DEVELOPMENT OF A STRATEGIC LEADERSHIP FRAMEWORK FOR IMPROVING CORPORATE GOVERNANCE

by

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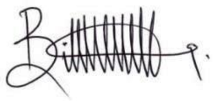
I, **Hlengani Phanuel Bila**, hereby state that this research thesis submitted for the degree Doctor of Business Leadership at the University of South Africa (UNISA) is my original work in execution and style, and that I have acknowledged all sources by means of a list of references.



26 April 2023

SIGNATUREDATE

DEDICATION

I dedicate this thesis to whistleblowers who continuously commit to reporting fraud and corruption. Secondly, to my three daughters who are Amukelani, Khubani and Gongomela Mhlahla-ndhlela –Makutsuli clan. It is my prayer that they be focused in life and their careers.

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- The pilot study group involved in this study.

ABSTRACT

The purpose of this study was to develop a strategic leadership framework for improving corporate governance in the public sector in South Africa. The study adopts a case study approach by focusing on the department of Health in Limpopo Province. Considering the practical nature of the research problem, the systems theory provided the theoretical underpinning for the study. A qualitative research approach was used through the administration of interviews with purposefully selected officials in leadership positions in the Limpopo Department of Health.

The focus of the interviews was to explore the participants' understanding and the entrenchment of corporate governance legislative practices with the department. A major finding of this study is the gaps identified within the realms of planning, oversight, monitoring and accountability in the implementation of various policy prescripts. Hence, the study proposes a model consisting of five lines of corporate governance assurance provision rather the current three lines structure.

Lastly and very profoundly, the study realised its key research objective of developing a strategic leadership framework for corporate governance. The framework is within the context of systems theory, with more emphasis on input, transformational process and output arrangements.

Keywords: Strategic leadership; corporate governance; combined assurance; unwanted expenditures (fruitless and wasteful expenditures, unauthorised expenditure, irregular expenditure); systems theory; accountability; overseeing and monitoring; ethical leadership; organisational culture; strategic direction; organisational performance.

LIST OF ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General South Africa
CEO	Chief Executive Officer
COSO	Committee of Sponsoring Organisations of the Treadway Commission
DA	Democratic Alliance
DPME	Department of Planning, Monitoring and Evaluation
DWNL	Distribution and Warehousing Network Limited
EU	European Union
GAAP	General Accepted Accounting Principles
HPCSA	Health Professional Council of South Africa
ICFR	Internal Control over Financial Reporting
IFIAR	International Forum of Independent Audit Regulators
IIA	The Institute of Internal Auditors
IOSCO	International Organisation of Securities Commissions
IRB	Internal Review Board
KPMG	Klynveld Peat Marwick Goerdeler
LDOH	Limpopo Department of Health
MEC	Member of Executive Council
NDOH	National Department of Health
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
PAMA	Public Administration Management Act
PFMA	Public Finance Management Act
PP	Public Protector
PSA	Public Service Act
PSC	Public Service Commission
PSR	Public Sector Regulations
PSRMF	Public Sector Risk Management Framework
PWC	PricewaterhouseCoopers
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SMS	Senior Management Services
TR	Treasury Regulations
UNISA	University of South Africa

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CHAPTER 1

GENERAL ORIENTATION

1.1 INTRODUCTION

The purpose of this study is to assess the role of strategic leadership within the Limpopo Department of Health (LDOH) in order to develop a framework for effective corporate governance in the department. According to the LDOH Annual Report of the 2018/19 Financial Year (LDOH, 2019:5), the LDOH aims to provide quality healthcare to the general population of Limpopo. The above aim is driven by, among other guiding prescripts, article 25 of the United Nations Universal Declaration of Human Rights (United Nations, 1948), which reads that every person has the right to an adequate standard of living appropriate for their welfare and health that embraces medical care and essential social services.

South Africa has taken the "health right" very seriously, to the extent of ensuring that it is covered in the Constitution, which is also the supreme law of the country. Section 27 of the Constitution of the Republic of South Africa 108 of 1996 (Republic of South Africa, 1996:9) states that all people have the right to access healthcare services, as well as reproductive healthcare. To achieve these fundamental human rights, the health sector requires leaders who will lead strategically and be mindful of corporate governance requisites.

According to Chauke and Sebola (2018:257), corporate governance has come under the spotlight with reference to non-compliance with public finance management laws, regulations and guidelines, and unabated corruption. According to Wixley and Everingham (2015:6), 'corporate governance' and the 'failed governance' concepts constantly become topical in organisations. The concept of 'corporate governance' is related to developed countries, whereas 'failed governance' is mainly associated with developing as well as underdeveloped countries. According to Iwasaki (2017:2), corporate governance is a critical factor in the development of a country, whereas failed governance is generally identified as the reason for depending on donors or international aid.

Chauke and Sebola (2018:257) posit that corporate governance within public entities enhances efficiency and effective use of resources, decision-making, and reinforces accountability for the management of those resources. In the view of Ball (2013:3), corporate governance is at the centre of improving organisational performance, and addressing maladministration such as corruption.

In an effort to ensure corporate governance and improve services to the inhabitants of South Africa, the South African Constitution has created Chapter 9 institutions – the Public Protector (PP) and Auditor-General of South Africa (AGSA) and a Chapter 10 institution – the Public Service Commission (PSC). Section 181 of the Constitution indicates that the Public Protector has the power of—

(i) investigating any conduct in any sphere of government or public administration or state affairs, that is alleged to be inappropriate or to result in any unseemliness or prejudice;
(ii) to report on that behaviour; and
(iii) to take appropriate corrective measures.

The National Development Plan (NDP) (National Planning Commission, 2017) mentions nine long-term health goals for the country (South Africa). Four of these goals address areas of reinforcing health systems, whereas the other five deal with the health improvement and welfare of the population. According to the Organisation for Economic Co-operation and Development (OECD) (2019:1), there is interlinking between performance of health and economic performance. Developed countries have a healthier population, as opposed to developing and underdeveloped countries.

According to the National Department of Health (NDOH) Annual Report 2018/19 financial year (NDOH, 2019), there are nine provincial health departments. One of these is the LDOH, drawing its mandate from the NDOH. The mission of the NDOH is to improve health status through disease and illness prevention, healthy lifestyle promotion, continuously improving the healthcare delivery system by concentrating on equity, access, efficiency, quality, and sustainability. For the identified and prioritised health mission to be realised, there is a need for economically, efficiently and effectively managing resources channelled to the

LDOH, since failure to do so will create serious economic and human rights gaps, among others.

Despite the existence of all these constitutional bodies, Thabane and Van Deventer (2018:1) report that poor corporate governance continues unabated. The Financial Markets Authority (2017:3) terms corporate governance as the practice, processes and principles that regulate how an organisation is controlled. Corporate governance improves stakeholders' confidence. Governance can be concisely defined as the manner in which the fundamental values of a nation are "institutionalised". The Financial Markets Authority (2017:3) asserts that this has prescribed features such as checks and balances, separated powers, transparency, accountability and means of transferring power. Nevertheless, for these values to be symbolised, they must be guidance to the activities of public officials throughout the system of the organisation. They must be entrenched in the ethos of the organisation. Within that context, "leadership" is the flesh on the bones of the constitution and it is at the core of good governance.

McGregor (2014:2) suggests that government has a duty to develop a strategic path, as well as the arrangement of significances to national growth, and crafting a responsive and efficient economic infrastructure network. An important attribute of government's responsibility is ensuring that organisations implement their mandates and deliver according to the intended outcomes. These include:

- Achieving corporate governance and regulatory and policy clarity
- Improve the operational effectiveness of the LDOH

McGregor (2014:3) cautions that the way the public and other stakeholders see organisations on the question of corporate governance failure or ethical non-compliance, could become negative, due to, among other issues, allegations of corrupt activities. According to Pring and Vrushi (2019:2), corruption weakens the very structures of accountability which are expected to protect human rights, and adds impunity culture. It is common practice that when an organisation is linked to unethical practices, its reception by the general public is reduced, and, as a result, affects its public credibility.

1.2 THESIS STATEMENT

This study is underpinned by the premise that strategic leadership, within the context of systems theory, is a strategic input factor in the realisation of effective corporate governance. Modulating the input factor of leadership are factors such as effective control, ethical culture, good performance and legitimacy.

From the literature reviewed, including the King IV report, there are clear, intended corporate governance outcomes, but the question is always on the “how” of achieving them. As indicated above, the researcher intends developing a strategic leadership framework, within a systems theory context, aimed at the achievement of corporate governance outcomes.

1.3 RESEARCH PROBLEM

This study is concerned with corporate governance failure (irregular expenditure, fruitless and wasteful expenditure, as well as unauthorised expenditure) which is annually reflected in the Auditor-General South Africa’s findings, as well as in the LDOH annual reports (LDOH, 2016; 2017; 2018; 2019). According to Alnasser, Shaban and Al-Zubi (2015:2), the effect of unwanted expenditure and financial risks in general undermines the achievement of organisational strategic objectives. There is a need for the LDOH to improve its corporate governance standing by, among other efforts, mitigating these financial risks (Alnasser et al, 2015:2).

Section 216 of the Constitution, as well as other national legislation, are obliged to create a National Treasury, and propose procedures of ensuring both control of expenditure and transparency in each sphere of government. The above is corroborated by sections 38 and 51 of the Public Finance Management Act 1 of 1999 (PFMA), making it compulsory for the heads of department or accounting officers (who are also strategic leaders), to safeguard that the departments they lead have and maintain effective, transparent and efficient systems of managing enterprise-wide risks.

For the past four financial years, the LDOH (2016; 2017; 2018; 2019) has received a Qualified Audit Opinion from the Auditor-General South Africa (AGSA (external audit)). Very worrisome from the AGSA’s audit findings report are financial mismanagement cases, with contingency liabilities at R8 billion, followed by high volumes of unwanted expenditures (Makwetu, 2019).

The Democratic Alliance (DA) (2019:1) assessed annual reports of all the government departments, as well as state-owned enterprises (SOEs), based on the report submitted to parliament, and observed that in the 2018/2019 financial year, an amount of R60 billion was mismanaged. This was as a result of non-compliance with financial management, with specific reference to unwanted expenditures such as irregular, fruitless and wasteful, and unauthorised expenditures. These unwanted expenditures have hallmarks of corporate governance failures, and are characterised by factors such as, among others, corruption and incompetence.

This is supported by Mabuza (2018:1), who states that fruitless and wasteful expenditure comprises the payment of inflated interest, prices, and the cost of litigation that is preventable. Mabuza (2018:1) asserts that Limpopo Province's fruitless and wasteful expenditure increased by 17% between the financial years 2013/2014 and 2016/2017, which amounted to R871 million. This financial figure reflected by Mabuza epitomises Limpopo Provincial Department, which comprises twelve provincial departments. The LDOH is one of these provincial departments, and contributes a great proportion to the Limpopo Provincial Government's financial mismanagement.

Informed by the above context, it is apparent that corporate governance failures, mainly in the form of financial management non-compliance, undermine economic growth and development. The table below shows the AGSA's findings regarding the LDOH's non-compliance with financial management between the 2016/17 to 2018/19 financial years:

Table 1.1: Auditor-General South Africa's findings per financial year

Item	Financial risk type	2016/17	2017/18	2018/19
01	Fruitless and wasteful expenditure	R18 467 000	R18 425 000	R27 894 000
02	Accrued departmental revenue	R19 428 000	R27 874 000	R24 763 000
03	Irregular expenditure	R187 707 000	R259 062 000	R388 541 000
04	**Total amount**	**R225 602 000**	**R305 361 000**	**R441 198 000**

(**Source:** Makwetu, 2019)

The LDOH has, for five financial years, found itself in a serious predicament of financial losses due to medico-legal claims. The figure below illustrates how billions of Rands of medico-legal claims have been challenned against the LDOH as broken down by Karrim (2022:1):

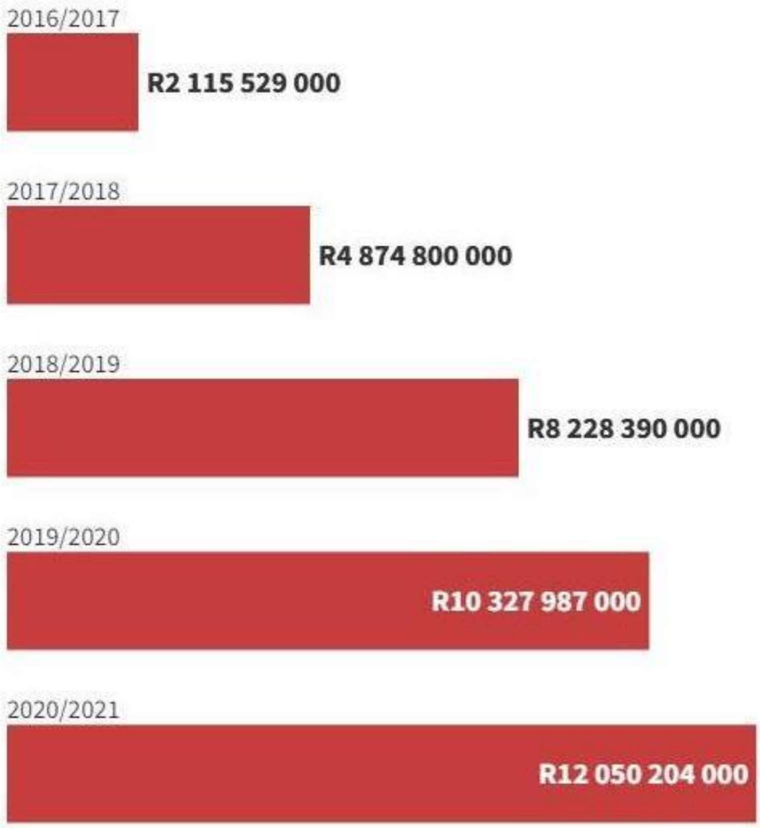

Figure 1.1: Limpopo Department of Health medico-legal claims (**Source:** Karrim (2022:1)

Karrim (2022:1) posits that numerous of these medico-legal claims cases are associated with cerebral palsy at birth. Karim futher quotes Professor Alex van den Heever, the chairperson of Social Security Systems Administration and Management studies at the University of the Witwatersrand (School of Governance), who argues that the maternal deaths' ratio in facility per 100 000 was a good suggestion of the state of health services.

According to McGregor (2014:1), if the general public or other stakeholders identify an organisation lacking in ethics by not observing financial laws and regulations, this may weaken its corporate image. When the image of an organisation is compromised due to perceived or existing unethical practices, qualified and skilled people might not be interested in being associated with such organisation, as employee.

Hence, this study intends developing a strategic leadership framework, within the context of systems theory, for corporate governance. According to Louw and Venter (2013:416), the term “strategic leadership” refers to leadership (which looks into the whole organisation) by the top-level executives, as opposed to other leadership at middle and lower levels only responsible for tactical and operational phases of leadership.

1.4 RESEARCH AIM

The aim of this study was to develop a strategic leadership framework aimed at improving corporate governance with the LDOH.

1.5 RESEARCH OBJECTIVES

This study focused on the following research objectives:

- To establish the extent to which strategic leadership is understood and entrenched within the LDOH.
- To establish how corporate governance guidelines are implemented in the LDOH.
- To develop a strategic leadership framework for corporate governance within the context of systems theory, aimed at improving corporate governance within the LDOH.

1.6 RESEARCH QUESTIONS

The following are research questions were raised to give guidance to this study:

- How is strategic leadership understood and established within the LDOH?
- How are corporate governance guidelines implemented within the LDOH?
- How can a strategic leadership framework, within the context of systems theory, be developed to improve corporate governance within the LDOH?

1.7 RESEARCH METHODOLOGY

In this study, the qualitative research approach was employed. According to Philipsen and Vernooij-Dassen (2007:5), the qualitative research approach can be defined as *“the study of the nature of phenomena”*, including *“their quality,* *diverse manifestations, the context in which they appear or the perspectives from which they can be perceived"*, but excluding *"their frequency, range, and place in an empirically determined chain of effect and cause"*. The drive for deciding on the qualitative research method is mainly due to the research problem to be investigated, which is practical, and participants were asked various questions mainly to explore their level of knowledge and understanding on how strategic leadership is entrenched, and also on the way in which corporate governance legislative practice is implemented within the LDOH. Data was collected through the use of triangulation, whereby the following three methods were used, specifically: semi-structured interviews, focus group interviews as well as document analysis. The detailed research methodology is covered in Chapter 5 of this study.

1.8 DELINEATION AND LIMITATIONS

Theofanidis and Fountouki (2019:4) postulate that delimitations are, in essence, the limitations deliberately set by the author themselves. They are concerned with the descriptions that the researcher decides to set as the limits or boundaries of their work, so that the aims and objectives of the study do not become difficult to achieve. Within this context, it can be maintained that delimitations are control measures applied by the researcher. Consequently, delimitations are fundamentally focused on the study's theoretic background, research objectives and questions, variables being studied, and the study sample.

This study was only conducted in the LDOH, although the Department of Health may be experiencing governance challenges in other provinces, and their inclusion was going to hamper the population size. Only provincial (top management level) and district (middle management level) senior management employees were included in this study because they are directly involved in the process of strategic leadership through, among other aspects, formulating strategic direction and driving organisational performance and culture. It not easy to secure focus group participants at once, hence number of interviews were done with individual participants. Institutional (lower management level) employees were not be included in this study, since they are responsible for operational, as opposed to strategic and tactical, leadership.

1.9 SIGNIFICANCE OF THE STUDY

The study could provide various benefits to the LDOH, the community at large, UNISA, as well as the wider academic community. The significance of the study is to pursue approaches to, and ways of, creating certainty that the LDOH improves corporate governance by curbing non-compliances such as unauthorised, fruitless and wasteful, and irregular expenditures. Compliance with financial management laws and regulations will help the LDOH to have sound financial management and corporate governance, thus improving AGSA’s audit outcome from qualified level to either unqualified or clean audit opinion.

When audit outcome improves as a result of corporate governance (sound financial management), the LDOH will be able to economically, effective and efficiently channel resources where they are critically needed, and improve the quality of healthcare. The improvement of healthcare quality will make the community live longer and have trust in the LDOH. Stakeholders such as the media group, who are also members of the community, will surely promote the corporate image of the LDOH by writing or reporting positively.

The findings of this study will be accessible at the UNISA library (both in physical and electronic form) and as a result, the academic community will gain, taking into account that they will, if need be, review literature and perhaps improve their familiarity with, and understanding of, the strategic leadership value in corporate governance.

1.10 JUSTIFICATION OF THE STUDY

This study hopes to supply a missing link between strategic leadership and corporate governance within the LDOH, in the quest to develop a strategic leadership framework that ensures effective checks and balances, institutes an early warning system, and designs corrective measures where necessary.

Secondly, it will bring about effective stakeholder engagement and management by the LDOH, and contribution to literature, in order to assist in closing the gaps in policy on governance within the LDOH, or closing the gap between policy and implementation. Lastly, it has make a contribution to strategic leadership concepts or theory that enhance the understanding and conceptualisation of corporate governance structures.

1.11 LAYOUT OF THE STUDY

The researcher formulated six research questions, and he also decided to discuss each research question in its own chapter:

Chapter 2 discussed strategic leadership theories in the form of literature.

Chapter 3 concentrated on corporate governance within the LDOH.

Chapter 4 covered strategic leadership systems theory on corporate governance.

Chapter 5 addressed the research methodology to be followed in this study.

Chapter 6 based on interviews conducted with participants from the LDOH, present, analyse and interpret data.

Chapter 7 was intended for the development of a strategic leadership framework for improving corporate governance.

CHAPTER 2

THE EXTENT TO WHICH STRATEGIC LEADERSHIP IS UNDERSTOOD AND ENTRENCHED WITHIN THE ORGANISATION

2.1 INTRODUCTION

From the previous chapter, it became apparent that strategic leaders have a clear role and responsibility to improve corporate governance in their respective organisations, and such is also applicable to the Limpopo Department of Health. For the LDOH to be effective and efficient, perform better, exercise ethical culture and also render quality healthcare services for the people of Limpopo (province), leadership should lead strategically.

Taking into account that this study seeks to develop a strategic leadership framework which is aimed at improving corporate governance within the LDOH, it firstly describes the main variable of the study, which is “strategic leadership” The chapter seeks to firstly clarify what the term ‘strategy’ means, and also describe what leadership is all about. It is critical to unpack these concepts, since they are the building blocks to strategic leadership. The areas discussed in this study were influenced by various literature, with more emphases on (Louw & Venter, 2013:416). Literature review also guided research questions as well as sub-questions enshrined in the interview schedule.

2.2 UNDERSTANDING STRATEGY

The term ‘strategy’ is understood to be involving position, perspective, pattern and plan. Strategy is the link between high-level goals or policy on the one hand, and tangible actions or tactics on the other. Strategy and tactics together connect the variance between ends and means (Nickols, 2016:7). Juneja (2020:4) generally conceptualises strategy as an action that leaders take to achieve the goals of the organisation. Juneja (2020:4) further defines strategy as a universal direction set for the organisation and its several segments to achieve an anticipated state in the future. Strategy emanates from the comprehensive strategic planning process. A strategy is mainly concerned with integrating the activities of the organisation and optimal utilisation of the scarce resources within the organisational environment as a way of meeting the present objectives.

According to Vo (2018:5), strategising is vital, considering that no decisions are taken in a vacuum, and that any action taken by an organisation is prospectively to be met by different reactions from those affected: customers, competitors, suppliers or employees. Vo (2018:5) cautions that strategic plans may not add value if the goals and objectives set by the organisation are not realistic. He further argues that as much as strategic leaders want to see their organisations successfully realising their vision, overly ambitious target setting could discourage the entire organisation in case of non-achievement.

According to Carucci (2017:2), the study conducted in 2016 projected that 67% of well-framed strategies do not succeed, because of inadequate execution. In Carucci's view (2017:2), there are numerous reasons for this terrible rate of failure, but a 10-year study on strategic leadership exhibited that fully 61% of strategic leaders were not ready for the strategic tests they confronted with upon being employed to senior leadership roles.

As can be seen from the above, there is high connectivity between strategy and leadership. The following discussion concentrates on leadership as a concept.

2.3 LEADERSHIP

Raghuvanshi (2016:52) states that leadership is a process wherein a leader inspres and influences the behaviours, attitudes and thoughts of others, and describes a leader as a person who makes or breaks the organisation. The leader's role is of vital importance, and paves the way through which the organisation functions. Leaders set a (strategic) direction for everyone within the organisation: they assist the workforce to see what lies ahead, visualise what the organisation can achieve, and both encourage and inspire the workforce (Raghuvanshi, 2016:52). Hurley (2017:12) conceptualises a leader as a person who has the capability and agility to influence, motivate and enable employees to contribute towards the effectiveness and success of the organisation. Leaders have faith in capabilities, which comprise a range of abilities, behaviours and conduct. There are particular kinds of conduct and behaviour that are regarded to be appropriate to leadership success. They are, among others, problem solving and planning, role and responsibility clarification, supportive leadership, and monitoring and evaluation.

Raghuvanshi (2016:52) is quick to point out that, without leadership, a group of employees within the organisation may rapidly degenerate into conflict and argument, because different employees see things differently, and lean toward different solutions. Leadership helps the organisation to follow one strategic direction, and harness efforts jointly.

2.3.1 Types of leadership

There are several types of leadership which different organisation prefer or opt to adopt. For the purposes of this study, the types of leadership which will be discussed are, amongst others, democratic, transactional, transformational and situational leadership. The basis of choosing these types is on the understanding that they are more aligned to strategic leadership, as opposed to merely managerial leadership (Reynolds, 2022:1).

(a) Democratic (participative) leadership

STU Online (2018:3) is of the view that the democratic leadership style, also known as the participative style, assists leaders in encouraging employees to be at the forefront of decision-making. Democratic leaders keep employees under their supervision informed about all that relates to their organisational work, and share problem-solving tasks and decision-making responsibilities. They prefer to be a coach who also has the final 'say', but collects information from them before a decision is made (STU Online, 2018:3). STU Online (2018:3) considers the democratic leadership style to be frequently yielding high quantity and quality work over a long period of time. Employees prefer the trust shown to them by their leader, and tend to respond with team spirit, cooperation and with high moral fibre.

According to Jakhar (2017:2), logically the democratic leader has the following characteristics: (i) allows leaders, within the organisation, to establish goals; (ii) develops plans to help employees to assess their performance; (iii) encourages and recognises achievement; (iv) finds that it is most effective when applied among employees who are highly experienced and skilled in organisational activities, or when operational changes are implemented, or dealing with individual or team problems; (v) encourages employees to grow in their management career and get promoted; and (vi) just like the other leadership styles, this style is not at all times appropriate. Subordinates should explore new techniques of managing and being innovative.

Despite all the 'positives' of the democratic leadership style reflected above, Belyh (2020:12) cautions about the high degree of implementation of participatory leadership; with less control from the leader, the decision-making can become enormously protracted and slow.

(b) Transactional leadership

When a leader rewards or punishes team members in an effort to complete a task (Reynolds, 2022:1). Transactional leadership is a term used to classify a group of leadership theories that inquire the interactions between leaders and followers. This style of leadership starts with the premise that team members agree to obey their leader totally when they take a job on. The "transaction" is usually that the organization pays the team members, in return for their effort and compliance (Goleman, 2021:1).

(c) **Transformational leadership**

According to Reynolds (2022:1) when a leader uses a vision to inspire and motivate others. Transformational leadership is a leadership style that is defined as leadership that creates valuable and positive change in the followers. A transformational leader focuses on "transforming" others to help each other, to look out for each other, to be encouraging and harmonious, and to look out for the organization as a whole. In this leadership, the leader enhances the motivation, morale and performance of his follower group (Goleman, 2021:1).

(d) Servant leadership

When a leader serves others by putting the needs of employees first, helping them develop to perform at higher levels (Reynolds, 2022:1). According to Goleman (2021:1), this term, coined by Robert Greenleaf in the 1970s, describes a leader who is often not formally recognized as such. When someone, at any level within an organization, leads simply by virtue of meeting the needs of his or her team, he or she is described as a “servant leader”.

(e) Visionary leadership

The visionary leadership of Ates et al (2019:3) is broadly seen as significant in strategic change. This is because visionary leadership does not merely set the strategic direction, but rather, gives a picture about *why* the change is necessary to pursue, and motivates employees to embrace the change. Not unexpectedly, then, practice and science have a very optimistic view of visionary leadership as a key leadership competency.

Yukl (2013:313) mentions some behaviours linked to visionary leadership, which he considers vital:

- **Individualised consideration:** In practising visionary leadership, leaders give encouragement and support to all their subordinates, and also ensure that the lines of communication are always kept open. (Yukl, 2013:313).
- **Inspirational motivation:** A transformational leader should be able to articulate his vision clearly to the followers (Cherry, 2013:2).
- **Idealised influence:** In Yukl’s (2013:313) view, a transformational leader should conduct themselves ‘above board’, and serve as a good example to followers.

(f) Situational leadership styles

Cherry (2013:3) states that this style of leadership emphasises the important effect of the situation and the environment, on leadership. Some of these theories comprise the following:

(i) Hersey and Blanchard's leadership styles: This model is one of the well-known situational theories, first published in 1969. According to

Cherry (2013:3), Hersey's leadership style model outlines four primary leadership styles, as follows:

- The ***telling style*** is centered on telling employees what to do. This emanates from a robust discussion with the followers, wherein the leader and followers all engage to find a common understanding of what needs to be done.
- The ***selling style*** is characterised by the leader, who convinces employees to buy into his messages and ideas.
- The ***participating style*** involves the leader letting followers participate more actively in the process of decision-making.
- The ***delegating style*** includes allowing followers to make the majority of decisions, and, to some extent, the leader takes a hands-off approach. This style of leadership has elements of 'laissez-faire'.

(ii) Blanchard's SLII leadership styles: Blanchard expanded on his and Hersey's model, to highlight how the skill and developmental level of learners affects the style that must be applied by leaders (Blanchard, as cited in Cherry, 2013:4), and also explains three different learning styles, as follows:

- The ***directing style*** is concerned with expecting followership through giving orders and this is done with less assistance and guidance of the employees.
- The ***coaching style*** involves leaders giving many orders, with more support and guidance. Leaders give advice and share knowledge with the staff as a way of capacitating them.
- The ***supporting style*** is where the followers receive very little direction from their leader, but with more support. As can be seen from the coaching style, direction and support are given as and when the hospital superintendents request such.

(g) Managerial leadership

According to Macarie (2007:46), a manager leader becomes a manager non-leader if such a leader loses the informal position he held within the organisation or the working group, due to, among others, changes in the environment, inadequate training and organisational culture.

The non-manager leader can be given official authorisation, thus being recognised as a manager leader if top management acknowledges the informal position as official, or he can lose the leader position if this is based completely on charisma, without any other value-driven support that can survive time (professional expertise, communication skills and human qualities) (Macarie, 2007:46).

According to Sementelli (2016:13), managerial leadership necessitates certain circumstances to be met for it to materialise. In each case, there must be a person (managerial leader) charged with the supervision of employees, who has either a tactical or strategic scope, and that the responsibility is for both employees and the results of their efforts.

2.4 THE DIFFERENCE BETWEEN MANAGERIAL, VISIONARY AND STRATEGIC LEADERSHIP

According to Reynolds (2022:1), strategic leadership is about understanding yourself and your goals, It is about understanding the situation, considering options, and deciding. It is also about getting the best out of people, the best out of the situation, so that the organization does well. Leaders who lead strategically have done the inner work necessary to lead with integrity, vision, and purpose. Lawton and Rayner (2016:4) state that the difference between managerial leadership and visionary leadership is that managerial leadership is largely considered management that focuses on plans, budget, measurement and management of employees, performance, and change, as well as guaranteeing the daily running of the organisation. In itself, management is a difficult, complex and essential task. In contrast, Lawton and Rayner (2016: 4) posit that visionary leadership is more about leading, taking an organisation into the future, motivating and inspiring, as opposed to managing people and having a vision.

Sementelli (2016:13) believes that in using the terms ‘strategic’ and ‘tactical’, one might claim that managerial roles are primarily tactical in nature, while leadership roles are primarily strategic. Even with the identifiers of tactical and strategic, one is left with the assumption that organisations are tasked to solve problems, regardless of the sector they happen to occupy. Louw and Venter (2013:416) correctly describe strategic leadership as leadership of the whole organisation by the top-level executives, as opposed to leadership of the organisation which also focuses on middle- and lower-level management. In the figure below, Louw and Venter (2013:427) further display the differences between strategic, visionary and managerial leadership:

Table 2.1: Managerial, visionary and strategic leadership

Managerial leaders	Visionary leaders	Strategic leaders
• Are reactive in nature and embrace inert attitudes towards goals; • goals are driven by necessities, opposed to dreames and desires, past experience determines goals. • Viewing work as an aiding process encompassing combination of thoughts and people intermingling for the establishment of strategies. • Relating to people in accordance with their responsilities in the administrative process • Perceive themselves as regulators and conservators of prevailing order; view themselves based on their organisational role. • Influence actions and decisions of those with whom they work • Involved in situations and contexts characteristic of day- to-day activities	• Are shape ideas, proactive, change the manner in which people view what is possible, desirable and necessary • Concentrate on developing choices and best approaches to long-lasting glitches. • Are concerned with thoughts, relate to people in empathetic and intuitive ways • Feel disconnected from their environment. • Influencing attitudes and opinions of other people in the organisation • Concerned with safeguarding future of organisation, mainly through developing and managing people • More entrenched in ambiguity, complexity and overload of information; participate in integrative and multifunctional tasks • More likely to make decisions based on values • Have a will to invest in human capital, innovation,	• Synergistic mixture of visionary and managerial leadership • Promotion of value-based decisions and ethical behaviour • Overseeing day-to-day operations and strategic responsibilities • Developing and implementing strategies for instant impact and maintenance of strategic (long-term) goals for the enhancement of organisational growth, survival and long-term sustainability • Having positive, strong outlooks of the performance such leaders expect from their subordinates, peers, superiors and themselves • Employing and interchangeing explicit and tacit knowledge on organisational and individual levels, using linear as well as nonlinear thinking designs • Believing in strategic approach and that their choices create value in their

• Confortable in and Concerned with functional spaces of responsibilities • Skilled in their area of functionalility. • Making less value-based decisions • Engaging in and supporting short-term, less costly behaviour for the purpose of enhancing financial performance of the organisation. • Focus on managing the exchange and combination of explicit knowledge and ensuring compliance with standard operating procedures • Their thinking is linear in nature. Believing in determinism; implying that, their choices are determined by both their internal and external environment	and creat and maintain an expectable culture for ensuring long-term feasibility • Focusing on implicit knowledge, and developing strategies as communal forms of tacit knowledge that promote enactment of a vision • Do not think in a linear way • Believing in strategy of their choices that makes a difference in the organisations and environment	organisations as well as the environment

(**Source:** Louw & Venter, 2013:427)

The above discussion was concerned with outlining the different between strategic, visionary and managerial leadership. What becomes apparent is a sign that strategic leadership is a mixture of both visionary and managerial leadership. The subsequent discussion concentrates of strategic leadership and its critical effective elements.

2.5 STRATEGIC LEADERSHIP

According to Thomson, Brown and Jaffer (2020:2), strategic leaders must always make every effort to be the developer of the “seamless strategy” by understanding the market and its requirements, placing it in line with the competence, core purpose, streghth of the organisation and its employees. In the assertion of Thomson et al (2020:2), no strategy is comprehensive if it is implemented, and this implementation should be firmly matched to, or exceed, the strategic plan. In Hughes and Beatty’s (2005:9) view, individuals and teams indorse strategic leadership by thinking, acting and influencing the manner how the sustainable competitive advantage of the organisation is promoted.

Rouse (2018:2) understands the main objectives of strategic leadership as streamlining processes, enhancement of strategic throughput, encouraging innovation and promoting an environment that emboldens workers to be independent, creative or innovative and productive. Thomson et al (2020:2) identify three key places wherein strategic leadership occurs within an organisation: (1) top level: where strategy formulation for a number of business units happens over a given time period; (2) middle level:, where top-down strategy is converted into a regional or business unit strategy, and goals are also created at this level; and (3) departmental level: where the business unit strategy goals are converted into a number of specific objectives which are then executed.

In the view of Hitt et al (2007:373), there are six critical effective strategic leadership elements:

> (i) determining a strategic direction, (ii) effectively managing the organisation's resource portfolio (which embraces maintaining and exploiting core capabilities along with human capital development), (iii) Organisational performance, (iv) effectiveness of organizational culture, (v) ethical practices, and (vi) establishing balanced organizational control systems.

Figure 2.1: Critical effective strategic leadership elements (**Source:** Hitt et al, 2007:500)

King IV (King Committee …, 2016:40) concurs with Hitt et al (2007) on setting strategic direction and strategic control (overseeing and monitoring) as critical effective strategic leadership elements; however, it adds other elements such as (i) approving policy and planning, and (ii) ensuring accountability.

For the purposes of this study, the researcher, in developing strategic leadership framework, adopted the above strategic leadership elements by both Hitt et al (2007) and King IV (King Committee …, 2016). Within that context, this chapter will be guided by the discussion around strategic leadership. Within the systems theory context, as will be discussed in detail in Chapter 4, these elements will be categorised under 'input', 'transformational processes' (throughput) or 'output', depending on where they fit.

2.5.1 Determining strategic direction

Hitt et al (2007:384) theorised that determining strategic direction comprises describing the character and image the organisation pursues to mature over time. The strategic direction is outlined within the context of the conditions (like threats and opportunities) strategic leaders envision their organisation to face in five more years.

The Department of Planning, Monitoring and Evaluation (DPME) (2020:34) shows that the five-year strategy, which is aligned with the electoral cycle, outlines the organisation's statement of impact, outcomes, related outcome indicators and five-year targets for outcomes. The strategy informs the organisation's annual performance plan. Each organisation must link its strategic emphasis to the apportioned budget, centred around the mandate of the respective organisation. Louw and Venter (2013:105) identify the most "*strategic tools*" used by strategic leaders in the development and conveyance of strategic direction as the vision of the organisation, its strategic intent, mission and values.

(a) The vision statement

Mitchell, Chawla and Kappen (2021:1) maintain that the vision statement describes the future of the organization. It reveals what the company aspires to be or hopes to achieve in the long-term. The vision statement is inspirational and motivational but also provides direction, mapping out where the organization is headed. In this regard, it serves as a guide for choosing current and future courses of action (Mitchell, Chawla & Kappen, 2021:1). Louw and Venter (2013:105) are of the view that without a vision statement, the organisation will lack the required motivation to keep going. If the organisation does not aim for anything, it might not hit anything. DuBois (2018:2) shows that the more specific and clear the organisation is, the better its chances are at realising its vision becoming a reality. The significance of a vision statement cannot be disregarded. It not only provides guidance and long-term direction, but it also provides the organisation with the motivation and the required energy to keep focused when it feels lost (DPME, 2020:36). The organisation has a duty to always keep its vision statement relevant by frequently revisiting and communicating it with employees at strategic, tactical and operational levels, to keep them inspired and motivated.

Ireland and Hitt (1999) showed an alignment between strategic leadership and organisational vision by contending that strategic leadership comprises the process wherein a clear vision of the organisation is formulated and articulated. Ireland and Hitt (1999) further contended that a vision statement that enthuses has to give clear (vision) direction and priorities of the organisation, motivating all the employees to improve their performance and grow together.

The following are the important elements of a vision statement as argued by Ireland and Hitt (1999):

- Imagine how the organisation should be like in five to ten years from now.
- Infuse the organisation's values in the vision statement.
- Ensure that the vision statement indicates a clear focus for the organisation.
- The organisation's vision statement should be written in the present tense.
- The language usage should be clear and concise.
- Make sure that the vision statement is understood without difficulty.

The vision of the organisation is driven by visionary leaders. Serfontein (2009:35) describes visionary leadership as a leadership style that is concerned with the future, and takes risk. This is done without visionary leaders depending on their organisations for their wisdom. Led by visionary leaders, the organisation prioritises maintenance of “organisational control” through the sharing of, and socialisation and compliance with, an ordinarily held set of values, norms and belief.

According to the DPME (2020:35), a vision is a stimulating picture of an ideal future. It is not time bound, and aids as a foundation for all policy development and planning, together with strategic planning. A vision should be explicit to the organisation, but linked to the inclusive vision of a particular cluster or sector.

(b) Strategic intent of the organisation

The DPME (2020:36) indicates that strategic intent sets out the purpose for an organisation’s being, informed by its legislative mandate, functions and responsibilities. The strategic intent should concisely identify what the organisation does and for whom. Louw and Venter (2013:107) correctly contend that strategic intent describes the justification for the organisation’s existence. One of the minimum requirements of strategic intent is to (a) describe who the primary customers are, (b) identify the services and products the organisation offers, and (c) describe the geographical location in which the organisation operates (DuBois, 2018:2).

(c) The mission or overall aim of an organisation

Nickols (2016:8) posits that strategy is focused on how one will achieve one's mission, and not with what this mission is, or ought to be, or how it is established. He adds that strategy is simply in relation to some mission or intended outcomes of the organisation. Drury (2016:232) adds that the mission comprises a description, in wide-ranging terms, of what the organisation does to realise its vision, the nature of business(es) it is in, its comprehensive reason and purpose for its existence and the customers it intends to serve or satisfy. In this case, it should be clear that according to the 2017/18 LDOH annual report (LDOH, 2018:26), the LDOH’s’ “end”, or intended outcome, is to provide a quality healthcare service that is comprehensive, accessible, integrated, affordable and sustainable. It is assumed that corporate governance is a primary requirement for the LDOH to accomplish their mission.

(d) Values

Values identify the principles for the conduct of the organisation in carrying out its mission. Organisational values are derived in conjunction with the organisation’s mission. These values must describe a citizen-oriented approach for generating and delivering government services in line with the Batho Pele principles – which comprise of service standards, consultation, courtsy, access, information, transparency and openness, value for money and redress (DPME, 2020:36).

According to the Public Administration Management Act (PAMA) 11 of 2014 (Republic of South Africa, 2014), there are basic principles and values governing public administration. The organisation must do the following:

> (a) make sure a high standard of professional ethics is maintained and promoted; ensure promotion of economic, efficient and economic use of resources; (c) be concerned with development agenda; (d) ensure provision of such services equitably, fairly, and impartially, without biasness; (e) respond to the people’s needs and improve public involvement in policymaking; (f) accountable to the public; (g) ensure transparency by providing the public with accessible, timely and precise information; (h) ensure vertical career development and human resource management practices to improve on human potential; and (i) ensure all-inclusive representation of the all people of South African, with personnel management practices and employment based on ability, fairness, objectivity, and the requirement to redress imbalances of the past for the attainment of comprehensive representation.

As can be seen from the above, clear and meaningful vision and mission statements contribute immensely in setting the base organisational performance and actionable parameters, and embody the spirit of such organisation. In other words, vision and mission statements are as significant as the various identities that individuals have in their everyday lives. Strategic direction is the critical component of strategic leadership, which encompasses organisational vision, strategic intent, values, aims or mission, as well as balanced scorecards. Without clear strategic direction, an organisation is unable to have sustainable performance to the utmost. For strategic direction to create value, the organisation has to have clear and approved policies and planning.

2.5.2 Approved policy and planning that gives effect to the strategy and the set direction

According to the PAMA, there are basic principles and values governing public administration. Some of the identified principles include the following: the organisation must respond to the needs of people, and improve public participation in policymaking; ensure accountable to the public; and, be transparency by providing the public with appropriate, accessible and precise information. Mere development of policies is not enough to measure the performance of an organisation, but rather its effective implementation. King IV (King Committee …, 2016:21) emphasises the need for giving effect to the strategy of the organisation through ensuring that management formulate policies and operational plans, supervised by the governing body.

Without policy guidance and a proper strategic plan, an organisation may remain directionless, and fail to achieve its vision. The following discussion concentrates in human capital development. Human capital with capabilities is expected to implement the policies of the organisation on capable human capital.

2.5.3 Maintaining and exploiting core capabilities along with human capital development

Hitt et al (2007:384) appropriately mentioned that the ultimate role and responsibility for strategic leaders is to effectively and efficiently manage the organisation's range of resources. Organisations have numerous resources that can be characterised by one of the following: human capital, financial capital, organisational capital (including organisational culture) and social capital. Later, in their writings, Hitt et al (2017:373) single out the talent to attract and manage human capital as the most critical capability of the strategic leader, considering that the lack of talented human capital restrains organisational growth.

According to section 4 of the PAMA, basic values and principles governing public administration maintain that an organisation must do the following: promote efficient, economic and effective use of (human) resources; manage human resource in a good manner, and career development approaches to maximise human potential; be development oriented; ensure broad representation of the South African people, with employment and personnel management practices based on objectivity, ability, fairness, and the need to redress the past imbalances, in order to realise broad representation.

Thomson et al (2020) therefore maintain that good strategic leaders work together in the development of the strategy with all critical stakeholders and members of their teams. While the strategy is being developed, owned and executed, leaders must ensure that all develop knowledge and skill in strategic thinking. This evolution towards a strategically, deliberately competent membership group will enable the organisation to become more proactive, and faster to act as changes in the market, competitors and customers continuously occur.

Slawinski (2007:298) opined that strategic leaders are good at developing human capital. Human capital refers to the knowledge, skills and abilities of the organisation's employees (Hitt et al, 2007:384; OECD, 2017:14; Slawinski, 2007:298). Because these employees are critical to the success of the organisation, strategic leaders invest in them through training and mentoring (Slawinski, 2007: 298). Skills and competences are the abilities that an organisation's employees perform or produce goods, services or ideas in market circumstances (Hitt et al, 2007:384; OECD, 2017:14). Jurevicius (2013:2) adds knowledge and capabilities as key elements of human capital. During organisational change, the question frequently comes up of what skills and competences the organisation will actually require to reinforce its new strategy and new structure.

The Public Service Act (PSA) 103 of 1994 gives an overview of how human capital is linked to other elements such as organisational structure and performance, by maintaining the following:

> (2) Based on the strategic plan of the organisation, an executive authority shall: (a) determine the organisational structure in terms of its core support

and mandated". (ii) in the case of a provincial government component, after discussion with the relevant Premier, the Minister and the relevant provincial treasury; (b) describe and create the positions needed to perform the applicable functions of the organisation while remaining within: (i) the current budget; (ii) the Medium-Term Expenditure Framework of the organisation (department); and (iii) the norms and standards determined by the Minister for positions provisioning for occupations or categories of employees; and the positions so described and created shall constitute the department's approved structure.

Jurevicius (2013:1) contends that organisational structure epitomises the manner in which business divisions and units are organised, and comprises of the information of who is accountable to whom. The above Act is substantiated by Public Sector Regulation 28 (1994) which reads as follows:

(1) an executive authority has a duty to prepare and implement a human resource development plan for the organisation, taking into account the human resource plan contemplated in Regulation 26 (2) an executive authority shall monitor and assess the implementation of the plan contemplated in sub-regulation (1).

An organisation becomes more aware that appropriate investment in human capital may have a major impact on their performance which, on the other hand, may create competitiveness (Drábek, Lorincová & Javorčiková, 2017:12). Sailus (2023:1) identifies 10 Qualities Of A Good Strategic Leader as follows:

1. Strong Communication

Without a doubt, being an effective communicator is a top attribute of a strategic leader. You may have a clear vision of what you are trying to accomplish, but if you can not convey it to your team or colleagues, it will be almost impossible to carry out. By developing the ability to clearly describe what you want done and relate it to your team, you will unite everyone's efforts. More specifically, your team needs to be aligned and on-board with your strategic objectives and goals to be successful (Sailus, 2023:1).

Communication also extends to “softer skill” practices, like having an open-door policy or holding regular one-on-one meetings with team members. Express your vision clearly and then make yourself accessible to discuss anything going on in the office.

2. Good Listening Skills

While effectively communicating your expectations and vision is one of the top strategic leadership characteristics, it is also important to listen to what your team has to say. “Speaking and hearing” are two sides of the same coin and the best leaders do both well (Sailus, 2023:1).

3. Passion & Commitment

Enthusiasm for your mission or project will get others excited because they can see and feel your dedication. But you must also add commitment to the mix of strategic leadership qualities, because passion does not always get the job done. Commitment is the ability to stay focused on what will make you successful (Sailus, 2023:1).

4. Positivity

A positive attitude is contagious. If your team is led and surrounded by happy and positive people, they will work harder and be happier themselves. Positivity can take many forms in the workplace — from providing snacks in the communal kitchen to keeping an upbeat tone in your internal emails. Of course there should be a balance between play time and productive time, but do your best to create a positive, supportive environment during the workday (Sailus, 2023:1).

Keep in mind that some leaders conduct strategy review meetings and only focus on the *problems*—i.e. the red and yellow items in their scorecard. You definitely want to be aware of issues (as no good leader has their head in the sand), but you must also take the time to recognize things that are going well with your strategy and celebrate successes.

5. Innovation

When you’ve been working at a company for years, or simply been in the same career for a while, it’s easy to get stuck. Being a strong leader requires practicality and realism, but just as importantly it requires having an eye for innovation and the vision to execute on it. Nimbly adjusting and adapting to current business or economic environments is a valuable skill to foster (Sailus, 2023:1).

6. Collaboration

Having a collaborative approach to leadership is powerful because it naturally creates transparency in your organization. If you're connected to your team and genuinely interested in collaborating with them, they will know what you're thinking and vice versa. Collaboration leads to trust, and your team will be more likely to support your vision. If you are not getting buy-in on that strategic plan you have created, it is not going to be effective. People want to own what they help create (Sailus, 2023:1).

7. Honesty

In many ways, strategic leadership all begins with honesty. Being forthright about your successes, failures, and reasoning for choosing certain strategies and goals over others will earn the respect of your team. Following the motto of "honesty is the best policy" generates trust within your organization (Sailus, 2023:1).

8. Diplomacy

Honesty is always the best policy, but strategic leadership often requires you to be tactful. Diplomacy is a learned skill that helps leaders effectively manage conflict using negotiation and sensitivity. It requires an unbiased, strategic approach to problem solving. As Henry Kissinger defined it, diplomacy is "the art of restraining power." (Sailus, 2023:1).

9. Empathy

According to Sailus (2023:1), being empathetic does not mean you are the organization's resident therapist. It means you try to understand your team's problems by walking in their shoes and seeing things from their perspective. Practicing empathy creates meaningful connections because leaders develop an awareness of the challenges and needs of a team or department, versus sitting oblivious in an ivory tower.

10. Humility

Humility is one of the most respected strategic leadership qualities. Humble leaders admit their mistakes, apologize when necessary, and always share credit. This behavior makes you more “human” and relatable; it is also simply a best practice to empower and reward others instead of acting like the smartest person in the room (even if you are!) (Sailus, 2023:1).

Wixley and Everingham (2015:200) expand the argument further by presenting that human capital refers to the whole set of intangible qualities those human beings add to the organisation that might help it to be successful. Some of these include, but not limited to education, creativity, skill, personality, experience, moral character and good health. In the long run, when both employers and employees make a collective investment in the development of human capital, the benefit will be to employees, customers and the society in general.

According to Ball (2013:59), recruiting, retaining and motivating staff are critical aspects if an organisation is to be successful. Drábek et al (2017:12) argue that, except for spending on a corporate education system, it is also vital to spend on business benefits for human capital, to ensure that the organisation recruits and retains talented employees that craft a competitive advantage in the organisation. The assumption is that to invest in an effective system of distribution of employee benefits is an important solution to recruit and retain employees, but is also a measure of further developing teams of high-quality employees.

Ball (2013:59) indicates that, for strategic leaders, investing in human capital includes commitments such as employee training, educational bonuses and benefits, funding college scholarships and family assistance. For workers or employees, receiving an education is the major investment in human capital. Eventually, this investment in human capital is more directed toward the achievement of both societal and economic stability.

The PSA is substantiated by PSR, Regulation 26, which reads as follows:

> (1) an executive authority must formulate and implement a human resource plan for the organisation. (2) when formulating a human resource plan for the organisation, an executive authority shall — (a) evaluate the human resources required to perform the organisation’s functions.

From the outlook of human capital, employees are viewed as a capital resource that necessitates investment (Hitt et al, 2017:387). Manocha (2005:28) correctly suggested that there is a need to link the organisation's human capital strategy to the overall organisational strategy, since that will improve management practices.

It is critical to note that developing human capital is an effective strategic leadership element which can assist the organisation to achieve its vision for long life, for the people of Limpopo (province). Strategic leaders are expected to develop skills and competences of human capital through training and mentoring, and such will go a long way in improving organisational performance. The subsequent discussion focuses on good organisational performance as one of corporate governance's vital outcomes.

2.5.4 Sustainability of effective organisational performance

King IV (King Committee …, 2016:47) advances that strategic leaders have a responsibility for organisational performance, by directing and setting the direction for the achievement of the organisation's core values and purpose, through strategy. King IV further posits that, as part of its oversight of performance, strategic leaders should be observant of the general capability of the organisation regarding its reliance and effects on capitals, its liquidity and solvency, and its status as a going concern. The PFMA of 1999 makes it mandatory that organisational performance be evaluated annually. Specifically, the PFMA indicates that (organisational) performance evaluation is a recurring process that starts with strategic planning, and moves through programme implementation and monitoring to (organisational) performance evaluation. The findings are then reported, objectively, to executive authorities and accounting officers for use in the next strategic planning process.

Armstrong (2016:133) suggests that the development and implementation of a strategy for managing organisational performance is the role of top management, who also organise, control and monitor activities, provide the necessary leadership for the achievement of strategic goals, and fulfil the requirements and needs of organisational stakeholders. Performance management has turned out to be one of most broadly employed ways of improving performance, with more organisations gathering a wide range of information regarding their employees, operations and programmes, with the main objective of using this data to accomplish performance outcomes (O'Riordan & Boyle, 2015:20).

According to Armstrong (2016:134), there is a need for introducing what he calls an "*organisational performance management system*". In Armstrong's view, an organisational performance management system should be strategic in the way that it is aligned with the business strategy of the company or organisation, and focuses on the realisation of its strategic goals. Armstrong (2016:134) also maintains that an organisational performance management system concentrates on the development of the working environment and work systems, as well as the development of individuals.

The above notion is corroborated by PSR, Regulation 71 of 2016 (Department of Public Service …, 2016):

> (1) an executive authority shall ensure the that there is an approvement and implementation of the performance management system of employees, other than employees who are members of the Senior Management Services, in his or her organisation. (2) an executive authority shall ensure the approvement of the organisation's performance management system in the financial year prior to the cycle in which the system is to be implemented, and any deviation from the provisions of the system during the cycle may be approved by executive authority only if such deviation is not to the disadvantage of any employee.

Performance management necessitates that an organisation designs control systems that will serve as an overseer which detects deviations from set standards. The activation of performance control systems will add more value in monitoring performance, as well as timeous identification of inadequate performance (Louw & Venter, 2013:490). In Armstrong and Taylor's (2014:336) view, performance management is a process of management. This is a management process of planning performance, performance management, reviews of performance, performance assessment recording the agreement and review, as well as the use of web-enabled technology involved during the cycle. This cycle is defined and illustrated in Figure 2.2 below:

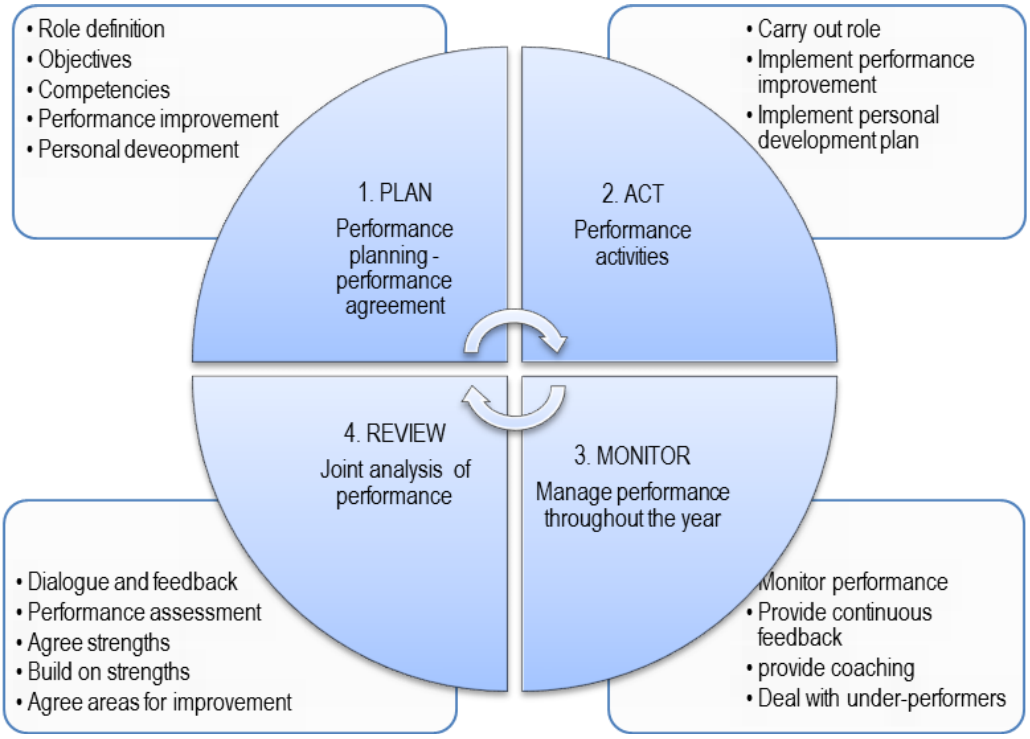

Figure 2.2: The performance management cycle (**Source:** Armstrong & Taylor, 2014:336)

It goes without saying that organisational performance is informed by the employees' performance. PSR, Regulation 71 of 1996 dictates the executive authority to develop, approve and implement a performance management system of employees. According to PSR, Regulation 72 of 1996, employees are expected to enter into a performance agreement within three calendar months of their date of appointment, and thereafter within two months of the beginning of each financial year. This agreement may be reviewed from time to time.

According to Armstrong (2016:139), high performing cultures are ones in which the enhancement of performance levels is a way of life. Armstrong further mentions that the characteristics of such cultures are the following:

- Management outlines what it needs in the shape of improving performance, setting of goals for success, and monitoring of performance for ensuring that the goals are attained.
- People are aware of what is expected of them – they understand their goals and accountabilities.

- There is robust leadership from the top, which engenders as shared belief in the significancy of continuing improvement.
- People feel that their work is of value addition to the organisation, and there is a solid fit between the job and their capabilities.
- Focus is on the promotion of optimistic attitudes that ensure in a committed, engaged, and motivated workforce.
- There is a environment of teamwork and trust, intended at bringing a distinctive service to the customer.
- A vibrant aligment between the organisation strategic aims and those of its employees, at all levels (Armstrong, 2016:139).

Despite the above characteristics being clear, the Auditor-General's report (Makwetu, 2019:159), based on an audit conducted during the financial year 2018/19 in Limpopo, shows the following:

> … the LDOH lack of consideration to the fundamental disciplines of internal controls and consequences for underperformance makes an environment exposed to deliberate misrepresentation of performance information and productive grounds for non-compliance with laws and regulations, which is an impediment for the auditees to attain clean administration.

To realise organisational performance, in line with its strategic direction, strategic leaders should develop clear strategic objectives, targets and internal controls. Another critical requirement (as discussed above) is to have relevantly qualified human capital in strategic, tactical and operational leadership, to drive the strategic direction of the organisation. The following discussion focuses on effectiveness of organisational culture. Organisational culture is one of the enablers of organisational performance.

2.5.5 Effectiveness of organisational culture

According to Bipath (2007:68), organisations with robust cultures perform better than those with weaker cultures. Culture is critically important, due to its impact on most other facets of the organisation. It gives guidance on how organisations and their employers manage ambiguity, complexity and change. O'Riordan and

Boyle (2015:20) correctly argue that whenever a culture of an organisation is not healthy or needs some kind of organisational culture change, the change method can be scary. One key reason why such change is hard, is because organisational cultures, and the structure of the organisation in which they are entrenched, have grown over a long period of time, and may have become mostly deep rooted.

Hitt et al (2017:402) are of the view that changing an organisational culture is more demanding than sustaining it. They are also quick to argue that effective strategic leaders know when change is required. Whenever the culture of an organisation is dysfunctional, employees become disconnected or demotivated, and as a result, higher underperformance grows into a risk (State Services Authority, 2013:5). Strategic leaders are the norms and standards that guide employee behaviour and organisational actions, and are thus the foundation of every organisation.

Jurevicius (2013:2) is of the view that strategic leaders maintain an effective organisational culture. The culture of an organisation is a complex mixture of values, ideologies and symbols that are shared by workforce of the organisation. Strategic leaders are concerned with how to shape an organisation's shared symbols and values in ways that ensure the organisation becomes more competitive.

The concept of organisational culture is defined by different authors differently. Hitt et al (2007:389) defined organisational culture as a complex set of ideologies, symbols and core values that is shared throughout the organisation and influences the way business is conducted. Armstrong and Taylor (2014:120) expand the definition of organisational culture as a form of values, norms, assumptions, attitudes and beliefs that may not have been agreed upon, but shape the way in which employees in the organisation behave and things get done. The State Services Authority (2013:5) defines organisational culture as the shared beliefs and values that guide the manner in which people or members of an organisation interact among themselves and approach their work. This culture is manifested and expressed through the practices, customs and behaviours these people or members jointly display.

King II (King Committee …, 2002:102) posited that cultural norms and values may vary among individuals, differing from African notions of individualism to Western notions of inclusiveness and participation. King II further advises that organisations should develop a culture of conduct based on generally accepted behaviour and on their own organisational values, as embedded in their mission and vision statements. Robbins et al (2001:555) described seven primary characteristics that capture the fundamentals of an organisation's culture, as follows:

Table 2.2: Seven primary characteristics of organisational culture

Item No.	Identification of organisational culture principles	Description of organisational principles
1.	Risk taking and innovation	The extent to which staff or employees are motivated and encouraged to innovate and take risks
2.	Attention to detail	The extent to which staff or employees are expected to show analysis, precision and attention to detail
3.	Outcome orientation	The extent to which management focuses on outcomes or results, as opposed to processes and techniques used to realise these results or outcomes
4.	People orientation	The extent to which management decisions take into account the effect of results or outcomes on members of the organisation
5.	Team orientation	The manner in which the organisation's activities are arranged around teams, as opposed to individuals
6.	Aggressiveness	The extent to which people or members of the organisation are competitive and aggressive, as opposed to easy-going
7.	Stability	The manner in which activities of the organisation highlight maintaining the status quo different to growth

(**Source:** Robbins et al, 2001:555)

The OECD (2017:11) maintains that an organisation should support an open culture, mainly through doing the following: Emphasising an open culture where public integrity worries, ethical dilemmas and blunders can be deliberated freely, where necessary, with representatives of employees, and with leadership being responsive and willing to give prompt guidance and resolve appropriate issues, as well as providing guiding procedures and rules for open or confidential reporting or whistleblowing on suspected integrity standards violations.

The OECD (2017:8) specifies that, among other contributions to the field – including a list of organisational factors affecting innovation, and a three-pronged definition of an innovation (originality, implementation as well as impact), the Innovation Imperative in the organisation provides four significant action items for strategic leaders, informed by the lessons learned:

- **Focusing on people:** Organisations should invest in the competence and capacity of employees as catalysts of innovation. This comprises of building the culture, norms and incentives to enable new methods of working. In the view of Hitt et al (2017:402), in spite of the reasons for change, reinforcing and shaping a new culture necessitates effective and constant communication as well as problem solving, along with choosing the right people with values wanted for the organisation, with effective performance appraisals being engaged on (developing goals that are in line with the new fundamental values and measuring employees' progress toward achieving them), and using suitable reward systems – with the desired behaviours that echo the new core values, being rewarded.

- **Putting knowledge to use:** Organisations should facilitate the free flow of data, information and knowledge across the organisation, and utilise it to respond productively to new opportunities and challenges.

- **Working together:** Organisations should advance new structures and influence partnerships to improve methods and tools, harness available resources and information for innovation and share risk.

- **Rethinking the rules:** Organisation should make sure that internal processes and rules are stable in their ability for protecting resources, mitigating risks and enabling innovation.

The OECD (2017:10) promotes a **whole-of-society** culture of public integrity, in partnership with the individuals, private sector, and civil society mainly on doing the following:

- Recognise, in the public integrity system, the role of the individuals, private sector and civil society, in valuing public integrity values in their connections with the public sector – specifically by ensuring that the individuals, private sector and civil society to uphold those values as a collective responsibility.
- Engage appropriate stakeholders in developing, regularly updating and implementing of the public integrity system.
- Raise awareness in society for the good of public integrity, improving intolerance of defilements of public integrity standards, and where appropriate, carrying out, campaigns for the promotion of civic education on societal integrity, among persons and predominantly in schools.
- Engage the civil society and private sector on the corresponding benefits to public integrity that is achieved from upholding integrity in organisation.
- Organisations cultivate high-performance cultures through the processes and systems of work they embrace, but these processes and systems are operated and managed by people. Eventually, as a result, high-performance attitude is about ensuring performance through people. This can be advanced through such techniques as high-performance work processes or systems, agile working, smart working, and organisational restructuring (OECD, 2017:10).

An organisation can develop core competencies in terms of intangible resources such as norms, values, ethics and skills, as well as knowledge. These are capabilities that can assist the organisation to have a competitive advantage. It remains the role and responsibility of the strategic leaders to inculcate an organisational culture into the achievement of the organisational strategic plan. Hitt et al (2017:402) suggest that there is evidence put forward that cultural changes thrive only when the organisation's Chief Executive Officer (CEO), other strategic top-level management team members, and tactical or middle-level managers keenly support them. Within this context, middle-level managers are, in the main, required to be extremely disciplined, in order to boost the culture and foster configuration with the organisation's vision and mission.

As can be observed from literature, ethical behaviour (values and norms) is identified as a critical component of strategic leadership that is vital organisational performance. The following discussion is about ethical leadership within the context of strategic leadership.

2.5.6 Ethical leadership

Internationally, a number of countries, including South Africa, have witnessed unethical practices of maladministration and corruption with regard to public funds (Cheteni & Shindika, 2017:3). When this kind of maladministration happens, there is a need to count it through systems and processes, among other mechanisms. Hitt et al (2007:390) suggested that the effectiveness of mothods applied for implemention of the organisation's strategies becomes more valueful when they are informed by on ethical practices. Ethical organisations enable and encourage people at every organisational levels to act morally when doing what is required to implement the organisation's strategies.

King IV (King Committee …, 2016:20) recently described ethical leadership as leadership with competence, integrity, accountability, responsibility, transparency and fairness. It includes the eager prevention of negative consequences of the organisation's activities and outputs of society, environment and economy and capitals: that is, uses and effects (King Committee …, 2016:20). It goes without saying that ethical leadership is one of critical strategic leadership elements which encompasses the stress of ethical practices. Strategic leaders who use trust, honesty, and integrity in their decision-making are able to encourage their employees and build an organisational culture that inspires the use of ethical practices in daily organisational activities (Slawinski, 2007:298).

The above is supported by King IV (King Committee …, 2016), which emphasises the provisions by which the governing body members (strategic leaders) are accountable for effective and ethical leadership, and which should be disclosed. These arrangements would consist of, but are not limited to, performance evaluations and codes of conduct of the governing body and its members. According to Principle 2 of King IV, the governing body should govern the ethics of the organisation in a way that maintenances the creation of an ethical culture.

King IV (King Committee …, 2016) further outlines that the following must be disclosed in line with organisational ethics:

- An overview of the provisions for managing and governing ethics
- Strategic areas of concentration during the reporting period
- Actions taken to monitor ethics of organisational and how the outcomes were dealt with
- Strategic areas of future concentration

According to King II (King Committee …, 2002:102), the life of, and demonstrable observance to, established ethical conduct principles make provision for a meaningful organisational integrity measure. An organisation's ethical principles signify a significant motivator of stakeholder involvement with it, and should infuse its culture, driving its policies, strategy, business goals and activities. Ball (2013:10) indicates that the public sector is generally responsible for applying a substantial amount of resources, raised through tax, for provision of services to its citizens. 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.

Hitt et al (2007:392) showed that the effectiveness of methods used for implementation of the organisational strategies envolves when they are informed by ethical practices. Ethical organisations inspire and enable people at all organisational levels to act morally when doing what is necessary to implement the organisational strategies. In turn, Hitt et al (2007:392) stated further that ethical practices, and the decisions on which they are based, build "social capital" in the organisation, in that "*goodwill accessible to individuals and terms*" in the organisation, increases.

According to the OECD (2017:10), key fundamentals of enhancing ethical culture in the organisation include the following:

- Comprising of integrity leadership in the profile for learder at all levels of an organisation, as well as a condition for selection, promotion or appointment to a managerial position, and evaluating the performance of managers with specific reference to the public integrity system at all levels of the organisation.
- Giving support to managers in their role as ethical leaders by providing organisational support (such as internal control, human resources

instruments and legal advice), establishing clear mandates, and providing periodic guidance and training for increasing awareness of, and develop talents concerning, the exercise of suitable judgment in matters where public integrity matters may be involved.

- Develop management frameworks that encourage managerial responsibilities for detecting and mitigating public integrity risks.

According to King II (King Committee …, 2002:103), there are six core ethical principles that reflect organisational commitment to integrity, as follows:

- Fairness: King IV describes fairness as the reasonable and equitable treatment of foundations of value creation, encompassing relationship capital, and shown by the reasonable and legitimate needs, interests and prospects of material or meaningful stakeholders
- Honesty
- Transparency
- Non-discrimination
- Respect for human rights, human dignity and and social justice
- Accountability and responsibility

King III (King Committee …, 2009:19) outlined that responsible leaders are defined by the ethical values of accountability, responsibility, transparency and fairness. Through effective strategy and operations, such leaders also build sustainable organisations by taking into account the organisation's economic, social and environmental influence on the community wherein they operate. These leaders value institutional and personal ethical suitability, and apply corporate statesmanship.

The Public Service Regulations, Regulation 22 of 2016 reads as follows:

> the accounting officer shall— (a) analyse corruption and ethics risks as part of the business's system of risk management; (b) develop and implement an ethics management strategy must be developed and implemented to deter and prevent unethical acts and conduct of fraud and corruption; (c) develop a system that allows and encourages citizens and employees to report allegations of fraud and corruption and other

unethical or unwanted conduct, and such system must make provision for— (i) confidential of reporting; and (ii) the recording of all corruption and unethical allegations received through the system; (d) develop an information system that— (i) recording of all corruption and unethical allegations; (ii) monitoring the management of the corruption and unethical allegations; (iii) identification of any systemic weaknesses and periodic risks; and (iv) maintainance of records regarding the outcomes of corruption and unethical allegations; and (e) referring fraud and corruption allegations to the relevant law enforcement agency and also investigate or establish whether disciplinary actions must be taken against any employee of the organisation and if so, such disciplinary action must be instituted (Department of Public Service …, 2016).

Despite all these regulations, unethical practices, in the form of corruption, continue to happen in the public sector. In substantiating of the above, Magome (2020:1) reflects on South Africa's weak response to health challenges, or rather, a global pandemic of coronavirus (COVID-19). He correctly specifies that such COVID-19 response has been tarnished by widespread supply chain corruption (unwanted expenditure) allegations involving billion of rands. According to Magone (2020:2), South Africa, as a country, is seen as well-prepared, compared with other countries in sub-Saharan Africa, for COVID-19, but years of widespread corruption have destabilised institutions, including the health system.

It is critical to note that when an organisation identifies an unethical act of fraud, corruption or any misconduct, other than investigating such criminality internally, and instituting disciplinary processes, the case should instantly be reported to the South African Police Service (SAPS) for investigation, as guided by any applicable laws, such as the Prevention and Combating of Corrupt Activities Act 12 of 2004 (Department of Justice …, 2004).

Ethical leaders are expected to ensure that organisational ethics are improved at all times. Scouts (2021:1) outlines ten ethical leadership characteristics:

- **Justice:** It is always expected of an ethical leader to be just and fair. Ethical leaders treat all employees equally and they have no favorites. Under their leadership, all employees have no reason to fear unfair treatment on the basis of ethnicity, gender, or any other factor.

- **Respects others:** An ethical leaders show respect to all employees by attentively listening, appreciating their contributions, being generous and being compassionate while considering disagreeing viewpoints.

- **Honesty:** In the view of Scouts (2021:1), it goes without saying that a leader who is ethical will also be loyal and honest. Honesty is predominantly important in being an effective ethical leader, since followers trust dependable and honest leaders. Ethical leaders communicate facts in a transparent way, regardless of how unpopular they may be viewed.

- **Humane:** Their humane character is one of the utmost revealing traits of an ethical leader. These leaders place character on being generous, and act in a way that is constantly beneficial to the team.

- **Focus on teambuilding:** Ethical leaders foster a sense of community and team spirit within the organisation. When an ethical leader strives to achieve goals, it is not just personal goals that they're concerned about. They make a genuine effort to achieve goals that benefit the entire organisation – not just themselves.

- **Value-driven decision-making:** Scouts (2021:1) strongly contends that in ethical leadership, all decisions are first checked to ensure that they are in accordance with the overall organisational values. Only those decisions that meet this criterion are implemented.

- **Encouraging initiative:** In the understanding of Scouts (2021:1), under this type of a leader, teams succeed and flourish. Innovative ideas are rewarded, and employees are constantly encouraged to improve the way things are done. Employees are commended for being innovative, rather than waiting for someone else to do it for them.

- **Leading by example:** Ethical leaders do not just talk about ethics, but rather practise ethical behaviour as well. Ethical leaders have expect high ethical conduct from all employees. They also ensure that ethical conduct are also applicable on the individual level. Leaders expect employees to do the correct thing by leading from example.

- **Values awareness:** An ethical leader will frequently discuss the high expectations and values that they place on employees, the organisation and themselves. By frequently discussing and communicating values, they make sure that there is constant understanding throughout the organization.

- **No tolerance for unethical conduct:** According to Scouts (2021:1), a ethical leaders expect all employees to do the correct thing at all times, not just when it is suitable for them. These leaders do not tolerate or overlook ethical violations.

The significance of ethics leadership cannot be overemphasised; some of the benefits are the following:

> (a) Ethics is the foundation of corporate governance; (b) ethical culture ensures the sustainability of the organisation; (c) a good corporate reputation is developed on a foundation of ethical culture; (d) a culture of loyality and trust must be developed on a corporate framework of ethical principles which are competence, openness/transparency, benevolence and integrity (e) ethics play a key role in preventing corruption and fraud; and, (f) corruption and fraud prevention turn into be a shared responsibility among all members of the organisation (*Ethics, risk, governance and fraud …*, 2012:8; Scouts, 2021:2).

Commitment to ethical practices is a critical strategic leadership element that ensure an organisation' realise competitive advantage and the strategic leaders (top leadership) has a duty to ensure that it is driven in an enterprise-wide within the organisation. Practicing ethical leadership is fundamental for effective organisational strategic control and within such context; the following discussion concentrates on effective strategic control.

2.5.7 Effective strategic controls

Kanyamuna et al (2020:505) are of the view that there is obviously growing pressure for governments and other private organisations to show the results of their work. Typically, the demand to validate changes in the societies where development interventions are executed, has become common debate between stakeholders within and outside various efforts. Amazingly, services recipients are becoming less interested in knowing how much material or money has been used on projects and programmes; rather, they are more interested in impact and actual outcomes (actual improvements. According to Hitt et al (2017:404), strategic controls are essential to support the organisational achievement of required outcomes. Hitt et al (2017:404) define strategic control as the formal, information-driven procedures employed by strategic leaders for the maintenance or alteration of patterns in organisational activities. Strategic controls assist strategic leaders to show the value of strategies to the organisation's stakeholders, build credibility, and support and promote strategic change.

The balanced scorecard is a tool that organisations use for determining whether they are realising a suitable balance when using financial and strategic controls as a way of influencing performance. Drury (2016:437) considers the balanced scorecard as a link-system between broader picture strategy features such as organisational mission (why the organisation exists), vision (what the organisation wishes to achieve), core values (what the organisation pledges to), strategic concentration areas (themes, results and/or goals), as well as the more operational features such as objectives (constant improvement activities), measures (tracking strategic performance), targets (organisational-required level of performance), and initiatives (projects that assist the organisation reach its targets).

According to Drury (2016:437), the balanced scorecard is a system that different organisations use to do the following:

- Communicate what the organisation is working on accomplishing.
- Align all daily activities that all people are doing with strategy.
- Prioritise products, services and projects.
- Measure and monitor progress towards strategic targets.

The following is a healthcare sector balanced scorecard as proposed by Drury (2016:437):

Table 2.3: Balanced scorecard for health sector

Item No.	Activity	Generic	Healthcare
1.	Financial control	• Financial performance • Effective use of re-sources	• Patient census • Funds raised for capital improvements • Unit profitability • Percent of revenue – new programmes • Cost per care
2.	Customer per-spective control	• Customer value • Satisfaction and/or retention	• Patient referral rate • Patient satisfaction survey • Medical plan awareness • Admittance or discharge timeliness
3.	Internal business processes control	• Delivery time • Efficiency • Quality	• Patient loads • Weekly patient complaints • Infection rates • Length of stay • Breakthroughs in treat-ments and medicines • Re-admission rate
4.	Learning capacity or learning and growth control	• Human capital skill level • Training availability • Employee satisfaction • Job retention • Amount of overtime worked • Amount of vacation time taken	• Number of peer reviewed papers published • Training hours per care-giver • Number of grants awarded (NIH) • Employee turnover rate • Referring MDs

(**Source:** Drury, 2016:438)

Marr (2019:1) emphasises the importance of the balanced scorecard by submitting that the organisation should be viewed from four perspectives, and to develop objectives, measures, targets and initiatives in relation to all these points of view:

- **Financial perspective:** Frequently known as stewardship or other more suitable names in the public sector, the financial perspective views the financial performance of the organisation and financial resources usage (Drury, 2016:438; Marr, 2019:1).
- **Customer perspective:** This perspective focuses on the performance of the organisation from the viewpoint of the customer (client) or other important stakeholders which the organisation is intended to serve (Drury, 2016: 438; Marr, 2019:1).
- **Internal process perspective:** This perspective focuses on the performance of the organisation through the eye of efficiency and quality linked to the services or product or other critical business processes (Drury, 2016:438; Marr, 2019:1).
- **Organisational capacity perspective, formerly called learning and growth:** This perspective focuses on the performance of the organisation through the area of human capital, technology, infrastructure, culture, as well as other capacities that are important to realise performance (Drury, 2016:438; Marr, 2019:1).

According to Lazenby (2012:104), strategic control is essential in aiding the organisation to achieve preferred outcomes. Strategic controls help strategic leaders to shape credibility, exhibit the value of strategies to the organisation's stakeholders, and support and promote strategic change (Hitt et al, 2007:384).

Contrary to the above, Drury (2016:269) is of the view that strategic control has an element of focusing externally, with the emphasis on the organisation, taking into account its weaknesses as well as its strengths and limitations, capable of competing with other organisations in the matching trade. It is reasonable to assume that healthcare service strategy can barely be developed without taking into account corporate governance.

Lazenby (2012:104) identifies a link which exists between strategic control and other organisational resource allocation plans. He argues that budget (as another resource) can be resourceful in monitoring strategic progress. Systems of rewarding employees are often linked to the outcomes of the strategic control process. It is apparent that the strategic management process is interconnected and that decisions and actions in one phase impact on the other phases.

2.5.8 Overseeing and monitoring

McNamara (2022:1) is of the view that overseeing and monitoring the planning activities and status of implementation of the plan, is important for various organisation as identifying strategic issues and goals. He adds that overseeing and monitoring is one of the advantages of ensuring that the organisation is following the strategic direction established during strategic planning. McNamara (2022:1) further identifies eight critical questions for ensuring effective overseeing and monitoring organisational strategic planning.

Table 2.4: Eight critical questions for ensuring effective overseeing and monitoring strategic planning

Item No.	Description	Question
1.	Human capital	• Do employees have sufficient resources (facilities, equipment, money, training, etc.) to realise the goals?
2. .	Strategic direction	• Are objectives and goals being attained or not? If they are being achieved, then communicate the progress, acknowledge, reward. If not, then consider the following questions: • Will the objectives be attained in accordance with the timelines prescribed in the plan? If not possible, then why? • Should the completion deadlines be reviewed? (Be cautious about effecting these changes – it should be known why such efforts are behind schedule prior to changing timeframes) • How realistic are the goals and objectiives? • Should priorities be reviewed to put more emphasis on attaining the goals? • Should the goals and objectives be reviewed? (Be wary of making these reviews or changes – It should be known why efforts are not attaining the goals and objectives before reviewing or changing the goals or objectives)
3.	Overseeing and monitoring	• What lessons can be learned from the oversseing and monitoring, for the improvement of future planning actions and to do better in future overseeing and monitoring efforts?

(**Source:** McNamara, 2022:1)

According to a 25-year review report (1994–2019) (Department of Planning …, 2019:38), the South African democratic dispensation has seen the introduction of systems overseeing and monitoring, transparency, and checks and balances intended for preventing corruption, fraud and maladministration. These include Chapter 9 institutions such as the Auditor-General South Africa and the Public Protector South Africa. This was also supported by the separation of powers among three arms of the state and spheres of government. The above system is enhanced by anti-corruptions laws and institution as well as vibrates media.

It is worrisome that the AGSA (Makwetu, 2020) reports that in the LDOH, senior management (strategic leaders) failed to properly exercise their oversight responsibility for monitoring and reviewing the annual performance report, and prevent and mitigate the (financial) risk of material misstatements. No reconciiations and inaccurance between the information system and registers, together with a inaccurate and incomplete records, resulted in material findings on the reliability and usefulness of the annual performance report.

Monitoring and overseeing may assist strategic leaders to identify gaps in the early stages of strategic implementation, and address such gaps. It is, however, critical to ask the question of what happens if and when strategic leaders fail to carry out their duties. The following discussion addresses the question of accountability on the part of strategic leaders.

2.5.9 Accountability

Section 36 of the PFMA of 1999 also makes it mandatory for every organisation (department) to have the Head of Department as an accounting officer of such organisation or department. Specifically, section 38 of the above Act further outlines the general responsibilities of the accounting officer as follows:

- Ensuring that that organisation or department has and maintains – transparent, efficient and effective systems of internal control, risk and financial management;
- Is responsible for the transparent and economical, efficient and effective use of the resources of the organisation or department; and

- Must take appropriate and effective steps to prevent fruitless and wasteful, irregular, unauthorised expenditure and losses resulting from criminal conduct.

According to section 38 of the PFMA, the head of department (accounting officer), upon discovery of any irregular, unauthorised, or fruitless and wasteful expenditure (unwanted expenditure), must instantly report, in writing, details of the expenditure to the relevant treasury, and, with specific reference to irregular expenditure relating the procurement of goods or services, also report to the relevant tender board. Section 86 of the PFMA regulates offences and penalties regarding the violation of, among other sections, section 38 by precisely positing that (1) an accounting officer or head of department is guilty of an offence and may be convicted to a fine, or imprisoned for a duration not beyond five years, if that accounting officer or head of department deliberately, or in a clearly negligent way, fails to observe a provision of sections 38, 39 or 40. It additional states that (2) an accounting authority is guilty of an offence and legally responsible on conviction to a fine, or to imprisonment for a duration not exceeding five years, if that accounting authority or head of department deliberately, or in a completely negligent way, fails to conform with a provision of section 50, 51 or 55.

Regardless of the above guiding prescripts, the AGSA continues to have negative audit findings in the LDOH. According to the 2016/2017 annual report of the LDOH (LDOH, 2017), the LDOH failed to take effective measures to avoid irregular expenditure to the total of R228 413 000 that was disclosed in note 26 to the annual financial statements (AFS), as specified by section 38(1)(c)(ii) of the PFMA and Treasury Regulations (TR) 9.1.1. The organisation did not take effective measures to avoid fruitless and wasteful expenditure totalling R3 378 000, that was disclosed in note 27 to the AFS, in contravention of section 38(1)(c)(ii) of the PFMA and TR regulation 9.1.1. The PAMA (2014) makes it obligatory for the organisational strategic leadership to be accountable to the public.

In spite of the checks and balances in the form of prescripts and appropriated Acts, the AGSA (Makwetu, 2019) highlights that the accounting officer and management of the LDOH provided some assurance, with Internal Audit and the audit committees providing assurance; however, the department failed to implement the recommendations that came from these assurance providers. Strategic leaders are expected, as part of their accountability, to implement recommendations of both internal and external assurance providers. A detailed discussion of different assurance providers will be covered in Chapter 3 of this study.

Emanating from identified elements of strategic leadership, the following discussion is concerned with proposing a theoretical framework. The proposed theoretical framework was guided by, and intends addressing, the first objective of the study.

2.6 SUMMARY

This study is concerned with understanding the role of strategic leadership in improving corporate governance. For the strategic leaders in the health sector to lead effectively and efficiently, taking into account that they are in the business of providing quality healthcare, they should set a clear strategic direction of the organisation. Strategic leaders are expected to develop policy and strategic plans that give effectiveness to the strategic direction of the organisation. For the organisation to perform effectively and efficiently, they (strategic leaders) should also develop human capital that subscribe to organisational values, culture and ethical standards. It is critically important that such strategic leaders should be of good ethical behaviour, and expect such from their subordinates. For the above to happen, strategic leaders are expected to continuously oversee and monitor the implementation of strategic plans, and also be ready to account for organisational underperformance as a result of any ineffectiveness or inefficiencies, annual financial statement inaccuracies, or non-compliance with laws and prescripts.

Based on the literature reviewed in this chapter, the researcher observed that the critical, effective, strategic leadership elements identified by Hitt et al (2017) do not recognise the development of policy and strategic planning as a process that gives efficacy to strategic direction. It was also established that, although it appreciates overseeing and monitoring, the question of accountability (consequence management) is not included. Strategic leaders have a role and responsibility of taking accountability for their poor performance, ineffective control, unethical behaviour, as well as non-compliance with laws and regulations.

Based on the above discussion, the researcher proposes effective strategic leadership components that also take into account policy development and strategic planning, as well as accountability.

Figure 2.3: Proposed effective strategic leadership components (**Source:** Own – developed for this research)

The following chapter discusses, from a literature perspective, the practice of corporate governance. The chapter is guided by the second objective of this study.

In this Chapter, the question of system theory is partially addressed within the following context: Input (strategic leaders); Transformational process (strategic direction, policy development and implementation, human capital core competences, organisational performanace, ethical leadership, overseeing and monitoring, organisational culture as well as accountability); and output (corporate governance).

CHAPTER 3

THE PRACTICE OF CORPORATE GOVERNANCE

3.1 INTRODUCTION

The crux of the previous chapter was to look at how strategic leadership is understood. It is indeed necessary to understand the concept of strategic leadership within the context of this study, and understand how strategic leaders practise corporate governance. This chapter theoretically elucidates how corporate governance is practised. According to Paine and Srinivasan (2019:1), corporate governance has become a topic of broad public interest as the power of institutional investors has increased and the impact of corporations on society has grown. They are quick to accede to the fact that the ideas about the way corporations should be governed vary widely.

In the understanding of Paine and Srinivasan (2019:1), different organisations differ on matters such as the purpose of the organisation, the role of organisational boards of directors, shareholder rights, and the appropriate way to measure organisational performance. Zhang (2019:02) adds that corporate governance is a system of policies, processes and rules that direct and control a business's behaviour. It is the framework that defines the relationship between shareholders, management, the board of directors and other key stakeholders.

It is critical to remember that this study is concerned with development of a strategic leadership framework aimed at creating sustainability in corporate governance. Hughes and Beatty (2005:9) clarified that creating a sustainable competitive advantage refers to strategic leaders working toward a future state of improved strength for their organisation, so that it will sustain itself in the long term. For long-term sustainability to be realised, corporate governance is supported. This chapter intends covering critical aspects of corporate governance, such as its importance and relevance, a corporate governance conceptual framework, as well as a combined assurance model. The conceptual framework, which is a core of corporate governance, will address the question of compliance with laws and regulations, the governing body, and internal and external assurance. The above aspects will guide the whole chapter.

3.2 CORPORATE GOVERNANCE DEFINITION

The concept 'corporate governance' has been defined differently by different authors. Alnasser et al (2015:2) define the concept as a set of rules and regulations that explain the relationship between executive, management, board of directors of an organisation and stakeholders, and affect how that organisation is operating. King IV (King Committee …, 2016) introduces an acronym – ICRAFT, for describing ethical leadership that is demonstrated by *Integrity, Competence, Responsibility, Accountability, Fairness and Transparency*. King IV also terms 'ethical leadership' as the anticipation and avoidance, or otherwise amelioration, of the undesirable consequences of the organisation's activities and outputs on the society, economy, environment and the capitals that it uses and touches.

King IV extends the corporate governance definition as the exercising of effective and ethical leadership by the governing body towards the achievement of the following:

- Legitimacy
- Ethical culture
- Effective control
- Good performance

King IV (King Committee …, 2016:20) appropriately argues that 'ethical' and 'effective' complement and reinforce's each other.

Table 3.1: Ethical and effective leadership

Ethical leadership	Effective leadership
Ethical leadership is demonstrated by accountability, responsibility, integrity, competence, transparency and fairness. It encompasses the anticipation and deterrence of undesirable consequences of activities and outputs of the organisation on the environment, the economy, the society and the capitals that it uses and affects.	Effective leadership is results driven. It is mainly about realising strategic objectives and positive outcomes. This leadership consist of, but moves beyond, an internal focus on efficient and effective execution.

(**Source:** King Committee …, 2016:20)

For the purposes of this study, the above corporate governance definitions by the above authors have been adopted, since they simply augment each other in addressing a corporate governance set of rules, as well as outcomes. Improving corporate governance is mainly concentrated on ensuring that there is an organisational ethical culture, legitimacy, effective control and compliance with prescripts.

3.3 CORPORATE GOVERNANCE IMPORTANCE AND RELEVANCE

According to Cadbury (1992), corporate governance is concerned with the existence and implementation of laws, procedures, policies, standards, practices and principles which may affect the organisation’s direction and control. King II (King Committee …, 2002) specifies that corporate governance has to be viewed as a strategic response of an organisation to the material strategic requirements to advance prudent and appropriately mitigated risks, in exchange for measurable rewards. Hitt et al (2007:303) described corporate governance as a set of apparatuses employed to accomplish the relationship among stakeholders, that is used to determine and control the strategic direction and performance of organisations.

Rathod (2018:3) is of the view that with a good corporate governance framework in place, supported by a healthy corporate culture, the organisation should see direct benefits. According to King III (2009:21), ethics (responsibility and integrity) is the reason of and foundation for, corporate governance. Rathod (2018:3) identifies five benefits of corporate governance, as follows:

- **Efficient processes:** This is due to tasks which are repeatability and consistency in nature.
- **Visibility of errors:** Repeatability and consistency speedily highlight nonconformities in the processes.
- **Reduced costs:** Repeatability and consistency eradicate waste from rework, scrap and other unnecessary costs.
- **Smoother-running operations:** Reactive approach in dealing with problems is reduced, and operations are either ‘conforming’ or ‘non-conforming’.

- **Compliance is assured:** It is guaranteed with a culture that preserves corporate governance.
- **Products in the market:** A product (services) that reaches the market (community) meets the intended specifications and works correctly.

Hitt et al (2007:303) appropriately state that fundamentally, corporate governance is concerned with identifying a means of ensuring that strategic decisions are made effectively. Corporate governance can also be described as a method corporations use to establish order among parties (the organisation's owners and its top-level managers) whose interests may conflict. Thus, corporate governance reflects and enforces the organisation's values.

The above summary specifically shows how corporate governance is linked to strategic leadership by, among other factors, guiding strategic leaders on their roles and responsibilities.

3.4 CORPORATE GOVERNANCE CONCEPTUAL FRAMEWORK

The Institute of Internal Auditors (IIA) (2019:2) pinpoints six vital pillars of corporate governance which can help organisations to attain their envisioned outcome. For the purposes of this study, the corporate governance conceptual framework will address the following critical pillars:

- Compliance with laws and regulations
- Board of directors
- Risk management governance
- Internal assurance providers
- Audit committee
- External assurance providers

Wixley and Everingham (2015:7) maintain that corporate governance must not be measured as assurance for an organisation's success or failure, but rather as a stance of effectively disclosing the material risks agreed to, and that where an organisation does run into difficulties, these are managed with wisdom and integrity, in the interests of the organisation, and excellently communicated to all stakeholders. The OECD (2004:17) posited that the corporate governance framework should assure that disclosure is done timely and accurately, giving all critical elements of the organisation, including ownership, financial situation, performance and governance.

3.4.1 Compliance with laws and regulations

According to Griffith (2016:2085) all organisations work within a nexus of legal, regulatory and social norms. The modern compliance function is the means by which organisations adapt their behaviour to these constraints. More concretely, compliance is the set of internal processes used by organisations to adapt behaviour to applicable norms. According to King III (King Committee …, 2009:89), compliance with relevant laws should be understood not only in relations of the requirements that they create, but also for the protection and rights that they afford. Organisations should always aim to achieve a balanced approach in their outlook on compliance. King III further outlined that simply obeying the laws, without reflection of the rights existing in the circumstances, cannot be considered acting in the best interests of the organisation. The duty to act in the best interests of the organisation comprises of considering the rights of the organisation when dealing with compliance.

3.4.2 The board of directors, management and shareholders

Hitt et al (2007:303) specified that the primary objective of corporate governance is to ensure that the interests of top-level managers are aligned with the interests of the shareholders. Corporate governance encompasses oversight in areas where owners, managers and members of boards of directors may have conflicts of interest. These areas include the election of directors, the general supervision of Chief Executive Officer (CEO) pay, and more focused supervision of director pay, and the corporation’s overall structure and strategic direction. In Rathod’s view (2018:3) when the board does all this, it takes into account two factors: (i) Strategy must be inflected by compliance – in other words, the board relies on good corporate governance to make sure it plays by the rules; and (ii) the board evaluates the risks involved in strategy implementation, sets the organisation’s risk appetite, and then uses the tools of corporate governance, such as the audit committee and internal controls, to make sure that no dangerous risks are left unmanaged.

According to the IIA (2019:2), it is clear that the cornerstones of effective governance are the board of directors, executive management, and both the internal and external auditors. No single committee of the board is more focused on, or better in tune with, governance than the audit committee. Tugman and Leka (2019:2) maintain that effective governance is underpinned by purpose, vision, values and ethics that are reflected in the behaviours and actions of the board and management team, and cascaded throughout the organisation.

In Tugman and Leka's (2019:2) view, the board, in conjunction with management, is responsible for setting the tone at the top, shaping the culture of the organisation, and setting strategic direction. Organisations need to be proactive in driving improvements in their governance, beyond adherence only to minimum requirements. Business Roundtable (2016:3) trusts that labelling the roles of key corporate governance players is critical:

(a) The board of directors/governing body/executive or executing authority

The **board of directors** has the important role of handling the organisation's management and business strategies for the attainment of long-term value creation. Selecting a well-competent CEO to lead the organisation, monitoring and evaluating the CEO's performance, and overseeing the CEO succession planning process, are some of the most important functions of the board (Zhang, 2019:02). Zhang (2019:02) correctly posits that the board of directors (herein and hereafter referred to as the governing body) plays a significant role in the improvement of corporate governance policies. It needs to involve the management of the organisation to provide clarity of strategic purpose. Development and setting a clear strategy, and then implementing it effectively, are vibrant to any organisation's achievement.

Without clearly defined functions of the governing body, it is difficult to hold it (governing body or body of directors) to account. The Canadian Public Accountability Board (2003:3) identified the following specific corporate governance functions of the board of directors:

> *(a) establish a strategic vision for the organisation; (b) ensure that stockholders and the market have access to public information*

about the organisation; (c) establish internal control mechanisms; (d) ensure that the organisation has the necessary mechanisms to prove that it complies with the various legal provisions to which it is subject; and (e) frequently evaluate the performance of the chief executive officer and other senior management of the organisation.

The Public Service Act of 1994 outlines that the executive authority (governing body/board of directors) shall, subject to applicable legislation, determine the reporting requirements to the accounting officer, including, but not limited to, enabling that head to advise the relevant executive authority on the oversight of the unit on policy implementation, performance, integrated planning, budgeting and service delivery. The Act strengthens the difference between the responsibility of a Minister or Member of Executive Council (governing body) for policy and outcomes, and of the CEO for implementing the policy and achieving defined outputs. The governing body presents the organisation's budget to the legislature, but the CEO is responsible for implementing and managing the budget in terms of measurable outputs, once it has been adopted.

King IV (King Committee …, 2016:44) advances that the members of the governing body must symbolise the ethical characteristics as a way of offering effective leadership that has an effect on realising strategic objectives and positive outcomes in the long run. According to the IIA (2018:2), the governing body creates structures and processes that describe governance within the organisation, taking into account the viewpoints of regulators, investors and management, among others. The governing body directs and monitors risk exposures of the organisation's strategic, financial, operational and compliance wellbeing, and works together with management in setting risk tolerance, risk appetite and alignment with organisational strategic priorities.

According to Paine and Srinivasan (2019:1), in this context the governing body and managers would be well advised to have a thorough understanding of their organisations' shareholder base, and a deliberate approach to shareholder engagement. They should be prepared to be challenged by activist investors, and their overall governance arrangements should strike an appropriate balance of power among shareholders, the governing body and management.

Paine and Srinivasan (2019:1) further identify three questions which they deem necessary for both governing body and managers:

- How should governing bodies and others evaluate corporate performance, over what time period, for whom, from whose perspective, and by what measures?
- How much weight does the organisation place on the organisation's stock price, as compared to the achievement of strategic objectives, operating metrics or corporate citizenship goals?
- Does the organisation incorporate impacts on third parties and society into the assessment of corporate performance?

(b) Management

Management, led by the CEO, is responsible for setting, managing and executing the strategies of the company, including but not limited to running the operations of the company under the oversight of the board, and keeping the board informed of the status of the organisation's operations. Management's responsibilities include strategic planning, risk management and financial reporting. The PFMA (1999) stipulates that the employment contract of an accounting officer must be in writing, and include performance standards – that is, what is to be delivered by the department. These performance standards must be aligned and be consistent with the measurable objectives in the operational plan, and therefore also with the budget.

An effective management team runs the organisation with a focus on executing the organisation's strategy over a meaningful time horizon, and avoids undue emphasis on short-term metrics. Clearly, no accounting officer can personally undertake all the tasks expected of their department (Republic of South Africa, 1999).

Deloitte (2018:2) contends that management is responsible for preparing the financial statements, establishing and maintaining adequate internal control over financial reporting (ICFR), and evaluating the effectiveness of ICFR. In broad terms, the PFMA makes each accounting officer responsible for effective, efficient, economical and transparent use of resources. More specifically, they must ensure that the following are in place:

- An effective, efficient and transparent system of financial and risk management and internal control
- A system of internal audit, controlled and directed by an audit committee
- Effective and appropriate disciplinary procedures
- A system for the proper evaluation of all major capital proposals

The PFMA recognises this by allowing the accounting officer to delegate any power or duty under the Act, in writing, to an individual official (or post). However, the delegation does not divest the accounting officer of the responsibility for exercising the delegated power or duty. The 'delegator' must ensure that systems and processes are adequate, in order to document, monitor and review the exercising of those powers or assigned duties. All officials in the department are accountable for their specific areas of responsibility.

According to the National Treasury (2005:20), regardless of the audit outcome, the accounting officer must clarify explicit serious contraventions, which may consist of, among others, the incurring of overspending, as well as unauthorised, irregular, fruitless and wasteful expenditure. In this instance, the accounting officer should indicate –

- what correctives steps have been or are being taken.
- what is being done to recover the funds, where this is possible.
- what disciplinary steps have been taken against the erring officials.
- whether any criminal investigations have been instituted against the erring official.

Public Service Regulation 81 of 2016 causes the establishment of the SMS in the public sector to do the following:

- Promote a public service management culture of excellence based on the values and principles in section 195 (1) of the Constitution and its provisions.
- Facilitate cooperation among management structures of departments.
- Transfer organisational, managerial, professional and strategic expertise across the public service.
- Provide an organised network for the dissemination of policy, strategy and expertise.

In terms of PSR 82, the number of members of the senior management services (SMS) per organisation, and their functions, shall be determined by the governing body in terms of PSR regulations 25(2) and 26. According to the National Treasury (2000:25), CEOs will be unable to fulfil their responsibilities unless they are appropriately empowered. Governing bodies must delegate certain personnel functions to their CEOs in terms of the Public Service Regulations. According to the National Treasury (2000:25), the CEOs are responsible for realising the operational plan by endorsing commitment to the plan throughout the organisation, and more essentially, by confirming that all managers accept their financial management responsibilities.

(c) Shareholders

According to Zhang (2019:02), shareholders also play an important role in governance, as they need to ensure that the right directors are appointed to their governing body. Zhang (2019:02) indicates that shareholders are not involved in the day-to-day management of business operations, but they have the right to elect representatives (directors) and to receive information material to investment and voting decisions. Shareholders should expect corporate boards and managers to act as long-term stewards of their investment in the corporation (Zhang, 2019:02).

According to Zhang (2019:02), stakeholders should also expect that the board and management will be responsive to issues and concerns that are of widespread interest to long-term shareholders, and affect the organisation's long-term value. Some shareholders may seek a voice in the organisation's strategic direction and decision-making – areas that traditionally were squarely within the realm of the board and management. Shareholders who seek this influence should recognise that this type of empowerment necessarily involves the assumption of a degree of responsibility for the goal of long-term value creation for the organisation and all of its shareholders.

It is clear that governing bodies have a critical role in giving strategic direction to the managers (including the CEO) and also assessing organisational performance. From the above discussion, it become clear that, for an organised to realise its' vision, the governing body need to strategically support, oversee, monitor and evaluate the CEO of the organisation. The following discussion concentrates on those charged with the roles and responsibilities of managing the organisation on day-to-day basis.

3.4.3 Financial accuracy

According to King III (King Committee …, 2009:109), the board should include commentary on the organisation's financial results. This commentary should include information to enable a stakeholder to make an informed assessment of the organisation's economic value, by allowing stakeholders insight into the prospects for future value creation, and the board's assessment of the key risks which may limit those prospects.

In terms of sections 213 and 226 of the Constitution, money may only be withdrawn from the national and provincial revenue funds in terms of an Appropriation Act or Direct Charge Act. Any overspending of a Vote or the main divisions within a Vote is defined as 'unauthorised expenditure' by the PFMA. The Minister/Member of Executive Council (MEC) is required to investigate whether charges of financial misconduct in terms of section 81 of the PFMA should be instituted against the accounting officer (CEO), or what other disciplinary steps should be taken. Similar actions are required against accounting officers responsible for irregular, fruitless and wasteful expenditure.

According to the National Treasury (2005:10), financial statements are a clear indicator for financial accuracy, and the annual financial statements are structured.

Table 3.2: Type of report or financial statement in relation to financial accuracy

Item No.	Financial statement/ Report
1.	Report of the management
2.	AGSA's Report
3.	Accounting policies and related matters Statement
4.	Statement of Appropriation
5.	Appropriation Statement Notes
6.	Financial Performance Statement (Income Statement)
7.	Financial position Statement (Balance sheet)
8.	Changes in net assets Statement
9.	Statement regarding organisational cash flow
10.	Annual Financial Statements notes
11.	Annual Financial Statements Disclosure notes
12.	Transfers Annexes (comprising of all transfers in terms of the Division of Revenue Act)

To support the above, the Financial Reporting Council (2004:5) have published discussions, policies, generally acceptable accounting principles and procedures, that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles (GAAP), and that receipts and expenditures of the issuer are being made only in accordance with authorisations of management and directors of the issuer.
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the issuer's assets, that could have a material effect on the financial statements.

For strategic leaders to ensure that the organisation performs in line with its strategic objectives, they have a duty to efficiently manage financial resources of such organisation.

3.4.4 Control assessment

The IIA (2019:6) states that the audit committee should, for actual control assessment processes, have upfront and proactive participation. It must clearly understand management's process for internal controls assessment, appropriate regulatory controls, and the extreme risks faced by the organisation. The process of assessing and reporting should not only focus on financial controls, but rather on an enterprise-wide context.

3.4.5 Regulatory compliance

The Public Service Act (Department of Public Service …, 1994) reads as follows:

> (1) an executive authority shall prepare a strategic plan for his or her department that: (e) specifies information systems that (ii) support compliance with the reporting requirements in regulation 31 and the information requirements, referred to in regulation 70.

According to Ives (2019:2), regulatory compliance is making sure that an organisation is following the rules and standards set for its industry. These rules are usually set by government legislation or by proxy via government agencies. In the European Union, many regulations are set at a supra-national level, by which is meant the set of processes, procedures and technology put in place by an organisation to ensure regulatory compliance.

The Public Service Act (Department of Public Service …, 1994) reads that: (2) to the extent necessary to perform the functions mentioned in subsection (1) The LDOH, as one of the government departments, is regulated by the Public Service Regulations of 2001, and draws its powers from the Public Service Act 103 of 1994. This Act reads that the Minister of Public Service and Administration is responsible for establishing norms and standards relating to –

- the functions of the public service

- the organisational structures and establishments of departments and other organisational and governance arrangements in the public service
- the conditions of service and other employment practices for employees
- labour relations in the public service
- health and wellness of employees
- information management in the public service
- electronic government
- integrity, ethics, conduct and anti-corruption in the public service
- transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public

In South Africa, Parliament has established the National Treasury as one of the 32 government departments. The National Treasury, in terms of the PFMA 1 of 1999, must, among other functions:

- prescribe uniform treasury norms and standards.
- enforce this Act and any prescribed norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in national departments.
- monitor and assess the implementation of this Act, including any prescribed norms and standards, in provincial departments, in public entities and in constitutional institutions.
- may assist departments and constitutional institutions in building their capacity for efficient, effective and transparent financial management.
- may investigate any system of financial management and internal control in any department, public entity or constitutional institution.

In healthcare, one is dealing not merely with financial impacts, but with risk to human life. This raises the level of potential harm, and explains why legal regulations have become so pervasive in the healthcare sector (Ives, 2019:2). In South Africa, there is the Health Profession Council of South Africa (HPCSA), which is mandated by the Health Professions Act 56 of 1974 (Department of Justice …, 1974) with some of its objectives and functions being (j) to serve and protect the public in matters involving the rendering of health services by persons practising a health profession; and (m) to uphold and maintain professsional and ethical standards within the health professions.

Al-Baidhani (2014:21) maintains that one of the responsibilities of the audit committee is to oversee the disclosure process of the organisation, making sure that the organisation conforms to the applicable local and international laws and regulations, principles and ethical standards, and conforms to the organisation's prescripts and internal strategies. The audit committee deliberates with the management of the organisation on aspects such as litigation or regulatory compliance risks.

3.4.6 Internal assurance providers

The following discussion concentrates on internal assurance providers within the organisation, in line with corporate governance requirements. In the subsequent outline, internal control, governance of risk, and fraud are some of the areas to be discussed.

3.4.6.1 Internal control

PricewaterhouseCoopers (PWC) (2019:7) defines internal control as follows:

> Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Ball (2013:35) adds that internal control is critical in supporting a public sector to achieve its objectives, by ensuring that risks are managed well while conforming to regulations, rules and organisational policies. It is recommended in King III (King Committee …, 2009:95) that internal controls should be recognised not only in financial matters, but also in compliance, operational and sustainability matters, for the purpose of managing the risks facing the organisation.

According to King III (2009:95), internal control is an old concept, but it is entrenched within all layers of the organisations. It can essentially be defined as the methods that are put in place by management as well as other stakeholders. These are intended to do the folllowing:

- Provide realistic assurances that the objectives of the organisation are attained efficiently and effectively, in compliance with applicable laws and regulations.
- Ensure that there is financial reporting that is reliable.

Internal controls are the systems (whether manual or electronic), processes and procedures employed to reduce the risk (and any financial negative consequences) that the organisation or department might be exposed to as a consequence of negligence, fraud, incapacity, error or other cause. The PFMA (1999), put it strongly that accounting officers shall actively make sure that internal controls are proper for their specific environments, and, most significantly, are operating as envisioned. Internal controls shall be designed for the provision of reasonable assurance that—

- achievement of organisational goals is realised efficiently and also economical use of resources.
- operational and financial information can be useful and relied on.
- organisational assets are managed well, secured from any losses and accounted for.
- laws, regulations, policies and procedures are obeyed in an environment that is changing.
- internal control becomes meaningfully more significant.

Changes in management culture and personnel may well create a major redesign of internal controls, but must certainly not expose the management or organisation to the risks that would arise, should these internal controls be eliminated. The OECD (2017:64) shows that, to design a framework of internal control suitable to the environment of a particular organisation, and takes into account the specific characteristics, operations and risks entailed, requires prior and careful risk assessment, in order to identify the likelihood of events occurring that may hamper the operations of an organisation and the achievement of its objectives, and setting up adequate and cost-effective controls in order to mitigate them.

The OECD (2017:30) states further that internal control is a significant part of an organisation's risk management and governance system, which is clearly effected, understood and actively monitored by the organisations by elected officials, top management, middle managers and staff, in order to mitigate the organisation's risks in achieving the set objectives through—

- efficient and effective strategic and operational processes.
- providing consistent information to external and internal users for effective and timely decision-making.
- ensuring conformance with appropriate regulations, laws, policies, procedures and well as guidelines.
- protecting the organisation's resources and assets against loss, corruption, fraud, damage and misuse.
- protection of confidentiality, availability and integrity of the organisation's IT systems.

The above set of objectives, as outlined by Ball (2003), King III (2009), OECD (2017) and PWC (2019), mainly describe the critical efficacy of internal control, as well as how it relates to risk governance.

3.4.6.2 Governance roles in risk management

To appreciate what risk management is, it is vital to first know its description. In line with Hardy's view (2010:11), risk can be well-defined as the uncertainty that effects future activities and outcomes. This is the occurance of the likelihood and impact of an event with the prospect to affect the achievement of an organisation's objectives. According to the Public Sector Risk Management Framework (PSRMF) (National Treasury …, 2010:25), risk management is an valued management tool which increases an organisation's projections of success through diminishing adverse consequences and optimising opportunities. It becomes necessary that institutions, in line with relevant prescripts, implement and also maintain effective, well-organised and transparent systems of risk management and internal control (National Treasury …, 2010: 25).

Hardy (2010:11) further advanced that "*risk management is a systematic technique of setting the great course of action during uncertainty by identifying, assessing, appreciating, acting on and communicating risk issues*". The Institute for Risk Management (2018:3) describes risk management as the core of any organisation's strategic management. It is the exercise or process in which organisations scientifically deal with the risks associated to their activities, with the objective of achieving continuous benefit within all activities and across the portfolio of the entire range of activities. Wixley and Everingham (2015:97) note that the value of risk management is recognising and mitigating these risks. Its objective is to augment extreme sustainable value to the entire range of activities of the organisation. They further uphold that it organises the knowledge and understanding of the possible advantage and shortcoming of the whole factors that can negatively or positively affect the organisation. It reduces the prospect of failure and uncertainty of achieving the organisation's inclusive objectives and increases the probability of achievement.

Valsamakis, Vivian and Du Toit (2010:4) pointed out that risk management should be a continuous and evolving process that occurs through the organisation's strategy and also in the implementation of the strategy. It should deal with, logically, enterprise-wide risks affecting the organisation's activities. It have to be integrated into the organisational culture with an effective strategy and policy driven by the executive management. It is significant that strategy should be transformed into tactical and operational objectives, allocating responsibility all over the institution, with each staff and manager responsible for dealing with risk as key component of their job description. It improves measurement of performance, reward and accountability, thereby validating operational efficiency at all levels of the organisation.

The frequently employed methods in risk management in the public sector, founded on enterprise risk management (ERM), are those encompassed in the risk management standards employed by COSO and International Organisation for Standardisation (ISO):

- Committee of Sponsoring Organisations of the Treadway Commission (COSO) – risk management method is encompassed in the publication Enterprise Risk Management – Integrated Framework (COSO 2004:3).
- International Organisation for Standardisation (ISO) – risk management method is encompassed in the standard ISO 31000:2018 – Risk Management – Principles and Guidelines (ISO 2018:14).

COSO (2017:3) clarifies enterprise-wide risk management as a method employed by an organisation's management, employees, and board of directors, in strategy setting, and through the organisation, envisioned it identifying potential events that may creat uncentainity for the organisation, and managing risk to be within such organisation's risk appetite, to give reasonable assurance relating to the attainment of organisation objectives. COSO (2017:4) unfolds that there are eight interconnected components which enterprise risk management entails:

- internal environment
- objective setting
- event identification
- risk assessment
- risk response
- control activities
- information and communication
- monitoring

In Marks's (2020:2) view, very limited organisations have what one would call effective risk management systems: healthy culture and processes that enable risk-aware decisions at all levels, for supporting the awareness of key enterprise objectives. COSO (2017:2) reflects that COSO published Enterprise Risk Management: Integrated Framework in 2004. The drive of that publication was to support eorganisations better protect and boost stakeholder value. Its fundamental philosophy was that –

> There is maximisation of value when management sets objectives and strategy to strike an ideal balance between growth and return goals and related risks, and efficiently and effectively positions resources in the quest of achieving the organisation's objectives.

Organisations such as the LDOH should develop sound risk management systems that encourage internal and external stakeholders, including oversight structures like AGSA, as well as SCOPA to do the correct thing and also recognise that this is vibrant to the business's sustainable service and financial performance (King Committee …, 2016:44). According to Borghesi and Gaudenzi (2013:14), an integrated risk management approach allows for the integration and coordination of strategic entrepreneurial risk management processes through the effective and efficient management of the risks that are typical of business processes, while meeting the performance expectations of the various stakeholders.

Borghesi and Gaudenzi (2013:14) identify five major benefits of an integrated risk management approach as follows:

- Assess risks which can impend an enterprise's competitive edge, shielding and increasing value of the organisational (value-based theory). Enterprise risk management assists organisations to increase their ability in the identification of risks and establishment of appropriate responses, reduction of surprises and related costs or losses, while benefitting from strategic developments (COSO, 2017:4)
- Supporting processes of decision-making and concentrating managers' attention on value creation priorities. According to COSO (2017:4), enterprise risk management allows organisations to anticipate the risks that would affect performance, enabling them to put in place the actions needed to minimise disruption and maximise opportunity.
- Optimising the cost of capital and the cost of risk. COSO (2017:4) posits that every risk could be considered a request for resources. Obtaining robust information on risk assists management, in the face of limited resources, to evaluate complete resource requirements, prioritise resource deployment, and improve resource allocation.
- Protection of organisation's reputation, image and relationships with stakeholders.
- Protecting the organisation from prospective adverse impacts of regulatory issues and formal assessment systems.

In COSO's assertion (2017:4), these advantages or benefits show the fact that risk should not be regarded merely as a possible limitation to setting and carrying out a strategy. Rather, the change that triggers risk, and the organisational responses to risk, give rise to strategic opportunities and significant differentiating capabilities. Ashby, Bryce and Ring (2018:9) posit that one of the roles of the governing body is oversight of the organisation's strategy and performance, in general, and consequently the question of risk is a significant component of strategy. To realise this, Ashby et al (2018:9) further elucidate that strategy and risk decisions should be integrated. When setting the strategy and business objectives, the possibility for better or worse-than-expected outcomes should be considered from the outset.

COSO (2017:12) outlines that international and local trends endorse that risk management is a strategic imperative within high-performing institutions. High-performing institutions have clear and accurate objectives. They also develop appropriate strategies attached to the objectives, appreciate the intrinsic risks associated therewith, and direct resources intended at managing such risks informed by cost-benefit principles. The audit committee deliberates on the organisation's management of the policies and practices employed in the identification, evaluation, prioritisation, and response to the risks that may hamper the realisation of the organisation's opportunities or objectives that boost the attainment of such objectives (Al-Baidhani, 2014:21).

Table 3.3: Possible questions the audit committee may ask about risk maturity

The audit committee may want to establish:	
1.	Whether the administration have flawless objectives, and have they been communicated so as to offer effective direction to staff on risk assessment and control issues.
2.	Whether management and employees understand risk management and how to mitigate such risks.
3.	The extent to which the organisation's risk culture occasionally measured. And what findings are obtained from these outcomes.
4.	Whether management can clearly articulate 10 strategic risks within the organisation.
5.	Is there clarity over the role of the audit committee? Do the committee's terms of reference explicitly set out the remit of the audit committee vis-à-vis other committees?
6.	Does management have a clear and structured process for the identification, assessment and reporting of risk? Does this process provide a complete picture of the organisation's risk profile?
7.	Does the organisation have the right risk professionals, and are they sufficiently integrated with both operations and assurance functions? Does the organisation maintain a risk universe?
8.	How often are the major risks reviewed? Is the process sufficiently dynamic? Can the organisation adapt to new risks?

9.	Does the risk horizon extend sufficiently far into the future? What time frames are management considering?
10.	Are upstream risks adequately identified, or is there a process for the identification and assessment of upstream/horizon risks?
11.	Does management take a sufficiently broad perspective to risk identification? Are significant internal and external operational, financial, compliance and other risks identified and assessed on an ongoing basis?
12.	What risks have recently been added or removed from the organisation's risk profile, and why? What risks are flying just under the radar?
13.	Has the organisation defined key risk indicators or metrics, and are these reported through management information?
14.	Could other sources of information, e.g. external data, be used to identify emerging risks?

(**Source:** KPMG, 2017:97)

A common goal among risk leaders (practitioners and their managers) is to gauge and measure their organisation's journey to improved, even world-class, risk management. These leaders agree that, regardless of the current status of risk management activity, more can and should be done (Marks, 2020:2).

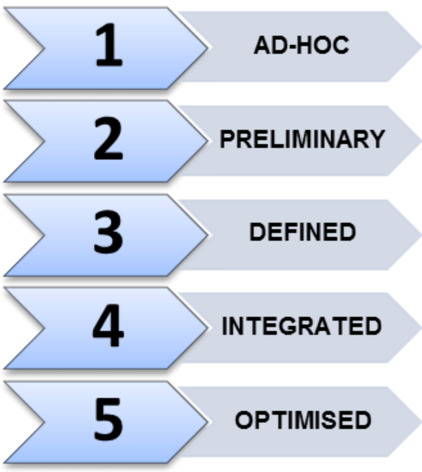

Figure 3.1: Risk maturity model (**Source:** Marks, 2020:2)

The above risk maturity model by Marks (2020:2) illustrates key attributes of each maturity level which are indicated below:

Table 3.4: Risk maturity levels

Maturity level	Description	Key attributes
1	Ad hoc	The management of risk is undocumented and in flux; the management and taking of risk depends on individual heroics.
2	Preliminary	Risk is defined in different ways and managed in silos. Process discipline is unlikely to be rigorous.
3	Defined	• A common risk assessment/response framework is in place. • An organisation-wide view of risk is provided to executive leadership and the board in the form of a list of so-called 'top' risks. Action plans are implemented in response to high priority risks.
4	Integrated	• Risk management activities are coordinated across business areas. Common risk management tools and processes are used, where appropriate, with enterprise-wide risk monitoring, measurement, and reporting.
5	Optimised	• The focus shifts from managing a list of risks outside the context of enterprise objectives to managing success: the achievement of objectives. The consideration of what might happen (where possible, business language is used instead of the technical language of risk) is embedded in strategic planning, capital allocation, and other processes, as well as in daily strategic and tactical decision-making.

(**Source:** Marks, 2020:2)

Strategic leaders should always strive to lead the organisation toward achieving an optimised risk maturity level. The focus shifts from managing a list of risks outside the context of enterprise objectives, to managing success that is, the achievement of strategic objectives. The consideration of what might happen is entrenched in strategic planning, financial and human capital allocation, and other processes such as organisational performance, as well as in daily strategic and tactical decision-making. Improving organisational risk management culture also has to do with preventing fraud and corruption as a way of ensuring that their financial and human capital is used effectively and efficiently.

3.4.6.3 *Governance roles in fraud prevention, detection, investigation and resolution*

Courbe et al (2017:2) advocate that the most significant challenge seen in achieving a sound fraud management operating model stems from functional silos for fraud prevention and detection. Financial institutions often struggle with clearly defined roles and responsibilities for fraud prevention and detection functions, and ensuring that all three lines of defence are working together effectively and not duplicating roles. Lees (2012:14) identifies some organisational indicators of fraud risk in the following table:

Table 3.5: Organisational indicators of fraud risk

Item No.	Warning sign	Description
1.	Cultural issues	• Absence of anti-fraud policy and culture. • Failure by management to implement a sound system of internal control and/or to demonstrate commitment to it at all times.
2.	Management issues	• Lack of financial management expertise and professsionalism in key accounting principles, review of judgements made in management reports, and the review of significant cost estimates. • A history of legal or regulatory violations within the organisation and/or claims alleging such violations. • Strained relationships within the organisation between management and internal/external auditors. • Lack of management supervision of employees. • Lack of clear management control of responsibility, authorities, delegation, etc. • Bonus schemes linked to ambitious targets or directly to financial results.
3.	Employee issues	• Inadequate recruitment processes and absence of screening. • Unusually close relationships – internal and external. • Potential or actual labour force reductions or redundancies. • Dissatisfied employees who have access to desirable assets. • Unusual employee behaviour patterns. • Personal financial pressure on key employees. • Low salary levels of key employees. • Poor dissemination of internal controls.

		• Employees working unsocial hours unsupervised. • Employees not taking annual leave requirements. • Unwillingness to share duties.
4.	Process issues	• Lack of job segregation and independent checking of key transactions. • Lack of identification of the asset. • Poor management accountability and reporting systems. • Poor physical security of assets. • Poor access controls to physical assets and IT security systems. • Lack of and/or inadequacy of internal controls. Poor documentation of internal controls.
5.	Transaction issues	• Poor documentary support for specific transactions such as rebates and credit notes. • Large cash transactions. • Susceptibility of assets to misappropriation.

(**Source:** Lees, 2012:14)

Thackeray (2018:1) contends that there are now more reasons than ever to implement an effective fraud risk management framework for personnel in one's organisation. The focus on individual responsibility has dramatically altered, and employees should now be educated as to the risks and repercussions. Thackeray (2018:1) correctly suggests that the considerations raised above should be incorporated into a five-stage risk management framework outlined below:

- Identify your fraud risk appetite. Design a written statement and convert into a risk-tolerance limit. A risk-tolerance limit is a quantifiable amount which is the maximum that the organisation is willing to lose, and is a translation of the risk appetite statement into a number. The determination of the amount is based on factors including previous history, the organisation's appetite and attitude.
- Ensure that the organisational culture and structure are conducive and open to fraud risk management. Create a structure with a dedicated entity, department or person to lead all fraud risk management activities.
- Plan regular fraud risk assessments, and assess risks to determine a fraud risk profile.

- Design and implement a fraud hotline or reporting system. As part of managing the hotline, determine risk responses, document an anti-fraud strategy based on the company's fraud risk profile, and develop a plan outlining how one would respond to identified instances of fraud. Remember to engage with stakeholders on a frequent basis, with updates.
- Conduct risk-based monitoring, and evaluate all components of the fraud risk management framework. Focus on measuring outcomes and communicate the results.

Principle 4 of King IV (King Committee …, 2016:81) links (fraud) risk management and performance by indicating that the governing body should appreciate that the organisation's core purpose, its (fraud) risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. King IV further identifies four additional areas that should be disclosed in relation to (fraud) risk as follows:

- An overview of the arrangements for governing and managing (fraud) risk
- Key areas of focus during the reporting period, including objectives
- The key (fraud) risks that the organisation faces, as well as undue
- Unexpected or unusual (fraud) risks, and (fraud) risks taken outside of (fraud) risk tolerance levels.

The strategic leadership of the organisation has a role to ensure that fraud and corruption is prevented. To achieve this, fraud prevention policies (developed by the governing body), fraud prevention strategy and an implementation plan (developed by the management), as well as (fraud) risk assessments need to be in place. Risk assessments will assist Internal Audit to develop an audit action plan. This is a plan that guides audit processes covering 'who, what, why, when, where and how' of the audit.

3.4.6.4 Internal Audit

The PFMA (1999) advances that, customarily, Internal Audit was seen as part of the finance function. The current view, however, defines Internal Audit as "*an independent appraisal function, established within an organisation to examine* *and evaluate its activities*". In other words, Internal Audit exists to assist management in carrying out its responsibilities effectively, by providing analyses, appraisals, recommendations and advice concerning the activities under review. King III (King Committee …, 2009:93) added that the key responsibility of Internal Audit is to the board, its committees, or both, in discharging its governance responsibilities and, as a minimum, to perform the following functions:

- Evaluating the organisation's governance processes, including ethics, especially the 'tone at the top'.
- Performing an objective assessment of the effectiveness of risk management and the internal control framework.
- Systematically analysing and evaluating business processes and associated controls.
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

In the observation of KPMG (2017:116), another responsibility of the audit committee to the board of directors is to have an oversight on risk management and internal control systems. The aim of Internal Audit is to boost and protect organisational value through the provision of risk-based auditing and assurance, objective, insight and advice. The International Federation of Accountants (IFA) (2019:116) differentiates between the meaning of "internal audit function" and "internal auditors" as follows:

- **Internal audit function:** An assessment activity recognised or provided as a service to the organisation. Its functions comprise, among others, evaluating, examining and monitoring the effectiveness and adequacy of internal control.
- **Internal auditors:** Those charged with the responsibility of performing the internal audit function. Internal auditors may have their place in an internal audit department or equal function.

The Institute for Internal Auditors (2019:3) maintains that Internal Audit reinforces corporate governance within the context of risk-based audits that afford insight and assurance in the processes and configurations that enforce the organisation toward realisation of strategic objectives or intended outlines. The Distribution and Warehousing Network (DAWN), (2017:49) contends that internal risk-based audits constitute the third level of defence, that offers assurance independently and objectively over the risk management, controls and governance activities of the organisation, as done in levels one and two of defence. Internal Audit may again offer combined assurance with both line two on actions in line one, or combined assurance with line of defence four on actions in line one and two. In case the inherent and residual risk exposure is high, lines two and three can review the same areas.

As risks become high and more multi-layered within the organisation, strategic leaders' function is likely to ensure that there is an assurance in terms of internal assurance provision areas such as internal control, risk governance, fraud prevention and internal auditing. For a complete assurance provision to be given within the organisation, internal assurance provision must be supported by an external assurance layer. The following discussion will focus on outline critical areas of external assurances.

3.4.7 External assurance providers

Internal assurance providers alone may have an oversight on the identification and mitigations of certain organisational risks. As a result of this, there is a need for the existence of, in support or internal assurance provision, external assurance providers, to provide assurance and oversight regarding the organisation's capability of managing risks. The following outline will deliberate on the overview of external assurance providers such as audit committee, auditor-general, public protector, public service commission and provincial legislature.

3.4.7.1 Audit committee

According to Price (2019:2), an audit committee is essentially an oversight committee, for it is management who are responsible for the internal controls and the financial statements. The committee, however, has to satisfy itself, on behalf of the board, and ultimately the shareholders, that key controls are operating, ethical practices are being reinforced, key accounting estimates and judgements are being properly made, and that internal and external audits are effective.

King III (King Committee …, 2009:68) maintained that public sector perspective audit committee members of all government institutions, including public entities and state-owned organisations, must comply with the minimum qualification criteria established by the governing body. The relevant governing body in the public sector must agree with any premature termination of the services of a person serving on an audit committee. According to KPMG (2016:83), the audit committee's role is not an executive function that properly belongs to management; rather, the committee is aiming to satisfy itself that management has properly fulfilled its responsibilities. KPMG (2016:83) further identifies critical aspects which the audit committee requires to establish as follows:

- The degree to which management has assumed ownership for risk and control.
- How vital business risks are identified, assessed and managed.
- Whether the internal controls are fit for purpose and working as intended.
- The completeness and rigour of the review process.

KPMG (2016:83) advances that by asking probing questions about risk management, the audit committee can help bring clarity to the process used to manage risk, and the assignment of accountabilities to monitor and react to changes in the organisation's risk profile. Tugman and Leka (2019:2) are of the view that effective audit committees are a critical part of delivering trust and confidence in reporting and risk management. However, globally, audit committee responsibilities are widening beyond their core financial reporting oversight responsibilities, putting them under increasing pressure, both in terms of time and expertise, to oversee the major risks on their agendas in addition to fulfilling their core mandates.

The audit committee should provide oversight of financial reporting, risk management, internal control, compliance, ethics, management, internal and external auditors, (IIA, 2019:2). According to the PFMA, the audit committee should perform the following duties:

- Make recommendations on the appointment or retention of auditors, if applicable.
- Reviewal and discusation of the audit scope.
- Be satisfied that the audit plan in place is adequate to address the significant risk areas in the organisation.
- Reviewal of the usefulness of the organisation's systems of internal control.

- Monitoring management's response to reported weaknesses in controls (particularly those raised as audit queries), deficiencies in systems and recommendations for improvement.
- Consider differences of opinion between management and auditors.
- Evaluate the performance of auditors and of management.
- Consider the quality of financial information produced.
- Review the financial statements prior to approval by the accounting officer, including the accounting policies adopted, before submission to the Auditor-General.
- Communicate to stakeholders regarding its activities.

Deloitte (2018:2) postulates that the audit committee should work with management, the internal auditors and the independent auditor, in order to gain the knowledge needed to provide appropriate oversight of this area.

As can be seen from the above discussion, the role of the audit committee is to ascertain the level to which the management is managing enterprise-wide risks. These risks are linked to the strategic objectives and performance indicators of the organisation.

3.4.7.2 Auditor-General

The independent auditor is responsible for expressing an opinion on the fairness with which the financial statements present, in all material respects, the financial position, the results of operations, and cash flows in conformity with GAAP, and, when applicable, evaluating the effectiveness of ICFR (Deloitte, 2018:2). PricewaterhouseCoopers (2017:2) advocates that in general, an audit consists of evaluation of a subject matter, with a view to expressing an opinion on whether the subject matter is fairly presented. There are different types of audits that can be performed, depending on the subject matter under consideration; for example:

- Audit of financial statements
- Audit of internal control over financial reporting
- Compliance audit

In terms of section 188 of the Constitution, (1) the Auditor-General must audit and report on the accounts, financial statements and financial management of: (a) all national and provincial state departments and administrations; (3) The Auditor-General must submit audit reports to any legislature that has a direct interest in the audit, and to any other authority prescribed by national legislation. The Constitution further makes it mandatory that all reports be made public.

The OECD (2019:45) points out that the practice that external auditors are recommended by an independent audit committee of the board or an equivalent body, and that external auditors are appointed either by that committee/body or by the shareholders' meeting directly, can be regarded as good practice since it clarifies that the external auditor should be accountable to the shareholders. It also underlines that the external auditor owes a duty of due professional care to the company, rather than any individual or group of corporate managers that they may interact with for the purpose of their work.

According to PWC (2017:16), an audit opinion is modified when the auditor concludes that the financial statements are materially misstated, or the auditor has been unable to obtain sufficient appropriate audit evidence to reach a conclusion. A modified opinion could be the following:

Table 3.6: Audit opinion

Item No.	Audit opinion	Audit opinion description
1.	A disclaimer of opinion	The AGSA concludes that the variety of their incompetence to achieve satisfactory suitable audit evidence is such that it is not possible to form an opinion on the AFS (National Treasury, 2005:11; PWC, 2017:16).
2.	An adverse opinion	The AGSA make a finding that the AFS does not give a fair and true view. (National Treasury, 2005:11 & PWC, 2017:16)
3.	A qualified opinion	The AGSA concludes that, except for particular matters described in the audit report, the annual financial statements provide a fair and true (National Treasury, 2005:11; PWC, 2017:16).
4.	Unqualified audit opinion with emphasis of matter	Minimum severe opinion – the annual financial statements may be considered as fairly representing the financial status of the organisation, but there are a number of matters that are concerning which are mentioned in the emphasis of matter (National Treasury, 2005:11)

5.	Unqualified audit opinion	Good opinion – the annual financial statements may be considered as fairly showing the financial status of the organisation (National Treasury, 2005:11),

According to PWC (2017:14), the audit report can also be modified through an emphasis of matter paragraph, without altering the audit opinion. A paragraph can be included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial statements. The National Treasury (2005:19) showed that the Auditor-General is also required to reasonably satisfy himself that receipts, payments and other transactions made by the departments, authorities or public entities take place in accordance with the relevant laws and regulations. An emphasis of matter does not affect the audit opinion, but modifies the audit report to draw attention to specific matters disclosed in the financial statements (PWC, 2017: 14).

3.4.7.3 Public Protector

Section 182 of the Constitution gives the Public Protector the power, as regulated by national legislation for, (a) investigating any conduct in the public administration, in state affairs, or in any sphere of government, that is suspected or alleged to be improper. (b) reporting on that conduct; and (c) taking appropriate corrective or remedial action.

To ensure that strategic leaders are accountable for, among other aspects, non-compliance with prescripts, poor performance and unethical conduct, there is a need for the Public Protector to monitor, oversee and investigate any failure which undermines corporate governance principles.

3.4.7.4 Public Service Commission

According to section 195 of the Constitution, public administration should be governed by the democratic values and principles preserved in the Constitution, including the following principles:

- Ensuring the promotion and maintainace of a high standard of professional ethics.
- Economic, efficient and effective usage of available resources has to encouraged.
- Ensuring development-orientation in the public administration.
- Ensuring provision of services in a fairly, equitably, impartially and unbias manner.
- Promptly responding to the needs of the people, and encouraging people's participation in policy-making.
- Ensure accountability of public administration.
- Fostering transparency by providing the public with accurate information, improving accessibility within reasonable time.
- Cultivating career development and good human resource practices for maximising human potential.
- Public administration must be largely representative of the people, with employment opportunities and personnel management practices informed by objectivity, ability, fairness, and the necessity of redressing the past imbalances to realise broad representation.

The Public Service Commission (PSC) will investigate and make recommendations on any perpetration or violation, by any public administration employee, of the above values and principles. The oversight and monitoring conducted by the PSC may go a long way in ensuring that those in strategic leadership (governing bodies and executive management) account for their poor actions or inaction, thereby improving corporate governance within the organisation.

3.4.7.5 Provincial legislatures

According to section 114 of the Constitution, provincial legislature, in exercising its legislative power, may consider, pass, amend or reject any Bill before the legislature; and, initiate or prepare legislation, except money Bills. A provincial legislature must provide for mechanisms to ensure that all provincial executive organs of state in the province are accountable to it, and maintain oversight of the following:

- The exercise of provincial executive authority in the province, including the implementation of legislation
- Any provincial organ of state

According to the National Treasury (2005:3), the Constitution recognises that legislatures have a critical role to play in overseeing better performance by departments and public entities. The challenge facing members of parliament and provincial legislatures is to improve the capacity of portfolio committees to hold departments and entities to account for their performance, using their strategic plans, budget documents and annual reports. This is in terms of section 133(3)(b) of the Constitution, which requires that, "[m]embers of the Executive Council of a province must provide the legislature with full and regular reports concerning matters under their control."

The National Treasury (2000:13) identifies a Standing Committee on Public Accounts (SCOPA), to which the Constitution gives extensive authorities to investigate matters, and the committee will obtain reports of actions taken and not taken by accounting officers. SCOPA is meant to concentrate on those issues that the previous steps in the accountability chain failed to resolve.

According to the National Treasury (2000:13), an accounting officer (CEO) appearing before the committee will be expected to respond to an allegation of failure to take appropriate corrective action earlier. SCOPA may recommend sanctions against the CEO to the executive authority (governing body), which could be salary deductions, demotion, or even dismissal. In severe cases, it may also recommend that charges of financial misconduct be brought.

The above discussion brings to the fore critical issues such as **accountability**. It becomes apparent that the CEO (strategic leader) is expected to account to both the portfolio committee as well as SCOPA. The following discussion concentrates on a combined assurance model, which reflects how assurance and oversight providers (discussed above) integrate.

3.5 COMBINED ASSURANCE MODEL

According to King III (King Committee …, 2009:47), combined assurance concentrates on the identification of risks as well as in how assurance is accomplished and reported to the Accounting Authority or Board. As indicated in Chapter 1, that, in this study, the researcher is concerned with high risks such as poor ethical culture,lake of effective control, inadequate performance and non compliance with laws, which undermines corporate governance within the LDOH, and there is a need to seek ways and means of reducing these risks to the bare minimum. The King III Report (King Committee …, 2009: 67) specifies that combined assurance should be grounded on identified organisational risks and how assurance is accomplished and also reported to the Accounting Authority or Board. There are three lines of defence/assurance provision, as follows:

The first line, operational management, is based on the management and internal control measures designed into systems and processes. This line comprises the business (segments) and process owners, whose activities identify, assess, control and mitigate the challenges or uncertainties that can enable or prevent achievement of the organisation's objectives. This group of line managers and staff not only own and manage risks, it is also responsible for implementing corrective actions to address process and control deficiencies. PWC (2014:12) indicates that in the first line of defence, management is responsible and accountable for managing risk and performance. A crucial part of this line of defence is the manner in which management reviews the situation, as well as the actions that follow. Management can create a system of audits/self-assessment to update them as to the appropriateness of risk management activities.

The second line monitors governance, risk and compliance, and is a management and oversight function. It is isolated from the first line, and its key role is to add knowledge and capability while monitoring and supporting the activities of the first line of defence. DAWN (2017:1) point out that combined assurance is essential, since it enhances assurance – on (financial) risk effecting the institution – from management, both internal and external assurance providers. The following are lines of defence as outlined by (DAWN, 2017:1).

The third line of assurance: Internal audits and external (AGSA) are authorised to offer assurance directly to elected officials, political appointees and senior administrative management about the other two lines' governance, risk management, and control efforts. In order to fulfil this assurance role, the third line has to be fully objective and independent, and not tasked with any kind of management responsibilities (OECD, 2017:64). PricewaterhouseCoopers (2013:13) presents what is defined as the National Treasury Combined Assurance Model:

Table 3.7: Understanding assurance – the three lines of assurance

1st line of assurance: Oversight by the management	2nd line of assurance: Enterprise-wide risk management	3rd of assuance: Independent assurance
Nature of assurance		
The management of risk and performance is the accountability and responsibility of line management. Management has a role of establishing a system of audits/self-assessment to guide them on the capability of risk management activities.	Corporate segments offer support to line management in performing their duties. These consist of functions such as procurement, human resources, compliance, quality assurance, risk management, health and safety, forensic (fraud risk management).	Internal audit and external audit.
Lines of reporting		
Executive Management Committees and Operational Committees providing direction, guidance and oversight over the focus areas.	Risk Committees, Compliance Committee, Audit Committees, Regulatory Forums, HR Forums, Health and Safety briefings.	Board, Regulators, and Audit Committees. Objectivity in dealing with issues and risks is a significant criterion.

The above combined assurance model reflects that it addresses three lines of defence which are relevant; however, it is also critical to note that, for the purposes of realising corporate governance, there are other assurance providers which are equally critical, as highlighted in the earlier discussions. Based on the subsequent discussion, the researcher proposes the following combined assurance model:

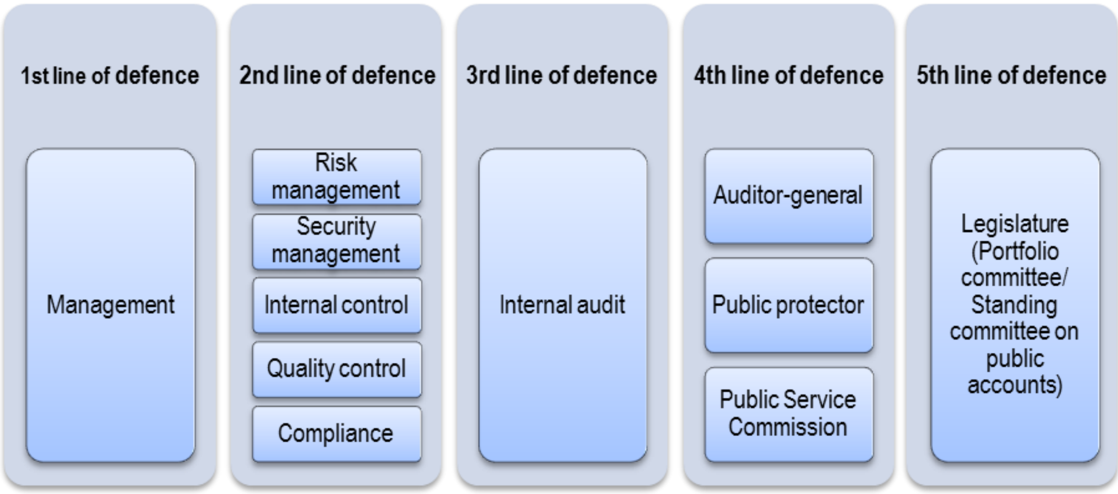

Figure 3.2: Proposed combined assurance model (**Source:** Own: Developed for this research)

From the proposed model, as appears above, it is clear that there are different levels of assurance between the internal and external audit, since the audit focus is also different, hence the separation. On vertical alignment, with specific reference to the 4th line of assurance, the ethics, effective control, performance and legitimacy assurance provision roles of the Public Protector as well as the Public Service Commission, cannot be undermined. At a practical level, the LDOH, just as with any other public sector organisation, appears before the portfolio committee as well as the standing committee on public accounts. The need to appear exists because the LDOH has a responsibility to give assurance to the general public regarding its affairs, with specific reference to, among others, whether there is effective and efficient operation, sound financial management, as well as compliance with the legislative mandate.

3.5 SUMMARY

The above discussion was guided by the corporate governance conceptual framework, and reflected a gap in discussion under paragraph 3.4 (also above). The aforementioned framework addresses the question of compliance with laws and regulations, board of directors, risk management governance, internal assurance providers, audit committee, and external assurance providers.

In the quest of working on the objective of developing a strategic leadership framework for corporate governance within the context of systems theory, aimed at improving corporate governance within the LDOH, this Chapter also addressed the following: **Input** (board of directors, governing body, executing authority); **Transformation process:** (compliance with laws and regulations, financial accuracy, control assessment, regulatory compliance, internal stakeholders such as internal control and risk management governance, fraud prevention governance, auditor-general, public protector, public service commission and provincial legislature); **Output:** (corporate governance).

CHAPTER 4

STRATEGIC LEADERSHIP SYSTEMS THEORY AND ITS IMPLICATIONS IN CORPORATE GOVERNANCE

4.1 INTRODUCTION

While Chapter 2 of this study concentrated on a strategic leadership framework, the previous chapter was concerned with understanding the building blocks of corporate governance.

This chapter seeks to present a strategic framework for improving corporate governance through the application of systems theory. According to Lai and Lin (2017:2), systems theory and its related theories and concepts has, since its introduction into the organisational context in the 1960s, been applied to the study of organisations – being used as theoretical frameworks to understand how organisations function in relation to the various environments and factors surrounding them.

Laszlo and Krippner (1998:13) contended that observers in the context of systems science have a clear conception of their mission as an integral part the social system with which they work. In implementing a systems analysis of a problem or situation, they start from the actual problem, not from a preconceived model. Once the appearance of the problem has been identified and described, they can proceed (inwards) to the sub-systems, and (outwards) to the environmen. In this study, the problem is corporate governance failure, and the researcher prefers strategic leadership.

Guided by Chapters 2 and 3, consideration will be on components of both strategic leadership and corporate governance variables. These variables' appropriateness as to whether or not they conform to the systems theory for improvement of corporate governance, will be tested. In this Chapter, areas to be discussed are mainly guided by various reviewed literature applicable to systems theory.

4.2 SYSTEMS THEORY

Barkanian (2020:4) is of the view that to understand systems theory better, it is critical to firstly appreciate its origin and how it came about in time. In 1940, Ludwig von Bertalanffy, who is also considered to be the 'father or founder of the systems theory', developed a General Systems Theory (GST) (Von Bertalanffy, as cited in Barkanian, 2020:4). According to Von Bertalanffy (1955; as cited in Barkanian, 2020:14), there is an existence of what he terms “general systems theory” or “general empirical theory", which he viewed as commonly appropriate to several diverse disciplines. The General System Theory has evolved over the years, leading to what is now known as ‘systems theory’.

In the GST context, evolution is defined as change in the organisation of living systems on three interdependent levels of social systems, genetic systems and ecosystems (TenHouten, 1991:276). TenHouten (1991:276) is quick to point out that social systems are seen as affected by all of these (above) processes and their interactions.

Lai and Lin (2017:2) are of the view that systems theory aims to explain dynamic relationships and interdependence between components of the system and the organisation/environment relationships. The establishment of a system is based on the structure and patterns of the relationships emerging from the way that components interact.

In this study, systems theory was employed to explain the interdependence and relationships between components of the system and the LDOH. Specifically, this study is concerned with the establishment of a system which is based on the patterns and structure of the relationship emerging from the way strategic leadership and corporate governance components interact. In Chapter 2 of this study, critical effective strategic leadership elements (components) have been identified. To achieve the above, the study will be guided by, among other authors, Skyttner (1996:20), Roelofse (2007:58), Van den Bekerom, Schalk and Torenvlied (2017:3), and Gordon (2021:3). The way they view(ed) the “hallmark” of the systems theory is represented by the following:

4.2.1 Interdependence and interrelationships of objects or parts and their features

According to Skyttner (1996), unrelated or unconnected and independent components cannot constitute a system. Gordon (2021:2) adds that organisational success depends upon relationships and interdependence between the subsystems, synergy between the subsystems, and relationships between external components (internal system) and internal components (closed system).

In this study, taking into account systems theory, strategic leadership is considered to be interrelated with, and connected to, corporate governance. The researcher's view is that strategic leadership can, within the context of systems theory, improve corporate governance.

Within the context of systems theory, taking into account nine elements of strategic leadership (input), elements of corporate governance (processes) as well as corporate governance outcomes (output), a strategic leadership framework, which may improve corporate governance, possibly leading to effective control, ethical culture, good performance and legitimacy and also reducing of financial mismanagement and improving quality healthcare services, will be presented below.

4.2.2 Holism

Gordon (2021:2) reflects that each subsystem works together to make up a single whole system. Decisions made in any subsystem affect the entire system. Van den Bekerom et al (2017:3) add that this assessment is to be compared with methodological holism: possessions that cannot be derived from the possessions of constituent parts. He contends that systems theory's intention is not to break down associations into parts, in order to comprehend them and intervene in them, but rather, it focuses at the organisational level, and on making sure that the parts are working and are connected accurately together, so that they (parts) serve the objectives of the whole (Langlois, 1982:582).

According to Jackson (2003:582), being holistic similarly refers to approaching problems, prepared to apply the systems approach – for example, considering an organisation, its parts, and its environments as systems, subsystems and suprasystems. Steered by the third objective of the study, it is critical to note that systems theory identifies inputs and transformational processes, as well as output for a strategic leadership framework, within the systems theory, for corporate governance.

According to Strauss (2008:188), the history of theoretical reflection upon the nature of human society departs into two equally exclusive ways of explanation: atomistic and holistic. Turner and Baker (2019:4) advance that it is essential to study the whole system, in order to understand the larger picture. He further outlines that holistic belongings, not possible to notice by analysis, should not be impossible to describe in the system. Jackson (2003:3) became very explicit, in that holism contemplates systems to be further than the sum of their parts, and it puts the study of the entire before that of the parts.

4.2.3 Goal seeking

Systemic collaboration should result in a certain final state or goal, or a certain equilibrium point being reached or approached. Jackson (2003:25) assumed that a goal-seeking classification ranges from enhancing approaches, resolutely worried about the attainment of predefined goals, to tactics where much more care is given to building capacity in areas of organisational design and behaviour perceived as essential, if feasibility is to be guaranteed; and so, goal seeking is made likely.

A fundamental system is an example of what is called a “mechanical” structure. The arrangements of the parts are interconnected to one another within the context of a fixed structure (Langlois, 1982:596). Again, Langlois (1982:596) articulated that a goal-informed system, also identified as a “cybernetic system”, has a structure that is fixed, but indicates that the system variables can be manipulated, and also changed, by information created inside the system itself.

He further reflects that the system possesses a goal, and refers of a data feedback loop, which allows it to compare its condition with that goal, and make suitable alterations towards it. The accomplishment of the goal-seeking class can, according to Jackson (2003:25), be measured by efficacy and efficiency:

- **Efficacy:** The means used to enable one to achieve one's goals

- **Efficiency:** The minimum means used in goal seeking

The ultimate goal of this study is to establish how strategic leadership can improve corporate governance outcomes, such as effective control, ethical culture, good performance as well as compliance with prescripts.

A closed system determines the inputs once and for all, whereas in an open system, extra inputs are allowed from the enabling environment. Van den Bekerom et al (2017:3) specify that an open system, such as an organism, has to interrelate for open system existence, and adjust in reaction to fluctuations in the environment.

4.2.4 Inputs and outputs

In open systems, inputs are taken from their environments, transformed, and then returned as a certain type of product back to the environment. Van den Bekerom et al (2017:3) describe "input" and "output" within the context of general system theory as follows:

Figure 4.1: Systems theory (**Source:** Barkanian, 2020:4)

The researcher concurs with Barkanian (2020:4) (above), and as such he favours input (strategic leaders, governing body or executive authority) who will apply transformational processes (strategic leadership and corporate governance components) in ensuring that there is good corporate governance (output). The model will be described in more detail in a subsequent paragraph. The following figure describes the conceptual framework within the context of relationship between strategic leadership and corporate governance.

From the above figure, it becomes apparent that strategic leaders (input) such as executive authority (governing body, board of directors), accounting officers, management and stakeholders have a role and responsibility of strategically leading and organisation toward the achievement of good corporate governance (output). The following discussion concentrates on transformation process.

4.2.5 Transformation process

According to Gordon (2021:1), the transformation process definition refers to the process itself. It gives provision to header information for the process of transformation – for instance, the name of the author, process, description, etc. A process definition entails transformation of flow objects. It is applied to structure the entire transformation process in coherent parts.

Laszlo and Krippner (1998:7) correctly viewed the advantage of the systems theory as having the potential to provide a trans-disciplinary framework for critical and normative exploration of the relationship between one's perceptions and conceptions and the worlds they purport to represent. The authors further add that studies of cognitive development and human perception are beginning to rely more and more on the systems approach. The above figure illustrates input, transformational process and output from the perspective of strategic leadership, aimed at improving corporate governance. It is clear that for good corporate governance to happen, strategic leaders (input) such as the executive authority (governing body, board of directors), accounting officers, management and stakeholders, need to drive transformational processes' components (both strategic leadership and corporate governance). From a strategic leadership transformational process's perspective, strategic leaders are expected to give strategic direction, develop policy and strategic plans, build human capital capability, improve organisational performance, instil organisational culture, lead, oversee and monitor performance targets, and also be accountable for the organisation they lead.

The second part of the transformational process indicates areas wherein strategic leaders (input) need to concentrate more on the organisation they lead, to realise good corporate governance. The first critical area deals with their leadership style, which should be centred on the following factors of ICRAFT: leading with integrity; having the necessary competence; taking responsibility; being accountable and fair, as well as being transparent. Additional components of good corporate governance, within the transformational process, are compliance with laws and regulations, control assessment, financial accuracy, internal and external assurance providers, and combined assurance.

This study submits that when strategic leaders lead, taking into account those identified transformational processes, they are more likely to realise good corporate governance out of effective control, ethical culture, good performance and legitimacy.

4.2.6 Hierarchy

This layering of systems within additional systems is what is referred to as 'hierarchy'. Systems are commonly multifaceted wholes made up of small subsystems.

4.2.7 Differentiation

In multifaceted systems, dedicated units perform dedicated functions. This is a distinctive characteristic of all multifaceted systems, and may also be called division of labour, or specialisation.

4.2.8 Equifinality and multifinality

A reflective variance between living and most inanimate living systems can be described by the theory of equifinality. Most physical systems determine the final state by the initial circumstances. Open systems have similarly effective alternative means of achieving the equivalent objectives (divergence) or, from a particular initial state, obtain diverse and equally high-class objectives (convergence).

Within the LDOH, the interconnectedness of strategic leadership and good corporate governance cannot be overemphasised. Jackson (2003:6) theorised that the system is a multifaceted whole, the effectiveness of which rests on its parts and the interfaces between those parts. Roelofse (2007:58) advanced that the system has a desired state. This is an indication that, for the purposes of this study, in the case of the LDOH the preferred state is good corporate governance. The parts of the system may, in turn, be systems themselves. According to Patton and MacMahon (2006:6), the systems theory puts emphasis on interrelatedness and the importance of the whole as opposed to the parts. As a result, an individual cannot be disconnected from their background, and behaviour cannot be accounted for in a linear way.

4.3 CONCEPTUAL FRAMEWORK

The following discussion is is intended at outlining the conceptual framework of the which is underpinned by key variables of the study. This study is focussed on how strategic leadership can improve corporate governance within the context of systems theory. As indicated above, systems theory is composed of three parts: input, transformational process and output. During the previous discussion (above), specific elements which comprise corporate governance were discussed. By their nature, these elements of corporate governance (which will be mentioned below) fit within systems theory as either input, transformational process or output.

Leedy and Ormrod (2015:186) posits that the conceptual and theoretical framework describes the path of a research and grounds it resolutely in theoretical constructs. The general aim of the conceptual framework is to make research findings more acceptable, meaningful to the theoretical constructs in the research field and guarantees generalizability, amongst other factors (Leedy & Ormrod, 2015:186). The figure below describes with clear understanding, the conceptual framework and how it is relevant in the research expedition.

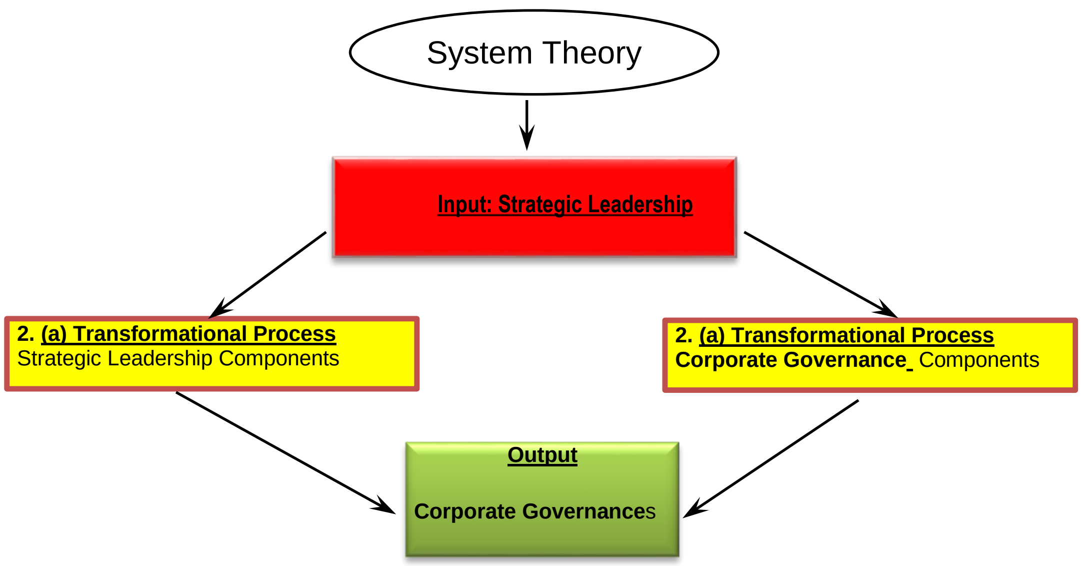

Figure 4.2: Conceptual framework (**Source:** Own – developed for this research)

4.4 SUMMARY

The chapter was aimed, from a theoretical perspective, at developing a strategic leadership framework for improving corporate governance. This was done within the context of systems theory, taking into account two variables: strategic leadership and corporate governance. Corporate governance fosters a culture of integrity, and leads to a positive, performing and sustainable business. According to Zhang (2019:2), corporate governance signals to the market that an organisation is well managed, and that the interests of management are aligned with those of other stakeholders. As such, it can provide businesses with a "sustainable" competitive advantage. It is for the above reason that strategic leadership should be corporate governance based.

This study is underpinned by a strategic leadership framework which, within the broader spectrum of systems theory, provides a sound foundation for analysis. The following chapter discusses the research methodology used in this study.

CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY

5.1 INTRODUCTION

Chapter 1 described the aim of the study and the research problem. In Chapter 2, the focus was on the extent to which strategic leadership should be understood within the organisation. Chapter 3 concentrated on the practice of corporate governance. Chapter 4, which was guided by the research objective, delved into the development of a strategic leadership framework, from system theory, for improving corporate governance. This chapter deals with the methodology followed in pursuing the goal of this study. The following aspects are addressed in the discussion that follows: design and approach, target population, sampling, collection and analysis of data, trustworthiness and ethics.

5.2 RESEARCH PHILOSOPHY

According to Trochim (2020:85), quantitative researchers who place emphasis on counting and measuring, are called positivists; whereas qualitative researchers, who favour the qualitative tools of questioning, description and observation, are called naturalists. Naturalists concentrate mainly on themes that are true in some places or at some time, while working to study which components of a complex environment affected what was heard or seen. Qualitative study is assessed more on how contemporary it is, its ability to discover new explanations of themes, than the question of its generalisability. Leedy and Ormrod (2015:287) add that qualitative study is also judged by its vividness, richness, and accurateness in describing cultures or complex situations. The quality of evidence that substantiates the conclusions is important, as are the accuracy of the research design and the meticulousness of the data collection and analysis. Since this is a qualitative study, it is also naturalistic in nature.

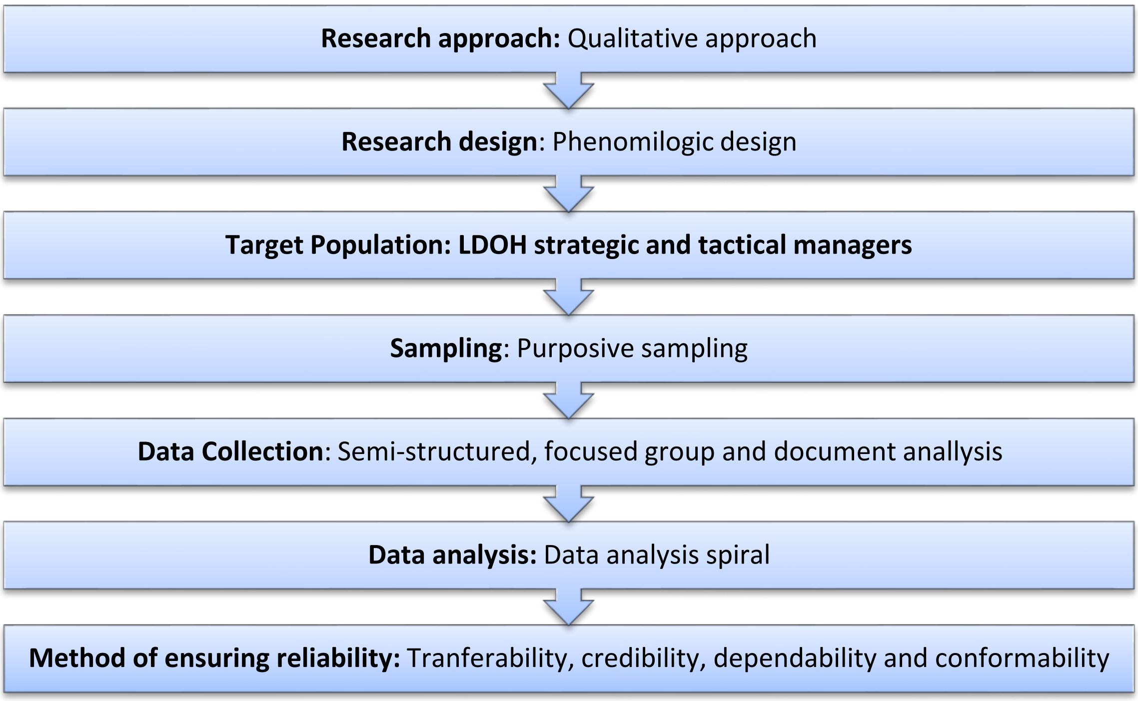

Figure 5.1: Summary of research methodology applied in this study (**Source:** Own – developed for this research)

5.3 RESEARCH APPROACH

Qualitative research was employed. Philipsen and Vernooij-Dassen (2007:5) defined qualitative research as ”*the study of the nature of phenomena*”, including ”*their quality, different manifestations, the context in which they appear or the perspectives from which they can be perceived*”, but excluding ”*their range, frequency and place in an objectively determined chain of cause and effect*”. The drive for deciding on the qualitative research method is mainly due to the research problem to be investigated, which is practical, and participants were be asked various questions mainly to explore their level of knowledge and understanding on how strategic leadership is entrenched and also on how corporate governance legislative practice is implemented within the LDOH. Hammarberg, Kirkman and De Lacey (2016:4) suggest that qualitative research methods try to find views on a focused topic or, with key participants, an institutional perspective or for background information; in-depth interviews to understand an experience, condition, or event from a participant’s personal perspective; and ‘analysis of documents and texts’, such as media articles, government reports, diaries or websites.

According to Leedy and Ormrod (2015:287) there are characteristics which are essential for a good study. This study was guided by various criteria for evaluating qualitative research methods, as identified by Leedy and Ormrod (2015: 287):

- **Purposefulness:** The three research questions drove the methods employed in the collection and analyses of data, opposed to the other way around.
- **Explicitness of biases and assumptions:** The researcher identified and communicated any assumption. The researcher used thorough, rigorous, and precise data collection methods. The researcher showed a preparedness to adjust hypothesis and interpretations when newly attained data differ with previously collected data. The researcher demonstrated the objective of study in all of its complexity.
- **Coherence:** The data yielded consistent findings, such that the researcher could present a portrait that "hangs together". Multiple data sources converge onto consistent conclusions (triangulation), and any contradictions within the data are reconciled.
- **Persuasiveness:** The researcher presented rational arguments, and the weight of the evidence suggests one interpretation to the exclusion of others. Other individuals, including the participants in the study and other scholars in the discipline, agree with the researcher's interpretations and explanations. The project intended yielding conclusions that stimulate better understanding of the phenomenon, enable more precise forecasts about future events, or lead to interventions that improve the quality of life.

It is imperative to understand and know the phenomena from the interviewees' perspective (Leedy & Ormrod, 2015:94). To validate a qualitative design, the researcher conducted interviews, using semi-structured interviews and focus groups, and a document study (triangulation), emanating from three research questions developed. In Denzin and Lincoln's (2003:13) view, a qualitative design is concentrated on the bigger picture, beginning with a reflection of the entire picture.

5.4 RESEARCH DESIGN

In this study, a phenomenological design was applied. Trochim (2020:35) describes 'phenomenological' as a method that emphasises a focus on people's subjective experiences and interpretations of the world. The researcher relied on the participants' own perspectives to provide insight into their motivations (Sauro, 2015:2). Sauro (2015:2) also specifies that when one wants to describe an event, activity or phenomenon, the aptly named 'phenomenological study' is a suitable qualitative design. In a phenomenological study, the researcher applied a combination of methods, such as conducting interviews, reading documents or visiting places and events, to understand the meaning of the phenomenon being examined. Due to the nature of the research philosophy, the researcher used a qualitative research design.

5.5 POPULATION

According to Trochim (2020:47) a population is thus the full group of potential participants to whom the researcher wanted to generalise the findings of the study. In contrast, the universe refers to all possible elements or cases of a certain kind. Although this study was conducted in Limpopo, it can be generalised to a similar environment outside the province.

5.6 TARGET POPULATION

According to Burns and Grove (1997:236), a target population is "*the entire aggregation of respondents that meet the designated set of criteria*". A target population is a group from whom the researcher is interested in collecting information and drawing research conclusions (Trochim, 2020:47). This research focused only on SMS members who are operating at provincial (strategic) and district (tactical) leadership level, since they are all exposed to strategic leadership and corporate governance, either at policy development or implementation level. This process helped the researcher to answer the research questions stated in this study.

The population of this study is all the Senior Management Services (SMS) members in the Limpopo Department of Health. The LDOH consists of 37 SMS members – that is, 16 at provincial level and 21 in the five districts' level. The department consists of Mopani, Capricorn, Sekhukhune, Vhembe and Waterberg districts. Each district consists of hospitals that are managed by district directors.

For the purpose of this research, the target population was derived from ten (10) provincial (strategic) and ten (10) district (tactical) level of the LDOH. The Provincial (strategic) SMS members are exposed to policy development, accountable for the entire LDOH and responsible for monitoring the activities of the district (tactical) leadership SMS members. Again, ten (10) district (tactical) SMS members were sampled and within that context, the rationale for their inclusion is mainly because they are responsible for the actual implementation policies.

5.7 SAMPLING

Trochim (2020:21) describes sampling as the process of choosing units – for instance, people or organisations, from a population of interest, to ensure that by studying the sample a fair generalisation of results is allowed back to the population from which they were chosen.

In selecting the participants, the researcher used ten (10) SMS members from provincial (strategic) and ten (10) from district (tactical) levels.

Due to the qualitative nature of the study, this researcher employed a purposive sampling technique to select the participants from the target population. This technique is one of the non-probability sampling approaches. Miles, Huberman and Saldana (2014:31) maintain that qualitative samples are more likely to be purposive in nature, rather than being random in approach. Purposive sampling has to do with pinpointing participants whose perspectives, experience and knowledge are considered to be significant to the problem under investigation; hence, the researcher selected the participants who are senior management services (SMS) members responsible for policy development and implementation, respectively. To obtain the correct set of participants who are SMS members, human resource management records was used.

In summary, the above sampling was categorised as follows: provincial level participants to be interviewed in this study were coded as participants 1–10, while participants from the district level were classified under participants 11–20. In this study, the total number of participants emanating from both strategic and tactical levels were 20. The 20 (54%) participants were selected from, overall, 37 SMS employees (18 strategic leadership and 19 tactical leadership levels) which comprises the LDOH. The researcher recognised that these participants are not easy to secure, due to their busy schedules, hence a lower number was preferred.

5.8 DATA COLLECTION

In this study, data triangulation was used. According to Sauro (2015:2), data triangulation is where data is collected from different sources. Data triangulation means using several data sources, with the anticipation that they were all linked to reply to a particular research question (Leedy & Ormrod, 2015:99). In the view of Leedy and Ormrod (2015:99), this approach is predominantly used in qualitative research. An example is the researcher being likely to conduct document analysis as well as detailed interviews, and subsequently search for common or similar themes that are appearing in the data collected from various approaches. To supplement the above process, the research also employed semi-structured interviews, focus groups and a document review.

5.8.1 Interviews

Semi-structured questions were used in interviewing the participants. Semi-structured questions are valuable in getting explanations or probing into a participant’s reasoning, employing standard questions, including one or more distinctly tailored questions (Leedy & Ormrod, 2015:184). Leedy and Ormrod (2015:184) reveal that a qualitative study interview is more likely to be relaxed and friendly, with participants feeling as if they are basically engaging in an informal and friendly discussion with the researcher.

Face-to-face interviews with ten (10) participants (strategic SMS members) was conducted individually, the rationale being that it is difficult to secure everyone at one period, due to their busy schedules, since they are charged with giving strategic direction to the entire LDOH. An interview schedule detailing questions tailored to meet the research objectives, will be used. The researcher took notes throughout the interview processes, prior to conducting the interviews. The researcher had the interview guide checked for clarity and appropriateness by a language editor, and reviewed and approved by his supervisor.

For semi-structured interviews and focus groups, the study was used the following recommendations for conducting a fruitful interview, as suggested by Leedy and Ormrod (2015:120):

- Questions were developed in advance, following the interview schedule. Such questions were linked to the problem to be researched, and also were informed by the research questions.
- To validate the study sample, the participants were chosen through the use of the purposive sampling technique. This was done to ensure that that the sample represents the entire organisation.
- Participants were interviewed in a location area appropriate for interviews, without disturbance.
- Permission was requested from the LDOH, as well as from each individual participant.
- Throughout the interviews, the researcher did not exhibit a sincere interest in what the participants were saying, and this was done to encourage them to be more open.
- The participants were asked practical or clear questions, and they were involved and engaged in a real situation.
- Participants were given an opportunity to express themselves without interference and interruption. This was done through exercising listening skills, as a way of allowing information flow.
- The use of shorthand in writing down all that the interviewees mentioned was employed. Whenever the researcher considers that that the participants could not be sure of what they say, he reproduced their thoughts.
- The researcher did not show any disapproval or surprise of whatever the participants mentioned.
- Irrespective of how convincing, educated, confident and experienced the participants were, their answers were not treated as facts but rather as perceptions.

In this study, also applicable to both semi-structured interviews and focus groups, a pilot study was conducted. According to Saunders, Lewis and Thornhill (2012:122), a pilot study is a moderate project, done mainly on a smaller scale, to check the data research utensil before the full-scale research is conducted. These are the steps to be taken for conducting a pilot study: conducting a feasibility study to examine the selected design and establish if it will work in certainty, assessing the time required, how much money and resources will be required to conduct the study, assessing the soundness of the research questions, and assessing the interview questions to examine any vagueness and eradicate errors, thus refining the interview plan. These questions were limited to five SMS employees who were sampled from the 37 SMS employees not forming part of the cumulative 18 (excluding two focused group) participants (Saunders et al, 2012:123). The testing of research questions with five SMS employees were conducted before the commencement of the fieldwork. The purpose of having these five participants was mainly for testing the validity of the research questions. Amendments and adjustments to research questions was done as a result of the pilot study responses, and these was documented in the final version of the dissertation.

5.8.2 Focus group

Focus group interviews was conducted with the eight (8) tactical SMS members participating in this study. Two sampled participants were not available for interviews, hence lesser number than the sampled participants. According to Philipsen and Vernooij-Dassen (2007:5) focus groups involve group interviews to understand participants' experiences and expertise, including explorations of why and how people behave in a particular manner. Focus groups typically comprise from six to eight participants, and are directed by an experienced moderator following a script or topic guide (Pv & Peremans, 2007:4). The researcher wrote down the responses of all the participants. According to Pv and Peremans (2007:4), focus groups are valuable for bringing together homogeneous groups of participants with relevant experience and expertise, on topics of strategic leadership and corporate governance, since they were able to share full information, mainly from an implementation perspective.

5.8.3 Document analysis

To augment a study throughout the research process, documentary analysis was employed as the third method, which would work together with focus group and semi-structured interviews (Wellington, 2015:213). According to Wellington (2015:215), ‘document review’ is an artifact which has its central feature on an encrypted text; simply put; documents are produced by individuals and groups in the course of their everyday practice, exclusively for their immediate practical needs. Document analysis (also called document study) is about the review by the researcher of written materials. These can comprise non-personal and personal documents such as annual reports, archives, policy documents, guidelines, letters or diaries (Russell & Gregory, 2003:37).

In this study, the research questions guided a search for evidence about quality practices in the LDOH that were held in the perceptions of the staff, and also contained in official and formal documents relating to policy, procedures and practices. Documentary analysis is distinguished as an ideal method in organisational research, because organisational documents are generally easily accessible and contain existing information (Forster, 1994). To achieve this process, the researcher perused documents relating to strategic leadership, corporate governance and systems theory.

5.9 DATA ANALYSIS

The research used the following data analysis spiral (Leedy & Ormrod, 2015: 315):

- Data collected through semi-structured interviews, focus groups and document study was prepared in the form of computer index. Large bodies of text was broken down into small units, in the form of sentences and single words. All the data was worked through to decide which one is appropriate for this study.
- The data set was studied several times, to gain an understanding of what it embraces as a whole. Limited memos which suggest possible clarification of categories, was written down. A structural assessment of the whole data set was done as a way of establishing its relevancy.

- Broad themes and sub-themes was classified and argued on, and sections of data will be arranged accordingly. This permitted the researcher to have an overall sense of patterns and designs – a sense of what the data means.
- Lastly, a summary of the data was integrated and created for readers. Responses from the participants were also be analysed and interpreted to check their level of understanding of strategic leadership and corporate governance.

5.10 ENSURING TRUSTWORTHINESS

To maintain trustworthiness, the research adopted four methods backed by Guba and Lincoln (1981:14) – specifically, transferability, credibility, dependability and conformability.

- **Transferability (in preference to generalisation or external validity):** The researcher understands, in line with Guba and Lincoln (1981) that before the question of transferability arises, the following aspects need to be addressed:

    - The number of issues such as the number of organisations involved: The study was conducted in the LDOH; however, the questions to be asked are applicable to any organisation which aspires to lead strategically in the quest for improving corporate governance.
    - Any restriction in the type of people who are to contribute: Considering that the study concentrates on strategic leadership and corporate governance, the participants were those in policy development and implementation, respectively.
    - Data collection methods: The triangulation method, involving semi-structured interviews, focus groups and document analysis, was employed.

  The results of the study should be understood within the context of the LDOH; however, transferability could be possible in a similar environment.

- **Credibility (in preference to internal validity):** Credibility was enhanced by ensuring professional behaviour throughout the research process, and relating in a well-behaved way with participants, also allowing them to communicate the actual experience of their work frustrations, if any. The research outcomes are dependable for the participants, by using sound approaches and maintaining accuracy, so that participants find the research results consistent.

- **Dependability (reliability purpose):** Dependability was secured through the use of a reliable research approach and design, among other factors.

- **Conformability (for objectivity purposes):** The researcher ensured that research findings are based on the experience and ideas of the participants, as opposed to his views. Data was collected through triangulation, to reduce the researcher's possible biasness.

5.11 ETHICAL CONSIDERATIONS

Leedy and Ormrod (2005:101–102) contended that ethical aspects in research are essential for adhering to ethical standards. The importance of this study is in the following categories as registered by the above authors:

- Research participants were secured from emotional and physical harm, and they were protected from unusual stress, embarrassment or loss of self-esteem.
- The participants were told of the nature of the study to be undertaken, and be given an opportunity to either participate or not participate. They were advised that if they choose to participate, they may pull out of the study at any time, in case they wish to do so.
- In reinforcing the right to privacy, all the participants were told that the information they offer would be made available for those interested to use it; however, participants were assured that their names will be protected.
- The participants were referred to as participants 1–18. The justification of privacy is, for instance, to ensure that the participants respond without any reluctance.
- Findings were reported in a complete and truthful manner, without alteration of the truth or distortion thereof. Data was not be formulated to support the researcher's inferences, and all sources were acknowledged, as a way of escaping plagiarism and documentary theft.

According to Leedy and Ormrod (2015:307), in the United States of America, any research institution, college or university has an Internal Review Board (IRB) which scrutinises all research proposals for conducting research within the support of the institution. The board in question is made up of scholars and researchers over a broad range of disciplines, and assesses proposals, to give assurance that the processes protect the rights of the participants, in which proper measures are adhered to. They also ensure that participants give consent beforehand, and that participants are also assured of confidentiality. The research proposal was submitted to UNISA to be examined by an internal and external examiner before approval.

5.12 SUMMARY

The crux of this chapter was to describe the research methodology employed in the study. As part of research methodology, the study design and approach were elaborated on. The chapter further described the target population, sample, as well as data collection methods used. Data analysis, as well as the method of ensuring trustfulness were also discussed. The last part of this chapter, which is equally critical, dealt with the question of ethical measures to be taken in the process of this study. The following chapter, Chapter 6, concentrates on data presentation, analysis and interpretation.

CHAPTER 6

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

6.1 INTRODUCTION

The previous chapter addressed the research methodology applied in the study. Specific aspects covered were the target population, sampling, data collection and data analysis. The focus of this study is to develop a strategic leadership framework for effective corporate governance. To achieve this goal, data was collected through documentary analysis, interviews and focus group discussions. This chapter therefore presents the outcome of the semi-structured interviews with ten (10) provincial strategic leaders and focused group discussions with eight (8) tactical leaders, as well as document reviews. As indicated in Chapter 1 of this study, the following research questions gave guidance to the whole study:

- How is strategic leadership understood and established within the LDOH?
- How are corporate governance guidelines implemented within the LDOH?
- How can a strategic leadership framework, within the context of systems theory, be developed to improve corporate governance within the LDOH?

6.2 BIOGRAPHICAL INFORMATION

Biographical information on both strategic leaders (semi-structured interviews) and tactical leaders (focused group participants) includes the positions they hold, responsibilities in their current posts, number of years in their current positions, their experience in senior management, their academic qualifications, as well as their exposure in leadership through executive programmes attended.

6.2.1 What position do you hold in the LDOH?

The first variable to be measured in respect of biographical information is the structural level or the position of the participants within the department. The results are presented in Table 6.1, below:

Table 6.1: Position of the participants within the LDOH

Item No.	Position	Strategic leaders	Tactical leaders
1.	Deputy Director General	1	0
2.	Chief Director	3	1
3.	Directors	6	7

According to the *Public Services Handbook* (Department of Public Service and Administration, 2016:2), the above participants are all categorised as senior management services members. This simply implies that they are expected to make strategic, tactical and operational plans, as well as their implementation and control.

6.2.2 What are the responsibilities in your current employment?

Guided by the research sub-question, the researcher asked the participants from both semi-structured interviews and focus groups, what their current employment responsibilities are. Their responses yielded the results presented in Table 6.2 below:

Table 6.2: Responsibilities of the participants in their current employment

Item No.	Responsibility	Strategic leaders	Tactical leaders
1.	**Financial management** Supply chain management, financial management and accounting, budget management, asset and transport management, internal control	3	2
2.	**Corporate services** Human capital management and planning, labour relations management, legal services management, information and technology management	3	3
3.	**Health management** Tertiary and academic hospitals, health branch	2	2
4.	**Risk management** Anti-fraud and corruption, risk management, ethics management, business continuity management	1	0
5.	General management	0	1

From the above collected data, it is clear that key segments of the organisation are represented, and it is expected that these strategic and tactical leaders, from time to time, make collective decisions aligned with the organisational strategic objectives, mission and vision.

6.2.3 How many years have you been in your current employment?

The question on work experience or longevity of service in their current employment was posed, and their responses are presented in Table 6.3 below:

Table 6.3: Number of years in current employment

Item No.	Number of years	Strategic leaders	Tactical leaders
1.	1–5	2	1
2.	6–10	4	2
3.	11–15	2	5
4.	16–20	2	0

According to collected data in relation to biographic information on the question of number of years in current employment with regard to strategic leaders, two (20%) have been within the LDOH for a period of between 1–5 years, four (40%) with 6–10 years of experience, followed by four (40%) at 11–15 years of experience. There are two (25%) who have worked between 16–20 years. The tactical leader participants revealed that 12.5% (1) has between 1–5 years of experience, followed by two (22%); however, the majority of such participants are represented at 62.5% (6) at between 11–15 years of experience.

Within both strategic and tactical leaders, as can be seen above, the high percentage, in terms of experience, is between 6 to 15 years of experience. Wixley and Everingham (2015:200) expand the argument by presenting that human capital refers to the whole set of intangible qualities those human beings add to the organisation, that might help it to be successful. Some of these include, but are not limited to, education, creativity, skill, personality, experience, moral character and good health. The researcher considers number of years' experience as a good indicator of leadership maturity.

6.2.4 How many years have you been in senior management?

The interview participants (strategic leaders) and focus group (tactical leaders) participants were asked how many years they have been in senior management. Their responses are reflected in Table 6.4, below:

Table 6.4: Number of years in senior management

Item No.	Number of years in senior management	Strategic leaders	Tactical leaders
1.	1–5	2	2
2.	6–10	5	5
3.	11–15	3	1

Collected data regarding biographical information of strategic leaders, with specific reference to senior management experience revealed that two (20%) worked for 1–5 years, with five (50%) for between 6–10 years, followed by three (30%) at 11–15 years. In relation to nine tactical leaders, two (25%) have been in senior management for between 1–5 years, followed by five (62.5%) at between 6–10 years, and with one (12.5%) between 11–15 years. Data revealed that a high percentage of both strategic and tactical leaders' experience is for between 6–10 years in senior management.

According to Wixley and Everingham (2015:200), human capital refers to the whole set of intangible qualities those human beings add to the organisation, that might help it to be successful. Some of these include, but are not limited to, education, creativity, skill, personality, experience, moral character and good health. Based on the above, the researcher considers the high amount of experience in senior management as a competitive advantage toward being more effective in control, good performance, as well as knowledge and understanding of organisational prescripts.

6.2.5 What are your academic qualifications?

The participants were asked about their academic qualifications. Table 6.5 below shows the academic qualifications of the participants:

Table 6.5: Academic qualifications

Item No.	Academic qualifications	Strategic leaders	Tactical leaders
1.	Standard 10/Grade 12	0	0
2.	Undergraduate diploma/degree	5	5
3.	Postgraduate degree (NQF level 8)	3	3
4.	Masters/Doctoral degree	2	0

Biographical information data was collected from strategic leaders as well as tactical leaders, with more focus on academic qualifications, and the revelation is that nine (50%) strategic leaders hold undergraduate diplomas/degrees, whereas three (30%) are at postgraduate degree, with two (20%) at masters/ doctoral degree level. Furthermore, with specific reference to tactical leaders, five, who are in the majority (62.5%), hold undergraduate degrees with three (37.5%) at postgraduate level.

Drabek et al (2017:12) contend that the development of essential skills within the organisation is commonly guided by two key elements:

- **Personality education:** This is a means of development, and very appropriate in shaping the personality of the employees.
- **Personality training:** This can be better understood as the practice of building the personality of an employee or individual.

It is difficult to separate skills and organisational performance. Data revealed that a high number of strategic and tactical leaders have either undergraduate diplomas/degrees or postgraduate diplomas/ degrees. Based on the above discussions, the researcher's view is that the more strategic and tactical leaders are educated, the more likely they are to give clear strategic direction, plan better and also drive organisational culture, among other responsibilities.

6.2.6 Did you attend any executive management programmes/ seminars/courses relating to strategic leadership/corporate governance?

As a way of wanting to understand the participants' exposure to leadership theories, the researcher asked the participants whether they had attended executive management programmes/ seminars/ courses related to strategic leadership or corporate governance, and they have responded in this way:

Table 6.6: Executive management programmes/seminars/courses/relating to strategic leadership/corporate governance

Item No.	Programme	Strategic leaders	Tactical leaders
1.	Corporate services programme	2	1
2.	Executive management	3	1
3.	Strategic leadership	1	1
4.	None of the above	4	5

Data regarding biographical information of strategic and tactical leaders on the question of executive management programmes/courses on either strategic leadership or corporate governance indicated that two (20%) strategic leaders had attended a corporate governance programme, with three (30%) of them having attended an executive management programme, followed by one (10%) on strategic leadership. The critical part to note is the revelation that four (40%) strategic leaders had never attended any of those programmes.

With regard to tactical leaders, collected data revealed that one (12.5%) had attended a corporate governance programme, with another one (12.5%) having attended an executive management programme, followed by one (12.5%) who had attended a strategic leadership course. It is further revealed that the majority (five) (62.5%) had never attended any of these programmes.

Drabek et al (2017:12) correctly argue that except for spending on a corporate education system, it is also vital to spend on business benefits for human capital, to ensure that the organisation recruits and retains talented employees that craft a competitive advantage in the organisation. The postulation is that to invest in an effective system of distribution of corporate employee benefits, is a vital solution to recruit and keep employees, but is also a way to further develop teams of high-quality employees. In line with Drabek et al (above), the researcher is of the view that strategic and tactical leaders may consider not just attending one of these programmes, but rather, all of them. Such attendance may assist those (strategic and tactical leaders) in being better rounded in their responsibilities.

6.3 UNDERSTANDING STRATEGIC LEADERSHIP

6.3.1 What do you consider to be the meaning of strategic leadership?

The participants were asked what they consider to be the meaning of strategic leadership, and their responses are reflected below. An additional document review was conducted on the same question, and the following was established:

Table 6.7: The meaning of strategic leadership

Item No.	Data collection	Responses
1.	Semi-structured interviews	Participants 2, 3, 4, 5, 7 and 8 consider strategic leadership as a type of leadership that contributes to the organisation in realising its vision and mission. Participants 1 and 6 are of the view that giving strategic direction is a key element of strategic leadership. In Participant 10's view, the most important aspect of leadership is ethical behaviour that creates an ethical culture. As can be seen here, Participant 9 did not respond to the question.
2.	Focus group interviews	According to participants 12, 14, 15, 16 and 18, strategic direction is a key component of strategic leadership. Participants 11 and 13 consider strategic objectives of the organisation as the main focus of strategic leadership.

As can be seen from the semi-structured interviews and focus group interviewees' responses, the key consideration for strategic leadership appears to be organisational vision, mission and strategic objectives. Thomson et al (2020:2) identify three key places wherein strategic leadership occurs within an organisation: (1) at the top, where strategy for a number of business units is formulated over a given time period; (2) in the middle, where top-down strategy is translated into a business unit or regional strategy and goals are created; and (3) at departmental level, where the business unit strategy goals are translated into a number of individual objectives which are executed. From a document review perspective, the segments which strategically lead at the top level are outlined, and include key components such as financial management, corporate services, corporate communication, risk management, strategic planning, policy and monitoring, provincial health services, academic and tertiary development, infrastructure development and technical support.

According to the participants' responses, it can be deduced that the question of organisational vision, mission and objectives is critical; however, the literature review brings an element of three levels of leadership. The first level is top management (strategic leaders), responsible for directing the whole strategy of the organisation, followed by tactical management (tactical leaders) charged with the responsibility of ensuring that the top-down strategy is translated into a business unit and goals are created, with the last layer at local level, where the business unit strategy goals are translated into a number of individual objectives which are executed.

6.3.2 How can strategic direction be determined in the LDOH?

The researcher interviewed ten (10) strategic leaders and eight (8) tactical leaders on how strategic direction can be determined within the LDOH, and these are their responses:

Table 6.8: Determining strategic direction in the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All strategic leaders mentioned the importance of the organisational vision which is "long healthy life for the people of Limpopo", Participants 2, 3, 4, 5, 6, 7, 8 and 10 further argued that it is critical to have alignment between the organisational vision and mission. Participants 1, 3 and 9 further, within a theoretical context, raised the efficacy of a value-driven organisation; however, on follow-up questions, none of them mentioned such values.
2.	Focus group interviews	All participants identified the alignment between the vision and the strategic direction of the organisation as a key element. Participants 14, 15, 17 and 18 cited the mission of the organisation as one key strategic direction element. According to Participant 12, organisational value is a highly strategic direction element.

From the above discussion, it becomes apparent that both semi-structured and focus group interviewees consider organisational vision and mission to be critical for driving organisational strategic direction. What became negatively glaring is the lesser consideration of the organisational values on the part of the participants, even though they are enshrined in the LDOH's annual reports as follows: honesty, integrity, fairness, equity, respect, dignity and caring. From a literature review perspective, Thomson et al (2020:2) correctly argue that no strategy is comprehensive if it is implemented. In Hughes and Beatty's (2005:9) view, individuals and teams enact strategic leadership when they think, act and influence in ways that promote a sustainable competitive advantage in the organisation.

The researcher's inference is that although the participants know and understand the LDOH vision and mission, failure to identify with its critical values may undermine the alignment between their values and those of the organisation.

6.3.3 To what extent, if any, do policy and planning give effect to the strategy and the set direction within the LDOH?

The above question was posed to both strategic and tactical leaders, and their responses are as follows:

Table 6.9: Extent to which policy and planning give effect to the strategy and set direction with the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All 10 participants concur that policy and planning give effect to the strategy and set direction, which is critical for the department to have (more direction). Participants 3, 5 and 7 also emphasise the question of ensuring that policy development should be based on public participation, opposed to only internal participation.
2.	Focus group interviews	All 10 participants converge on policy and planning having an effect on the departmental strategy and strategic direction. According to Participant 13, the importance of policy implementation is more than merely having a policy for the sake of a "tick-box". In the view of participants 16, 17 and 18, aligning the organisational vision, mission, values and objectives are key fundamentals.

The participants in this study (both interview and focus group participants) consider policy and planning to be giving great effect to the strategy and the set direction within one's department. Although the LDOH is expected to be guided by policies and effective planning, the document review revealed that the organisation (LDOH) did not, and the accounting officer did not, adequately implement policies and procedures to guide the operations of the department, resulting in numerous instances of non-compliance with the PFMA, as detailed under the findings on 'compliance with legislation' section of this report (LDOH, 2020). It is the researcher's deduction that, although guiding prescripts are available, there is a need to follow them, as opposed to merely having them. This is emphasised by King IV (King Committee …, 2016:21) – that is, maintaining the need for giving effect to the strategy of the organisation, through ensuring that management formulate policies and operational plans, supervised by the governing body. The strategic and tactical leaders need to take accountability for failure to follow prescripts.

6.3.4 How well does the LDOH utilise its human capital as an asset to help it improve, stay competitive, and strategically meet goals?

To establish human capital's value in improving organisational performance and corporate governance, the researcher posed the above question to the semi-structured interview and focus group participants. For the purposes of triangulation, a document review was also conducted on the above question, and responses for all the aforementioned processes are shown below in Table 6.10:

Table 6.10: Utilisation of human capital as an asset to help the LDOH to improve, stay competitive and meet its strategic goals

Item No.	Data collection	Responses
1.	Semi-structured interviews	All 10 participants seemed to be concurring that skilled human capital is critical for any organisation to remain competitive and strategically meet its goals. Participants 1, 3, 7 and 9 also identified motivation as another component of helping the organisation to meet its strategic goals. Participant 10 added that there is a need for continuous development, by training and mentoring human capital for the purpose of realising competitiveness.

2.	Focus group interviews	Similar to the above, all eight (8) focus group participants concur that skilled human capital is critical for any organisation to remain competitive and strategically meet its goals. Participants 11, 13, 14 and 17 also remark on the question of training and skilling of human capital for the purposes of improving organisational performance.

It appears from both strategic and tactical leader participants, that human capital core competencies are critical to the LDOH. Document reviews revealed that the LDOH annual reports, on the executive structure, for the past financial years 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, indicate various levels of executive members (Deputy Director Generals, Chief Directors and Directors); however, there is no indication of academic qualifications in such executive members. Ball (2013:59) indicates that for strategic leaders, investing in human capital includes commitments such as employee training, educational bonuses and benefits, funding college scholarships and family assistance. For workers or employees, receiving an education is a major investment in human capital. Eventually, this investment in human capital is more directed towards the achievement of both societal and economic stability.

The researcher's deduction is that a lack of indication of how qualified the executive members are in relation of their respective segments, could make it difficult for one to establish whether they are placed in terms of skills relevant for such segments. Being transparent regarding the qualification of top management may improve confidence in those who receive services from such organisations as the LDOH. The absence of transparency could be attributed to the advancement of the Cadre Deployment Policy spearheaded by the African National Congress (ANC). The Democratic Alliance on Wednesday 8 June 2022, tabled the End the Cadre Deployment Policy Bill to Parliament's Portfolio Committee on Public Service and Administration. The Bill, formally titled the Public Administration Laws General Amendment Bill, is designed to enforce merit-based appointments throughout the public service, while making it illegal for politicians to work in public administration (Masungwini, 2022:4).

6.3.5 To what extent do strategic leaders drive or influence performance of the LDOH?

The researcher employed semi-structured and focus group interviews, as well as a document review, to establish to what extent strategic leaders drive or influence performance of the LDOH, and the following are their responses:

Table 6.11: Extent to which strategic leaders drive or influence performance in the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All participants concur that strategic leaders have a greater influence on the department's performance. Participants 2, 4, 7, 8 and 9 further mention the need for effective and efficient operation as another way of improving the organisation's performance.
2.	Focus group interviews	As in the above response, all participants (11–18) agree that strategic leaders have a greater impact on the department's performance. In Participant 14's view, the question of how an organisation manages financial capital is a key enabler of its effective performance. The participant further highlighted a need to reduce unwanted expenditure, such as fruitless, wasteful and unauthorised expenditures within the operation.

From the above collected data (interview participants and focus group interviewees) it is clear that there is concurrence on the positive effect strategic leaders may have on the organisational performance. Interestingly, 50% of the semi-structured interview participants also mentioned the question of being efficient and effective in rendering healthcare services. From the focus group interviews' perspective, one participant became more specific about efficiency by indicating that there is a need to avoid fruitless and wasteful expenditures completely. Data gathered through the document review revealed that the LDOH is struggling to manage its assets as well as accrued payables.

Armstrong (2016:133) suggests that the development and implementation of a strategy for managing performance of the organisation is the role of top management, who also organise, control and monitor activities, provide necessary leadership for the achievement of strategic goals, and fulfil the requirements and needs of organisational stakeholders. The above is supported by the King IV Report (King Committee …, 2016:47), which advances that "*the strategic leaders* *have a responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through strategy*". King IV further posits that, as part of its oversight of performance, the strategic leaders should be observant of the general capability of the organisation regarding its reliance and effects on capitals, its liquidity and solvency, and its status as a going concern.

It is the researcher's deduction that for the organisation of LDOH's cadre, there is a need that there be strategic leaders who will ensure that there is performance in all its portfolios, including asset management and accrued payables. An additional worrisome aspect is unwanted expenditures which have been highlighted in the research problem section under Chapter 1 of this study. It is not clear whether such underperformance could be attributed to strategic leaders with less knowledge and understanding of strategic leadership, since their academic qualifications are not published in the LDOH's annual reports.

6.3.6 What are the organisational culture variables that can influence the quality of strategic thinking within the LDOH?

In the question of wanting to understand the organisational cultural variables that can influence the quality of strategic thinking within the LDOH, the researcher conducted semi-structured interviews with participants, as well as focus group interviewees, and also document reviews.

The results are as follows:

Table 6.12: Organisational culture variables that can influence the quality of strategic thinking within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	According to participants 1, 2, 4, 5, 7, 8, 9 and 10, ethical behaviour should actually be an organisational culture. Participant 2 also identified commitment of employees and strategic leaders as a culture which is needed within the organisation. In the view of participants 3 and 5, honesty and integrity are key cultural requirements within the organisation.
2.	Focus group interviews	Participants 11, 13, 14, 15, 17 and 18 feel that ethical behaviour should actually be an organisational culture. Participants 12 and 17

		concentrate on organisational performance culture as the foundation towards achieving the strategic objective of the organisation. Participant 14 further added a culture of innovativeness as well as a risk-based approach in dealing with all aspects of the organisation. In Participant 16's view, a collectivist, as opposed to an individualist, approach is key; this implies that teamwork should be promoted. Participant 17 also mentions integrity as a key cultural requirement within the organisation.

As can be seen from all the participants' responses, the elements of ethical behaviour as part of the LDOH's culture, take a dominant position. To an extent, some participants identified honesty and integrity as another critical part of the cultural proposition. Contrary to the above responses, the document review revealed in detail that the LDOH, as part of the public sector, should be guided by the cultural standards enshrined in both section 205 of the Constitution and section 4 of the PAMA of 2014, which identifies key public sector cultural factors which, amongst others, promote and maintain a high standard of professional ethics.

Hitt et al (2017:402) suggest that there is evidence put forward stating that cultural changes thrive only when the organisation's Chief Executive Officer, other strategic top level management team members, and tactical or middle-level managers keenly support them. From the above discussion, it is clear that the LDOH's culture should be aligned with the one provided for in terms of section 195 of the Constitution, read together with section 4 of the PAMA. The cultivation of an organisational culture should be led by the accounting officer and other strategic leaders, as correctly argued by Hitt et al (2017).

6.3.7 To what extent does ethical leadership impact organisational performance within the LDOH?

To respond to the above question, in the form of triangulation, the researcher collected data from the semi-structured interview and focus group participants, as well as a document review, and the following are detailed responses:

Table 6.13: Extent to which ethical leadership impacts organisational performance within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All participants are of the view that ethical leadership impacts organisational performance positively. Participants 2 and 7 further describe ethical leadership as being more transparent in leadership. Participants 2 and 4 also add that ethical leadership is a leadership style that can assist in eradicating corruption.
2.	Focus group interviews	All participants are of the view that ethical leadership impacts organisational performance positively. According to participants 12, 15, 16 and 17, ethical leadership as an enable of eradicating corrupt activities. One participant looked at ethical leadership as value creation toward improving effectiveness and efficiency in organisational operation.

It is comforting that all participants (semi-structured and focus group interviews) consider ethical leadership as essential. Twenty percent (20%) of the semi-structured interview participants also mentioned the question of being transparent as a fundamental aspect – which shows commitment to being ethical on the part of strategic leaders, while another 20% associated ethical leadership as leadership which is capable of eradicating corruption in general. This is a sentiment which was echoed by 44.4% of the focus group participants.

As established from the document review, strategic leaders have a critical role in ensuring that the organisations they lead subscribe to ethical leadership. This is specifically detailed in the Public Service Regulations, Regulation 22 of 2016, which reads that the accounting officer shall, among others, analyse ethics and corruption risks as part of the organisation's system of risk management. The rationale for these analyses is to identify and assess its impact and likelihood, with the view of mitigating such unethical culture as a way of maximising organisational performance.

Strategic leaders who use honesty, trust and integrity in their decision-making are able to inspire their employees and create an organisational culture that encourages the use of ethical practices in day-to-day organisational activities (Slawinski, 2007:298). The importance of ethics leadership cannot be overemphasised. Some of the benefits are the following:

> (a) ethics is the cornerstone of corporate governance; (b) ethics ensures the sustainability of a business; (c) good corporate reputation is built on a solid foundation of ethical culture; (d) a culture of trust must be built on a corporate framework of ethical principles which are transparency/ openness, competence, integrity and benevolence; (e) ethics play a major role in the prevention of fraud; (f) fraud prevention becomes a shared responsibility among the members of the organisation (Ethics, risk governance and fraud …, 2012:8).

Although the LDOH systematically subscribes to the above, the Special Investigating Unit (SIU) recommended in January 2022 that criminal charges be laid against the LDOH accounting officer as well as the Chief Financial Officer, for their role in the Personnel Protective Equipment (PPE) scandal. The investigation report also exposed a variety of offences regarding the procurement of the PPE, which included the irregular appointment of the service provider (company) to distribute them. The researcher is also aware that it is provided for in section 35(3) of the Constitution, that every accused person has the right to a fair trial and, in subsection (3)(h), the right "to be presumed innocent, to remain silent, and not to testify during the proceedings".

Commitment to ethical practices is a critical strategic leadership element which ensures that an organisation realises competitive advantage, and the strategic leaders (top leadership) has a duty to ensure that it is driven enterprise-wide within the organisation. Practising ethical leadership is fundamental for effective organisational strategic control. Within such context, the following discussion concentrates on effective strategic control.

6.3.8 What role does oversight and monitoring play in strategic leadership in the LDOH?

To understand the role which oversight and monitoring play in strategic leadership within the LDOH, the researcher interviewed strategic and tactical leaders, and also conducted a document review. The following are the outcomes:

Table 6.14: The role which oversight and monitoring play in strategic leadership within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All participants are of the view that overseeing and monitoring play a critical role one the achievement of organisational vision. Participants 3, 5, 6 and 9 expand the explanation by identifying the need to have, other than relying on external monitoring structures, an internal monitoring unit. In Participant 12's view, internal audit and risk management are key structures of ensuring oversight.
2.	Focus group interviews	Oversight and monitoring are considered to be key drivers of performance, by all participants. Participants concur that these are also drivers for achieving organisational mission and vision.

As can be seen from both sets of participants, strategic leaders have a critical role in overseeing and monitoring organisational performance. It is also comforting that, as established from data collected through document reviews, South Africa, as a country, has introduced systems for overseeing and monitoring, transparency, and checks and balances, intended for preventing corruption, fraud and maladministration.

It is worrisome that AGSA (Makwetu, 2020) reported that in the LDOH, senior management did not adequately exercise their oversight responsibility to monitor and review the annual performance report, and to prevent the risk of material misstatement. Inaccurate and lack of reconciliations between registers and the information system, coupled with a lack of accurate and complete records, resulted in material findings on the usefulness and reliability of the annual performance report. This simply implies that the LDOH's annual performance report is not useful and cannot be relied upon.

The researcher's deduction is that monitoring and overseeing may assist the strategic leaders to identify gaps at early stages of strategic implementation, and address such gaps. It is, however, critical to ask the question of what happens if and when strategic leaders fail to carry out their duties.

6.3.9 What is the importance of accountability in strategic leadership within the LDOH?

As a way of responding to the above question, the researcher gathered data through semi-structured and focus group interviews, as well as document reviews. The responses are as follows:

Table 6.15: Importance of accountability in strategic leadership within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All participants are of the view that accountability promotes responsibility within strategic leaders. Participants 6 and 8 further argue that if strategic leaders are aware that there will be consequences for violating the prescripts, there will be less of such non-compliance with prescripts.
2.	Focus group interviews	All participants agree that once a strategic leader is given a responsibility, they need to account. Participants 12, 15 and 17 added the question of accountability in relation to complying with prescripts, while Participant 13 mentioned accountability in terms of set performance targets. Participant 18 specifically identified following the PFMA as a way of ensuring sound financial management by the organisation.

All participants, both strategic and tactical leaders (semi-structured interview participants and focus group interviewees), accentuated the significance of accountability in strategic leadership. As can be seen from the responses of the participants, the majority did not elaborate further, while participants 6, 8, 12, 15, 17 and 18 identify compliance with prescripts as a key consideration. Participant 13 recognises compliance in terms of achieving performance target as a fundamental basis of accountability measurement. Participant number 18 became more specific by citing that there is a need to comply with PFMA. At document review level, it became apparent that section 36 of the PFMA of 1999 makes it mandatory for every organisation (department) to have the Head of Department as an accounting officer of such organisation or department.

In spite of the above regulatory prescripts, the AGSA constantly issues negative audit findings in the LDOH. According to the 2016–2017 annual report of the LDOH (LDOH, 2017), the LDOH did not take effective steps to avoid irregular expenditure to the total of R228 413 000 that was disclosed in note 26 to the annual financial statements (AFS), as indicated by section 38(1)(c)(ii) of the PFMA and Treasury Regulations (TR) 9.1.1. The institution did not take effective steps to avoid fruitless and wasteful expenditure totalling R3 378 000, that was disclosed in note 27 to the AFS, in contravention of section 38(1) (c)(ii) of the PFMA and TR regulation 9.1.1. The PAMA 11 of 2014 makes it obligatory for the organisational strategic leadership to be accountable to the public.

In spite of the checks and balances in the form of prescripts and appropriated Acts, AGSA (Makwetu, 2019) highlights that the accounting officer and management the LDOH provided some assurance, with internal audit and audit committee providing assurance; however, the department failed to implement the recommendations that came from these assurance providers. Strategic leaders are expected to, as part of their accountability, implement recommendations of both internal and external assurance providers. A detailed discussion of different assurance providers was covered in Chapter 3 of this study.

The researcher is of the view, emanating from identified elements of strategic leadership, that whenever strategic leaders and tactical leaders are given responsibilities, they should also take accountability.

6.4 THE PRACTICE OF CORPORATE GOVERNANCE

6.4.1 What is the importance and relevance of corporate governance in the LDOH?

To establish the importance and relevance of corporate governance within the LDOH, the researcher interviewed strategic and tactical leaders, as well as conducted a document review. The outcomes are the following:

Table 6.16: Importance and relevance of corporate governance in the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	According to participants 1, 3, 4, 5, 6, 8 and 10, corporate governance is important for improving organisational performance, while participants 2 and 9 consider the importance of corporate governance within the context of creating value through risk mitigation. In

		Participant 9's view, there is a need to improve corporate governance for the purposes of reducing financial wastages such as irregular expenditures, as well as fruitless and wasteful expenditures. Participant 7 views corporate governance as a driver toward the realisation of compliance with prescripts.
2.	Focus group interviews	While all participants concur on the importance and relevance of corporate governance, participants 12, 13, 15, 17 and 18 further mention compliance with prescripts as a key element of corporate governance. Participants 13 and 14 become specific by identifying the PFMA as an Act which needs to be complied with – specifically addressing of unwanted expenditures.

All participants seemed to be considering corporate governance to be important for the organisation. Specifically, some participants, within both semi-structured and focus group strata, consider corporate governance as a governance method which gives effect to compliance with prescripts. The document review reflects that "*corporate governance has to viewed as strategic response of an organisation to the material strategic requirements to advance prudent and appropriately mitigated risks, in exchange for rewards that measurable*". According to Cadbury (1992), corporate governance is concerned with the existence and implementation of the laws, procedures, policies, standards, practices and principles which may affect the organisation's direction and control. Hitt et al (2007:303) described corporate governance as the set of apparatuses employed to accomplish the relationship among stakeholders, that is used to determine and control the strategic direction and performance of organisations.

The researcher is of the view that although corporate governance is not a policy of the public sector, it is a good practice which can assist organisations such as the LDOH to realign themselves toward improving effective and efficient operations, compliance with prescripts, as well as having sound financial management.

6.4.2 Why is it necessary to comply with laws and regulations within the LDOH?

To respond to the question of why it is necessary to comply with laws and regulations within the LDOH, the researcher interviewed strategic and tactical leaders, and also conducted document reviews. The following are the responses:

Table 6.17: Necessity of complying with laws and regulations within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	It appears that all participants (1–10) consider compliance with laws and regulations very critical. Participants 2, 3 5, 6, 7 and 8 cite compliance with the PFMA as an example, arguing within the context of reducing irregular as well as fruitless expenditures. Participant 8 added the PSA, with specific reference to recruiting and appointing suitable human resources capable of ensuring organisational performance.
2.	Focus group interviews	All participants (11–18) agree that it is necessary to comply with laws and regulations. The PFMA and Treasury Regulations were identified by participants 11, 14 and 17, while the PPSA and Public Service Regulations were also mentioned by participants 12, 13, 15 and 17. Participant 13 also identified PAMA as a critical Act for giving guidance concerning ethical conduct within the public sector and he further mentioned the Constitution, section 207, specifically, which deals with fairness, equity, among other aspects, during procurement of goods and services. He went further to identify section 205 of the Constitution, which deals with constitutional values of public servants.

As can be seen from the responses of the participants (both semi-structured review and focus group participants), compliance with prescripts is very critical. Nine participants (six semi-structured interview and three focus group participants) identified the PFMA, with one semi-structured interview and four focus group participants considering the Public Service Act as critically important. There is only one participant (a focus group interviewee) who considers the PAMA and the Constitution as critical prescripts. King III, in the form of a document review (King Committee …, 2009:89), added that compliance with applicable laws should be understood not only in terms of the obligations that they create, but also for the rights and protection that they afford.

The researcher's deduction is that the question of compliance with regulations and prescripts cannot be overemphasised. Organisations are guided by prescripts, and veering off these prescripts can only assist in creating disorder, as well as undermining the intended goal of achieving the organisational vision and mission.

6.4.3 What is corporate governance's role of the executive authority within the LDOH?

As a way of responding to the question of what the executive authority's role is in respect of corporate governance, the researcher posed the question to semi-structured review and focus group participants and reviewed documents. The responses are as follows:

Table 6.18: Corporate governance's role of the executive authority within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	Participants 1, 2, 3, 4, 6, 8 and 10 identify overseeing as the role of the executive authority. Participants 1, 3, 5 and 10 add that the executive authority have the role of developing policies. According to Participant 3, as an addition to the above, the executive authority also ensure that the accounting officer accounts on all responsibilities of managing the organisation.
2.	Focus group interviews	According to participants 12, 13, 14, 15, 16 and 18, the role of the executive authority is overseeing the organisation. Participants 12, 13 and 15 maintain that part of the executive authority also ensure that the strategic objectives of the organisation are aligned with its mission and vision of long healthy life for the people of Limpopo. Participants 11, 12, 13 and 17 also identify developing policies and planning as the critical governance role of the executive authority. Participants 15 and 17 are of the view that the executive authority are charged with the responsibility of ensuring an ethical culture within the organisation. In Participant 16's view, it is critical for the executive authority to strategically direct the organisation to an acceptable performance. According to Participant 17, the Member of Executive Authority should also develop organisational strategy, human resource plans, as well as guides to organisational values.

As can be seen from seven semi-structured and seven focus group interviewees, the executive authority has a role of overseeing the organisation. This is confirmed by document review which reads, under Public Service Act of 1994, that the Executive Authority (governing body/board of directors) shall, subject to applicable legislation determine the reporting requirements to the accounting officer, including, but not limited, to enabling that head to advise the relevant executive authority on the oversight of the unit on policy implementation, performance, integrated planning, budgeting and service delivery.

Additionally, four semi-structured interview and three focus group participants highlighted a critical role of the executive authority as policy development, and this is also confirmed by the Public Service Act as can be seen above. According to Tugman and Leka (2019:2), the board, in conjunction with management, is responsible for setting the tone at the top, shaping the culture of the organisation, and setting strategic direction. King IV (King Committee …, 2016:44) advances that the members of the governing body must symbolise the ethical characteristics as a way of offering effective leadership that has an effect on realising strategic objectives and positive outcomes in the long run.

From the above discussion emanating from semi-structured interview and focus group participants, as well as a document review, it becomes clear that the executive authority have roles and responsibilities which include, but are not limited to, developing policies, overseeing the organisation, creating an ethical culture, and driving the vision of the organisations they lead.

6.4.4 What are critical regulatory compliance mechanisms within the LDOH?

To respond to the question of critical regulatory compliance mechanisms within the LDOH, the researcher asked strategic and tactical leaders (participants), and also reviewed documents. The responses are as follows:

Table 6.19: Critical regulatory compliance mechanisms within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	All participants (1–10) concur that there is a need for regulatory compliance. Participants 1, 2, 5, 6, 8 and 9 cited Provincial Treasury as a department which regulates financial management aspects within different departments. Participant 2 further states that it is necessary for the Provincial Treasury to regulate financial compliance as a way of ensuring that there are no unwanted expenditures. Participants 1, 2, 3, 4, 5, 7, 9 and 10 consider the Department of Public Service and Administration (DPSA) as leading in the regulation of employees. Participants 2 and 5 add that there is a need to regulate how employment matters are handled.
2.	Focus group interviews	All participants (11–18) concur on the importance of regulatory compliance. Participants 11, 14 and 16 are of the view that the LDOH has internal regulatory compliance such as anti-fraud and corruption. Participants 12, 13 and 15 agree that the DPSA is responsible for regulating Public Service Regulations, while participants 13, 15 and 16 further cite the National Treasury as the responsible department for regulating financial aspects/matters through the Treasury Regulations.

From the participants' point of view, it is clear that four (4) semi-structured interview and focus group participants consider the DPSA as the custodian of Public Service Regulations, while three (3) semi-structured interview and five (5) focus group participants identified Treasury Regulations which are under the custody of the National Treasury Department. As can be observed from the document review perspective, the Public Service Act of 1994 states that the Minister of the Public Service and Administration is responsible for establishing norms and standards relating to, among other functions, the following: The Public Service Act 1 of 1994 reads that the Minister of Public Service and Administration is responsible for establishing norms and standards as cited in the document analysis (above).

Furthermore, The PFMA 1 of 1999 must, among other functions, do the following: (a) prescribe uniform treasury norms and standards; (b) enforce this Act and any prescribed norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in national departments; and (c) monitor and assess the implementation of this Act, including any prescribed norms and standards, in provincial departments, in public entities and in constitutional institutions.

Based on the interviews conducted and document reviews, the researcher is of the view that the Public Service Act, as well as its regulations, is critical for regulating how public services should be administered. Furthermore, the PFMA guides and regulates the accounting officer, and all employees, on how treasury (finance) is regulated.

6.4.5 How effective are corporate governance internal assurance providers within the LDOH? Also mention such internal assurance providers

The above question was posed to strategic and tactical leaders. Additionally, document reviews were conducted, and the outcomes are as follows:

Table 6.20: Effectiveness of corporate governance internal assurance providers

Item No.	Data collection	Responses
1.	Semi-structured interviews	All ten (10) participants consider internal assurance providers to be effective and of value creation within the organisation. Participants 2, 4, 6, 8 and 10 consider the risk management unit as a unit or segment (internal assurance mechanism) of the organisation, which can assist in the mitigations of risks. Participants 2, 4, 5 and 9 identify internal audit, while two of those also mentioned the internal assurance segment. Participant 6 regards the anti-fraud and corruption unit/segment as an internal assurance mechanism of preventing, detecting and investigating fraud and corruption – thereby improving corporate governance.
2.	Focus group interviews	All eight participants think of internal assurance providers as mechanisms which create value to a great extent within the department. Participants 12, 13, 14, 16 and 18 identify risk management as an internal assurance capability that gives an organisation a competitive advantage in the reduction of risks. Participants 17 and 18 are of the view that the monitoring and evaluation segment is very critical in ensuring that organisational strategies or plans are implemented timeously, as scheduled.

While all participants view internal assurance provision as critical, five (5) interview and five (5) focus group participants consider a risk management unit to be vital. In addition, four (4) interview participants mentioned internal audit as an internal assurance of capability. Only one participant is considering anti-fraud and corruption to be key, while two participants recognise monitoring and evaluation. From the document review perspective, as guided by the Public Service Act, the Minister of Public Service and Administration is responsible for establishing norms and standards as detailed under document analysis (above).

It goes without saying that the guiding prescripts in terms of internal assurance provision within the public sector, finds its mandate on the Public Service Act as well as the PFMA, among the prescripts. There is indeed a need for strategic and tactical leaders to familiarise themselves with these prescripts.

6.4.6 What would you say are the most common corporate governance risks that the LDOH must address?

The researcher asked strategic and tactical leaders, and also reviewed documents, on the question of what would be the most common corporate governance risks within the LDOH, and the following are responses:

Table 6:21: The most common corporate governance risks within the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	According to all participants, a major corporate governance risk identified is fraud or corruption within the organisation. Participant 2 further highlighted on how fraud and corruption create inefficiencies leading to not achieving organisational targets due to lack of resources. The participant further indicated that if organisational finances are misused through fruitless and wasteful expenditures, for instance, service delivery will suffer – leading to patients not receiving care. Participant 3 argues that if recruitments are done corruptly, unqualified or incompetent staff will be appointed, leading to poor service delivery. Participant 6 posits that there is a need to improve an ethical culture within the department as a way of rooting out corruption and an unethical culture.

2.	Focus group interviews	All participants are of the view that the main corporate governance risk identified is fraud or corruption within the organisation. According to participants 14, 16 and 18, fraud and corruption create inefficiencies leading to not achieving organisational targets. Participants 13, 14, 16 and 17 further posit that whenever organisational finances are misused, it impacts negatively on service delivery. Participants 11, 15, 17 and 18 identify irregular appointments of human resources as critical risks which can undermine organisational performance. Participants 11, 12, 14, 17 and 18 view improvement of organisational culture as a way of dealing with maladministration, fraud and corruption.

There seems to be consensus on both strategic and tactical leaders' participants that fraud and corruption is one of the highest organisational risks. King IV (King Committee …, 2016:81) identifies additional areas that should be disclosed in relation to risk, as follows:

- An overview of the arrangements for governing and managing risk
- Key areas of focus during the reporting period, including objectives
- The key risks that the organisation faces, as well as undue
- Unexpected or unusual risks, and risks taken outside of risk tolerance levels

Taking into account the participants' views, as well as the King IV report's position on the question of organisational risks, the researcher is of the view that, although unethical culture could be one major risk, there are other risks such as ineffective control, poor performance, as well as non-compliance with prescripts, that need to be assessed and mitigated very promptly.

6.4.7 How effective are the governance roles in combating fraud and corruption in the LDOH?

The researcher asked the semi-structured interview and focus group participants on the effectiveness of the governance roles on combating fraud and corruption in the LDOH. Furthermore, document reviews were conducted, and the following are the results of triangulation data collection:

Table 6.22: Effectiveness of governance roles on combating fraud and corruption in the LDOH

Item No.	Data collection	Responses
1.	Semi-structured interviews	While participants 2, 4, 5, 6 and 8 view governance roles of combating fraud and corruption in the department to be effective, participants 1, 3, 7, 9 and 10 do not think so. Participants 3, 7 and 10 mention the difficulties of investigating fraud and corruption committed by strategic leaders, considering that investigation reports are approved by the accounting officer who could be involved as a perpetrator in such fraud or corruption. Within the above basis, Participant 3 further recommends a shared model, led by the Provincial Treasury – responsible for all provincial departments – for creating an anti-fraud and corruption segment, as opposed to an in-house approach.
2.	Focus group interviews	Eight out of eight (all) participants are of the view that governance roles of combating fraud and corruption in the department are not effective, whereas only Participant 18 has a different view, however. This participant identifies fraud and corruption investigations which could target certain employees and protect others, based on who is a favourite, or merely based on ethnicity as opposed to real facts.

While five semi-structured interview and all (eight) focus group participants (from both strategic and tactical leadership interviews) consider fraud governance to be ineffective, there are five semi-structured interview participants who consider it to be effective. From the document review standpoint, it appears that Public Service Regulations, Regulation 22 of 2016 identifies the role and responsibilities of the accounting officer which include, among others, the following:

> (i) records all allegations of corruption and unethical conduct; (ii) monitors the management of the allegations of corruption and unethical conduct; (iii) identifies any systemic weaknesses and recurring risks; and (iv) maintains records of the outcomes of the allegations of corruption and unethical conduct.

Additionally, King IV (King Committee …, 2016:81) recognises areas that should be disclosed in relation to (fraud) risk, as follows: an overview of the arrangements for governing and managing (fraud) risk; key areas of focus during the reporting period, including objectives; the key (fraud) risks that the organisation faces, as well as undue; and unexpected or unusual (fraud) risks and (fraud) risks taken outside of (fraud) risk tolerance levels.

The researcher considers fraud governance to be ineffective, and evidence of such are fruitless and wasteful, as well as irregular, expenditures, which are high. Although these fruitless and wasteful, as well as irregular, expenditures do not necessarily imply prevalence of fraud and corruption within the organisation, they are actually a fraud risk indicator, or warning signs for possible fraud and corruption.

6.4.8 For the purpose of realising corporate governance, what is the importance of combined assurance?

The researcher asked ten semi-structured interview and nine focus group participants as to the importance of combined assurance for the purpose of realising good corporate governance. To triangulate the response, data was also collected through the use of document analysis, and Table 6.3 below gives details of the responses:

Table 6.23: Importance of combined assurance in corporate governance

Item No.	Data collection	Responses
1.	Semi-structured interviews	Participants 2, 4, 6, 7, 8 and 10 could not give any response on the question; however, participants 1, 3, 5 and 9 advanced that combined assurance is aimed at ensuring a particular level of assurance provision in relation to managing the organisation. Participant 3 further clarifies that, taking into account that the accounting officer has a responsibility to manage the organisation, they need to give assurance in relation to effective control, ethical culture, organisational performance, as well as compliance with prescripts. Participants 1 and 5 further identified management (finance, health, corporate services branches) as the first line of assurance. According to Participant 5, as an additional response, risk management, internal control, anti-fraud and corruption unit, monitoring and evaluation segments as second line of assurance within the combined assurance set-up, is needed. Participant 5 identifies both internal and external auditors as a third line of assurance provision.

2.	Focus group interviews	Participants 12, 13, 14, 15, 16, 17 and 18 did not give any response on the question; however, four participants posit that combined assurance is important for ensuring assurance provision. Participants 15 and 17 further identify management (finance, health, corporate services branches) as the first line of assurance. According to Participant 18, risk management, internal control, anti-fraud and corruption unit, and monitoring and evaluation segments are identified as a second line of assurance within the combined assurance set-up. This participant further identified both internal and external auditors as a third line of assurance provision.

As can be seen from both the strategic and tactical leaders' responses, combined assurance is critical to the purposes of providing assurance, in relation to the accounting officers' responsibilities on corporate governance. It appears that there is a dearth of knowledge in both strategic and tactical leaders in understanding how combined assurance operates. Lack of knowledge and understanding of combined assurance on the part of both strategic and tactical leaders may lead to them to not appreciate the role of the second and third lines of defence, thereby not cooperating with both internal and external audits. One key consideration, within the context of the document review, is that the public sectors consider the Auditor-General South Africa (AGSA) as a third line of assurance provision, but ignore the role of both the Public Protector and Public Service Commission. While the AGSA is key in ensuring compliance with the PFMA – through auditing the organisational Annual Financial Statement, the Public Protector and Public Service Commission assist in ensuring that there is compliance with other prescripts such as the PAMA, the PSA and others.

6.5 STRATEGIC LEADERSHIP SYSTEMS THEORY AND ITS IMPLICATIONS IN CORPORATE GOVERNANCE

This section of the study, which is linked to research objective number three (3), is concerned with responding to the question below:

6.5.1 To what extent, if any, does/can strategic leadership improve corporate governance in the LDOH?

In addressing the third research objective of the study, the researcher gathered data through the use of semi-structured and focus group interviews, as well as document analysis, to establish the extent to which strategic leadership can improve corporate governance in the LDOH. Table 6.24 gives more a detailed response regarding the above question:

Table 6.24: Extent to which strategic leadership can improve corporate governance

Item No.	Data collection	Responses
1.	Semi-structured interviews	All semi-structured interview participants (1–10) are of the view that strategic leadership is, to a greater extent, capable of improving corporate governance. According to Participant 2, strategic leaders should steer strategic direction regarding the vision and mission of the organsation. Participant 4 identifies the ethical tone at the top as the message the strategic leaders should spread. In terms of Participant 5, strategic leaders are expected to, after being given a responsibility, account. Participant 5 further states that strategic leaders should motivate employees to perform in line with performance targets.
2.	Focus group interviews	Similar to the semi-structured interview participants (above), all focus group participants (11–18) are of the view that strategic leadership is, to a larger degree, capable of creating corporate governance. Participants 11 and 14 identify the ethical tone at the top as the message the strategic leaders should spread. According to participants 12 and 15, strategic leaders should inspire and motivate employees to perform in line with performance targets. It is the duty of strategic leaders to continuously monitor the activities of the organisation, and ensure that there are consequences for failing to achieve (Participant 16).

As can be seen by the participants’ responses, there is consensus that strategic leadership has a positive influence on good corporate governance. Very positively, six participants highlighted the importance of ethical leadership, which is to be driven by the strategic leaders. Two participants also mentioned the question of inspiring and motivating staff toward the achievement of corporate governance. One participant highlighted the question of consequence management (accountability) on the part of those who are given responsibilities.

In the view of Hitt et al (2007:373), there are six critical effective strategic leadership elements:

> (i) determining a strategic direction, (ii) effectively managing the organisation's resource portfolio (which embraces maintaining and exploiting core capabilities along with human capital development), (iii) Organisational performance, (iv) effectiveness of organizational culture, (v) ethical practices, and (vi) establishing balanced organizational control systems.

King IV (King Committee …, 2016:40) concurs with Hitt et al (above) on setting strategic direction and strategic control (overseeing and monitoring) as critical effective strategic leadership elements; however, it adds other elements such as (i) approving policy and planning, and (ii) ensuring accountability.

When comparing the collected data and literature, it becomes apparent that literature is very comprehensive in addressing the question of strategic leadership and corporate governance, whereas the participants did not give many specifics. The literature covered key issues such as strategic direction, approving policy and planning, human capital, organisational culture, organisation performance, ethical practices, strategic control, overseeing and monitoring, and also accountability.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter presents a summary of the research findings. It also addresses conclusions and recommendations informed by the study findings. Recommendations, with specific reference to a model that could be employed for creating corporate governance in the LDOH, is presented in relation to the third objective of the study. The chapter also reflects on the significance, as well as the contributions, of the study, and also recommends areas for further research.

7.2 BRIEF INTRODUCTION OF WHAT THE THESIS HAS COVERED

Chapter 1: This chapter outlined the general orientation of the study. The chapter also delved into the problem statement of this research, which is, in the main, corporate governance failure within the Limpopo Department of Health. The goal and objectives of the study were equally stated. This opening chapter further highlighted the research questions, definition of key concepts, delimitations and limitations, as well as the justification of the study. Finally, a synopsis of the study was presented in the form of a layout of the chapters.

Chapter 2: This chapter gave an overview of the strategic leadership through a literature review. Critical issues of the discussion were, among others, the following: strategic direction, development of policies and planning, human capital, organisational culture, organisational performance, ethical leadership, overseeing and monitoring, and also accountability. Informed by the reviewed literature, the chapter proposed strategic leadership elements that are critical for leading effectively and efficiently.

Chapter 3: This chapter provided a comprehensive literature review on the practice of corporate governance. As a way of responding to the above, the chapter specifically provided literature on the importance and relevance of corporate governance. Furthermore, a corporate governance conceptual framework was also outlined, and the following were areas covered: compliance with laws and regulations; board of directors; risk management governance; internal assurance providers; audit committee; and, external assurance providers. Conclusively, the combined assurance model was also proposed.

Chapter 4: Informed by research objective number three of the study, this chapter presented a strategic framework for creating corporate governance, through the application of systems theory.

Chapter 5: This chapter provided the research design and methodology of the study. To realise this, the research philosophy, approach and design were presented. Further, the chapter detailed the following key aspects of methodology: target population, sampling, data collection and analysis, methods of ensuring trustworthiness, as well as ethical considerations.

Chapter 6 presented the data collected, as well as analysis and interpretation informed by ten (10) strategic leaders, nine (9) tactical leaders, as well as document reviews. The discussion concentrated on the implementation of strategic leadership, the practice of corporate governance, as well as how these two variables related in a practical context.

Chapter 7, the last chapter, offers a summary, and presents the conclusions of the study. It also makes recommendations to different critical stakeholders, who comprise employees, employers and the Limpopo Department of Health, as well as any future researchers.

7.3 THEORETICAL ORIENTATION TO THE FINDINGS OF THIS STUDY

This section of the study deals with theoretical orientation of the study which also involves contribution of knowledge. The main guides of the section are three main research questions, which seek to achieve the three research objectives. The following are research questions which were raised to give guidance to this study:

- How is strategic leadership understood and established within the LDOH?
- How are corporate governance guidelines implemented within the LDOH?
- How can a strategic leadership framework, within the context of systems theory, be developed to improve corporate governance within the LDOH?

7.3.1 Findings on research question 1: How is strategic leadership understood and established within the LDOH?

It is critical to note that the above research question is aligned to the research objective below:

To establish the extent to which strategic leadership is understood and entrenched within the LDOH.

The first finding relates to the first research objective outcome of the stated objectives. To address the first object of the study fully, also linked to the first question, the researcher developed nine sub-questions. The sub-questions guided the entire part of the section of this study.

1. ***What do you consider to be the meaning of strategic leadership?***

   Thomson et al (2020:2) identify three key places wherein strategic leadership occurs within an organisation: (1) at the top, where strategy for a number of business units is formulated over a given time period; (2) in the middle, where top-down strategy is translated into a business unit or regional strategy, and goals are created; and (3) at a departmental level, where the business unit strategy goals are translated into a number of individual objectives which are executed. From the document review perspective, the segments which strategically lead at the top level are outlined, and include key components such as financial management, corporate services, corporate communication, risk management, strategic planning, policy and monitoring, provincial health services, academic and tertiary development, as well as infrastructure development and technical support.

   According to the participants' responses, it can be deduced that the question of organisational vision, mission and objectives is critical; however, the literature review brings an element of three levels of leadership – with the first level being the top management level (strategic leaders) responsible for directing the whole strategy of the organisation, followed by the tactical management level (tactical leaders) charged with the responsibility of ensuring that top-down strategy is translated into business units and that goals are created, and the last layer at local level, where the business unit strategy goals are translated into a number of individual objectives which are executed.

2. ***How can strategic direction be determined in the LDOH?***

From the above discussion, it becomes apparent that both semi-structured interview participants, as well as the focus group interviewees, consider organisational vision and mission to be critical to driving organisational strategic direction. What became negatively glaring is the lesser consideration of organisational values on the part of the participants, even though these are enshrined in the LDOH annual reports as follows: honesty, integrity, fairness, equity, respect, dignity and caring. From the literature review perspective, Thomson (2020:2) correctly argues that no strategy is comprehensive if it is implemented. In Hughes and Beatty's (2005:9) view, individuals and teams enact strategic leadership when they think, act and in?uence in ways that promote the sustainable competitive advantage of the organisation.

The researcher's inference is that although the participants know and understand the LDOH's vision and mission, failure to identify with its critical values may undermine alignment between their values and those of the organisation.

3. ***To what extent, if any, does policy and planning gives effect to the strategy and the set direction within the LDOH?***

The participants in this study (both semi-structured interview and focus group participants) consider policy and planning to be giving great effect to the strategy and the set direction within the LDOH. Although the LDOH is expected to be guided by policies and effective planning, from the document review it was revealed that the organisation (LDOH) did not, and the accounting officer did not, adequately implement policies and procedures to guide the operations of the department, resulting in numerous instances of non-compliance with the PFMA, as detailed under the findings on 'compliance with legislation' section of this report (LDOH 2019–2020 annual report) (LDOH, 2020). It is the researcher's deduction that, although guiding prescripts are available, there is a need to follow them, as opposed to have them just for the sake of having them. This is emphasised by King IV (King Committee …, 2016:21), by maintaining the need for giving effect the strategy of the organisation through ensuring that management formulate policies and operational plans, supervised by the governing body. The strategic and tactical leaders need to take accountability for failure to follow prescripts.

4. ***How well does the LDOH utilise its human capital as an asset to help it improve, stay competitive, and strategically meet goals?***

It appears from both the strategic and tactical leader participants that human capital core competencies are critical to the LDOH. Document reviews revealed that the LDOH annual reports, on the executive structure, for the past financial years of 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 indicate various levels of executive members (Deputy Director Generals, Chief Directors, and Directors); however, there is no indication of academic qualifications of such executive members. Ball (2013:59) indicates that for strategic leaders, investing in human capital includes commitments such as employee training, educational bonuses and benefits, funding college scholarships and family assistance. For workers or employees, receiving an education is a major investment in human capital. Eventually, this investment in human capital is more directed toward the achievement of both societal and economic stability.

The researcher's deduction is that a lack of indication of how qualified the executive members are, in relation of their respective segments, could make it difficult for one to establish whether they are placed in terms of skills relevant for such segments. Being transparent regarding the qualifications of top management may improve confidence on the part of those who receive services from organisations such as the LDOH. The absence of transparency could be attributed to the advancement of the Cadre Deployment Policy spearheaded by the ANC.

The researcher, though apolitical, concurs with the DA which tabled, on Wednesday 8 June 2022, the End the Cadre Deployment Policy Bill to Parliament's Portfolio Committee on Public Service and Administration. The Bill, formally titled the Public Administration Laws General Amendment Bill, is designed to enforce merit-based appointments throughout the public service, while making it illegal for politicians to work in public administration (Masungwini, 2022:4).

5. ***To what extent do strategic leaders drive or influence performance of the LDOH?***

From the above collected data (both semi-structured interview and focus group interviewees), it is clear that there is concurrence on the positive effect strategic leaders may have on organisational performance. Interestingly, 50% of semi-structured interview participants also mentioned the question of being efficient and effective in rendering healthcare services. From the focus group interviews' perspective, one participant became more specific around efficiency, by indicating that there is a need to avoid fruitless and wasteful expenditures at all. Data gathered through the document review revealed that the LDOH is struggling to manage its assets as well as accrued payables.

Armstrong (2016:133) suggests that the development and implementation of a strategy for managing performance of the organisation is the role of top management, who also organise, control and monitor activities, provide necessary leadership for the achievement of strategic goals, and fulfil the requirements and needs of organisational stakeholders. The above is supported by King IV (King Committee …, 2016:47), which advances that, "*the strategic leaders have a responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through strategy*". King IV further posits that as part of its oversight of performance, strategic leaders should be observant of the general capability of the organisation regarding its reliance and effects on capitals, its liquidity and solvency, and its status as a going concern.

It is the researcher's deduction that for the organisation of LDOH's cadre, there is a need that there be strategic leaders who will ensure that there is performance in all its portfolios, including asset management and accrued payables. An additional worrisome aspect is unwanted expenditures, which have been highlighted in the research problem section under Chapter 1 of this study. It is not clear whether such underperformance could be attributed to strategic leaders with less knowledge and understanding of strategic leadership, since their academic qualifications are not published in the LDOH's annual reports.

6. ***What are the organisational culture variables that can influence the quality of strategic thinking within the LDOH?***

As can be seen from all participants' responses, the elements of ethical behaviour as part of the LDOH culture, takes a dominant position. To some extent, some participants identified honesty and integrity as another critical part of the cultural proposition. Contrary to the above responses, the document review revealed in detail that the LDOH, as part of the public sector, should be guided by cultural standards enshrined in both section 205 of the Constitution and section 4 of the PAMA 11 of 2014, which identifies, among other key cultural factors, the following:

> (a) promote and maintain a high standard of professional ethics; (b) promote efficient, economic and effective use of resources; (c) be development oriented; (d) provide such services impartially, fairly, equitably and without bias; (e) respond to people's needs and encourage public participation in policymaking; (f) be accountable to the public; (g) foster transparency by providing the public with timely, accessible and accurate information; (h) ensure good human resource management and career development practices to maximise human potential; and (i) ensure broad representation of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

Hitt et al (2017:402) suggest that there is evidence that cultural changes thrive only when the organisation's CEO, other strategic top level management team members, and tactical or middle-level managers keenly support them.

From the above discussion, it is clear that the LDOH culture should be aligned with the one provided to them in terms of section 195 of the Constitution, read together with section 4 of the PAMA 11 of 2014. The cultivation of organisational culture should be led by the accounting officer and other strategic leaders, as correctly argued by Hitt et al (2017).

7. *To what extent does ethical leadership impact organisational performance within the LDOH?*

It is comforting that all participants (semi-structured interview participants and focus group interviewees) consider ethical leadership as essential. Twenty percent (20%) of semi-structured interviewees also mentioned the question of being transparent as a fundamental aspect which shows commitment to being ethical on the part of strategic leaders, while another 20% associated ethical leadership with leadership which is capable of eradicating corruption in general. This is a sentiment which was echoed by 44.4% of the focus group participants.

As established from the document review, strategic leaders have a critical role in ensuring that the organisations they lead subscribe to ethical leadership. This is specifically detailed in the Public Service Regulations, Regulation 22 of 2016, which reads that the accounting officer shall—

> (a) analyse ethics and corruption risks as part of the organisation's system of risk management; (b) develop and implement an ethics management strategy that prevents and deters unethical conduct and acts of corruption; (c) establish a system that encourages and allows employees and citizens to report allegations of corruption and other unethical conduct, and such system shall provide for— (i) confidentiality of reporting; and (ii) the recording of all allegations of corruption and unethical conduct received through the system or systems; (d) establish an information system that— (i) records all allegations of corruption and unethical conduct; (ii) monitors the management of the allegations of corruption and unethical conduct; (iii) identifies any systemic weaknesses and recurring risks; and (iv) maintains records of the outcomes of the allegations of corruption and unethical conduct; and(e) refer allegations of corruption to the

> relevant law enforcement agency and investigate whether disciplinary steps must be taken against any employee of the department and if so, institute such disciplinary action.

Strategic leaders who include honesty, trust and integrity in their decision-making are able to inspire their employees and create an organisational culture that encourages the use of ethical practices in day-to-day organisational activities (Slawinski, 2007:298). The importance of ethics leadership cannot be overemphasised; some of the benefits are the following:

> (a) ethics is the cornerstone of corporate governance; (b) ethics ensures the sustainability of a business; (c) good corporate reputation is built on a solid foundation of ethical culture; (d) a culture of trust must be built on a corporate framework of ethical principles which are transparency/openness, competence, integrity and benevolence; (e) ethics play a major role in the prevention of fraud; (f) fraud prevention becomes a shared responsibility among the members of the organisation (National Treasury, 2012:8).

Although the LDOH systematically subscribes to the above, the SIU recommended in January 2022 that criminal charges be laid against the LDOH accounting officer, as well as the chief financial officer for their role in the Personnel Protective Equipment (PPE) scandal. The investigation report also exposed a variety of offences regarding the procurement of the PPE, which included the irregular appointment of the service provider (company) to distribute the equipment. The researcher is also aware that it is provided for in section 35(3) of the Constitution – that is, that every accused person has the right to a fair trial, and, in subsection (3)(h), the right "to be presumed innocent, to remain silent, and not to testify during the proceedings".

Commitment to ethical practices is a critical strategic leadership element which ensures that an organisation realises competitive advantage, and the strategic leaders (top leadership) has a duty to ensure that it is driven enterprise-wide within the organisation. Practising ethical leadership is fundamental to effective organisational strategic control. Within such context, the following discussion concentrates on effective strategic control.

8. What role does overseeing and monitoring play in strategic leadership within the LDOH?

As can be seen from both sets of participants, strategic leaders have a critical role in overseeing and monitoring organisational performance. It is also comforting that, as established out of the data collected through document reviews, South Africa, as a country, has introduced systems for overseeing and monitoring, transparency, as well as checks and balances intended for preventing corruption, fraud and maladministration.

It is worrisome that the AGSA (Makwetu, 2019) reported that in the LDOH, senior management did not adequately exercise their oversight responsibility to monitor and review the annual performance report, and to prevent the risk of material misstatement. Inaccurate and no reconciliations between registers and the information system, coupled with a lack of accurate and complete records, resulted in material findings on the usefulness and reliability of the annual performance report. This simply implies that the LDOH annual performance report is not useful and cannot be relied upon.

The researcher's deduction is that monitoring and overseeing may assist strategic leaders to identify gaps at early stages of strategic implementation, and address such gaps. It is, however, critical to ask the question of what happens if and when strategic leaders fail to carry out their duties.

9. What is the importance of accountability in strategic leadership within the LDOH?

All participants, both strategic and tactical leaders (semi-structured interview and focus group participants) accentuate the significance of accountability in strategic leadership. As can be seen from the responses of the participants, the majority of them did not elaborate further, while participants 6, 8, 12, 15, 17 and 18 identified compliance with prescripts as a key consideration. Participant 13 recognised compliance in terms of achieving the performance target as a fundamental basis of accountability measurement. Participant 18 became more specific by citing that there is a need to comply with the PFMA. At document review level, it became apparent that section 36 of the PFMA 1 of 1999 makes it mandatory for every organisation (department) to have the

Head of Department as an accounting officer of such organiation or department.

In spite of the above regulatory prescripts, the AGSA constantly issued negative audit findings in the LDOH. According to their 2016–2017 annual report (LDOH, 2017), the LDOH did not take effective steps to avoid irregular expenditure to the total of R228 413 000 that was disclosed in note 26 to the annual financial statements (AFS), as indicated in section 38(1)(c)(ii) of the PFMA and Treasury Regulations (TR) 9.1.1. The institution did not take effective steps to avoid fruitless and wasteful expenditure, which totalled R3 378 000. It was disclosed in note 27 to the AFS, in contravention of section 38(1)(c)(ii) of the PFMA and TR Regulation 9.1.1, and PAMA 11 of 2014, makes it obligatory for the organisational strategic leadership to be accountable to the public.

In spite of checks and balances in the form of prescripts and appropriate Acts, AGSA (Makwetu, 2019) highlights that the accounting officer and management of the LDOH provided some assurance, with internal audit and audit committee providing assurance; however, the department failed to implement the recommendations that came from these assurance providers. Strategic leaders are expected, as part of their accountability, to implement recommendations of both internal and external assurance providers. A detailed discussion of different assurance providers was covered in Chapter 3 of this study. Emanating from identified elements of strategic leadership, the researcher is of the view that whenever strategic leaders and tactical leaders are given responsibilities, they should also take accountability.

Based on the literature review in Chapter 2, the study established that the critical effective strategic leadership elements identified by Hitt et al (2001) do not recognise the development of policy and strategic planning as a process that gives effect to strategic direction. It was also established that, although it appreciates overseeing and monitoring, the question of accountability (informally referred to as consequence management) is not included. Strategic leaders have a role and responsibility of taking accountability of their poor performance, ineffective control, unethical behaviour as well as non-compliance with laws and regulations.

Based on the above discussion, the researcher proposes effective strategic leadership components that also take into account policy development and strategic planning, as well as accountability. To that effect, the following model is presented:

Figure 7.1: Proposed effective strategic leadership components (**Source:** Own – developed for this research)

7.3.2 Findings on research question 2: How are corporate governance guidelines implemented within the LDOH?

It is important to take into account that the above research question is aligned to the research objective below:

To establish how corporate governance guidelines are implemented in the LDOH.

The findings are in relation to the literature review and data collection from semi-structured interviews, the focus group, as well as document analysis. From the literature review perspective, the discussion was guided by the corporate governance conceptual framework, and reflected a gap, in the discussion in Chapter 3. The aforementioned framework addresses the question of compliance with laws and regulations, the board of directors, risk management governance, internal assurance providers, the audit committee and external assurance providers.

The proposed corporate governance conceptual framework deliberated on critical elements which gave guidance to the whole chapter, and the following were identified to be its key elements: compliance with laws and regulations; board of directors; financial accuracy, control assessment; regulatory compliance; internal stakeholders such as internal control, risk management governance; fraud prevention governance; audit committee; external stakeholders such as audit committee, auditor-general, public protector, public service commission, as well as provincial legislature.

Based on the above, the study established that if all these stakeholders are effectively involved in their respective strategic leadership roles and responsibilities, corporate governance can be realised. Based on the subsequent discussion, the researcher proposes the following combined assurance model.

1. ***What is the importance and relevance of corporate governance in the LDOH?***

   All participants seemed to be considering corporate governance to be important for the organisation. Specifically, some participants, within both the semi-structured and focus group stratum, consider corporate governance as a governance method which gives effect to compliance with prescripts. The document review reflects that "*corporate governance has to viewed as strategic response of an organisation to the material strategic requirements to advance prudent and appropriately mitigated risks, in exchange for rewards that measurable*". According to Cadbury (1992), corporate governance is concerned with of the existence and implementation of the laws, procedures, policies, standards, practices and principles which may affect the organisation's direction and control.

   Hitt et al (2007:303) described corporate governance as the set of apparatuses employed to accomplish the relationship between stakeholders, that is used to determine and control the strategic direction and performance of organisations.

   The researcher is of the view that, although corporate governance is not a policy of the public sector, it is a good practice which can assist organisations such as the LDOH to realign themselves toward improving effective and efficient operations, compliance with prescripts, as well as having sound financial management.

2. ***Why is it necessary to comply with laws and regulations within the LDOH?***

As can be seen from the responses of the participants (both semi-structured and focus group interviewees), compliance with prescripts is critical. Nine participants (six semi-structured and three focus group interviewees) identified the Public Finance Management Act, with one semi-structured and four focus group interviewees considering the Public Service Act as critically important. There is only one participant (focus group interviewee) who considered the PAMA and the Constitution as critical prescripts. King III, in the form of the document review (King Committee …, 2009:89) shows that compliance with applicable laws should be understood not only in terms of the obligations that they create, but also for the rights and protection that they afford.

The researcher's deduction is that the question of compliance with regulations and prescripts cannot be overemphasised. Organisations are guided by prescripts, and veering off from these prescripts can only assist in creating disorder, and undermine the intended goal of achieving the organisational vision and mission.

3. ***What is corporate governance's role of the executive authority within the LDOH?***

As can be seen from seven semi-structured and seven focus group interviewees, the executive authority has a role to oversee the organisation. This is confirmed by the document review which reads, under the Public Service Act of 1994, that the Executive Authority (governing body/board of directors) shall, subject to applicable legislation, determine the reporting requirements to the accounting officer, including, but not limited to, enabling that head to advise the relevant executive authority on the oversight of the unit on policy implementation, performance, integrated planning, budgeting and service delivery.

Additionally, four semi-structured and three focus group participants highlighted a critical role of the executive authority as policy development and this is also confirmed by the Public Service Act as can be seen above. According to Tugman and Leka (2019:2), the board, in conjunction with management, is responsible for setting the tone at the top, shaping the culture of the organisation, and setting strategic direction. King IV (King Committee …, 2016:44) advances that the members of the governing body must symbolise the ethical characteristics as a way of offering effective leadership that has an effect on realising strategic objectives and positive outcomes in the long run.

From the above discussion, emanating from semi-structured and focus group participants as well as the document review, it becomes clear that the executive authority have roles and responsibilities which include, but arenot limited to developing policies, overseeing the organisation, creating an ethical culture, and driving the vision of the organisations they lead.

4. *What are critical regulatory compliance mechanisms within the LDOH?*

From the participants' point of view, it is clear that four (4) semi-structured and focus group participants consider the DPSA as the custodian of Public Services Regulations, while three semi-structured and five focus group participants identified Treasury Regulations which are in the custody of the National Treasury Department. As can be observed from the document review's perspective, the Public Service Act 1 of 1994 states that the Minister of the Public Service and Administration is responsible for establishing norms and standards relating to, among other functions, the following:

(a) the functions of the public service; (b) the organisational structures and establishments of departments and other organisational and governance arrangements in the public service; (c) the conditions of service and other employment practices for employees; (d) labour relations in the public service; (e) health and wellness of employees; (f) information management in the public service; (g) electronic government; (h) integrity, ethics, conduct and anti-corruption in the public service; and (i) transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.

Furthermore, The PFMA Act 1 of 1999 must, among other functions (a) prescribe uniform treasury norms and standards; (b) enforce this Act and any prescribed norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in national departments; (c) monitor and assess the implementation of this Act, including any prescribed norms and standards, in provincial departments, in public entities and in constitutional institutions.

The researcher, based on data collected through interviews and document review, is of the view that the Public Service Act, together with its regulations, is critical for regulating the way public services should be administered. Furthermore, the PFMA guides and regulates the accounting officer and all employees in how treasury (finance) is regulated.

5. How effective are corporate governance internal assurance providers within the LDOH? Also, mention such internal assurance providers.

While all participants view internal assurance provision as critical, five (5) semi-structured and five (5) focus group participants consider a risk management unit to be vital. In addition, four (4) semi-structured interview participants mentioned internal audit as an internal assurance of capability. Only one participant is considering anti-fraud and corruption to be key, while two participants recognise monitoring and evaluation. From the document review perspective, as guided by the Public Service Act, the Minister of the Public Service and Administration is responsible for establishing norms and standards relating to –

> (a) the functions of the public service; (b) the organisational structures and establishments of departments and other organisational and governance arrangements in the public service; (c) the conditions of service and other employment practices for employees; (d) labour relations in the public service; (e) health and wellness of employees; (f) information management in the public service; (g) electronic government; (h) integrity, ethics, conduct and anti-corruption in the public service; and (i) transformation, reform, innovation and any

other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.

It goes without saying that the guiding prescripts in terms of internal assurance provision, within public sector, finds its mandate on the Public Service Act as well as the Public Finance Management Act, among the prescripts. There is indeed a need for strategic and tactical leaders to familiarise themselves with these prescripts.

6. *What would you say are the most common corporate governance risks that the LDOH should attend to or address?*

There seems to be consensus among both strategic and tactical leaders, that fraud and corruption is one of the highest organisational risks. King IV further identifies additional areas that should be disclosed in relation to risk, as follows:

- An overview of the arrangements for governing and managing risk
- Key areas of focus during the reporting period, including objectives
- The key risks that the organisation faces, as well as undue
- Unexpected or unusual risks and risks taken outside of risk tolerance levels

Taking into account the participants' views, as well as the King IV report's position on the question of organisational risks, the researcher is of the view that, although unethical culture could be one major risk, there are other risks such as ineffective control, poor performance, as well as non-compliance with prescripts, that need to be assessed and mitigated very promptly.

7. *How effective are the governance roles on combating fraud and corruption in the LDOH?*

While five semi-structured and all nine focus group participants (from both strategic and tactical leadership interviews) consider fraud governance to be ineffective, there are five semi-structured interview participants who opine it to be effective. From the document review's standpoint, it appears that Public Service Regulations, Regulation 22 of 2016 identifies the role and responsibilities of the accounting officer, which include, among others, the following:

> (i) records all allegations of corruption and unethical conduct; (ii) monitors the management of the allegations of corruption and unethical conduct; (iii) identifies any systemic weaknesses and recurring risks; and (iv) maintains records of the outcomes of the allegations of corruption and unethical conduct; and (e) refer allegations of corruption to the relevant law enforcement agency and investigate whether disciplinary steps must be taken against any employee of the department and if so, institute such disciplinary action.

Additionally, King IV recognises areas that should be disclosed in relation to (fraud) risk as follows: an overview of the arrangements for governing and managing (fraud) risk; key areas of focus during the reporting period, including objectives; the key (fraud) risks that the organisation faces, as well as undue; and, unexpected or unusual (fraud) risks and (fraud) risks taken outside of (fraud) risk tolerance levels.

The researcher considers fraud governance to be ineffective, and evidence of such are fruitless and wasteful, as well as irregular, expenditures which are high. Although these fruitless and wasteful, as well as irregular, expenditures do not necessarily imply prevalence of fraud and corruption within the organisation, they are actually a fraud risk indicator or warning signs of possible fraud and corruption.

8. For the purpose of realising corporate governance, what is the importance of combined assurance?

As can be seen from both strategic and tactical leaders' responses, combined assurance is critical to the purposes of providing assurance in relation to the accounting officers' responsibilities on corporate governance. It appears that there is a dearth of knowledge on the part of both strategic and tactical leaders, in understanding how combined assurance operates. Lack of knowledge and understanding of combined assurance on the part of both strategic and tactical leaders may lead to them to not appreciate the role of the second and third lines of defence, thereby not cooperating with both internal and external audits. One key consideration, within the context of the document review, is that the public sectors consider the AGSA as a third line of assurance provision, but ignore the role of both the Public Protector and Public Service Commission. While the AGSA is key in ensuring compliance with the PFMA – through auditing the organisational annual financial statement, the Public Protector and Public Service Commission assist in ensuring that other prescripts such as the PAMA, PSA, etc. are complied with.

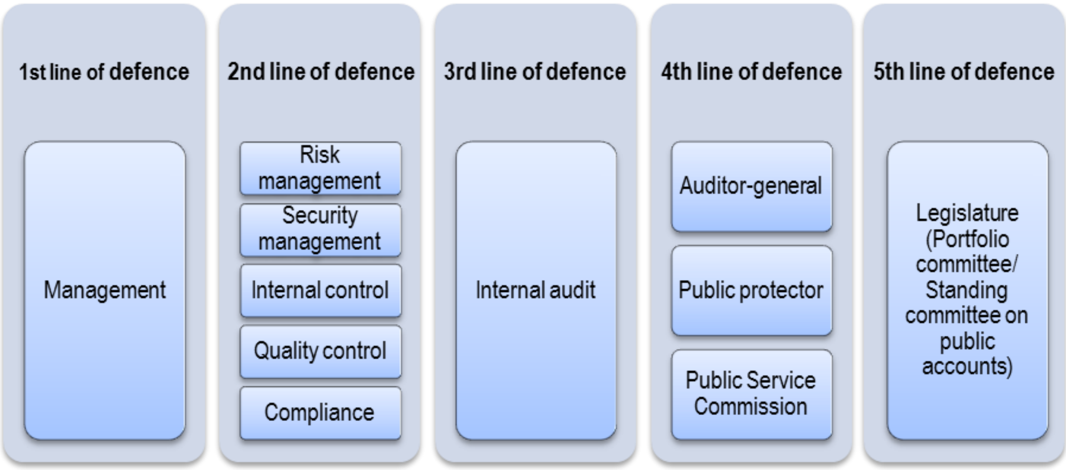

Figure 7.2: Proposed combined assurance model (**Source:** Own: Developed for this research)

While the traditional models of combined assurance consider three lines of assurance being management as the first line, risk management and internal control as the second line, with internal and external auditors as the third line, the above model brings a missing link between other assurance provision bodies.

According to the OECD (2017:45), the independence of auditors and their accountability to shareholders should be required. The designation of an audit regulator independent from the profession, and consistent with the Core Principles of the International Forum of Independent Audit Regulators (IFIAR), is an important factor in improving audit quality. It is good practice for external auditors to be recommended by an independent audit committee of the board, or an equivalent body, and to be appointed either by that committee/body or by shareholders directly.

Moreover, the IOSCO's *Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor's Independence* states that—

> standards of auditor independence should establish a framework of principles, supported by a combination of prohibitions, restrictions, other policies and procedures and disclosures, that addresses at least the following threats to independence: self-interest, self-review, advocacy, familiarity and intimidation:
>
> - Principles of corporate governance
> - Governance outcomes (OECD, 2017:45)

7.3.3 Findings on research question 3: How can a strategic leadership framework, within the context of systems theory, be developed to improve corporate governance within the LDOH?

This is the last research question of the study, which is aligned to the research objective below:

To develop a strategic leadership framework for corporate governance within the context of systems theory, aimed at improving corporate governance within the LDOH.

The third research question, which is also linked to the above research objective, was concerned with the crux of the study, which was to develop a strategic leadership framework, within the context of system theory, for creating corporate governance. Laszlo and Krippner (1998:7) correctly viewed the advantage of the systems theory as having the potential to provide a trans-disciplinary framework for a critical and normative exploration of the relationship between one's perceptions and conceptions and the worlds they purport to represent. Studies of cognitive development and human perception are beginning to rely increasingly on the systems approach. The above figure illustrates input, transformational process and output from the perspective of strategic leadership, aimed at improving corporate governance.

According to Gordon (2021:1), the transformation process definition refers to the process itself. It gives provision to header information for the process of transformation – for instance, the name of the author, process, description, and more.

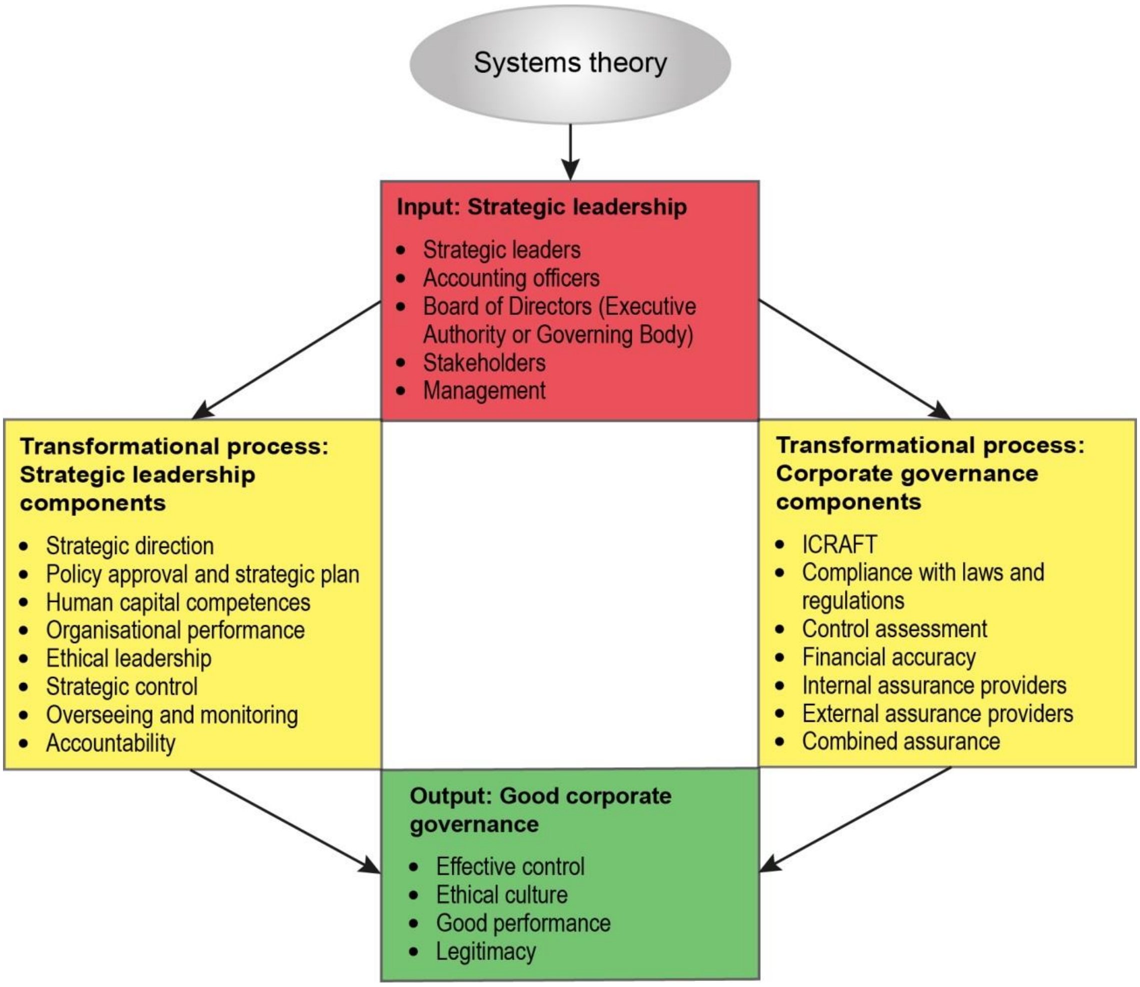

Figure 7.3: A systems theory strategic leadership framework for improving corporate governance (**Source:** Own – developed for this research)

From the above discussions, it becomes apparent that for good corporate governance to be realised (output), strategic leaders (input) such as an executive authority (governing body, board of directors), accounting officers, management and stakeholders need to drive transformational processes components (both strategic leadership and corporate governance). From a strategic leadership transformational process perspective, strategic leaders are expected to give strategic direction, develop policy and strategic plans, build human capital capability, improve organisational performance, instill organisational culture, lead ethically, oversee and monitor performance targets, and also be accountable for the organisation they lead.

From this study, it was established that the second part of the transformational process indicates areas wherein strategic leaders (input) need to concentrate more, in order for the organisation they lead to realise good corporate governance. The first critical area deals with their leadership style, which should be centred on the following factors of ICRAFT: Leading with integrity; having the necessary competence; taking responsibility; being accountable and fair; and, transparency. Additional components of good corporate governance are the following: within the transformational process, compliance with laws and regulations, control assessment, financial accuracy, internal and external assurance providers, and combined assurance. This study submits that when strategic leaders lead, taking into account those identified transformational processes, they are more likely to realise good corporate governance from effective control, ethical culture, good performance and legitimacy.

7.4 LIMITATIONS OF THE STUDY

The study was a phenomenological study, where data collection was in one provincial department. With the Limpopo Department of Health being a public sector department, the findings of the study could only be generalised to cover other public sector departments, since these departments apply similar guidelines and prescripts.

Another limitation was that the researcher intended to interview ten (10) focus group participants; however, only eight (8) were available for an interview (80%). Some of the focus participants could not open up much during the interviews, since they were reluctant to look as if they were negatively exposing their organisation among their colleagues; however, semi-structured interviews and a document review were used to augment such interviews.

7.5 RECOMMENDATIONS

The following are recommendations of the study, which are guided by the research objectives, and based on a literature review, interviews conducted (semi-structured and focus group), as well as document review or analysis.

7.5.1 Establish the extent to which strategic leadership is understood and entrenched within the LDOH

Based on the literature review (documentary analysis), semi-structured and focus group interviews as well as a document review, the following are the recommendations of this study:

1. ***Strategic leadership critical elements should encompass strategic leadership, core competences of human capital, policy approval and planning, organisational culture, organisational performance, ethical leadership, strategic control, overseeing and monitoring, and accountability.***

   - Specifically, in this study, the researcher recommends the strategic leadership model which, as opposed to that proposed by Hitt et al, comprises the following key considerations: approving policy and planning, overseeing and monitoring, as well as accountability.
   - Strategic leadership should develop strategic direction – which brings alignment between the vision, mission and values of the organisation. The values of the organisation should be aligned with the constitutional values in section 195 of the Constitution of South Africa 108 of 1996.
   - Strategic leaders should ensure strengthening of the organisation by means of competent human capital through their recruitment and continuous development. To be more transparent and give the public confidence, the annual reports of the LDOH and any other public sector department, should indicate the academic qualifications of all strategic leaders.
   - The Cadre Deployment Policy should be replaced with the Public Administration Laws General Amendment, which is designed to enforce merit-based appointments throughout the public service, while making it illegal for politicians to work in public administration.
   - To avoid non-performance and lack of legitimacy, among others, it is also recommended that strategic leaders continuously oversee and monitor the implementation of the strategic and operational targets of the organisation.

- Strategic leaders and tactical leaders, when given responsibilities, should be able to account – or rather, there should be consequence management.

2. ***To establish how corporate governance guidelines are implemented in the LDOH.***

   Because there is a need that, within organisations such as the LDOH, there is effective control, good performance, an ethical culture as well as legitimacy, the researcher recommends the combined assurance model, which encompasses five lines of assurances, as opposed to the traditional lines of assurances. For the purposes of a third line of assurance within combined assurance, the key consideration is that the Public Protector, as well as the Public Service Commission, should also be included, in tandem with the Auditor-General South Africa. The governing body should ensure that there are consequences for unethical behaviour such as fruitless and wasteful expenditures, as well as all forms of maladministration.

3. ***To develop a strategic leadership framework for corporate governance within the context of systems theory, aimed at improving corporate governance within the LDOH.***

   To ensure that there is full realisation of corporate governance within the organisation, the researcher recommends a strategic leadership framework which takes into account, from a systems theory perspective, the following: input, transformational processes and output, as enshrined in Figure 7.3 (above) of this study.

7.6 CONCLUSION

The purpose of this study was to develop a strategic leadership framework, within the context of systems theory, for improving corporate governance in the Limpopo Department of Health. As a way of realising the main objective, the research followed a qualitative method, with data collected through the application of a triangulation approach involving semi-structured and focus group interviews, augmented by the use of document reviews. The key contributions of the study are linked to the three research objectives. In respect of the first research objective, the researcher, in the form of a framework, developed critical strategic leadership elements which, if followed and applied appropriately by strategic leaders, can bring leadership maturity to an acceptable level within the organisation. This is more so that, among other key elements, the question of overseeing and monitoring, as well as accountability, have been prioritised.

The researcher also, as linked to research objective 2 (Figure 7.2), developed a combined assurance model with five lines, opposed to the traditional three lines of assurances or defence. It is hoped that if these combined assurances model is applied accordingly, there could be reduction in wasteful expenditures within the LDOH or a similar organisation.

Lastly, at theoretical and practical levels (Figure 7.3.), the study realised its key research objective of developing a strategic leadership framework for corporate governance. The framework was developed within the context of systems theory, simply implying that when one considers applicable input as well as transformational processes, there is a high likelihood of realising the intended output of improving effective control, an ethical culture, good performance, as well as legitimacy.

7.7 RECOMMENDATIONS FOR FUTURE RESEARCH

Taking into account that this study's main research objective, which was realised, was to develop a strategic leadership framework for improving corporate governance within the LDOH. In view of the LDOH being a public sector organisation, it is recommended that future researchers consider conducting a similar study in a comparative context between the public sector and the private sector. The recommendation is necessitated by the knowledge and understanding that governance approaches between public sector and private sector organisations are different, and it could be necessary for these two systems to learn from each other.

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APPENDIX A

PERMISSION TO CONDUCT RESEARCH

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

Department of Health

LETTER GRANTING OF INSTITUTIONAL PERMISSION FOR RESEARCH

Dear Dr H.P Bila

I, Dr Ramalivhana NJ, the Director Research of the Limpopo Department of Health will grant Dr HP Bila permission to collect data at our instittion for research project titled Development of Strategic Leadership Framework in improving Corporate Governance within the Limpopo Department of Health.

The permission will be granted by me as the authorized person to do so in the Limpopo Department of Health and am aware of the following,

1. The study is conducted as a UNISA researcher and remains the property of UNISA
2. You can use, the name of the Limpopo Department of Health in your research project
3. All data and information collected will be solely in the procession of the researcher
4. I will require feedback of the research.
5. The research may be published in the public domain under the supervision of the supervisor

I wish the best and success in this research

Signature: ____________________

Name: Ramalivhana NJ

Date: 10 August 2021

Organizational Title: Limpopo Department of Health

Full contact details:

Dr. Ramalivhana NJ (Director Research)

Tel: 015 2936206, cell: 0718619918, email: drramalivhana,c99986@gmail.com

ND Biomedical Technology: Microbiology; BSc (hons): Botany; MSc (Microbiology); MPH (Biostatistics and epidemiology); PhD (Microbiology)

*Member of National Health Research Ethic Council (**NHREC**): 2013 - 2016*

*Member of Medical and Dental Professions Board in the Health Professional Profession Council (**HPCSA**) medical and dental board: 2015 -2020*

*Member of committee for medical science (**HPCSA**): 2015 -2020*

*Member of steering committee for governance (**SGB**)- (**HPCSA**): 2015 -2020*

*Member of review committee: National research foundation (NRF**): 2016 – date***

*Member of (**HPCSA**) Radiology and clinical technology board: **2021 -2025***

*Board member of National Health laboratory services **(NHLS): 2021 - 2024***

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APPENDIX B

ETHICS APPROVAL LETTER

Graduate School of Business Leadership University of South Africa, PO Box 392, Unisa, 0003, South Africa
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SCHOOL OF BUSINESS LEADERSHIP

RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

13 April 2022

Ref #: 2022_SBL_DBL_002_FA
Name of applicant: Dr HP Bila
Student #: 05344051

Dear Dr Bila

Decision: Ethics Approval

Student: Dr HP Bila (pbila@webmail.co.za)) , 082 307 0007)

Supervisor: Dr PK Acha-Anyi, (achainstitute@gmail.com , 072 589 8973)

Project Title: Development of a strategic leadership framework for creating corporate governance.

Qualification: Doctor of Business Leadership (DBL)

Expiry Date: March 2024

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 13/04/2022.

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 principles expressed in the UNISA Policy on Research Ethics.
3) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.
4) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
5) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

45 years Building leaders who go beyond

SBL GRADUATE SCHOOL OF BUSINESS LEADERSHIP UNISA

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Kind regards,

N B W Mlitwa
Prof N Mlitwa
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APPENDIX C

INTERVIEW SCHEDULE

INTERVIEW SCHEDULE TITLE: DEVELOPMENT OF A STRATEGIC LEADERSHIP FRAMEWORK FOR CORPORATE GOVERNMENT

A. BIOGRAPHICAL INFORMATION

1. What position do you hold in the Limpopo Department of Health?
2. What are the responsibilities in your current employment?
3. How many years have you been in your current employment?
4. How many years have you been in senior management?
5. What are your academic qualifications?
6. Did you attend any executive management programmes/seminars/courses relating to strategic leadership/corporate governance?

B. UNDERSTANDING STRATEGIC LEADERSHIP

1. What do you consider to be the meaning of ‘strategic leadership’?
2. In your view, what is the difference between strategic, visionary and managerial leadership?
3. How can strategic direction be determined in the Limpopo Department of Health?
4. To what extent, if any, do policy and planning give effect to the strategy and the set direction within the Limpopo Department of Health?
5. How well does the Limpopo Department of Health utilise its human capital as an asset to help it improve, stay competitive, and strategically meet goals?
6. To what extent do strategic leaders drive or influence the performance of the Limpopo Department of Health?
7. What are the organisational culture variables that can influence the quality of strategic thinking within the Limpopo Department of Health?
8. To what extent does ethical leadership impact organisational performance within the Limpopo Department of Health?

9. What role does oversight and monitoring play in strategic leadership in the Limpopo Department of Health?
10. What is the importance of accountability in strategic leadership within the Limpopo Department of Health?

C. THE PRACTICE OF CORPORATE GOVERNANCE

1. How do you define corporate governance?
2. What is the importance and relevance of corporate governance in the Limpopo Department of Health?
3. Why is it necessary to comply with laws and regulations within the Limpopo Department of Health?
4. What is corporate governance's role of the executive authority within the Limpopo Department of Health?
5. What are critical regulatory compliance mechanisms within the Limpopo Department of Health?
6. How effective are corporate governance internal assurance providers within the LDOH? Also mention such internal assurance providers.
7. To what extent does internal control create value for the Limpopo Department of Health?
8. What would you say are the most common corporate governance risks that the Limpopo Department of Health must address?
9. How effective are the governance roles in combating fraud and corruption in the Limpopo Department of Health?
10. For the purpose of realising corporate governance, what is the importance of combined assurance?

D. STRATEGIC LEADERSHIP SYSTEMS THEORY AND ITS IMPLICATIONS IN CORPORATE GOVERNANCE

1. To what extent, if any, does/can strategic leadership improve corporate governance in the LDOH?

APPENDIX D

EDITOR ACCREDITATION LETTER

10 August 2022

I, Marlette van der Merwe, hereby certify that the text and list of references of the doctoral thesis, "Development of a strategic leadership framework for corporate governance", by Hlengani Phanuel Bila, have been edited by me, according to the modified Harvard reference method as used by the University of South Africa.

Marlette van der Merwe

BA (English) HDipLib (UCT)

APPENDIX E

DEFINATIONS OF KEY CONCEPTS

1 Strategic leadership

Strategic leadership is the ability to envision, anticipate, maintain flexibility, and empower others to make strategic change as required (Hitt et al, 2007:373).

2 Corporate governance

According to Cadbury (1992:10), corporate governance is a system that is used to control and direct an organisation. It also encompasses relationships between the stakeholders of the organisation, as well as their accountability.

3 Systems theory

Systems theory is defined as a number of interdependent parts functioning as a whole for a purpose (Von Bertalanffy, 1955:14).