and BSC processes, neither of which is a stand-alone initiative. Furthermore, this specifies that performance is related to a synchronised integration of internal and external corporate governance processes. In other words, the higher the level of integrated downstream and upstream corporate governance synchronisations, the greater the organisational performance. Thus, the study's results provide practical contributions for government departments in South Africa to improve organisational performance and manage the entire governance processes. It can also be specified that it is necessary for the management in South African national government departments to continuously evaluate the performance of their corporate governance strategies on a timely basis and develop systems that help reach their optimum operating level to improve the performance of the entire government and private business network.

Fifthly, the study revealed the importance of corporate governance barriers and corporate governance in improving the performance of government departments in South Africa. As a result, top management in the departments should take note and ensure that proper corporate governance is implemented in their operational systems to improve their performance. One practical contribution is that the study provides a specific context for analysing the process of adoption and use of corporate governance to understand the interaction between governance improvement and performance of government departments in South Africa. Based on theoretical assumptions, the contribution of this research is to understand how corporate governance can be institutionalised and how it contributes to the general performance of government departments.

6.8 LIMITATIONS OF THE STUDY

This study has provided valued understanding of the hypothesised relationships between corporate governance barriers, corporate governance, and performance of government departments in South Africa. However, despite the valued contributions made, several limitations should be highlighted for future reference. One of these is that the setting of the study was carried out only in Gauteng. Thus, it is advisable to consider other departments beyond Gauteng. The other limitation is that the study only used a quantitative method, and as such, it is recommended that similar research be performed using a mixed-methods approach. The other limitation is that the study was restricted to a sample size of 400 respondents in Gauteng province, and their participation was based on the approval of their departments. As a result, even though applications seeking permission to conduct research were sent, some departments did not respond, reducing the number of respondents.

Furthermore, where relationships were not found, future studies could be conducted to check if the pattern is still consistent with the results of this study. Scholars might include other performance practices excluded in this study such as supply chain performance, environmental performance, risk management, total quality management, supplier development, green SCM and lean SCM, among others.

As the study was limited to a quantitative approach only, it is advisable to undertake one using either a qualitative approach or a mixed methodology to establish an in-depth analysis. Another limitation is that the accuracy of the responses could not be ascertained because respondents had to complete the questionnaires in their own time in the absence of the researcher, which made the study susceptible to response bias. In addition, the researcher did not sit with each respondent to monitor the completion of the questionnaires. Future studies could include testing moderation influences where studies test the moderating influence of demographic factors of respondents such as gender, salary, or race, among others. Measurement of the impact of demographic factors such as gender, position, and salary on the proposed relationships could have further cemented the results by showing how such factors moderate the proposed relationships. The study employed the Agency theory. Its limited behavioural presumptions and theoretical focus are one of its drawbacks. A larger spectrum of human motivations is ignored by agency theory since it primarily emphasizes self-interested and opportunistic human behaviour. Therefore, future research can utilise other theories such as resource-dependency theory.

6.9 SUGGESTIONS FOR FURTHER RESEARCH

Several implications for further research are suggested. Since this study included various government departments, future studies should consider specific department such as home affairs, social development, and health. It might also be worthwhile to test the relationship between organisational performance practices themselves, as they might reveal how these activities influence each other.

Moreover, since this study utilised the quantitative methodology, a different view would be to perform similar research using a mixed-methods approach, which involves the qualitative approach where interviews are included. The results of such a study would prove to be informative since respondents' views could be included and compared on variables. Where relationships were not found, future studies could be conducted to check if the pattern is still consistent with the results of this study. Different samples and data collection techniques may be used for these purposes. Scholars might also include other performance practices excluded in this study. Examples of such practices include supply chain performance, environmental performance, risk management, total quality management, supplier development, green SCM and lean SCM, among others. It would be interesting to measure how such factors influence corporate governance in South African national government departments. Future studies should also include testing moderation influences where studies test the demographic factors of respondents such as gender, salary, or race, among others. Mean differences based on these demographic factors could also be analysed using t-tests and analysis of variance techniques. Finally, as emphasised previously, this study paid attention to national government departments in Gauteng province only. An expansion on the scope of the study to different provinces could have provided another view. For instance, conducting the same research in other provinces of South Africa could provide different results, which would provide a basis for comparison. The current study was based in the original four BSC dimensions. However other versions of the BSC have since been developed over the years. Future studies can be conducted using these other variants of the BSC, to provide a basis for comparison with the current study.

6.10 FINAL REMARKS

This chapter served as the final chapter of the study. It provided an overview and the conclusions based on the study's empirical objectives. It showed that government departments in South Africa face numerous corporate governance challenges that could be resolved by implementing effective corporate governance. Its results provided statistical evidence that there is a significant relationship between corporate governance and organisational performance constructs in the South African national government departments. The results showed that the BSC factors play an essential role in steering organisational performance in South African national government departments. This chapter also presented various recommendations for improving organisational performance through sturdy implementation of corporate governance programmes. Relevant recommendations to stimulate organisational performance endeavours in South African national government departments were made. Finally, the chapter revealed that the study makes several significant contributions to the practical role of corporate governance and the body of knowledge.

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APPENDIX 1: SURVEY QUESTIONNAIRE

Corpora*te Governance and the Performance of South African National Government Departments: A Balanced Scorecard Perspective
1. Introduction The information obtained during this survey will be treated confidentially and will be used for no other purpose than academic research. The survey will only take 20 minutes of your time. **Researcher: Miseria Nyathi** **Email:** miseria.buffalo@gmail.com **Cell:** 082 419 2314 Supervisor: Prof C Mafini Email: chengedzaim@vut.ac.za **Contact:** (016) 950 9520

Thank you for participating in this survey. If you would like to receive the results of this study, kindly provide your e-mail address which will be confidentially kept.

The questionnaire comprises five sections. When answering questions place an X in an appropriate box. Thank you for participating in this survey.

Section A: Demographic Information
This section of the questionnaire refers to the background or biographical information of the respondents. The researcher is aware of the sensitivity of the questions asked; hence, respondents are reminded to note that this information will allow the researcher to compare responses amongst the different groups. Once more, respondents are assured that their responses will remain anonymous.

Please select one from the following by crossing (X) in the relevant block:

I understand my right to choose whether to participate in the study or not and that the information furnished will be handled with confidentiality. I am aware that the results of the study may be used for purposes of publication.

I wish to participate in the study	**A**
I do not wish to participate.	**B**

If you have chosen A, carry on completing the rest of the questionnaire. If you have chosen B, do no complete the questionnaire. Submit it back.

1.1) What is your position within the organisation?

Executive Manager	1
Senior Manager	2
Line Manager	3
Professional/specialist	4
Clerical	5
Other Specify: ______________________	7

1.2) Type of contract

Permanent	1
Fixed term	2
Temporary	3
Other Specify: _______________________	5

1.3) Specify the Department and Division where you are based

Department: ____________________ Division: ______________________

1.4) How long have you been employed in your organisation?

Less than 1 year	1
1 year or longer but less than 5 years	2
6 years or longer but less than 10 years	3
10 years or longer but less than 15 years	4
15 years or longer but less than 20 years	5
20 years and longer	6

1.5) Indicate your age range

18 to 20 years	1
26 to 35 years	2
36 to 45 years	3
46 to 55 years	4
56 years and above	5

1.6) Indicate your gender

Male	1
Female	2

1.7) Indicate your race

Black	1
White	2
Coloured (Mixed race)	3
Indian	4
Other (Please specify)	5

1.8) Indicate your highest qualification

Matric	1
Diploma	2
First degree	3
Postgraduate	4
Other (Please specify)	5

SECTION B: CORPORATE GOVERNANCE IMPLEMENTATION

We would like to find out a little more about your views regarding implementing corporate governance in your organisation. Please indicate the extent to which you agree or disagree by ticking the corresponding number between 1 (Strongly disagree) and 5 (Strongly agree). A rating of (3) points towards a neutral view of the statement.

CORPORATE GOVERNANCE IMPLEMENTATION		**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
CGP 1	My department ensures that internal control exists to minimise the risk of fraud	1	2	3	4	5
CGP 2	My department has a thorough process in investigating and handling fraud	1	2	3	4	5
CGP 3	My department provides corporate governance training and education for top management and staff	1	2	3	4	5
CGP 4	My department ensures the accountability of performance at all levels.	1	2	3	4	5
CGP 5	My department focuses mostly on the drivers of organisational success.	1	2	3	4	5

SECTION C: CORPORATE GOVERNANCE BARRIERS

We would like to find out a little more about your views regarding the barriers to corporate governance that your organisation faces. You are requested to select any of the following options: 1= (Not at all significant), 2= (Slightly significant), 3= (Moderately significant) 4= (Very significant), and 5= (Extremely significant).

CORPORATE GOVERNANCE BARRIERS						
1=Not at all significant	2=Slightly significant	3=Moderately significant	4=Very significant	5=Extremely significant		
CGB1	Competition from other public sector organisations	1	2	3	4	5
CGB2	Public sector turbulence/instability	1	2	3	4	
CGB3	Technological changes in the economy	1	2	3	4	
CGB4	Corporate culture of the organisation	1	2	3	4	
CGB5	Interdepartmental conflicts within the organization	1	2	3	4	
CGB6	Organisational political behaviour	1	2	3	4	5
CGB7	Breakdown of information dissemination within the organisation	1	2	3	4	5
CGB8	Non-adherence to policies and procedures of the organisation	1	2	3	4	5
CGB9	Risk aversion by top management of the organization	1	2	3	4	5
CGB10	Lack of interdepartmental connectedness within the organisation	1	2	3	4	5
CGB11	Centralisation of decision making	1	2	3	4	5
CGB12	Inconsistent reward systems within the organization	1	2	3	4	5
CGB13	Top management's reluctance to drive corporate governance	1	2	3	4	5
CGB14	Lack of innovativeness and creativity within the organisation	1	2	3	4	5
CGB15	Inadequate quality management and incompetence	1	2	3	4	5
CGB16	Control of resources of the organisation	1	2	3	4	5
CGB17	Inadequate customer service orientation	1	2	3	4	5
CGB18	Weak organisational support systems	1	2	3	4	5
CGB19	Lack of formal education and training	1	2	3	4	5
CGB20	General economy of the country	1	2	3	4	5
CGB21	Formalisation of rigid rules and procedures	1	2	3	4	5

CGB22	Non-compliance with statutory requirements	1	2	3	4	5
CGB23	Lack of action regarding complaints by stakeholders about mismanagement	1	2	3	4	5
CGB24	Lack of action regarding improper behaviour against staff members	1	2	3	4	5
CGB25	Ineffective implementation of recommendations from auditors	1	2	3	4	5
CGB26	Poor access to information for all stakeholders	1	2	3	4	5
CGB27	Lack of integrity of the organisation's financial reporting system	1	2	3	4	5
CGB28	Unavailability of a formal platform for reviewing and guiding organisational strategy	1	2	3	4	5
CGB29	Poor monitoring of the effectiveness of the governance practices	1	2	3	4	5

SECTION D: BALANCED SCORECARD COMPONENTS

We would like to find out a little more about your views regarding the levels of balances scorecard components in your organisation. These include financial performance, customer satisfaction, internal processes and learning and growth. Please indicate the extent to which you agree or disagree by ticking the corresponding number between 1 (Strongly disagree) and 5 (Strongly agree). A rating of (3) points towards a neutral view of the statement.

BALANCED SCORECARD COMPONENTS		**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
FINANCIAL PERFORMANCE						
FP1	My organisation has managed to achieve its financial objectives.	1	2	3	4	5
FP2	My organisation has managed to operate within its budget.	1	2	3	4	5
FP3	Measures related with the efficient use of assets funds	1	2	3	4	5
FP4	The funds that are allocated to the department are sufficient.	1	2	3	4	5

FP5	The overall financial performance of the department is good					
FP6	Effective financial control measures are in place					
CUSTOMER SATISFACTION						
CS1	In my organisation, customers are satisfied with the appearance of physical facilities.	1	2	3	4	5
CS2	In my organisation customers are satisfied that the promise regarding the service offered is always kept.	1	2	3	4	5
CS3	In my organisation customers are satisfied that the equipment's used are up to date.	1	2	3	4	5
CS4	In my organisation, customers are satisfied with the level of individualised attention provided.					
CS5	Our customers are satisfied with the integrity of staff, which makes them feel safe always in their transactions with the organisation.					
CS6	In my organisation, customers are satisfied with the willingness of employees to help them.					
INTERNAL PROCESSES						
IP1	The department promotes good corporate ethics	1	2	3	4	5
IP2	The culture in the department is effective	1	2	3	4	5
IP3	The department implements effective strategies	1	2	3	4	5
IP4	The department assesses the quality of organisational information, in particular its quarterly performance information, service delivery and organisational risks.	1	2	3	4	5
IP5	The department provides a code of ethics or statement of business conduct for all employees	1	2	3	4	5
IP6	The department has an independent audit, ethics and risk committee with independent members.	1	2	3	4	5
LEARNING AND GROWTH						
LG1	In my organisation, everyone is rewarded for his/her efforts to learn.	1	2	3	4	5
LG2	In my organisation, every employee is willing to accept an agreement on the results of the discussion group, despite different opinions.	1	2	3	4	5

LG3	My organisation provides learning facilities to all employees.	1	2	3	4	5
LG4	My organisation rewards employees for taking the initiative in work or resolve problems.	1	2	3	4	5
LG5	My organisation is in cooperation with the outside community to maintain good relations with stakeholders.	1	2	3	4	5
LG6	I have a chance to participate in the department's ethics training and workshops					

SECTION D: OVERALL ORGANISATIONAL PERFORMANCE

We would like to find out a little more about your views regarding the overall organisational performance in your organisation. Please indicate the extent to which you agree or disagree by ticking the corresponding number between 1 (Strongly disagree) and 5 (Strongly agree). A rating of (3) points towards a neutral view of the statement.

ORGANISATIONAL PERFORMANCE		**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
OP1	Resources are managed efficiently in our department	1	2	3	4	5
OP2	Programs are implemented speedily	1	2	3	4	5
OP3	The level of wastage in our department is low	1	2	3	4	5
OP4	Our department has successfully implemented the procedure to improve the quality of service offered	1	2	3	4	5
0P5	We have ample opportunities to make independent decisions	1	2	3	4	5
OP6	My organisation can retain essential employees	1	2	3	4	5

Thank you for participating in this survey. If you would like to receive the results of this survey, kindly provide your e-mail address in the space provided below, which will be kept confidential.

E-mail Address (optional)	

APPENDIX 2: ETHICS CLEARANCE LETTER

Graduate School of Business Leadership, University of South Africa [illegible]
[illegible]
[illegible]

SCHOOL OF BUSINESS LEADERSHIP
RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

16 August 2021

Ref #: 2021_SBL_DBL_007_FA
Name of applicant: Mrs M Nyathi
Student #: 79498582

Dear Mrs Nyathi

Decision: Ethics Approval

Student: Mrs M Nyathi, (79498582@mylife.unisa.ac.za , 082 419 2314)

Supervisor: Prof C Mafini, (changedzaim@vut.ac.za , 061 752 2439)

Project Title: Corporate Governance and the Performance of South African National Government Departments: A Balanced Scorecard Perspective.

Qualification: Doctor of Business Leadership (DBL)

Expiry Date: July 2023

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

Outcome of the SBL Research Committee:
Approval is granted for the duration of the Project

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 12/08/2021.

The proposed research may now commence with the proviso that:

1) The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached
2) The researcher/s will ensure that the research project adheres to the values and

45 YEARS Building leaders who go beyond

SBL GRADUATE SCHOOL OF BUSINESS LEADERSHIP UNISA

APPENDIX 3: FIRST SAMPLE LETTER OF RESEARCH PERMISSION

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Private Bag X644 Pretoria 0001 RSA Tel (012) 421 1311 Fax (012) 341 8512
Private Bag X9057 Cape Town 8000 RSA Tel (021) 466 7600 Fax (021) 465 3610
http://www.housing.gov.za Fraud Line: 0800 701 701 Toll Free Line: 0800 1 46873 (0800 1 HOUSE)

Enquiries: P Peter
Reference: DR /05

Ms M Nyathi

University of South Africa

Pretoria

Dear Ms M Nyathi

APPROVAL TO CONDUCT RESEARCH IN THE NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS

Your request to conduct research in the Department on the topic: ***"Corporate Governance and Performance of South African National Departments"***, has reference. This letter serves to inform you that permission is hereby granted for you to conduct your academic research at the National Department of Human Settlements.

It is a pleasure to inform you that you will conduct your study in collaboration with the Library Services Unit. The Directorate: Human Resource Development (HRD) will identify relevant contact persons in the relevant branches to assist you towards your research. The Departmental chief facilitator is Mr P Peter, contactable at (012) 444 9072 / Pumlani.Peter@dhs.gov.za.

Please be informed that, upon completion of your study you will be required to furnish the Department with feedback of your findings in a form of a seminar or presentation, and a copy of your dissertation/thesis to the specified person for archiving purposes.

As part of the approval process, you are requested to sign the Confidentiality Agreement attached hereto and send it back to the Departmental chief facilitator Mr P Peter.

MS TSHANGANA
DIRECTOR-GENERAL
DATE: 24/03/2021

Breaking new ground in housing delivery - Houses, Security & Comfort

APPENDIX 4: SECOND SAMPLE LETTER OF RESEARCH PERMISSION

government printing

Department:
Government Printing Works
REPUBLIC OF SOUTH AFRICA

149 Bosman Street/Private Bag X85 Pretoria 0001

Enq: Lucky Mpofu
Ref: S5/2/2
Tel: 012 748 6276
Email: Lucky.Mpofu@gpw.gov.za

Ms. M. K. Nyathi

REQUEST FOR PERMISSION TO CONDUCT RESEARCH FOR MS. M.K. NYATHI ID NUMBER: 640508 0683 0 84

We are pleased to inform you that your request to conduct an academic research study within the Government Printing Works (GPW).

Please note that your request has been granted on condition that upon your successful completion of your studies, you share your final report of your findings with the GPW for record keeping.

We wish you all the best in your endeavour. Your efforts to knowledge contribution are highly appreciated.

Yours Faithfully

MS. M. M. MODISE
GENERAL MANAGER: HUMAN RESOURCES
DATE: 20 / 11 / 2020

APPENDIX 5: DECLARATION BY THE LANGUAGE EDITOR

8 Belle Ombre Road

Tamboerskloof

Cape Town

8001.

9 September 2022

LANGUAGE EDITING

This is to certify that I language-edited the dissertation, "Corporate governance and the performance of South African national government departments: a balanced scorecard perspective," by Miseria Nyathi, for the Doctor of Business Leadership degree at the University of South Africa (UNISA).

E. Trew.

Elizabeth Trew
Trew.eliz@gmail.com
021 424 6135
73 5 1147

APPENDIX 6: TURNITIN REPORT

MK NYATHI DBL THESIS TURNITIN

ORIGINALITY REPORT

17%	9%	2%	12%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Vaal University of Technology Student Paper	8%
2	Submitted to University of South Africa Student Paper	3%
3	etd.uwc.ac.za Internet Source	1%
4	archive.conscientiabeam.com Internet Source	1%
5	dspace.nwu.ac.za Internet Source	1%
6	researchspace.ukzn.ac.za Internet Source	1%
7	www.slideshare.net Internet Source	1%
8	docplayer.net Internet Source	1%
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