DURBAN UNIVERSITY OF TECHNOLOGY

AN ANALYSIS OF COMPETENT BOARD GOVERNANCE: THE CASE OF ETHEKWINI METROPOLITAN MUNICIPALITY

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AN ANALYSIS OF COMPETENT BOARD GOVERNANCE: THE CASE OF ETHEKWINI METROPOLITAN MUNICIPALITY

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APPROVED FOR EXAMINATION

15/08/2023

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Date

DEDICATION

I, wholeheartedly dedicate my work to God,

The source of supreme bliss.

Whose grace makes the dumb eloquent and the cripple cross mountains.

Student Number: 20100835

DECLARATION

I declare that the study titled "**AN ANALYSIS OF COMPETENT BOARD GOVERNANCE: THE CASE OF ETHEKWINI METROPOLITAN MUNICIPALITY**" is my work and that all the sources that I used or quoted are reflected and acknowledged by a complete references list. I did not submit this work for any other degree at any other institution.

	30 October 2022
Jody Fuchs	**Date**

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ABSTRACT

Background: Governance quality research in South Africa is limited despite evidence that it is needed. Ineffective and unethical governance is a major concern internationally. South Africa's sustainable development agenda depends on the quality of public and private sector governance, as well as its impact on the socio-economic prosperity of the nation. Research on the continuous improvement of governance is imperative.

Purpose: The purpose of the study was to analyze contemporary corporate governance quality as relevant to determining institutional value and formulate a valid measure that reliably frameworks competent Corporate Governance.

Method: The exploratory sequential mixed method study utilized both purposive and systematic sampling approaches to identify 97 participants who met the required characteristics to inform the study. Semi-structured interviews followed by a survey were conducted to generate data from practicing local government elites in the eThekwini Metropolitan Municipality in the Kwa-Zulu Natal Province of South Africa. The interviews were digitally recorded, transcribed, and anonymized with consent from participants. The survey data was collected electronically and processed using SPSS version 27. Qualitative and quantitative data was analyzed using directed content analysis, thematic analysis and exploratory factor analysis.

Results: The findings revealed that out of the 23 identified indicators, stakeholder governance has the highest positive relationship with competent governance. Local governance elites are subjected to the same agency dilemmas as found in private sector directors, but in this case, it is due to the conflicting political-administrative interests that prevail. Furthermore, they are difficult to physically access because of their busy calendars and decentralized locations. More importantly, results indicate leadership is undergoing a

profound shift towards competent representation by stakeholders, with stakeholders and for stakeholders.

Implications for Practice: It is anticipated that knowledge obtained from the results of this research will be implemented to improve public and private governance quality. It is evident that, by using a stakeholder-integrated approach to Corporate Governance, value creation for stakeholders is more likely to result. The proposed model and implementation guidelines were developed to guide governance practitioners.

Key Contributions Made by the Study: The ontological and epistemological domain of governance has been extended to add value to the existing body of empirical knowledge. Additionally, the development and use of the proposed model derived from this research can empower public and private sector corporate governance professionals to create more value for stakeholders.

DEFINITIONS OF RELEVANT TERMS (A-Z)

Table 1: Table of relevant definitions (a-z)

Relevant Term	**Definition**
Agency	When a governing body (the agent) provides a service on behalf of its shareholders (the principle). The agency problem is fundamental to corporate governance research.
Agility	When leadership moves quickly and easily with flexibility; and adaptability.
Capital	Structures of the social world that have value and are transformable. Popular examples of capital include financial capital, manufactured capital, human capital, social capital, political capital, ethical capital, intellectual capital, natural capital, etc.
Competency	Leadership's behavioural characteristics necessary to achieve key performance outcomes effectively and efficiently at some specific criteria, benchmark, or quality standard for example ethical governance. Alternatively, leadership's key performance outcomes for example Ethical Culture.
Competent	When leadership successfully demonstrates the necessary behavioural characteristics to perform its responsibilities effectively and efficiently at some specific criteria, benchmark, or quality standard.
Competent Authority	The legitimate institutional or state structure that has the power to exercise authority over a specific function.
Corporate	A large institution for example Visa, Eskom, or eThekwini Municipality.
Governance	Leadership's action or manner of conducting the policy, actions, and affairs of a state, organization, or people, with authority.
Impact	The long-term intangible result of accumulated outcomes that determine value for stakeholders
Input	The capital that enters an institution or state system
Leadership	The topmost governance structure of a state, municipality, institution, or state-owned enterprise. Also known as the governing body.

Legitimate	When leadership conforms to the law or rules that regulate its operating environment.
Materiality	The quality of an agent or structure being relevant or significant.
Mechanism	The doctrine that leadership, performance, and value creation can be explained by processes or agency.
Mission	An important assignment given to management by the leadership typically to determine value for stakeholders.
Objective	The value that leadership aim at or seek an outcome.
Outcome	A long-term intangible result of accumulated outputs.
Output	A short- and medium-term tangible result of an institution or state's processing inputs.
Oversight	When leadership oversees management's performance.
Policy	A course or principle of action adopted by an institution or state's leadership.
Processes	Leadership's actions that transform inputs into outputs. See agency.
Purpose	The primary reason for which an institution or state exists. Its core competence.
Quality	The measurable and comparable standard of governance; the degree of governance excellence.
Reliable	When leadership's performance is consistently good in quality; ability to trust leadership.
Stakeholder	Any group or individual who can affect or is affected by the institution or state's actions.
Strategic	Leadership's adoption and oversight of the state or institution or state's purpose, objectives, impacts, outcomes, processes, and inputs necessary to create value over time.
Structured	Leadership's arrangement of an institution or state's people according to its functions.
Sustainable	Leadership's ability to maintain an expected level of value creation over time.
Transparent	When leadership is open to public scrutiny.
Trusted	Stakeholder's firm belief in the reliability, truth, or competence of leadership.
Value	The capital worth of something.
Vision	The ability of leadership to plan the institution or state's prosperous future.

ACRONYMS (A-Z)

Table 2: Table of acronyms (a-z)

ACRONYM	MEANING
4IR	Fourth Industrial Revolution
AGSA	Auditor General of South Africa
BCF	Bebchuk, Cohen, and Ferrell
CCG	Competent Corporate Governance
CG	Corporate Governance
DUT	Durban University of Technology
EMM	eThekwini Metropolitan Municipality
ESMMR	Exploratory Sequential Mixed Method Research
EU	European Union
GB	Governing Body
GIM	Gompers, Ishii and Metrick
GRADE	The Grading of Recommendations Assessment, Development and Evaluation (GRADE) approach
ICT	Information, Communication and Technology
IODSA	Institute of Directors of South Africa
IAASA	Internal Auditors Association of South Africa
IRRC	Investor Responsibility Research Center
ISS	Institutional Shareholder Services
JSE	Johannesburg Stock Exchange
KCG	The King IV Report on Corporate Governance
NSE	New York Stock Exchange
PSX	Pakistan Stock Exchange
RBV	Resource-Based View Theory
SMART	Specific, Measurable, Achievable, Realistic, and Time-Based
UK	United Kingdom
US	United States

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CHAPTER 1: ORIENTATION TO THE STUDY

1.1 Introduction

Ensuring that corporate governance is capable of creating value is crucial in determining value for stakeholders. However, despite overwhelming evidence of widespread incompetence in Corporate Governance and a plethora of regulations, research has so far failed to isolate and explain the range of factors that ensure that governance is good enough. The Corporate Governance system, originally designed to mitigate the costs of agency misalignment, has failed thus far to perform its function satisfactorily. Globally, and locally in the eThekwini Municipality, incompetence in governing structures is one of the root causes of significant socio-economic decline. This phenomenon manifests as unethical cultures, poor performance, illegitimacy, and ineffective controls resulting in poor performance and value destruction. For example, the global downturn in 2008 caused by the unethical behaviour of unscrupulous corporations or the dysfunctional governance structures of South African parastatals like Transnet and Eskom or the recent restructuring of the eThekwini metropolitan municipal council's executive committee from alleged corruption. The problem of conflicting interests is academically known as "the agency problem". Literature reports that the Corporate Governance discipline is theoretically pluralistic which further complicates research in the field. However, many methodologies have emerged to measure the quality of Corporate Governance. One such instrument is the corporate governance index which is central to the methodological implications of this project.

1.2 Background to the research problem

Poor quality governance is a root cause of economic failure. The Global Risks Report, 13th Edition (World Economic Forum, 2018: 61) predicted alarmingly that the failure of national, regional and global governance are causes of significant negative impact for several countries or industries within the next 10 years. According to The Office of the Ombudsman of the Philippine Government (2009: 35), the characteristics of bad governance are corruption, whimsical or expedient decision-making, short-sightedness and disregard for the concern of the many. Kioe-Sheng (2007: 1) vehemently states that bad governance is being increasingly regarded as one of the root causes of all evil within our societies. Multinational corporations and global governance systems are losing value due to incompetent governance. Kirkpatrick (2009: 2) concluded that the 2008 financial crisis can be significantly attributed to failures and weaknesses in Corporate Governance arrangements. The Institute of Risk Management South Africa (2018: 10) reported that the failure of public and private governance is fourth of the top ten South African risks. Dr Claudelle von Eck, in her role as Chief Executive Officer of The Institute of Internal Auditors of South Africa (2018: 4) noted with concern that Corporate Governance in South Africa has lost ground in every dimension excepting compliance, most notably in the Ethics and Assurance dimensions. According to The Institute of Internal Auditors Southern Africa, (2018: 13) unethical cultures come at a high price and typically include one or a combination of results such as low staff morale; increased staff turn-over; decreased productivity; decrease in likelihood that staff will report unethical behaviour of others; tarnished organizational reputation; decreased value of the organization and adverse impact on communities.

1.3 Statement of the research problem

There is a paucity of research into corporate governance quality in South Africa despite widespread agreement regarding the threats of bad governance. Cosma, Mastroleo and Schwizer (2018: 1) confirm that after the 2008 global fiscal crisis and corporate scandals, assessing and improving corporate governance quality is essential.

Some researchers assert that board competency should replace research on the effects of independence and remuneration on performance. Ahrens, Filatotchev and Thomsen, (2011: 323) assert that measuring competencies owners and board members should probably replace independence as the primary goal of corporate governance research. Others claim it is impossible to improve corporate governance quality. For example, The Organisation for Economic Cooperation and Development, (2009: 46) contend that it is not possible to regulate for board competence and objectivity.

This study aims to mitigate the problems highlighted above by exploring what makes a governing body an organization’s competent authority.

1.4 Research purpose

To analyze contemporary corporate governance quality as relevant to determining institutional value and formulate a valid measure that reliably frameworks competent Corporate Governance.

1.5 Research objectives and questions of the study

The research objectives of the project are:

1. Determining the concepts central to competent corporate governance.
2. Critically assessing the conceptual domain of competent corporate governance.
3. Evaluating the mechanisms, structures, and agents of competent corporate governance.
4. Synthesizing the causal explanations of competent corporate governance.
5. Developing a framework that measures competent corporate governance.

The research questions of the project are:

1. What is the conceptual domain for competent corporate governance?
2. What is the critical assessment of the conceptual domain of competent corporate governance?
3. What are the mechanisms, structures and agents that determine competent corporate governance?
4. What indicators determine competent corporate governance?
5. What is the valid measure of competent corporate governance?

1.6 Significance of the study

The study's significance lies in its unique contribution made to the research area of governance which is a major socio-economic concern in most countries. The Global Corporate Governance Forum, (2005: 6) contend that improving Corporate Governance is now recognized in most countries and policy circles to have first-order macroeconomic consequences and has become a mainstream concern. Corporate governance promises to be a discipline that solves the value acquisition conundrum for stakeholders. The World Economic Forum, (2020) puts forward that, corporate governance can help deliver economic gains, while also contributing to the development of more inclusive societies.

1.7 The unique contribution made to the research area

This section presents the unique contributions made by the current study in the assessment and development of Corporate Governance quality. Although this topic has been extensively explored in the literature, the emphasis is on how competency relates to governance quality. The current study is unique in several specific and distinct ways.

1.7.1 Research design

The use of exploratory sequential mixed methodology, as a research design sets it apart from all published work within the chosen research area. Previous studies in this research area have utilized other study designs. So far, this study is likely the first in the African context to utilize exploratory sequential mixed method research to analyze the effects of competence on governance decision making.

1.7.2 Development of a model

The development and use of the proposed model derived from the results of the study can empower governance professionals to develop integrated policy frameworks. The model has the potential to predict, monitor, and evaluate incompetence-related challenges that devalue institutions such as unethical cultures, illegitimacy, ineffective performance and poor performance.

1.7.3 Same study setting

The process of utilizing the study participants, in this case, local government elites, from the same areas allows results from the qualitative phase to be tested by direct comparisons of the results from different data collection techniques. The participants in the study from semi-structured individual interviews and the survey were selected from the same target population. This consistency in the study setting minimized predictable governance diversities that occur when studies are conducted in different settings.

1.7.4 Conceptual framework utilized

The integration and use of a critical realist ontology with four (4) theories (institutional theory, competency theory, integrated capital theory, and stakeholder theory) in a single study on governance quality has not been done within the African region. Therefore, the use of these as theoretical frameworks guiding the study is another notable area in which the current study is making a unique contribution to the existing body of institutional knowledge. Thus, the conceptual framework proposed in chapter 3 integrates many theoretical assumptions so that key considerations related to competent governance can be better understood.

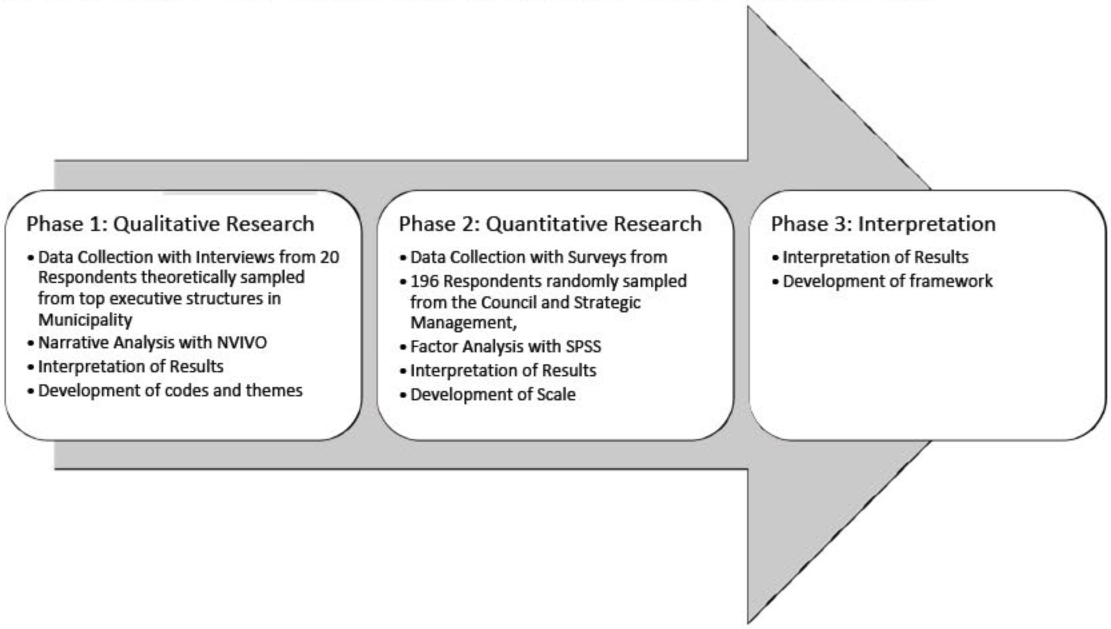
1.7.5 Dissemination of research results

With respect to the dissemination of results, the strategies discussed later for sharing of research findings provides an additional unique contribution made by the current study to South Africa’s public and private sector governance system. This seeks to contribute material insights for planning and implementing the continuous improvement of governance quality. A unique focus on the influence of competence on governance decision making is analyzed for the first time in Africa.

1.8 Research design

The research uses an exploratory sequential mixed-method research design as seen in the figure below.

Figure 1: Sequential exploratory mixed method research design



Source: Adapted from Creswell, (2013, p. 220)

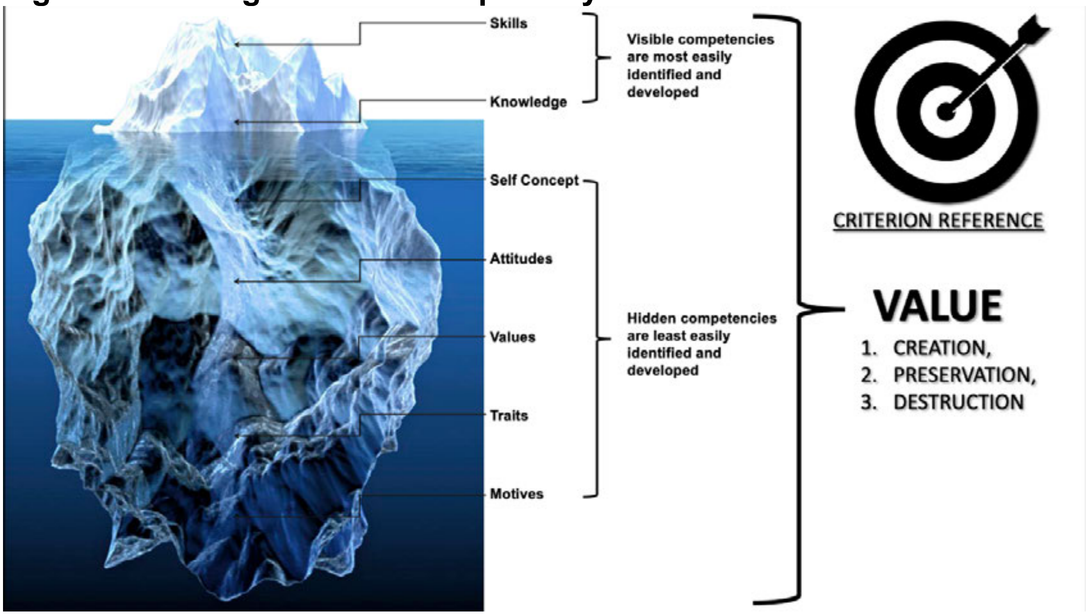
As seen in the figure above the research design has three phases. Phase 1 is qualitative and uses semi-structured interviews methodology to collect data. Phase 2 is quantitative and uses a questionnaire methodology to collect data. Phase 3 is Interpretative and mixes the findings, claims to develop theory and practice in governance. According to SAGE Research Methods, (2018) mixed methods research is defined as an inquiry that combines two or more methods in a mixing process that crosses the quantitative-qualitative boundary. Mixed method research adopts the position of methodological pluralism. Creswell, (2007: 6) says that mixed methods research provides a more complete understanding of the research problem than either quantitative or qualitative alone.

1.9 Definition of key concepts

1.9.1 Competency

Competency has been traditionally compared to an iceberg as seen in the figure below.

Figure 2: Iceberg model of competency



Source: Adapted from Spencer & Spencer (1993: 11)

As shown in the figure above, competence is a theoretical construct made up of behavioral characteristics considered causally related to criterion-referenced performance in an individual, organization sector, country and/or civilization. Competencies typically have a definition, several behavioral indicators and a few scaled dimensions.

The competency movement is plagued by interpretational confusion. This confusion originates in the different perceptions underlying the United States and British approaches. The United States competency movement was originally behavior-based and the British competency movement was outcome-based. Both forms of competence are relevant here as determination can be inferred regardless of competence being cause or effect.

1.9.2 Corporate governance

There is no universally accepted definition for corporate governance. Khan, (2011: 2) is of the view that there is not a single definition of Corporate Governance rather it might be viewed from different angles which explains the absence of any single coherent theory. The Coalition for Inclusive Capitalism, (2018: 70) also claim that there is no universally accepted definition of corporate governance, however, agreement exists that it is a system by which all the activities of a company are directed, controlled, and monitored. According to The Brazilian Institute of Corporate Governance, (2015: 20) corporate governance is the system by which companies and other organizations are managed, monitored and encouraged. It involves the relationships between shareholders, the board of directors, the executive management, supervisory and control bodies and other stakeholders. Tihanyi, Graffin and George, (2014: 1) define corporate governance as the system by which companies are directed and controlled and conclude that corporate governance is about what the board of a company does and how it sets the values of the company, but is distinct from the operational management of the company by full-time executives. Shrivastav, (2017: 60) maintains that corporate governance is about maintaining an appropriate balance of accountability between three key players; the corporation's owners, the directors whom the owners elect, and the managers whom the directors select. Aytekin, Miles and Esen, (2013: 7) claim that corporate governance is recognized as the set of processes and structures focused on the assurance of the sustainability of companies. Tricker, (2019: 1) explains that corporate governance is not management because management runs an enterprise while the board or governing body ensures that it is being run well and is running in the right direction. The Institute of Directors - United Kingdom, (2017: 7) defines corporate governance as the system by which companies are directed and controlled. The Institute of Directors in Southern Africa, (2016: 11) define corporate governance as the exercise of ethical and effective leadership by the governing body towards the achievement of the governance outcomes. Thus, for the purpose of this research project, corporate governance is initially defined as the creation of value through competent performance of the board for the fourth industrial revolution.

1.9.3 Governing body

The governing body is the competent authority of its organization. This means that it is legally delegated or invested with the authority, capacity, or power to perform its leadership function. As an institutional structure the governing body is primarily accountable for sustainable value creation and preservation for all its stakeholders. According to The Institute of Directors in Southern Africa, (2016: 12) the governing body is defined as the structure that has primary accountability for the governance and performance of the organization; depending on context, it may include the board of directors of a company, the board of a retirement fund, the accounting authority of a state-owned entity and a municipal council, among others.

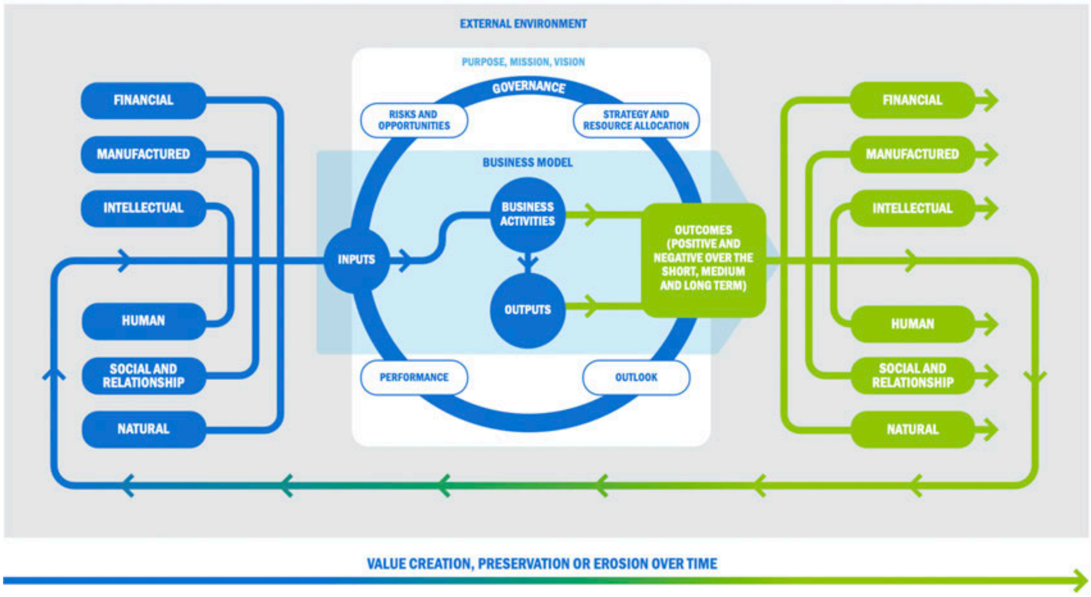
Bhagat, Bolton and Romano, (2008: 1810) explain that independent or outside directors are considered by some commentators and many institutional investors to be the crucial corporate governance mechanism for performance evaluation of managers. Tihanyi, Graffin and George, (2014: 1) put forward that the responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business, and reporting to shareholders on their stewardship.

The primary role of a municipal council is to govern its municipality. The Parliament of the Republic of South Africa, (1996: 51) states in Section 151 (2) of the Constitution that the executive and legislative authority of a municipality is vested in its municipal council. According to Lewis, (2018: 4) the council's work is very public in nature and there is need to ensure the decisions made are truly reflective of the values of the community. The Municipal Systems Act (Government of the Republic of South Africa 2000: 25) declares that the executive and legislative authority of a municipality is exercised by the council of the municipality, and the council takes all the decisions of the municipality. The Municipal Structures Act (Government of the Republic of South Africa 1998) declares that a municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution. The Municipal Systems Act (Government of the Republic of South Africa 2000) asserts that the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community.

1.9.4 Value creation

The most common, and arguably the most relevant theoretical assumption of corporate governance is value, and the process of creation as can be seen in the figure below.

Figure 3: Process through which value is determined (created, preserved, or eroded)



Source: International Integrated Reporting Council, (2021: 23)

As shown above, value creation is the process of transforming capital into value for the institution. The International Integrated Reporting Council, (2013: 1) define value creation as a process whereby value is created through an organization's business model. Inputs are taken from the capitals and transformed through business activities and interactions to produce results.

Value is created, preserved, or destroyed for the organization, its stakeholders, society and the environment. Satnalika and Rao, (2016: 244) define value creation as the performance of actions which leads to the increase in worth of goods or services or business and that significant correlation exist between corporate governance and value creation. The Institute of Directors in Southern Africa, (2016: 3) state that sustainable value creation is a fundamental concept and common theme of King IV, the United Nations Sustainable Development Goals, the Africa 2063 Agenda and the (South African) National Development Plan 2030. The Financial Reporting Council, (2018: 3) reported that a sound understanding at board level, of how value is created over time is key in steering strategies and business models towards a sustainable future. Thus, value creation is central to an exploration of competent governing bodies.

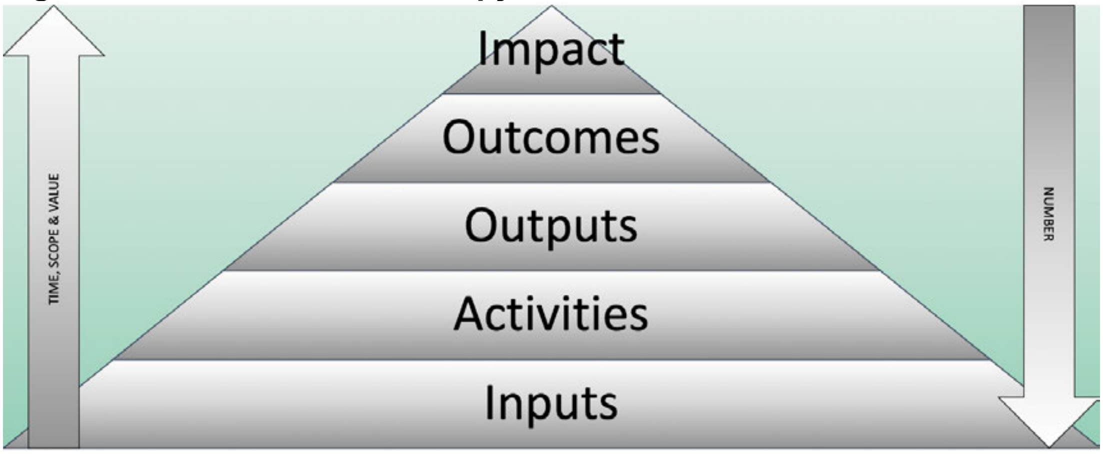
Value creation is referred to in many ways by different stakeholders with various theoretical expectations. The Institute of Directors of South Africa call it value creation, the institutional theorists call it value infusion, the capitalists or economists call it capital, stakeholder theorists call it value creation for stakeholders, others call it wealth, growth, prosperity, social cohesion among other terms. For the purposes of this study the goal of corporate governance is institutional value that satisfies stakeholder expectations. The integrated capital model presents six capitals that form both the input and outcome of the business model. Corporate governance is accountable for processing capital inputs into greater capital outputs that positively affect value outcomes. Thus, the value that institutions seek exists dormant in the value that they have.

Important to note in this model is that the governance role is simplified into four functions. These are risks and opportunities, strategy and resource allocation, performance, and outlook.

1.9.5 The outcomes approach

The outcomes approach is an integrated value chain model for institutions that begins its journey with the destination. It causally links the main value creation dimensions as seen in the figure 4 below.

Figure 4: The outcomes-based pyramid



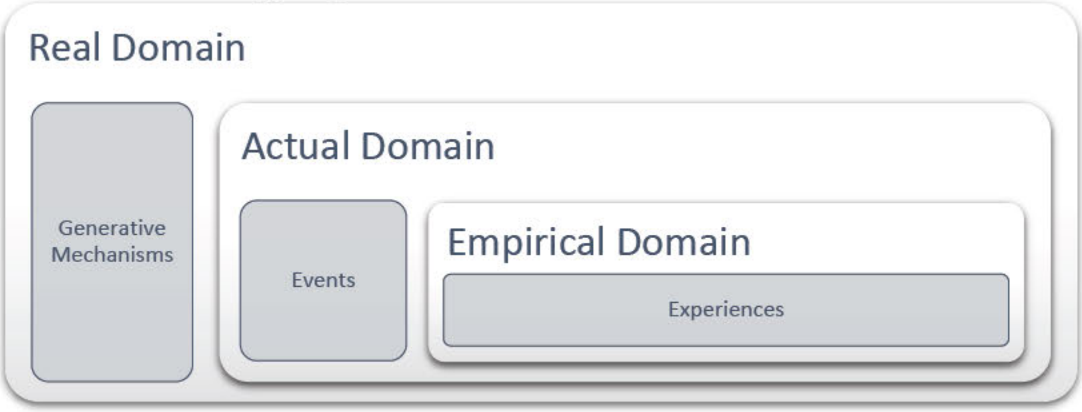
Source: Adapted from the South African Department of Performance Monitoring and Evaluation, (2010: 11)

As projected in the figure above, the value of results, capital cost of business and scope of dimensions increases over time. Numerous capital inputs are used in activities that result in an output. Numerous outputs together result in an outcome and numerous outcomes together result in an impact. The Value Reporting Foundation, (2022: 19) call it integrated thinking that leads to integrated decision-making and actions that consider the creation, preservation, or erosion of value over the short, medium, and long term. Therefore, an intimate knowledge of outcomes thinking is integral to corporate governance and fundamental to the policy development framework.

1.9.6 Critical realism's generative mechanisms

Critical realism posits that generative mechanisms are the causal powers that connect events as cause and effect and are essential for complete and 'real' knowledge of corporate governance as seen in the figure below.

Figure 5: Critical realism's three domains of social reality and their associated overlapping dimensions



Source: Adapted from Bhaskar, (1975: 121)

As seen in the figure above, critical realism asserts that the one independent, unknowable reality is made of three domains being the real, actual and empirical. Bhaskar (2008: 46) postulates that by constituting an ontology based on the category of experience, as expressed in the concept of the empirical world, and mediated by the ideas of the actuality of the causal laws and the ubiquity of constant conjunctions, three domains of reality are collapsed into one. Furthermore, the domains are not equal in that, the real domain has something which the actual domain does not (mechanisms) and the actual domain has something which the empirical domain does not (events). The empirical domain is constituted exclusively of experiences.

In critical realism, the real domain is made of generative mechanisms, events and experiences. According to Bhaskar, (2008) generative mechanisms are causal laws or powers which connect events as cause and effect. According to Joseph (1998: 84) critical realism argues that the social world (including corporate governance) is structured in a certain way and that it contains dominant generative mechanisms which exert a powerful influence over the social formation. Bhaskar, (2008: 9) argues that if science is to be possible the world must consist of enduring and transfactually active mechanisms; society must consist of an ensemble of powers irreducible to but present only in the intentional actions of men, and men must be causal agents capable of acting self-consciously on the world. Thus, for the purposes of this study, the corporate world is assumed to consist of enduring and transfactually active mechanisms and an ensemble of powers irreducible to, but present only in, the intentional actions of governing bodies, and directors must be causal agents capable of acting self-consciously on the business model.

1.10 Ethical considerations

The main ethical consideration was confidentiality because of its importance to governance elites. Other considerations were that the researcher was not conflicted; was not incentivized to conduct research; requirements for written informed consent were met; gatekeeper information was secured and accessible; there was no reasonable foreseeable risk of harm or discomfort of participants; anonymity of participants was maintained; confidentiality of responses and data collected was maintained; data was not gathered on personally sensitive or contentious issues and there was no deception of any kind.

1.12 Delimitations

This exploratory sequential mixed method design study was conducted over four years using firstly semi-structured interviews followed by a ten-point Likert scale survey instrument. Data were collected from governance elites with knowledge of policy. At the time, the government was being challenged about its policy, with charges that unethical cultures and mediocre performance was eroding the socio-economic fabric of South Africa. The exploratory sequential mixed method design was used because it is recommended by Creswell as a reliable approach for developing a valid scale. The participants were selected using probability and non-probability techniques from a target population in the eThekwini Metropolitan Municipality. This municipality was chosen because it is one of the eight South African metropolitans. Data were analyzed using NVIVO software version 12 and SPSS software version 27.

1.13 Conclusion

In conclusion this chapter provided an orientation to the study. This included a background, research problem, purpose, objectives, and questions were presented. After this the orientation dwelt on the studies significance, unique contribution, key definitions, ethical considerations, and delimitations. The next chapter reviews literature relevant to the conceptual domain of competent governance.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The previous chapter orientated the reader to the study. This chapter presents a review of the existing body of knowledge and research found in the literature on corporate governance. The review comprises types of literature reviews, the data search strategy, inclusion and exclusion criteria, a synthesis of sources and a critical review of governance literature. Boyd, Gove and Solarino, (2017: 384) argue that academic fields and disciplines advance in two interrelated ways: theory and methods. The research questions that chapter 2 contributes to are:

Research Question 1: What is the conceptual domain for competent corporate governance?
Research Question 2: What is the critical assessment of the conceptual domain of competent corporate governance?

The objective of the literature review is to explore the conceptual domain of the research topic by demonstrating the interconnectedness of knowledge on the subject. John Adams *et al.*, (2007: 53) contend that the literature review is the pivotal element of a research project in that it connects the planned work to previous work, the specific topic to the wider subject area, and the specific findings to the findings of others. In doing this, the literature review unlocks numerous doors to knowledge considered critical for doctoral synthesis such as familiarity with the body of knowledge, credibility of the research topic, historical comprehension of the subject development to contemporary issues and so forth. Neuman, (2014: 126) writes that the four (4) goals of a literature review are to demonstrate a familiarity with a body of knowledge and establish credibility, to show the path of prior research and how a current project is linked to it, to integrate and summarize what is known in an area and to learn from others and stimulate new ideas. Research does not exist in a vacuum and the literature review is the one side of the bridge that connects what is known and what will be discovered through empirical data collection and analysis. David Byrne, (2017: 2) claims that researchers need to draw on existing literature to construct their own project and distinguish their own work from others. How the bridge is constructed is dependent on many factors and there exists numerous types of literature reviews to choose from that fit the context of the research design.

The literature review is organized as follows:

1. Examine predominant theory and methods in governance research.
2. Discuss the different components of governance research.
3. Report on governance research strengths and weaknesses in the context of the hierarchy of evidence.
4. Compare differing research on the same governance problems
5. Conclude and provide suggestions for chapters that follow.

2.2 Types of literature reviews

In this section, various literature review types are discussed and the chosen approach is selected that can be used to best explore the conceptual domain of corporate governance. David Byrne, (2017: 1) puts forward that the two (2) main types of review are primary and secondary. Adams, J. *et al.*, (2007: 56) claim that the three (3) main types of literature review are an evaluative review, an exploratory review and an instrumental review. Dudovskiy, J. (2019) contends that the most popular literature reviews in business studies are narrative, systematic, argumentative, integrative and theoretical reviews. Grant and Booth, (2009: 94) argue that the main review types characterized by methods used are the critical review, literature review, mapping review, meta-analysis, mixed studies review, overview, qualitative systematic review, rapid review, scoping review, state-of-the-art review, systematic review, systematic search and review, systematized review and umbrella review. McGregor, (2020) writes that approaches to organizing and presenting the literature review include historical, chronological, conceptual, theoretical, thematic, methods, major ideas and trends, argumentative and hypothesis.

Neuman, (2014: 127) claims that the six (6) types of literature review in social research are the context reviews, historical review, integrative review, methodological review, self-study review, and theoretical review. A brief look at some key literature reviews follows.

2.2.1 Narrative literature review

According to Bourhis, (2018: 2) A narrative literature review provides a synthesis or examination of the literature by considering issues and the development of the research over time. The narrative review has strength for qualitative research, however; it lacks the critical orientation needed to analyze the conceptual domain of competent governance research in a South African local government context.

2.2.2 Exploratory literature reviews

Adams, J. *et al.*, (2007: 56) explains that the exploratory literature review seeks to find out what exists in the academic literature in terms of theory, empirical evidence, and research methods pertaining to a specific research topic and its related wider subject area. The exploratory review has strength for qualitative research, however; it lacks the descriptive and explanatory orientation needed to analyze the conceptual domain of competent governance research in a South African local government context.

2.2.3 Theoretical literature review

The theoretical review is often used to determine gaps in existing theories and shows that existing frameworks are unable to reliably explain emerging research problems. Neuman, (2014: 127) explains that the theoretical review is a specialized review in which the author presents several theories or concepts focused on the same topic and compares them on the basis of assumptions, logical consistency, and scope of explanation. Robert Larabee, (2017) claims that a theoretical review concretely examines the corpus of theory that has accumulated regarding an issue, concept, theory, phenomena. The theoretical review is also well suited to conceptual research; however, lacks the methodological focus needed to explain the conceptual domain of competent governance research in a South African local government context.

2.2.4 Methodological literature review

The methodological literature review determines the conceptual domain of the research topic by evaluating existing methodologies. According to Neuman, (2014: 127) a methodological review is a specialized type of integrative review in which the author compares and evaluates the relative methodological strength of various studies and shows how different methodologies (e.g., research designs, measures, samples) account for different results. According to Larabee, (2017) this approach provides a framework of understanding at different levels, enables researchers to draw on a wide variety of knowledge ranging from the conceptual level to practical documents for use in fieldwork in the areas of ontological and epistemological consideration, quantitative and qualitative integration, sampling, interviewing, data collection and data analysis, and helps highlight many ethical issues which we should be aware of and consider as we go through our study. The methodological review has strength for practice-based research. However, it lacks the theoretical orientation needed to analyze the conceptual domain of competent governance research in a South African local government context.

2.2.5 Critical literature review

The critical literature review presents an unbiased critical analysis of existing research on a particular topic. Tight, (2019: 6) contends that the traditional review usually adopts a critical approach, which might assess theories or hypotheses by critically examining the methods and results of single primary studies, with an emphasis on background and contextual material. Grant and Booth, (2009: 93) explain that. critical review goes beyond mere description of identified articles and includes a degree of analysis and conceptual innovation in that it typically manifests in a hypothesis or a model that may constitute a synthesis of existing models, schools of thought or a completely new interpretation of the existing data. Critical review has the integrative strength to provide the critical orientation required to analyze the conceptual domain of competent governance research in a South African local government context and support the development of a competent governance model in chapters that follow.

The chosen critical review that follows builds on Grant and Booth's, (2009: 93) definition in that it goes beyond description of identified articles and includes a degree of analysis and conceptual innovation which manifests in a model that constitutes a synthesis of existing models, schools of thought and a completely new interpretation of the existing data.

2.3 Data search strategy

The data search strategy includes a discussion on the hierarchy of evidence and pre-review considerations. Before the literature review has begun it is important to consider the methodology used for searching data also known as the data search strategy. The chosen strategy here is Target Population, Intervention, Comparator(s), Outcome(s), and Study Design (PICOS) and it is briefly outlined in Table 1 below.

Table 3: Data search strategy

	Factor	**Inclusion Criteria**	**Exclusion Criteria**
P	Target Population	Members of governing bodies, top executive structures, directors, trustees, auditors	Senior Management and all personnel below this level
I	Interventions	Surveys, interviews	Experiments, focus groups, ethnography
C	Comparator(s)	Impact Indicators of corporate governance quality like strategy, planning, internal audit, committees, ethics, etc.	The various capitals like financial capital, manufactured capital, intellectual capital etc.
O	Outcome(s)	Governance outcomes like ethical culture, good Performance, effective control, and legitimacy	Econometric variables like return on investment / assets, etc.
S	Study Design	Mixed method, cross-sectional studies, longitudinal	Randomized and non-randomized control trials, meta-analytic reviews.

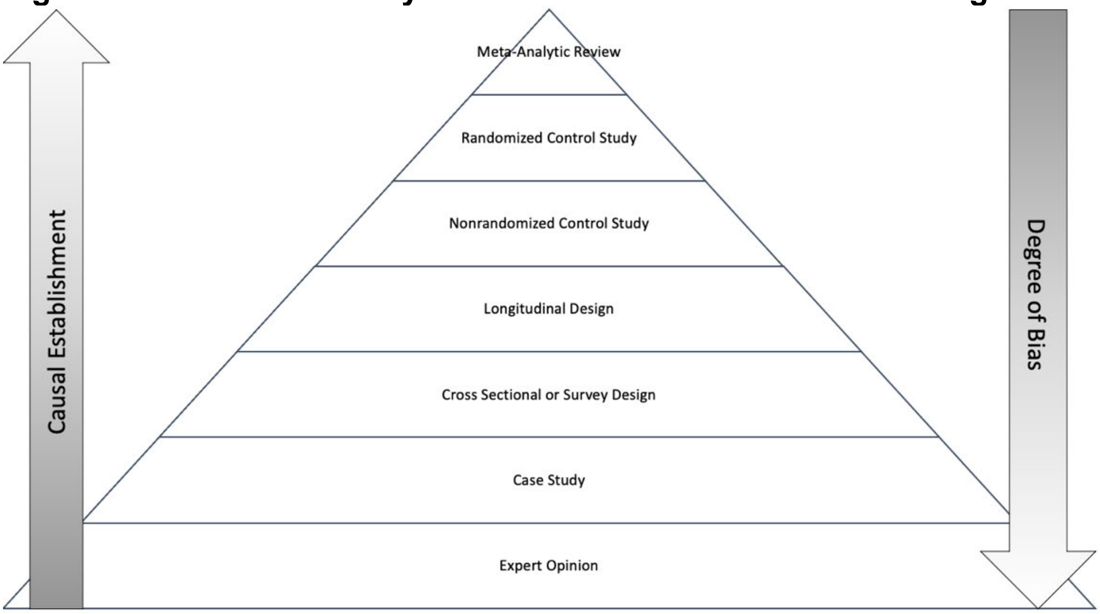
Source: Adapted from The Centre for Reviews and Dissemination, (2009: 243)

As highlighted in the table above, the PICOS approach has been used as a strategy for data searching with the addition of inclusion and exclusion criteria for each factor.

2.3.1 Hierarchy of evidence

The hierarchy of evidence is a model that measures the quality of scientific research as seen in the figure below.

Figure 6: General hierarchy of evidence based on research design



Source: Adapted from Gubbins and Rousseau, (2015: 114)

The figure above highlights that causal establishment increases, and the degree of bias decreases the higher up the hierarchy of evidence the research design climbs. Thus, the quality of evidence is a factor of degrees of causal establishment and an absence of bias. G. H. Guyatt *et al.*, (2008: 926) claim that confidence in the evidence may be decreased for several reasons, including: study limitations, inconsistency of results, indirectness of evidence, imprecision and reporting bias.

2.3.2 The grading of recommendations assessment, development, and evaluation (grade) approach

2.3.2.1 Strength of recommendation

The strength of recommendation is a function of the factors and criteria that determine the direction and strength of a recommendation as seen in the table below.

Table 4: Strength of recommendation

Factor and criteria*	How the factor influences the direction and strength of a recommendation
Problem	The problem is determined by the importance and frequency of the health care issue that is addressed (burden of disease, prevalence, or baseline risk). If the problem is of great importance a strong recommendation is more likely. This factor can be integrated with the balance of the benefits and harms and burden.
Values and preferences	This describes how important health outcomes are to those affected, how variable they are and if there is uncertainty about this. The less variability or uncertainty there is about values and preferences for the critical or important outcomes, the more likely is a strong recommendation.
Quality of the evidence	The confidence in any estimate of the criteria determining the direction and strength of the recommendation will determine if a strong or conditional recommendation is offered. However, the overall quality that is assigned to the recommendation is that of the evidence about effects on population-important outcomes. The higher the quality of evidence the more likely is a strong recommendation.
Benefits and harms and burden	This requires an evaluation of the absolute effects of both the benefits and harms and their importance. The greater the net benefit or net harm the more likely is a strong recommendation for or against the option.
Resource implications	This describes how resource intense an option is if it is cost-effective and if there is incremental benefit. The more advantageous or clearly disadvantageous these resource implications are the more likely is a strong recommendation.

Equity	The greater the likelihood to reduce inequities or increase equity and the more accessible an option is, the more likely is a strong recommendation. This factor is often addressed under values preferences, and frequently also includes resource considerations.
Acceptability	The greater the acceptability of an option to all or most stakeholders, the more likely is a strong recommendation. This factor can be integrated with the balance of the benefits and harms and burden.
Feasibility	The greater the acceptability of an option to all or most stakeholders, the more likely is a strong recommendation. This factor includes considerations about values and preferences, and resource implications.

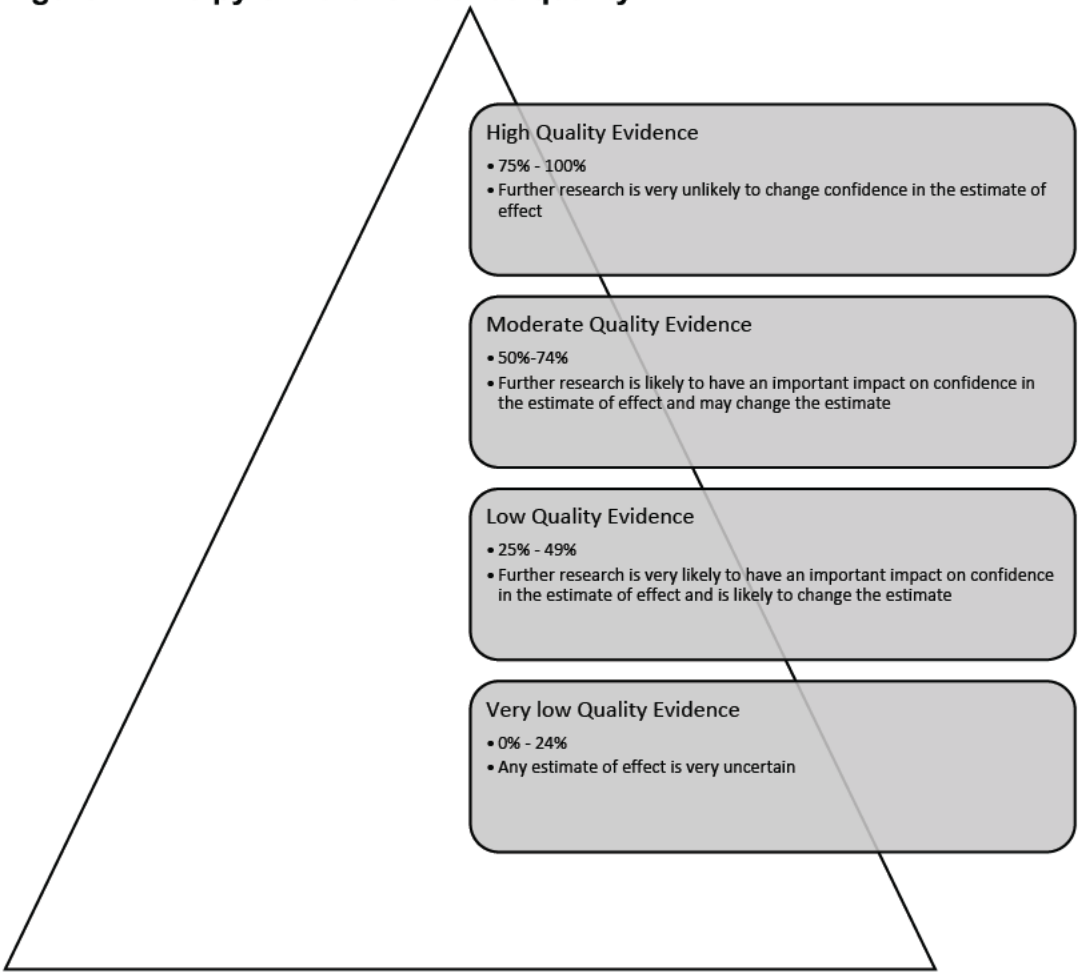
Source: Adapted from G. H. Guyatt et al., (2008, p. 926)

As shown in the table above, the strength of literature's recommendation is a function of numerous interconnected factors.

2.3.2.1 Quality of evidence

The quality of evidence scale provides a guideline on how good evidence is and whether it adds validity to the body of knowledge as seen in the figure below.

Figure 7: The pyramid of evidence quality



Source: Adapted from G. H. Guyatt et al., (2008, p. 926)

As can be seen in the figure above the GRADE Quality of evidence scale has four quality levels. High quality evidence is the highest level as further research will not impact the estimated effect. Estimated effects of moderate quality evidence will likely be impacted by more research. Low quality evidence will very likely be impacted and very low-quality evidence is uncertain to begin with and changes to estimates are certain by any further research.

2.3.3 Sources of literature

The Durban University of Technology's (DUT) online library is the predominant source of academic literature utilized for the review. DUT Library uses the OpenAthens system which facilitates access to subscribed academic databases, e-journals, and other electronic resources. The researcher accesses the electronic resource through the library's website. The password is *Dut* followed by the 1st six (6) digits of their South African identity number. This then provides access to the service.

OpenAthens, (no date) is a knowledge management service that facilitates access to databases of intellectual capital. The researcher remotely accesses academic resources via a suite of academic databases. Databases frequently searched include, but are not limited to: EbscoHost, Emerald Management, Sage Research Methods, Science Direct, JSTOR, ProQuest E-books and numerous others.

2.3.4 Journal selection

Mostly accredited, scholarly and peer reviewed publications were used as sources of literature for review as can be seen in the table below.

Table 5: Schedule of publications selected for review

Journal	ISSN	Publisher	Country	Abstracted and indexed in Database	Impact Factor
Journal of Management and Governance	NA	Kluwer Academic Publishers	Netherlands	Scopus 2020	
Corporate Ownership and Control	18103057	Virtus Interpress	Ukraine	NA	0.300
Journal of Law, Finance and Accounting	2380-5013	Now Publishers Inc			0.720
Managerial Auditing Journal	NA	Emerald Group Publishing Ltd	United Kingdom	Scopus 2020	1.220

African Development Review	14678268	Blackwell Publishing Inc.	NA	Scopus 2020	1.250
Journal of Business Studies Quarterly	2156-8626	Independent	NA	International Scientific Indexing (ISI)	1.326
Corporate Governance: The international journal of business in society	1467-8683	WILEY	ENGLAND	WoS 2020	1.540
Corporate Governance: The International Journal of Business in Society	1095-998X	Academic Press Ltd-Elsevier Science Ltd	England	WoS 2020	1.540
Journal of Business Finance & Accounting	0306-686X	Blackwell Publishing Ltd.	United Kingdom	IBSS 2020	1.541
European Management Review	1740-4762	John Wiley & Sons Ltd	United Kingdom	NA	1.600
Journal of Accounting and Public Policy	NA	Elsevier BV	Netherlands	Scopus 2020	1.796
Quarterly Journal of Economics	0033-5533	Oxford University Press	United Kingdom	IBSS 2020	11.775
Corporate Governance	1472-0701	Emerald Group Publishing Ltd	United Kingdom	Scopus 2020	2.030
Journal of Banking and Finance	NA	NA	NA	NA	2.205
Columbia Law Review	0010-1958	Columbia Law Review Association, Inc.	United States	IBSS 2020	2.224
International Review of Financial Analysis	NA	Elsevier BV	Netherlands	Scopus 2020	2.497
Journal of Corporate Finance	1872-6313	Elsevier BV	Netherlands	WoS 2020	2.750

Corporate Governance: An International Review	1467-8683	John Wiley & Sons Ltd	United Kingdom	IBSS 2020	3.390
Socio-Economic Planning Sciences	NA	Elsevier BV	Netherlands	NA	4.149
The Review of Financial Studies	14657368	Oxford University Press	United Kingdom	Scopus 2020	4.975
Journal of Political Economy	0022-3808	The University of Chicago Press Stable	United States	IBSS 2020	6.342

The table above highlights a list of sampled accredited journals. The Durban University of Technology, (2020) explains that accredited journals produce recognized research output which meet specific criteria. They qualify for subsidization by the Department of Higher Education and Training (DHET). The journals are selected from a prescribed list such as the 2020 DHET Approved South African Journals List, 2020 IBSS List, 2020 ISI List (Web of Science), 2020 Norwegian List, 2020 SciELO SA Journals, 2020 SCOPUS List.

2.3.5 Summon search

Summon is DUT's search engine that empowers users to discover most of the literature accessible in the DUT Library including the OpenAthens service. Summon provides numerous options to refine literature discovery. These include search terms, search refinement, content type, publication date, discipline, subject terms, language, and location. Important to note is that each search option automatically sorts variables from highest yielding to lowest to aid search productivity. A "more" option on Summon Search allows the researcher to refine the search further and include or exclude specific literature options on an alphabetized list.

2.4 Implementation of inclusion and exclusion criteria

The initial search for literature on corporate governance research yielded thousands of results and the implementation of inclusion and exclusion criteria assisted in narrowing down the search to literature that was meaningful to the review as can be seen in the table below.

Table 6: Schedule of initial search for corporate governance index

Search Factor	# of results	Inclusion criteria	Exclusion criteria
Search Terms / Key Words	857,507	Corporate Governance Index, Corporate Governance Indices,	
Search Refinement	856,822	Full Text Online,	Library Catalog, Scholarly & Peer-Review
Search Refinement	65,719	Scholarly & Peer-Review	Library Catalog,
Content Type	65,442	Journal Articles	Books / eBooks, Book Chapters, Book Reviews, Conference Proceedings, Data Sets, Dissertations/Thesis, Electronic Resources, Government Documents, Journals / eJournals, Journal Articles, Magazine Articles, Market Research, Newsletters, Newspaper Articles, Papers, Poster, Presentations, Publication, References, Reports, Standards, Streaming Audio, Streaming Video, Technical Reports, Trade Publication Articles, Transcripts and Web Resources.
Discipline	13,529	Business, Government	Architecture, Business, computer science, ecology, economics, education, engineering, environmental sciences, geography, government, international relations, law, library & information science, medicine, philosophy, psychology, Religion, sciences, social sciences, statistics

Subject Terms	8,938	behaviour, boards of directors, business, and management, business, and management general, business ethics, business schools, business, finance, chief executive officers, companies, competition, Corporate Governance, corporate social responsibility, corporate social-responsibility, corruption, decision making,	Accounting, accounting/auditing, Analysis, Asia, asset pricing, trading volume, bond interest rates, banking, China, determinants, disclosure, earnings, earnings management, econometrics, economic aspects, economic development, economic development: financial markets, saving and capital...,economic growth, economic models, economic policy, economic theory, economics, economy, efficiency, emerging markets, entrepreneurship, environmental studies, ethics, Europe, finance, financial performance, financing policy, financial risk and risk management, capital and..., firm, firm performance, firms, globalization, governance, government, growth, humans, hypotheses, impact, index medicus, industrial organization, information, innovation, innovations, institutions, international relations, investment, investments, law, leadership, management, market, marketing, markets, mergers, acquisitions, restructuring, voting, proxy contests, corporate..., methods, model, models, ownership, ownership structure, performance, philosophy, policy, political science, politics, power, public administration, quality, quality of life research, regression analysis, regulation, research, risk, social aspects, social responsibility, social sciences, stakeholders, stock exchanges, stockholders, stocks, studies, sustainability, sustainable development
Publication Date	3,016	Last 5 years	Last 3 years, Last 12 months
Language	3,002	English,	Spanish, Chinese, Hindi, Russian, German

Source: Author

As can be seen in the table above, a schedule is presented of the initial search for literature on Corporate Governance with the application of inclusion and exclusion search parameters that results in a more pragmatic list of potential research for review.

2.4.1 Inclusion criteria

- Reviews of corporate governance research.

- Studies using corporate governance indices.
- Studies that discussed theories of corporate governance such as agency theory, institutional theory, competency theory and others.
- In light of the difficulties that exist in authenticating data from worldwide web (internet), only literature from validated academic databases such as OpenAthens were preferred however authoritative grey literature on corporate governance was included such as World Bank, World Economic Forum Global Competitiveness Index, OECD, STATS SA, The Institute of Directors of South Africa and The United Kingdom, The Institute of Internal Auditors of South Africa and lastly,
- Studies published in English.

2.4.2 Exclusion criteria

- Publications whose academic credibility could not be authenticated.
- Studies written in languages other than English, to minimize the cost of translation of the articles.
- Studies published before 2005, as they would be too outdated to contribute to the current debate.

The initial search of subject term "corporate governance index" yielded 857,507 results. Search refinement of "Full text online" refined results to 856,822. A further refinement using the Scholarly and Peer-Review option reduced results to 65,719. Content type selection of journal articles refined the search to 65,442. Discipline search selection of Business and Government refined the search to 13,529 results. Subject Terms search selection of studies, management and business refined the search to 8,938 results. Publication date search selection of Last 5 years refined the search to 3,016 results. Language search selection of English refined the search to 3,002 results. A final list of 204 articles resulted and as the search terms were delineated to the combination of the phrases, there was a further reduction in sources of interest to 43. From the initially identified 43, not all were adequately relevant to the review question.

2.5 The synthesis of sources

Literature synthesis is the process of mapping and the critical appraisal of mapped literature.

2.5.1 Mapping of literature

The synthesis of literature includes a mapping exercise where literature that persists after the initial filter is populated into a database schedule. Mapping forms the framework of the literature review process. These 'filtered' cases are then interrogated further to uncover significant decisions made in the research methodology that inform the current conceptual domain of index-based corporate governance quality appraisal and decision making. According to DeCuir-Gunby and Schutz, (2018) whatever organizational system researchers use for their readings, the goal is to be able to access any piece of information that you need in a timely manner.

Table 7: Mapped Literature on Index-based corporate governance Research

Author and Date	Title
La Porta et al., (1998)	Law and finance
Gompers, Ishii and Metrick, (2003)	Corporate governance and equity prices
Brown and Caylor, (2006)	Corporate governance and firm valuation
Khiari, Karaa and Omri, (2007)	Corporate governance efficiency: an indexing approach using the stochastic frontier analysis
Chen et al., (2007)	Building a corporate governance index from the perspectives of ownership and leadership for firms in Taiwan
Khanchel, I. (2007)	Corporate governance: measurement and determinant analysis
Bhagat, Bolton, and Romano, (2008)	The promise and peril of corporate governance indices
Bebchuk, Cohen and Ferrell, (2009)	What matters in corporate governance?
Black, de Carvalho and Gorga, (2012)	What matters and for which firms for corporate governance in emerging markets? Evidence from Brazil (and other BRIK countries)
Connelly, Limpaphayom and Nagarajan, (2012)	Form versus substance: the effect of ownership structure and corporate governance on firm value in Thailand
Ntim, Opong, and Danbolt, (2012)	The relative value relevance of shareholder versus stakeholder corporate governance disclosure policy reforms in South Africa
Renders and Gaeremynck, (2012)	Corporate governance, principal-principal agency conflicts, and firm value in European listed companies

Ntim, Lindop and Thomas, (2013)	Corporate governance and risk reporting in South Africa: a study of corporate risk disclosures in the pre- and post-2007/2008 global financial crisis periods
Ntim, (2013)	Corporate governance, affirmative action, and firm value in post-apartheid South Africa: a simultaneous equation approach
Satnalika and Nageswara Rao, (2016)	Corporate governance and value creation index
Nerantzidis, M. (2016)	A multi-methodology on building a corporate governance index from the perspectives of academics and practitioners for firms in Greece
Zitouni, T. (2016)	Index approach of corporate governance
Shaukat, A. and Trojanowski, G. (2018)	Board governance and corporate performance
Cosma, Mastroleo and Schwizer, (2018)	Assessing corporate governance quality: substance over form
Mathew, Ibrahim and Archbold, (2018)	Corporate governance and firm risk
Steyn, (2018)	The board of directors as a governance mechanism in South Africa: an agency theory perspective
Nerantzidis, M. (2018)	The role of weighting in corporate governance ratings
Elmagrhi, M. H. et al. (2020)	Corporate governance disclosure index–executive pay nexus: the moderating effect of governance mechanisms
Gulati, R., Kattumuri, R. and Kumar, S. (2020)	A non-parametric index of corporate governance in the banking industry: an application to Indian data
Black, B. S. et al. (2020)	Which aspects of corporate governance do and do not matter in emerging markets

Source: Author

2.5.2 Critical appraisal system

A hybrid critical appraisal system that draws on the work of Gubbins and Rousseau, (2015) and *G. H. Guyatt* et al.*, (2008)* will be used, as seen in the table below.

Table 8: Quality of research scale

Quality	%	Description
Very High	80%	The strength of recommendation is very high because further research will not change confidence in the estimate of effect on population-important outcomes.
High	60%	The strength of recommendation is high because further research is very unlikely to change confidence in the estimate of effect on population-important outcomes.
Moderate	50%	The strength of recommendation is moderate because further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect on population-important outcomes.

Low	40%	The strength of recommendation is low because further research is likely to have an important impact on confidence in the estimate of effect and is likely to change the estimate of effect on population-important outcomes.
Very low	20%	The strength of recommendation is very low because any estimate of effect on population-important outcomes is very uncertain.

Source: Adapted from Gubbins and Rousseau, (2015) and G. H. Guyatt et al., (2008)

As can be seen in the table above, the strength of recommendation is a function of the quality of evidence, which ranges from very low to very high quality as per GRADE quality of evidence scale. The confidence in any estimate of the criteria determining the direction and strength of the recommendation will determine if a strong or conditional recommendation is offered. However, the overall quality that is assigned to the recommendation is that of the evidence about effects on population-important outcomes. The higher the quality of evidence the more likely is a strong recommendation.

Table 9: Critical appraisal criteria - primary research

#	Criterion	%	Question
1.0.	**Problem, Purpose & Objectives**	**20**	Is the problem determined by the importance and frequency of the issue? Are the purpose and objectives of the study clearly stated?
2.0.	**Constructs**	**20**	Are the key constructs needed to explain the research identified, correlations and context discussed?
3.0.	**Ethics**	**20**	Are ethical considerations rigorously applied?
4.0.	**Research Design (20%)**	**20**	Is the research design appropriate to address the purpose and objectives of the study (i.e., causal inference and bias)? Quality of research design is a function of the quality of data collection, sampling, and analysis.
4.1.	Data Collection	10	Are data collection instruments appropriate?
4.2.	Sampling	5	Are sampling strategies appropriate?
4.3.	Analysis	5	Is the data analysis method and reporting rigorous?

5.0.	**Results**	**20**	Are results valuable to stakeholders? Quality of results is a product of values and preferences, benefits, harms and burden, resource implications, equity, acceptability, and feasibility.
5.1.	Values and preferences	3	Are results valuable to stakeholders? The less variability or uncertainty there is about values and preferences for the critical or important outcomes, the more likely is a strong recommendation.
5.2.	Benefits and harms and burden	3	Are results beneficial to stakeholders? This requires an evaluation of the absolute effects of both the benefits and harms and their importance. The greater the net benefit or net harm the more likely is a strong recommendation for or against the option.
5.3.	Resource implications	3	Are results resource implications beneficial to stakeholders? This describes how resource intense an option is if it is cost-effective and if there is incremental benefit. The more advantageous or clearly disadvantageous these resource implications are the more likely is a strong recommendation.
5.4.	Equity	3	Are results equitable to stakeholders? The greater the likelihood to reduce inequities or increase equity and the more accessible an option is, the more likely is a strong recommendation. This factor is often addressed under values preferences, and frequently also includes resource considerations.
5.5.	Acceptability	3	Are results acceptable to stakeholders? The greater the acceptability of an option to all or most stakeholders, the more likely is a strong recommendation. This factor can be integrated with the balance of the benefits and harms and burden.
5.6.	Feasibility	4	Are results feasible to stakeholders? The greater the feasibility of an option to all or most stakeholders, the more likely is a strong recommendation. This factor includes considerations about values and preferences, and resource implications.
0.0.	**Total**	100	

Source: Adapted from Gubbins and Rousseau, (2015) and G. H. Guyatt et al., (2008)

2.6 critical review of corporate governance research

This section reviews research on major themes linked to corporate governance. The themes are aligned to the research objectives and are thus conceptually material to achieving the purpose of the study. Literature is critiqued using the hierarchy of evidence and the critical appraisal system discussed earlier. Competing presentations are discussed in light of their strengths and weaknesses presenting the approach with the most contextual merit. Black *et al.*, (2014, p. 230) publish that research into firm level corporate governance and market value are obstructed by construct validity, limited data, and endogeneity.

Corporate governance research is about the agency problem and finding ways to decrease its negative effect on value. Critical questions emerged from the literature that this review is dedicated to answering.

1. Is there a relationship between corporate governance and corporate performance and/or Value?
2. Does governance research have causal issues or is it free from endogeneity?
3. Is there a relationship between corporate governance mechanisms or should research be univariate?
4. Does transparency affect value or does market (mis)perception have no moderating effect on the governance-performance relationship?
5. Does board governance affect corporate governance quality or are there better measures?
6. Is corporate failure (or success) reliably predicted or is more research needed?
7. Is good governance good enough, or does the research have a criterion problem?

2.6.1 is there a relationship between corporate governance and organizational performance and/or value?

This section discusses research on whether an empirical relationship exists between corporate governance, organizational performance, and organizational value. It critiques three seminal studies one of which is considered seminal to corporate governance index research.

2.6.1.1 Gompers, Ishii and Metrick's (2003) G-index – Corporate governance and value

In 2003 Gompers, Ishii and Metrick, found that firms with strong external corporate governance (proxied by shareholder rights) have higher firm value, higher profits, higher sales growth, lower capital expenditures, and fewer corporate acquisitions. They conducted seminal, long-horizon research into corporate governance and firm performance with a sample of 1500 large firms for years 1990, 1993, 1995 and 1998. Proxy fights, hostile takeovers, investor activism and the rise of the junk bond market in the 1980's resulted in firms investing in corporate governance to protect their interests. Gompers et al. (2003) combined a large set of external governance mechanisms into an index which they argue proxies for corporate governance. Twenty-Four (24) mechanisms were selected from the Investor Responsibility Research Center (hereinafter referred to as IRRC) database. The IRRC publishes corporate governance provisions for firms in corporate takeover defenses. Gompers et al's (2003) index construction was straightforward: for every firm was added one point for every provision that restricted shareholder rights (increases managerial power). All constructs were weighted equally. While this simple index did not accurately reflect the relative impacts of different provisions, it had the advantage of being transparent and easily reproducible. The index did not require any judgments about the efficacy or wealth effects of any of these provisions; but only consider the impact on the balance of power. The complete governance index is the sum of points for the existence (or absence) of each provision.

They analyzed the data available at time *t,* to forecast performance at time *t* + 1 and beyond, so, there was no possibility of look-ahead bias. To build the data set the data from the individual firm profiles in the IRRC books was coded. For each firm identifying information (ticker symbol, state of incorporation) and the presence of each provision was recorded. Although many of the provisions can be made stronger or weaker for example supermajority thresholds can vary between 51 and 100 percent, no strength distinctions were made. Provisions were coded as "present" or "not present." This methodology sacrificed precision for the simplicity necessary to build the index. No strong conclusions about causality were made however Gompers et al. (2003) found that weak shareholder rights were related to poor performance in the 1990s and admit that their results may be driven by an unobservable firm characteristic. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.1.2 Bebchuk, Cohen, and Ferrell's E – index – Corporate governance, firm performance, and firm value

In 2009 Bebchuk, Cohen and Ferrell, found that corporate governance is statistically significant in regressions on performance. They conducted longitudinal research on the relationship between corporate governance, proxied by their Entrenchment Index, and firm value. They collected data from the same sample as Gompers et al. (2003) , but for more years being 1990, 1993, 1995, 1998, 2000 and 2002. (Bebchuk, Cohen & Ferrell 2009b) argued that there was no a-priori knowledge proceeding from theoretical deduction to support Gompers et al's (2003) claim that the IRRC provisions are related to firm value. This motivated (Bebchuk et al. 2009b) to formulate their own Entrenchment Index by extracting six mechanisms from the G-Index that were statistically significant in regressions on performance when the estimation was done separately for each. The six governance constructs include staggered boards, limits to shareholder bylaw amendments, poison pills, golden parachutes, and supermajority requirements for mergers and charter amendments. For performance measures they use the same as Gompers et al. (2003). They conduct their analysis of the data using the constructs independently and in combination over differing aspects of the time series to better understand the correlations between. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.1.3 Brown and Caylor's governance quality and firm value

In 2006 Brown and Caylor, conducted cross-sectional research on the relation between corporate governance, proxied by their Gov-Score Index, and firm valuation. They collected data from 1868 firms as of February 1, 2003, as reported by the largest corporate governance data provider to institutional investors at the time, The Institutional Shareholder Services (hereinafter referred to as ISS). They sampled more firms but over a shorter time frame. It must be noted that Brown and Caylor's (2006) contribution was unique as it included regulatory changes enacted after the infamous Enron corporate scandal. They confirmed that effective corporate governance required both internal and external measures as reported by earlier research (Cremers & Nair 2005). They highlighted that the previous studies could not include internal governance mechanisms because they were based on IRCC data. This motivated Brown and Caylor (2006) to formulate a parsimonious summary index based on seven factors, showing that a small subset of ISS data (seven of 51 factors) fully drives the relation between governance and firm valuation. The seven governance factors included (1) board members were elected annually; (2) company either had no poison pill or a pill that was shareholder approved; (3) option re-pricing did not occur within the last three years; (4) average options granted in the past three years, as a percent of basic shares outstanding, did not exceed 3%; (5) all directors attended at least 75% of board meetings or had a valid excuse for non-attendance; (6) board guidelines were in each proxy statement; and (7) directors were subject to stock ownership guidelines. For performance measures they used Tobin's Q and stock returns. Three robustness checks employed included extending the time horizon to include 2001 data, mitigating endogeneity using Klein's procedure and examining strength of relationship between Gov-7 and firm valuation and extending the temporal horizon beyond earlier studies. According to the Hierarchy of Evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.2 Does governance research have causal issues or is it free from endogeneity?

The incorrect estimation of non-experimental corporate governance causal models is largely due to endogeneity, where the causes (x) relationship on the effect (y) cannot be reliably calculated. Hermalin and Weisbach, (2003: 8) argue that almost all the variables of interest in corporate governance research are endogenous. Antonakis, Bendahan, Jacquart and Lalive (2010: 1090) explain that estimates of causality become inconsistent due to validity threats, that is to say omitted variables, omitted selection, simultaneity, measurement error, common-method variance, inconsistent inference, and model misspecification. Bhagat, Bolton and Romano, (2008: 1808) argue that establishing a relationship between governance and performance is technically difficult because the two variables, governance and performance, are plausibly endogenous, meaning that their relationship is bidirectional rather than unidirectional. Love, (2011: 42) concludes that corporate governance research is likely to develop endogenously and depend on specific characteristics of the firm and its environment.

2.6.2.1 Simultaneous, interdependent effect of corporate governance mechanisms on firm performance

Jensen, Solberg & Zorn (1992: 247) found that causality appears to run from insider ownership to financial decisions and not vice versa which would impact their simultaneous, interdependence hypothesis. They report that levels of insider ownership differ systematically across firms; high insider ownership firms choose lower levels of both debt and dividends, and lastly the effects of profitability, growth, and investment spending on debt and dividend policy support a modified "pecking order" hypothesis. They conduct cross-sectional research in on a sample of 1197 firms for two years (1982 and 1987). Their agency, signaling and “Pecking order” theoretic study looks at the impact of governing body policy decisions on performance. They use firm's debt, dividend, and insider ownership levels as variables for the Governing Body. They argue the presence of endogenous simultaneity due to prima facie correlations between their chosen variables as well as with other firm-specific attributes. This motivates their research into the direct and indirect effects of governing body policy decisions on firm performance. They employ a three stage least squares analysis to examine the relationship. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.2.2 Governance causes performance

Samra-Fredericks (2000: 311) explored the use of two basic micro-linguistic resources, the display of feelings and emotions, and the routine selection of lexemes. Lexemes activate arenas of competence (expertise and knowledge). They found that the most visible behavioral dynamic of a governing body is verbal communication and that through this talk, process and task is accomplished alongside accomplishing competence. They conducted case study research on a sample of five (5) executive directors in a UK manufacturing firm. According to the hierarchy of evidence, case study research provides low quality evidence and further research is very likely to have an important impact on confidence in the estimate of effect and is likely to change the estimate of effect.

2.6.2.3 how governance causes value

Black, Jang and Kim, (2006: 367) found a causal relationship between an overall governance index and higher share prices in emerging markets. They conducted cross-sectional research in South Korea on the relationship between corporate governance and firm valuation from a sample of 515 firms for 2001. They found that board independence causally predicts higher share prices in emerging markets by as much as 40 % but not at the exclusion of other factors. They found that the predictive power of their index comes from the overall complimentary effect of multiple governance elements, rather than the power of a few strong elements. They built their index by conducting a survey and extracting variables from responses. The result was four sub-indices (constructs) with thirty-eight governance provisions (variables). The sub-indices extracted included shareholder rights (5 elements), board structure (4 elements on board structure and composition), board procedure (26 elements), and disclosure (3 elements). In addition, a fifth construct was added being ownership parity. Provisions were equally weighted due to the absence of a theoretical foundation on which to allocate weights to sub-indices or to elements within sub-indices. Board Procedures (Practices) made up two thirds of the index indicating their importance. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and *may change* the estimate of effect.

2.6.2.4 Performance causes governance

Lehn, Patro and Zhao (2007: 907) found that performance causes governance. They conducted longitudinal research on the relationship between corporate governance and firm valuation from a sample of 3154 firms for 1990, 1993, 1995, 1998, 2000 and 2002. They replicated seminal research but for performance measures they used the market-to-book ratio of assets, which correlates highly with Tobin's q. Lehn et al. (2007: 927) showed that the correlation between market-to-book ratios and the contemporaneous values of governance indices, as documented by earlier studies reflected causation running from market-to-book ratios to the governance indices, not vice versa. Their findings confirm that corporate governance research has a simultaneity problem. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.2.5 Governance causes value

Garay and González, (2008, p. 206) find that corporate governance causes value. They claim that causality goes from their corporate governance index to dividend pay-out Ratio (DPR), Price-To-Book Value (PBV), and Tobin's Q (an econometric analysis for value), and not the other way around. They conduct cross-sectional research in Venezuela, South America on a sample of 46 listed firms on the Caracas Stock Exchange (BVC) in 2004. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and *may change* the estimate of effect.

2.6.3 Is there a relationship between corporate governance mechanisms or should research be univariate?

Research in corporate governance has two major methodological streams. One stream supports univariate corporate governance measures and the other supports multivariate measures. The univariate stream argues that parsimony reduces measurement error. The other stream draws on the positive effects of multivariate complementarity, interdependence and substitutability to build measures of governance quality. Filatotchev and Wright, (2017: 457) assert that one of the prevailing weaknesses in governance studies is that monitoring, incentives, and other types of governance mechanisms are conceptualized and operationalized independently, each having its own unique ability to influence the firm's strategies and performance. Alimehmeti and Paletta, (2014: 68) explain that there are different configurations of corporate governance indicators in the existing literature that differ from focusing on external or internal governance and yet they try to measure the same thing: the corporate governance quality. Univariate governance scholars argue that using a single measure is more parsimonious, mitigates the need for a ratings industry (stock exchanges), reduces measurement error, and reduces the endogeneity effect that prevails in the research. Multivariate governance scholars argue that a summary approach invokes the complementarity effect of governance mechanisms, allows for substitutability in complex social environments, mitigates external risks, and better captures governance quality. Gulati, Kattumuri and Kumar, (2020: 2) note two key issues literature reflects in the construction of composite corporate governance indices are firstly the choice of indicators / dimensions for the construction of aggregate index, and secondly the index methodology for aggregation of indicators / dimensions. Korent, Đunđek and Čalopa, (2014: 222) report that data on correlation of corporate governance and company performance are still very scarce, that quality evaluation metrics for corporate governance are still in the development stage, making it hard, in spite of an abundance of measures for company performance, to track the relation of the company performance with the practice of corporate governance.

2.6.3.1 Complimentary and interdependence effect of governance control mechanisms and performance excepting independent directors

Agrawal and Knoeber, (1996) find that interdependence of governance control mechanisms effects organizational performance and suggest that cross-sectional ordinary least squares regressions of firm performance on single mechanisms may be misleading. They conduct an agency theoretic cross-sectional research on a sample of 383 large US firms in 1987. They proxy for governance using seven mechanisms in a simultaneous systems framework. The mechanisms are shareholdings of insiders, institutions, and large block holders, use of outside directors, debt policy, the managerial labor market, and the market for corporate control. Using simultaneous equations, Agrawal and Knoeber, (1996: 394) conclude that "Empirical estimates of the effect that single control mechanisms have on firm performance will likely be misleading."

According to the hierarchy of evidence, cross sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.2 complimentary effect of governance mechanisms and performance

Cremers and Nair, (2005: 2871) found that complementarity between internal and external governance effects annualized returns by as much as 15% growth. They conducted longitudinal research on the relation between corporate governance and equity prices from a sample of 1,500 firms per year from September 1990 to December 2001, with 136 monthly time-series data points. They used the seminal research to represent external governance and shareholder activism to represent internal governance. Shareholder activism was represented by block-shareholding and public pension shareholding. The corporate governance complementarity effect positively impacted performance. However, according to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.3 Governance complementarity mitigates market imperfections

Rashid and Islam (2013: 70) found that the complementarity of corporate governance variables effects organizational value. They did this by overcoming "additional imperfections prevalent in the selected market" that limit the value creation effects of individual variables. They conducted longitudinal research in Kuala Lumpur on a sample of 60 listed companies in the Kuala Lumpur stock exchange for the years 2000, 2001, 2002 and 2003. Constructs researched included return on total assets, board size duality, agency cost, market capitalization, and price to book value ratio. The dependent variable was firm value measured by Tobin's-Q. Control variables researched included return on total assets, price to book value ratio and market capitalization. According to the Hierarchy of Evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.4 Governance complementarity and performance

Paulraj, Jayaraman and Blome, (2014: 6989) found that structural and process governance mechanisms do not act as complements for environmental collaboration but rather that process mechanisms of relational governance were found to be significantly more important in promoting advanced practices such as environmental collaboration. They conducted mixed method cross-sectional research in America on a sample of 145 employees working in supply management firms. Selected constructs included relationship governance, environmental collaboration, and performance. Variables for relationship governance were structural (long-term relationship orientation) and process (inter-communication and inter-organizational teams). According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.5 Shareholder complementarity and substitution contingency and corporate governance quality

Belanès and Saihi (2016: 161) concluded that corporate governance mechanisms complement each other. They noted that a cost benefit based on balance of power policy should apply to corporate governance mechanisms, that all mechanisms considered equal in power, however, case specific cost benefit analysis should determine decisions of substitution decision making. They conducted longitudinal research in Canada on a sample of 106 firms on the Toronto Stock Exchange from 2008 to 2011 resulting in 424 sample periods of observation. They used an agency theoretic approach that focused on shareholders as the main construct with institutional investors and block holders as dependent variables. Independent variables employed include insiders' ownership, the firm's risk level, debt, liquidity, growth opportunities and size. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.6 Univariate governance affects performance

Bhagat and Bolton (2019: 142) claim that director stock ownership is most consistently and positively related to future corporate performance. The constructs they selected to measure the corporate governance performance relationship include performance, governance, CEO Ownership, and capital structure. They conducted longitudinal research on the relation between corporate governance and firm performance by extending the sample period of their earlier work on 100 largest US financial institutions from 1990 - 2002 to 1990 - 2016. The additional 14 years of data "provide a powerful out-of-sample test of the specification and power of director stock ownership as a proxy of corporate governance (Bhagat and Bolton, 2019, p. 142)." To account for the possibility of systemic endogeneity, they specified a system of four simultaneous equations. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.3.7 CEO ability and corporate governance social responsibility affects social responsibility performance

García-Sánchez, Hussain and Martínez-Ferrero (2019: 1288) found that CEO Ability in Relation with corporate governance CSR effect Social Responsibility Performance. They conducted longitudinal research on a sample of 3000 US firms on the Kinder, Lyndenberg, and Domini (KLD) database from 2006 to 2015 resulting in 12,166 firm-year observations. Their resource theory-based study utilizes management, the governing body and performance as major constructs. The variables selected for management is CEO ability, for corporate governance is independent directors on board, CSR committee and CSR-oriented incentives and for performance they use CSR Performance measured by the KLD Index (includes community relations, diversity, employee relations, environmental performance, product responsibility, and social practices). They used the Principal Component Factorial Analysis for their CSRGovMech Index. According to the Hierarchy of Evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.4 Does transparency affect value? Does market perception moderate the governance-performance relationship?

Transparency is mentioned frequently in governance literature, however, there is need to interrogate the extent to which transparency affects value creation? Transparency, disclosure and/or reporting represents the accessibility and integrity of an organizations information and takes the form of voluntary or statutory annual reports and other vehicles of communication such as websites, social media pages, advertising, media releases, plans, and strategies. Major stakeholders rely on transparency to calculate market value. Transparency, therefore, is important to corporate governance quality and is an essential topic of academic research and policy.

2.6.4.1 Transparency affects value and performance

Core, Guay and Rusticus, (2006, p. 285) conclude that if governance causes long-term stock returns, governance also causes systematic differences in operating performance. As such, these systematic differences cause systematic performance surprises to the market, which should appear in unexpected earnings. They conducted longitudinal research on the relation between market perceptions on the effect of corporate governance on firm value from a sample of 1500 large firms for 9,917 firm years. Core, Guay and Rusticus, (2006, p. 285) used the G-index to proxy for governance. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.4.2 Transparency affects value not performance

Ben, (2014, p. 41) finds that corporate governance measured by their voluntary disclosure index is significantly and positively related to firm value. However, Ben (2014) notes no significant relationship between their corporate governance disclosure index and accounting performance measured by return On Capital Employed (ROCE). They conducted cross-sectional research in India on a sample of 88 large firms listed on the Bombay Stock Exchange in 2012. They adopt an agency, stakeholder and signaling theoretic approach to the subject. The major constructs researched include corporate governance disclosure, market value and firm performance measured by return on capital employed. Their corporate governance disclosure index measures 11 voluntary governance disclosure provisions which are, chair independence, independent director tenure, remuneration policy, remuneration committee, remuneration committee attendance, remuneration committee chairman attendance at the annual general meeting, shareholder rights, audit qualifications, training, evaluation, whistle blower policy. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.4.3 Ntim, Opong and Danbolt, (2012) – Transparency affects value

Ntim, Opong & Danbolt (2012: 84) found that disclosing good corporate governance practices on both shareholders and stakeholders impacts positively on firm value, with the latter evidence providing new explicit support for the resource dependence theory. They extract corporate governance disclosure variables from the annual reports of sampled companies listed on the Johannesburg Securities Exchange Ltd. and 50 corporate governance provisions from the 2002 King Report. They conduct longitudinal research in South Africa on a sample of 169 listed firms from 2002 to 2007. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.4.4 Nerantzidis, M. (2016) – Transparency affects value

Nerantzidis (2016: 295) explored the governance transparency and market value relationship and found that a well-designed corporate governance index requires a combination of research methods to identify the best options to solve several methodological issues in governance index construction. Nerantzidis, (2016, p. 296) explained that the basic underlying assumption of corporate governance indices is that they capture the quality of corporate governance. They conducted sequential mixed methodological cross-sectional research in Greece on 219 listed companies that represented 90% of the companies listed in the Athens Stock Exchange for the year 2011. They used the Classical Test Theory, the Delphi Method, and Expert Opinion to select and weight constructs and variables for their corporate governance index. That is to say board members, internal control, shareholders relation and communication, information disclosure and board remuneration. The index comprises of 52, equally weighted, mechanisms that proxy for corporate governance. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5 Does board governance affect governance quality or are there better measures?

Comparatively little behavioural research has been done on corporate governance and governing body members. This is due to the predominance of economic and legal research in the field or due to the challenges of accessing elites. Considering that governing bodies are the competent authority for their organizations and that traditional competency theory assumes that behaviour affects performance, the review extends the theory to include the collective characteristics of a governing body that effect performance. Ahrens, Filatotchev and Thomsen, (2011, p. 323) assert that measuring competencies such as experience, education, track record among owners and board members should probably replace independence as the primary goal of corporate governance research.

2.6.5.1 Boudreaux, g. (1997) – director behaviour and superior performance

Boudreaux, (1997) highlighted eight director competencies that effect corporate governance quality for the 21st Century. He claims that the 8 director competencies are proxies for superior performance. The competencies are cooperative outlook, organizational well-being, self-management and growth, collaboration, decisiveness, leadership, initiative, and perseverance. According to the hierarchy of evidence, expert opinion provides very low-quality evidence, and the strength of recommendation is very low because any estimate of effect on population-important outcomes is very uncertain.

2.6.5.2 Bhagat and Black (2002) - Board independence and size do not affect performance

Bhagat and Black (2002: 231) noted that, contrary to most research, board independence and board size do not affect organizational profitability measured by normalized earnings per share. They conducted longitudinal research in the US on a sample of 957 large public corporations for 1985-1987; 1988-1990 and 1991-1993 periods respectively amounting to more than 9000 observations. They research three equations simultaneously to address endogeneity using variables Firm Performance, Independence, and CEO Ownership. According to the Hierarchy of Evidence, longitudinal research provides moderate quality evidence and further research *is* likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.3 Korent, Dunđek and Calopa (2014) – Governance affects performance

Korent, Đunđek and Čalopa, (2014, p. 230) conclude that corporate governance practices are an important factor in the performance of listed Croatian Companies. Their longitudinal research design used a self-constructed index to survey a small sample of publicly listed companies on the Croatian Stock Exchange, CROBEX from 2007 to 2010. They selected 42 equally weighted variables to correspond to good corporate governance practice and grouped them into five sub-indexes. Selected corporate governance constructs include (1) transparency and business transparency; (2) general assembly and relation towards stockholders; (3) supervisory board; (4) management board; and (5) audit and internal control. Their research was limited by a gap between the real and targeted samples, unavailability of data, existence of multi-collinearity between individual sub-indices, questionable representativeness of created models and non-inclusion of the controlled variables. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.4 Alimehmeti, G. and Paletta, A. (2014) – External governance positively effects value

Alimehmeti and Paletta (2014: 64) concluded that governance is positively related to firm value despite differences in governance configuration, scale, and interpretation. They conducted longitudinal research in the US on a sample of 1307 firms for 2002, 2004 and 2006 and applying a regression analysis and a panel data analysis with random and fixed effects. They compared the effectiveness of different governance configurations on firm value, that is to say they compare the effectiveness of Gompers, Ishii and Metrick, (2003) to that of Ahmed *et al.*, (2010) in measuring corporate governance quality's relationship with firm value measured by Tobin's-Q. Results of the model show a strong relation of G-Index (external governance) with firm value, while I-Index (Internal Governance) proves a weak and insignificant relation. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.5 Black *et al.*, (2014) – Board structure, disclosure, and market value

Black *et al.*, (2014, p. 230) reported that country-specific indices, tailored to local rules and institutions, have substantial predictive power for firm market value in each country, and when pooled across countries, in firm fixed-effects (FE) and random-effects (RE) regressions. They conducted longitudinal research in emerging markets on a sample of firms in Brazil for 2004, 2006 and 2009, firms in India for 2006, 2007 and 2012, non-public data from surveys conducted by the South Korea corporate governance Service from 1998 to 2004, public data in Turkey from 2006 to 2012, and a mix of public and non-public data in Russia from 1999 to 2005. Their selection criteria for selecting variables for good governance are firstly believed to correspond to good governance (; secondly relevant to governance in the judgment of the ‘‘local’’ co-author in each country; thirdly there is reasonably complete data across firms; fourthly there is reasonable variation across firms; and lastly the element is not too similar to another element. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.6 Haque and Arun, (2016) - governance affects value more than performance

Haque and Arun, (2016, p. 228) find a statistically significant positive relationship between a firm’s corporate governance quality and its valuation, but an inconclusive relationship between firm level corporate governance and operating performance. They conducted a cross sectional research in India on a sample size of 140 listed financial and non-financial firms of the Dhaka

Stock Exchange (DSE) in 2004. They adopt an agency theoretic approach. The three (3) constructs they use to proxy for corporate governance quality are shareholder rights, independence and responsibilities of the board and management, and financial reporting and disclosures. Their corporate governance disclosure index follows previous research with modifications for their regulatory context. According to the Hierarchy of Evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.7. Satnalika and Nageswara Rao, (2016) – Governance causes value

Satnalika and Nageswara Rao, (2016, p. 247) found that strong correlation exists between corporate governance and value creation (to the tune of 88%) which "very well depicts the causality of value creation." They conducted longitudinal research in India on a sample of 78 listed companies on the "Bombay Stock Exchange 100" for eight (8) years (2006-07 to 2013- 14). Their study was predominantly agency-theoretic however draws from other theories. The constructs include corporate governance and value creation. Corporate governance is measured by a sub-index of 10 mandatory and non-mandatory, internal, and external variables including ownership structure, board of directors, board size, independence, chief executive officer duality, audit, remuneration, nomination, shareholder grievances, disclosures and lastly transparency. Interestingly their value creation sub-index is stakeholder-theoretic with four selected variables being shareholders, creditors, government, and employees. Despite their causal claim, there is no mention of endogeneity testing. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research *is* likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.8 Cosma, Mastroleo and Schwizer, (2018) – Board behaviour and corporate governance quality

Cosma et al. (2018: 455) claim that board characteristics and behaviour have an effect on corporate governance quality. They conducted cross-sectional research in Italy on a sample of five companies listed on the Italian Stock Exchange. Their major corporate governance quality constructs are board structure, effective functioning and group dynamics and people. Cosma, Mastroleo and Schwizer, (2018, p. 455) argue that the variables considered as causal conditions are board independence, information disclosure, remuneration disclosure, performance-related compensation, employee loyalty and efficient market for corporate control. They employ Fuzzy Expert System (FES) methodology as a novel approach to construct a corporate governance quality index to be used in the board to impact policy on monitoring and decision making. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.9 Mathew, Ibrahim and Archbold, (2018) – Governing body and organizational performance

Mathew, Ibrahim and Archbold, (2018: 61) conducted their reverse causation study on corporate governance and firm risk. They found that causation runs from the governing body to firm risk. They conduct longitudinal research in the United Kingdom on a sample of 268 firms from the FTSE 350 index from 2005 to 2010. Constructs researched include the governing body and organizational performance. Variables researched include board size, non-executive directors, percentage of women, powerful CEO, board executive ownership, block ownership, board age, board tenure, board meeting attendance, audit committee meeting. Control variables researched include leverage, firm size, growth, lagged performance, industry, and year. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.10 Shet, Patil and Chandawarkar (2019) - Leadership competence and organizational effectiveness

According to Shet, Patil and Chandawarkar (2019: 753), leadership competences, especially productivity, adaptability and flexibility, positively affect organizational effectiveness (performance). They conducted a competency theoretic cross-sectional research in India on a sample of 292 respondents. Using inductive logic for data gathering and structural equation modelling (SEM) for analysis they develop a leadership competency model. Constructs include superior leadership and organizational effectiveness. Variables identified include 14 competencies to measure competency-based superior performance and eight factors for organizational effectiveness. According to the hierarchy of evidence, cross-sectional research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.11 Boshoff, Bank and Malan, (2019) – Board competency, board effectiveness and performance

Boshoff, Bank and Malan, (2019: 2) claim that director competence affects board effectiveness, and that board effectiveness affects organizational performance. They conducted a multi-sectoral private sector case study research in South Africa on a sample size of 22 Directors. Constructs researched include board effectiveness and organizational performance. Variables discovered in their study that proxy for board effectiveness include taking responsibility (1), communicating, and building relationships (2), ethical conduct (3), strategic focus (4), negotiating and debating (5), and empowering others (6). According to the hierarchy of evidence, case study research provides low quality evidence and further research is very likely to have an important impact on confidence in the estimate of effect and is likely to change the estimate of effect.

2.6.5.12 Black, De Carvalho, Khanna, Kim and Yurtoglu (2017) - Good governance effects value

Black, De Carvalho, Khanna, Kim and Yurtoglu (2017: 406) conclude that good governance, proxied by their corporate governance index, significantly and positively predicts firm value (Tobin Q). They conduct longitudinal research in emerging economies on a large sample size of firms in Brazil (2004, 2006, 2009), India (2006, 2007, 2012), South Korea (1998–2004), Turkey (2006–2012), and Russia (1999–2005). They (2017, p. 398) analyzed the construct validity of corporate governance indices using tools drawn from the causal inference, education, and psychology literatures. They built country-specific corporate governance indices which reflect local norms and institutions. They claimed that there was an underlying, unobserved concept of overall corporate governance, which induced the board and management to act to increase firm value. They divided this concept into unobserved ‘‘buckets’’ of board structure, board procedure, disclosure, ownership, shareholder rights, and control of related party transactions (Hereinafter referred to as RPT's). Each bucket was composed of unobserved ‘‘aspects’’ of governance, such as true effectiveness of the board of directors and the audit committee (or a local substitute). They selected independence and committee structure as constructs for corporate governance quality. They strengthened their good governance construct's validity by submitting it to Cronbach's α, inter-item correlations (also referred to as correlation matrix), and principal component analysis (factor analysis). However, their study is limited using expert opinion to select mechanisms, the assumption that governance mechanisms are equally weighted and the reliability of difficult-to-collect, public, time-series data on corporate governance. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.13 Shaukat and Trojanowski's (2018) – Governance affects performance and value

According to Shaukat and Trojanowski's (2018: 190), a strong positive association between board governance and firm operating performance. They conducted a longitudinal, research in the United Kingdom on a sample size of 2212 BoardEx-listed companies from years 1999 to 2008, resulting in a sample of 10,493 firm-years. Their agency-theoretic study draws governing body constructs and variables from the United Kingdom Cadbury Code. They specifically focused on the governing body's monitoring, control and oversight capacity and its effect on operating performance (measured by a basket of accounting measures like Tobin's Q, Return on Equity etc.). They invoked the theory of "complementarity", as cited by previous research, to explain the positive, additive interaction between multiple variables of "strong governance". According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.14 Elmagrhi, Ntim, Wang, Abdou, and Zalata, (2020) - Monitoring, executive remuneration and performance

Elmagrhi, Ntim, Wang, Abdou and Zalata (2020: 121) claim that corporate governance moderates the association between executive pay and performance, with the pay for performance sensitivity being stronger in firms with good corporate governance mechanisms. They conducted longitudinal research in the UK on a stratified sample size of 100 London Stock Exchange listed firms from 2008 – 2013 (i.e., resulting in a sample of 600 company-year observations. Major selected constructs include performance, corporate governance, and executive remuneration. A total of120 governance provisions extracted from the corporate governance code of 2010 were used as variables for the corporate governance index. Principal component analysis is employed to develop and introduce an alternative UK corporate governance disclosure index. This analytical approach reduces the number of predictor variables and determines variables that explain most of the variance. It is used extensively in the behavioural sciences to produce scales such as competency frameworks. Worth noting are the causal limitations of simultaneity (endogeneity) that may result from using both monitoring and remuneration alignment mechanisms by corporations to mitigate agency problems. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.15 Gulati, Kattumuri and Kumar, (2020)

Gulati, Kattumuri and Kumar, (2020: 1) claimed that composite index of corporate governance compresses the range of governance indicators into a single numerical score that could be easier for interpretation and is a useful tool for benchmarking banks and enabling effective policy analysis. Their longitudinal research design used data envelopment analysis to construct a 58-item corporate governance index to survey the time series data of a sample of 40 Indian banks operating in the year 2017. They sourced their key corporate governance indicators primarily from the corporate governance report of a sampled bank and supplementary from the SANSCO database and the corporate governance section of the NSE website. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.16 Black, De Carvalho, Khanna, Kim and Yurtoglu (2020) – Governance affects value

Black, De Carvalho, Khanna, Kim and Yurtoglu (2020: 1) find that corporate governance effects firm value in emerging markets. They conducted longitudinal research in emerging markets on samples of listed firms in Brazil for 2004, 2006 and 2009, in India for 2006, 2007 and 2012, in South Korea from 1998-2004, and in Turkey from 2006- 2012. The good corporate governance constructs they selected include board structure, disclosure, ownership, shareholder rights, board procedures, and control of related party transactions. They measured value with Tobin's-Q. They tested for simultaneity and omitted variable bias and find that causation does not run from value to governance. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.5.17 Moursli (2020) – Regulatory compliance affects value

Moursli, (2020: 42) found that firms complying with the Swedish corporate governance code's independence regulation experienced a decrease in their market valuation, measured as the change in Tobin's Q, ranging from 19 % to 23 %. They contribute to a growing body of research that exploits exogenous regulatory changes in corporate governance to identify the causal effects of board independence on firm outcomes. They conducted longitudinal research in Sweden on a sample of 256 publicly traded firms for 2004 and 2005 resulting in 512 firm-year observations. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.6 Is corporate failure (or success) reliably predicted or is more research needed?

Recent corporate governance failures show that research has not eliminated agency costs by providing the discipline with reliable corporate failure prediction models and secondly a suitable theory of corporate failure.

Traditional corporate failure models use financial distress as a proxy for corporate failure, however, recent studies are using many other variables. History repeatedly demonstrates that unethical corporate agents cost shareholders and other vested stakeholders significant value which has been well articulated in research as the agency dilemma. Unethical leaders, incorrect structures, ineffective performance, non-compliance, boilerplate reporting, information asymmetry and short termism are a few examples of how conflicted governing bodies have caused the corporate governance project to fail the institutions they serve. Bhaskar (2008: 9) states that if science is to be possible the world must consist of enduring and trans factually active mechanisms (causal); society must consist of an ensemble of powers irreducible to, but present only in, the intentional actions of men, and men must be causal agents capable of acting self-consciously on the world. In this light, how have the self-conscious actions of governing bodies caused institutions to fail and how can research predict these failures before they take effect?

2.6.6.1 Grove, Patelli, Victoravich & Xu (2011)

Grove, Patelli, Victoravich & Xu (2011: 1234) found that 11 corporate governance factors predict financial performance better than loan quality. They conducted longitudinal research on 236 public US commercial banks from 2006 to 2008. According to the Hierarchy of Evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.6.2 Renders and Gaeremynck, (2012)

Renders and Gaeremynck, (2012: 125) concluded that their agency-based conflict index affects the quality and effectiveness of Corporate Governance. They conduct longitudinal research on sample size of 1,064 firm-year observations from 14 EU countries over the period 1999 to 2003. According to the Hierarchy of Evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.6.3 Appiah, Chizema and Arthur, (2015) -

According to Appiah, Chizema and Arthur (2015), a theoretically sound, highly accurate, simple and widely used corporate failure prediction model for stakeholders is yet to be developed. They presented a systematic review of 83 articles reporting 137 prediction failure models published within 1966-2012 in scholarly reviewed journals in four main disciplines, namely, accounting, finance, banking, and economics. According to the Hierarchy of Evidence, Meta-analytic reviews provide high quality evidence and further research is very unlikely to change confidence in the estimate of effect.

2.6.6.4 Younas, UdDin, Awan & Khan (2021) – Corporate governance affects performance

Younas, UdDin, Awan & Khan (2021: 1234) found a positive impact of corporate governance practices on risk of firms' financial distress in Asian emerging markets. They conducted longitudinal research on a sample size of 152 non-financial listed on the PSX for 15 years from 2003 to 2017. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.6.5 Hazami-ammar and Gafsi, (2021) – Managerial entrenchment, remuneration and performance

Hazami-Ammar and Gafsi, (2021: 1416) researched on governance failure and its impact on financial distress. They noted that a company's financial distress risk is influenced negatively by excess remuneration and entrenchment of managers. In addition, there is a positive and significant relationship between a company's financial distress risk and company variables (performance and ownership structure) and corporate governance variables (power structure). They conducted longitudinal research on 67 companies of SBF120 from 2015 to 2017. According to the hierarchy of evidence, longitudinal research provides moderate quality evidence and further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect.

2.6.6.6 Veganzones and Severin, (2021)

Veganzones and Severin, (2021: 216) concluded that, despite advances in corporate failure prediction, forecasting limitations remain due to imperfect corporate failure models evident from the number of corporate failures. They conducted a meta-analytic review of high-quality research since the beginning of the twenty-first century of 106 studies devoted to corporate failure prediction. According to the hierarchy of evidence, meta-analytic reviews provide high quality evidence and further research is very unlikely to change confidence in the estimate of effect.

2.6.7 Is good governance good enough, or does the research have a criterion problem?

Research is yet to establish if good corporate governance is a valid criterion for predicting the quality of Corporate Governance. The paradox is that agency costs have escalated despite corporation's governance looking "good" on paper, plenty of research and countless mandatory and non-mandatory policies. A discussion ensues highlighting governance research's criterion problem, the good governance construct's lack of scientific clarity, good governance's inability to guarantee value creation for stakeholders, and a brief discussion on the difference between national and corporate good governance.

2.6.7.1 The good governance criterion problem

Corporate governance research has a *"criterion problem"*. Borneman, (2010: 2) affirms that a criterion problem refers to a general problem in research when the criterion measure that is easily obtainable is not a good approximation of the actual criterion of interest. The instrument is therefore an untrue measure of the criteria. If the good corporate governance criterion was concurrently and predictively valid, then agency-based value destruction would be predictable and avoidable. Satnalika and Nageswara Rao, (2016: 241) believe corporate governance standards cannot be measured or achieved with rules and structures as it is a framework which encourages and supports good governance. In the absence of a single validated model, it is not possible to answer, with any high level of confidence, whether the good corporate governance criterion is valid.

2.6.7.2 Research is unclear

Research has not established if good corporate governance is good enough. Alimehmeti and Paletta, (2014: 64) question the role the many governance indices created and used by scholars around the world, play in the link between corporate governance and firm value specifically in evaluating the strength of governance. The Organisation for Economic Cooperation and Development, (2015: 10) admit there is no single model of good Corporate Governance. There are countless context specific frameworks but no singular valid criterion. Li *et al.'s* (2015: 173) research supports the view that good governance design is not universal but rather conditional on country-specific legal and institutional structures, as well as on firm-specific characteristics and corporate governance mechanisms. Raelin and Bondy, (2013: 421) admit that the problem with corporate governance is that research does not know how to create well-functioning governance systems. Ntim, (2013: 148) writes that while several prior studies suggest a positive link between corporate governance and firm value, most have been unable to conclusively indicate that good governance impacts positively on firm value. Thus, research does not know whether good corporate governance is good enough.

2.6.7.3 Good corporate governance is not good enough

Good corporate governance cannot be considered a good enough measure of corporate governance quality and determination because history demonstrates that numerous corporate scandals have been orchestrated by numerous governing bodies that appeared good but were found to be bad. Bradley, (2004, p. 8) states there is skepticism from many quarters, particularly investors, who doubt the existence of the link between good governance and performance indicators, such as share price performance. For example, Steinhoff's board was recently found to be bad despite an apparently good compliance track record. Naude *et al.*, (2018, p. 16) report that, as was the case with Enron and other scandal-ridden corporations over the years, Steinhoff appeared to comply with all legal and listing requirements in its various jurisdictions. Hence good corporate governance is not a reliable criterion measurement for governance quality.

Therefore, good governance is still an invalidated criterion for measuring governance quality. Sometimes good governance is presented as a macro-theory for national government quality. Other researchers claim that good governance is a meso-theoretic assumption relevant to institutions. Policy dialogue is plagued by the same dilemma.

2.6.7.4 National compared to corporate good governance

Internationally, in the public and private sector, good governance has been an agenda item for nearly thirty years. Katsamunska, (2016, p. 139) asserts that it is well-known that the concept of good governance appeared first in the documents of United Nations' development activities, as well as in the documents of World Bank (WB) in 1992 and of International Monetary Fund (IMF) in 1996. Ekundayo, (2017, p. 154) defines good governance theory as a governance theory that sets some basic principles according to which a good government, whatever its form, must be run. The World Bank, (1994: vii) *advocates that* good governance is a macro-theory epitomized by predictable; open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions, and a strong civil society participating in public affairs; and all behaving under the rule of law.

At the institutional level, good governance is plagued by the same dilemma of vagueness, inconsistency, and lack of clarity. An endless range of variables are proposed as proxies for good governance. For example, The Institute of Directors in Southern Africa, (2016: 27) defines good governance as the process of ethical and effective leadership by the governing body resulting in ethical culture, good performance, effective control and legitimacy. The Organisation for Economic Cooperation and Development, (2015: 3) explain that good corporate governance is not an end but a means to create market confidence and business integrity, which in turn is essential for companies that need access to equity capital for long term investment. Black, de Carvalho and Gorga, (2012: 935) claim that good governance is achieved principally through rules that protect minority investors. Nordberg, (2018: 365) contends that reasonably good corporate governance involves the ability to look one's fellow directors in the eye and explain, or demand an explanation of, why this course of action is, somehow, best: best, that is, not of necessity, as in a mathematical proof, but, in Toulmin's terms, through substantive argumentation. Othman and Rahman, (2014: 365) found that good governance is indicated by 1) accountability, 2) integrity, 3) fairness, 4) responsibility, 5) responsiveness, and 6) transparency. Satnalika and Nageswara Rao, (2016: 241) argue that in good governance it is assumed that the senior executives of a company conduct affairs transparently, legally, honestly and morally. Elmagrhi *et al.*, (2020: 142) found that under good governance structures, executive pay packages are designed in a way that helps in aligning management and shareholders' interests. To Ekundayo (2017: 155), good governance is a function of participation, rule of law, transparency, responsiveness, broad consensus, equity and inclusiveness, effectiveness and efficiency, accountability and strategic vision. Khan (2011: 2) concludes that good corporate governance embodies both enterprise (performance) and accountability (conformance). Steyn, (2018: 18) puts forward that as governance practices influence how efficiently and effectively the companies' assets are used, guidance on good governance practices has become critical for South Africa. All these contradictory interpretations confirm that good governance cannot be relied upon as a valid, and measurable scientific criterion for research in governance quality.

In conclusion a discussion ensued on whether research on the effects of the good governance construct on institutional performance and value has reached a high level of confidence. Despite the research of B. S. Black *et al.*, (2017), Bradley, (2004) and Satnalika and Nageswara Rao, (2016), the strength of research recommendation is low to moderate because further research is likely to have an important impact on confidence in the estimate of good governance and may change the estimate of effect on firm value.

2.7 Conclusion

Since the critical review goes beyond mere description of identified articles and includes a degree of analysis and conceptual innovation this section ends with conclusions regarding research in corporate governance. Evidence supports the relation between corporate governance and organizational performance as well as corporate governance and organizational value. Stronger evidence supports the hypothesis that corporate governance affects value. Corporate governance research has many causal issues specifically with regards to simultaneity and omitted variables and will be hard pressed to prove causation unless these issues are resolved. Corporate governance research supports multivariate approaches citing complementarity, interdependence, and substitutability as reasons.

The model that emerges when the literature is analyzed in totality is that corporate governance research should confirm or disconfirm the following claims:

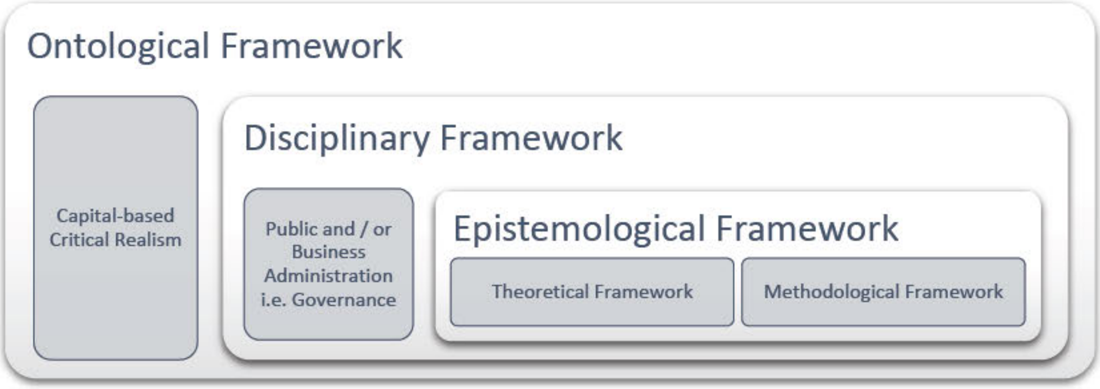
1. Governance affects organizational performance and / or value.
2. Endogeneity negatively affects the generalizability of governance research.
3. Multivariate correlation significantly affects governance quality.
4. Transparency significantly affects value.
5. Governing body performance significantly affects governance quality.
6. Market regulation affects governance quality.
7. Governance quality mitigates corporate failure.
8. Governance quality includes but is not limited to research in good governance.

The next chapter presents the theoretical and conceptual framework for competent governance.

CHAPTER 3: THEORETICAL FOUNDATION AND CONCEPTUAL FRAMEWORK FOR THE STUDY.

This chapter presents the theoretical and conceptual framework. The chapter comprises the historical background, future outlook, ontological framework, theoretical framework, emergent model, and conclusion. The conceptual understanding of corporate governance is directed by an integrated consideration of world view, discipline (in its sectoral sense), theory and method as seen in the figure below.

Figure 3: Nested table illustrating the conceptual domain of competent corporate governance



Source: Author

As shown in the figure above, the conceptual domain of competent governance is made up of three interrelated parts. The ontological assumptions framework both discipline and epistemology and the disciplinary assumptions framework the theory and practice of Corporate Governance. The ontological framework is an adapted form of critical realism in that it is capital-based. The disciplinary framework includes both public and business administration as both dimensions require governance. Lastly the epistemological framework is theoretically and methodologically pluralistic. Thus, chapter 3 presents the ontological, disciplinary, and theoretical framework for an analysis of competent board governance.

3.1 Historical background of corporate governance

Historically corporate governance has existed for a significant period. Details are vague, incoherent, and sketchy. However, there are threads of evidence that indicate its inception in Europe. Cheffins, Wixley and Everingham, (2015: 65) suggests that there is no definitive historical treatment of corporate governance and there may never be one, given the vastness of the subject. However, some authors believe that corporate governance began in the 16th Century with the inception of major chartered companies such as the Dutch East India Company. Monks and Minow, (2011: 111) charmingly narrate that

> *"In the British colonies, as in Great Britain itself, the group of people who oversaw the company would meet regularly. Fine furniture was expensive in those days, and few people in trade had enough for the meeting, so the men sat on stools, around a long board placed across two sawhorses. The group was named "the board," after the makeshift table they worked at. The leader of the group, who did not have to sit on a stool, by reason of his prestigious perch, was named the "chair-man."*

Cheffins et al (2015: 66) writes that the Federal Securities and Exchange Commission (SEC) brought corporate governance onto the official reform agenda in the mid-1970's. It is generally believed that the current form of regulated corporate governance practiced today has its inception in the World Bank's 1994 Report on governance which developed rules and institutions for the conduct of private and public business. The World Bank, (1994: 58) found that central objectives of the bank's economic and sector work and research efforts in the coming years should aim to assist countries in building strong institutions and to explore further the relationship between institutional development, public sector management, and other dimensions of governance.

3.2 Future outlook, trends and shifts in corporate governance

Corporate governance is going through some major shifts. This section presents three shifts that are impacting the future development of Corporate Governance. They are the shift to inclusive capitalism, the shift of government to governance and the shift to agile governance.

3.2.1 The shift to inclusive capitalism

According to The Institute of Directors in Southern Africa, (2016: 4), inclusive capitalism gives parity to the sources of value creation by taking account of the employment, transformation and provision of all sources of capital, the six capitals, in order to reposition capitalism as the engine of shared prosperity. Many multinational corporations now produce integrated reports and prescribe to integrated thinking to increase transparency and by extension value for their organizations. The International Integrated Reporting Council, (2013: 7) explains that integrated reporting is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value. The three fundamental concepts of Integrated Reporting are the capitals, the value creation process and value creation for the organization and for others.

3.2.2 The shift of government to governance

Governance is no longer being seen as an institution but as a discipline that traverses sectors. Evans, (2012: 98) states that the main driver underpinning practice-based thinking on integrity and public administration is the need to adapt to the changing norms and values of the public service due to the impact of new public management and the shift from government to governance.

3.2.3 The shift to agile governance

The fourth industrial revolution is disrupting business as usual, and professionals are having to unlearn and relearn at an increasing pace to keep up. New competencies are needed for corporate governance to remain relevant in an increasingly transparent world where the role of representation is being questioned. Artificial intelligence is already replacing some of our routine disciplinary functions in today's world. The World Economic Forum, (2017: 6) predicts that in the near future, billions of new devices will connect to the internet as well as to corporate and government networks. The Institute of Directors in Southern Africa, (2016: 3) states that so profound are the technological disruptions to industries and business models that many believe we are amid the 4IR. So significant are the opportunities and risks of the 4IR to corporate governance that The World Economic Forum, (2017) has formulated a framework for advancing cyber resilience for boards.

These shifts set an important tone for institutions seeking better quality governance.

3.3 Ontological framework

This section demonstrates an understanding of the world as a set of related systems by recognizing that problem-solving contexts do not exist in isolation. It reviews critical realism as the selected philosophical position for an analysis of competent Corporate Governance. It defines key theoretical assumptions and interpretational controversies. Neuman, (2014: 118) summarizes social sciences as an ontology whose purpose is to reveal what is hidden to liberate and empower people. SAGE Research Methods (no date) defines critical realism as an approach to understanding in the natural and social sciences that regards the objects of scientific knowledge as existing and acting independently of our beliefs about them. Critical realism was postulated by Roy Bhaskar, an Oxford University Professor, in the 1970's. He was critical of the paradoxical rifts, conflicting dualities, and profound fragmentation between the natural and social sciences. Bhaskar sought to reconcile these contradictions in a unifying paradigm that is known today as critical realism.

3.3.1 Interpretational controversies and contrary findings of critical realist ontology to corporate governance research

Critical realism is fundamentally at variance with the capitalist system due to its neglect of the role of value creation in society. For the philosophy to be as ubiquitous as it claims it would need to acknowledge the social materiality of capitalism. Capital would then be viewed as structure acted upon by agents. Brown, (2014: 122) contends that by overlooking the systemic significance of value, applications of critical realism offer a 'pseudo-systematic' approach that ironically reproduces the very chaotic conceptions of the system that it claims to eschew. Thus, critical realism does not acknowledge value creation as a foundational driving force of society.

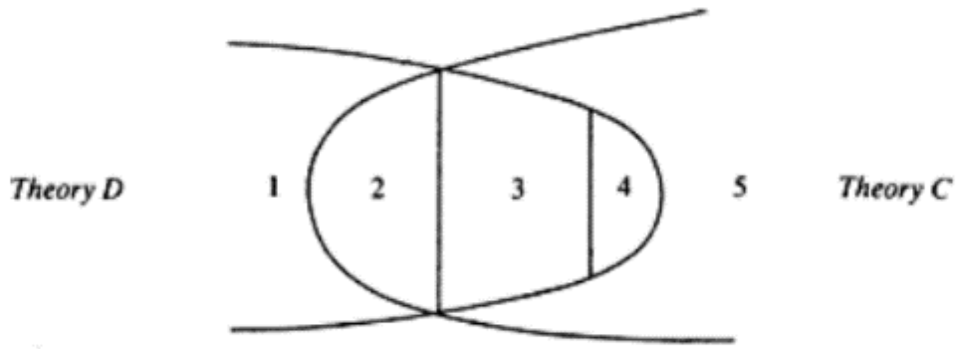
3.4 Theoretical framework

This section reviews the selected theoretical framework of Corporate Governance. The purpose of reviewing literature on theory is to answer the question about the knowledge gap stemming from the application of theoretical pluralism in a context often based on one or two theories. Thus, the review embraces the complexities of corporate governance with increased comprehension by theorizing radically. The value of a theory is its capability to determine future events. Bhaskar, (2008: 34) asserts that the acid test of a theory is its predictive power. Nadkarni *et al.*, (2018: 371) explain that the technique of "radical theorizing" produce novel, interesting, and theoretically bold ways of seeing by challenging, changing, or advancing what is known at a theoretical level before. This is done by integrating the assumptions of multiple theories relevant to corporate governance (agency, institutional, resource-based view, and stakeholder theory) from other disciplines such as human resource management (competency theory), economics (integrated capital theory) and natural science (systems theory). Corporate governance is a complex social phenomenon difficult to explain using one theoretical lens. Andrews, (2008, p. 397) writes that there is no theoretical framework on which good governance indicators are based. Madhani describes the various roles of the corporate board from agency theory, stewardship theory, resource dependency theory and resource-based view (RBV) theoretical perspectives. Kaczmarek (2017: 880) contends that scholars have begun to recognize the benefits of adopting theoretical pluralism and cross-disciplinary fertilization in corporate governance research. Some researchers may argue that multiple theories may unnecessarily complicate the study. This would be true if corporate governance had one coherent theory. Shaw *et al.*, (2018: 1) stress that although motives for cross-disciplinary theory integration are varied, they coalesce around the desire of researchers to develop knowledge. The methodology is known as "cross-disciplinary integration".

3.4.1 Theoretical pluralism

One concern that social scientists raise is that multiple theories may create unnecessary complexity in research. The currency of theory is the assumption which is the level where "unnecessary" theoretical complexity can be reconciled. Whenever theoretical assumptions are combined, they create new complexities as explained by Kuhn-Loss and Referential Overlap in Theory Conflict (Bhaskar, 2009, p. 53) as seen in the figure below.

Figure 8: Kuhn-Loss and Referential Overlap in Theory Conflict



Source: Bhaskar, (2009: 54)

As seen in the figure above, integrating theories results in assumption losses and overlaps and is the premise underlying Kuhn's celebrated paradigm shift theory. Kuhn, (1970: 89) explains that crisis is a necessary condition for loosening preconceived stereotypes and providing the incremental data necessary for a fundamental paradigm shift. For example, Bitcoin has disrupted the way the world viewed currency and a new paradigm is emerging. Theoretical pluralism provides the science of business administration in general, and corporate governance with unique opportunities to build new theoretical paradigms. The figure above presents two theories, C and D, which are merging and sharing assumptions. Some assumptions make sense to both theories, while others do not. Assumptions demarcated two (2) to four (4) are assumptions that overlap. Assumptions one (1) and five (5) represent hypotheses beyond the scope of the overlap and are subsequently lost due to them being redundant. Assumption three (3) represents an assumption which adequately explains both theories. Assumption four (4) represents an anomaly for Theory D, successfully resolved by C. Assumption four (2) represents an anomaly for Theory C, successfully resolved by Theory D.

Table 10: Theoretical nexus for competent board governance

Theory	Seminal Author / S	Key Assumption / S
Agency theory	(Eisenhardt 1989; Jensen & Meckling 1976; Smith 1776)	*"The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private co-partner frequently watch over their own."*
Systems theory	Bertalanffy, (1969: 37); The International Integrated Reporting Council, (2012: 6)	*systems thinking is used increasingly to explain well-functioning businesses and economies. a business model is defined as the organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium, and long term. integrated thinking.*
Capital theory	(International Integrated Reporting Council 2013; Smith 1776)	*"All organizations depend on various forms of capital for their success. These capitals are stores of value that, in one form or another, become inputs to the organization's business model. They are also increased, decreased, or transformed through the activities of the organization in that they are enhanced, consumed, modified, or otherwise affected by those activities."*
Institutional theory	(Firdausi & Aghisna 2016; Selznick 1948, 1957, 1996; Meadows 1967)	*"to 'institutionalize' is to infuse with value beyond the technical requirements of the task at hand. the prizing of social machinery beyond its technical role is largely a reflection of the unique way in which it fulfils personal and group needs."*
Good governance theory	(The Institute of Directors in Southern Africa 2016; The International	*"Good governance is epitomized by predictable; open, and enlightened policymaking (that is, transparent*

	Monetary Fund 1997; Unitede Nations Development Programme 1997; The World Bank 1992b,a)	*processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions, and a strong civil society participating in public affairs; and all behaving under the rule of law."*
Competency theory	(Spencer & Spencer 1993; Prahalad, Hamel, June, Prahalad & Hamel 1990; Boyatzis 1982; McClelland 1973b; Mcclelland, Baldwin, Brinfenbrenner & Strodtbeck 1958)	competency causes and predicts performance; competencies are various; competencies are developable; criterion referencing; competency constructs; competency is behavioural; the core competence of the corporation.
Stakeholder theory	(Freeman 1984, 2018; Freeman & Parmar 2018; Freeman, Martin & Parmar 2007; Freeman, Rusconi, Signori & Strudler 2012; Edward Freeman 2010)	any group or individual who can affect or is affected by the institution or state's actions.

Source: Author

3.4.2 Systems theory

Systemic thinking is an integral part of corporate governance because of its role in the value creation process. Some believe that business modelling should be on the agenda of every board meeting. Systems Theory is fundamental for a deep anthropological desire to perceive, create, sustain organization in social life. Bertalanffy, (1972: 411) first postulated general systems theory in the 1930's and in various publications after World War 2. He, (1969: 37) claimed that system theory is a general science of "wholeness" whose major aims being, a general tendency towards integration in social and natural sciences. This theory brings us nearer to the goal of the unity of science, which leads to much-needed integration of scientific education. Arbnor and Bjerke, (2011: 8) claim that it is possible to see aspects of systems being stressed more often than others such as processes more than structure, good relations to customers, team-building, temporary organizations / project organizations, entrepreneurial organizations / organized chaos, the network perspective, the innovation system, the virtual system and deep structures.

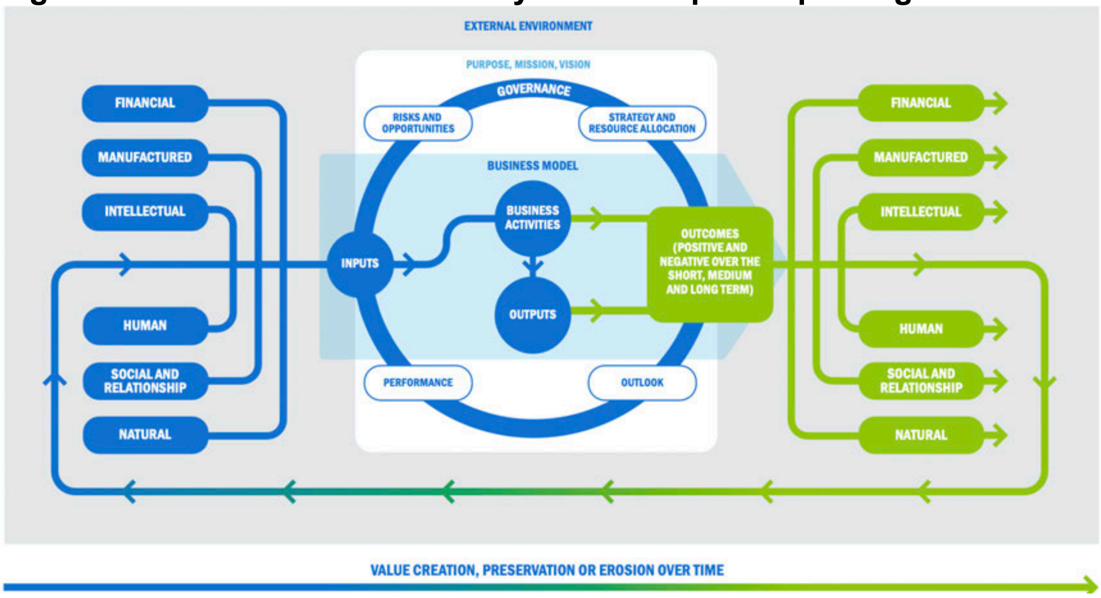
The International Integrated Reporting Council, (2012: 6) claim that at the root of systems thinking is the notion that understanding the relationships between the components is at least as important as, if not more than, understanding those components in isolation.

The International Integrated Reporting Council, (2012: 6) claim that systems thinking is used increasingly to explain well-functioning businesses and economies. Pickel, (2014: 12) posits that a system is a complex object whose parts or components are held together by bonds of some kind. These bonds are logical in the case of a conceptual system, such as a theory; they are material in the case of a concrete system, such as a hospital. The collection of all such relations among a system's constituents is its structure (or organization, or architecture). Joseph, (1998: 79) says that in open systems a whole number of generative (causal) mechanisms operate together. The International Integrated Reporting Council, (2012, p. 6) define a system as a set of interacting parts or components that form a unified whole. Arbnor and Bjerke, (2011: 8) maintain that classical analyses of business systems as models can be done with common concepts that is to say variety, depiction, adaptability, existence of tensions and conflicts, systems objectives, management system, fit, reactions to and in the environment, dynamic conservatism, and recipe. The International Integrated Reporting Council, 2012: 6) claim that systems will evolve over time in response to external events, emerging priorities, and revised objectives.

3.4.2.1 Business models represent the corporate system

According to The International Integrated Reporting Council, (2013: 6) a business model is defined as the organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term as can be seen in the figure below.

Figure 9: Business model of the systemic corporate paradigm



Source: ***The Value Reporting Foundation, (2022: 18)***

As shown in the figure above, the system presents governance as a circle with four governance roles opportunities and risks, strategy and resource allocation, performance, and outlook. Governance encircles the business model indicating its systemic role. Hence the inclusion of systems theory to corporate governance research.

3.4.3 Resource theory (integrated capital theory)

Capital, according to Oxford Dictionaries, (2019) is broadly defined as wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing. However, it could also mean firstly the excess of a company's assets over its liabilities, secondly people who possess wealth and use it to control a society's economic activity, considered collectively, or thirdly a valuable resource of a particular kind. In the context of Corporate Governance, we find capital being used in all these forms.

The principled governance of corporate organizations is conflicted in the sense that in many cases organizations do not measure ethical performance. This lapse of practice communicates to stakeholders that ethics is not primary to the corporate governance project. The Henry Jackson Initiative for Inclusive Capitalism, (2012: 5) states that the heart of the remedy must be a near-revolution in personal ethics, for the regrettable behaviour in the recent crisis was mostly unethical rather than illegal. Bhasa, (2017: 37) concludes that business and ethics have an oxymoronic relationship in that the pursuit of profit (capital) by corporations is often likely to result in value erosion for a multitude of stakeholders. In an effort to correct this conflict, law-makers and corporate governance regulatory bodies have developed appropriate principle-based legislation and codes in an effort to encourage ethical cultures in their corporate citizens. The Henry Jackson Initiative for Inclusive Capitalism, (2012: 5) recommends that only if people become more aware of the moral dimension of their personalities, and bring them into their business decisions, will we avoid a repetition of the problems we have suffered. Bhasa, (2017: 37) concludes that the robustness of value theory far exceeds that of other ethical models and therefore is a better framework for business managers to adopt.

3.4.4 Institutional theory (value infusion theory)

The Institutional Theory was postulated in 1957 by Selznick (1957: 17) who claimed that to 'institutionalize' is to infuse with value beyond the technical requirements of the task at hand. The prizing of social machinery beyond its technical role is largely a reflection of the unique way in which it fulfils personal and group needs. Krygier, (2012: 76) narrates that Selznick never doubted that “infusing with value” captured the central, key, component of the process of institutionalization. Delbridge and Edwards, (2013: 2) expanded further that the central tenet of institutional theory, which is to frame the historical conditioning of logics without dis-embedding actors from the social world. Dacin, Goodstein and Scott, (2002: 52) explain that one strategy is to pursue the interdependence between institutions and individual identity and roles, particularly those working within various organizational settings. This notion resonates with Bhaskar’s attempt to reconcile the two components of social reality being structure and agency. The Institute of Directors in Southern Africa, (2016: 4) state that governing bodies have the challenge of steering their organizations to create value in a sustainable manner, making more but with less to meet the needs of a growing population and the reality of dwindling natural resources. The governing body is both the cause and effect of praxis. Bhaskar, (1989: 34) asserts that society (and by extension corporate governance) is both the ever-present condition (cause) and the continually reproduced outcome of human agency. Thus, value (capital) is the central goal of governance and both the ever-present condition and the continually reproduced outcome of governing bodies.

3.4.5 Agency theory

Agency theory is considered by many to be the predominant theory in Corporate Governance. Bhagat, Bolton and Romano, (2008: 1809) state that the key focus of US corporate law and corporate governance systems is referred to as an agency problem, that is, an organizational concern that arises when the owners in a corporation are not the managers who are in control. Tihanyi, Graffin and George, (2015: 2) report that during the late 1990s and early 2000s, agency problems were identified as a primary cause of failure in the governance of a slate of large corporations. Eisenhardt, (1989: 57) explains that the agency problem results in relationships in which the principal and agent have partly differing goals and risk preferences. For example, in compensation, regulation, leadership, impression management, whistle-blowing, vertical integration, transfer pricing. Nakpodia and Adegbite, (2018: 18) argue that agency theory relies on assumptions that reduce the complexity of the corporate governance phenomenon. Aguilera and Jackson (2003), for instance, argue that the agency theory fails to sufficiently explore how institutional embeddedness influences Corporate Governance.

Table 11: Introductory synthesis of agency theory

Factor	Description
Key idea:	Principal-agent relationships should reflect efficient organization of information and risk-bearing costs.
Unit of analysis:	Contract between principal and agent
Human assumptions:	Self-interest; Bounded rationality; Risk aversion
Organizational assumptions:	Partial goal conflict among participants; Efficiency as the effectiveness criterion; Information asymmetry between principal and agent
Information assumption:	Information as a purchasable commodity
Contracting problems:	Agency (moral hazard and adverse selection); Risk sharing
Problem domain:	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistleblowing, vertical integration, transfer pricing)

Source: Adapted from K. M. Eisenhardt, (1989: 57)

3.4.6 Competency theory

David McClelland (1973), an illustrious Harvard Professor of Psychology, postulated the competency theory in his paper titled: Testing for Competence Rather Than for Intelligence. Emmerling and Boyatzis (2012: 7) confirm that the word "competency" has been defined in many different ways, which has often served to cause confusion in both research and practice. Hence the theoretical assumption is that competent governance causes performance as can be seen in the figure below.

Figure 10: Cause and effect relationships of competencies and job performance

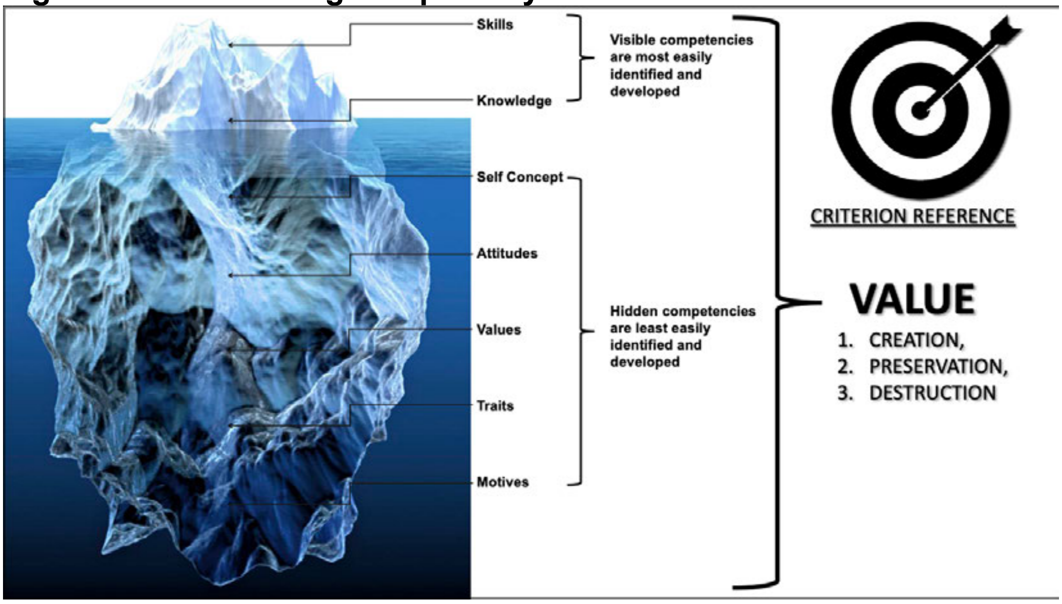
Source: ***Adapted from Spencer and Spencer (1993:11)***

As can be seen in the figure above there is a causal relationship between competence and performance. Temporally intentions cause action which in turn cause job performance. Intentions are a result of underlying behavioural characteristics. Personal characteristics are competencies made up of knowledge, self-concept, trait, and motive. Actions are behaviours which are observable as skills and displays of knowledge.

Behavioral competence

Competency provides a comprehensive epistemology of the behavioural characteristics necessary for work performance as can be seen in the figure below.

Figure 11: The iceberg competency model

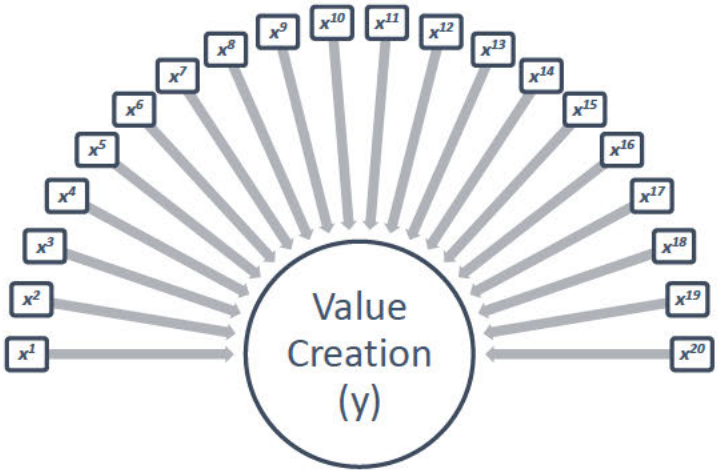


Source: Adapted from Spencer and Spencer (1993, p.11)

As can be seen in the figure above, competence, like an iceberg, has small, visible, easy to observe characteristics with numerous, hidden, harder to observe characteristics below the surface. Chung and Wu (2011: 406) explain that the iceberg model is made up of two parts: one is hidden (including motives, traits, self-concepts), and the other is visible (including knowledge and skills). Within this assumption lie several sub-assumptions that can lead to future research. For example, Maslow's motivation theory would add value as a nested theory within the competency theory. The assumption is that embedded in a governing body's capability to create value lies the value creation motive. Thus, the intentional actions of governing bodies are not all equal, not all easily observed, not all equally easy to develop and not all linked to the same criterion of reference.

If competency causes performance and value, it is important to know what competent governance is, as can be seen in the figure below.

Figure 12: What is Competent Governance?



Source: Author

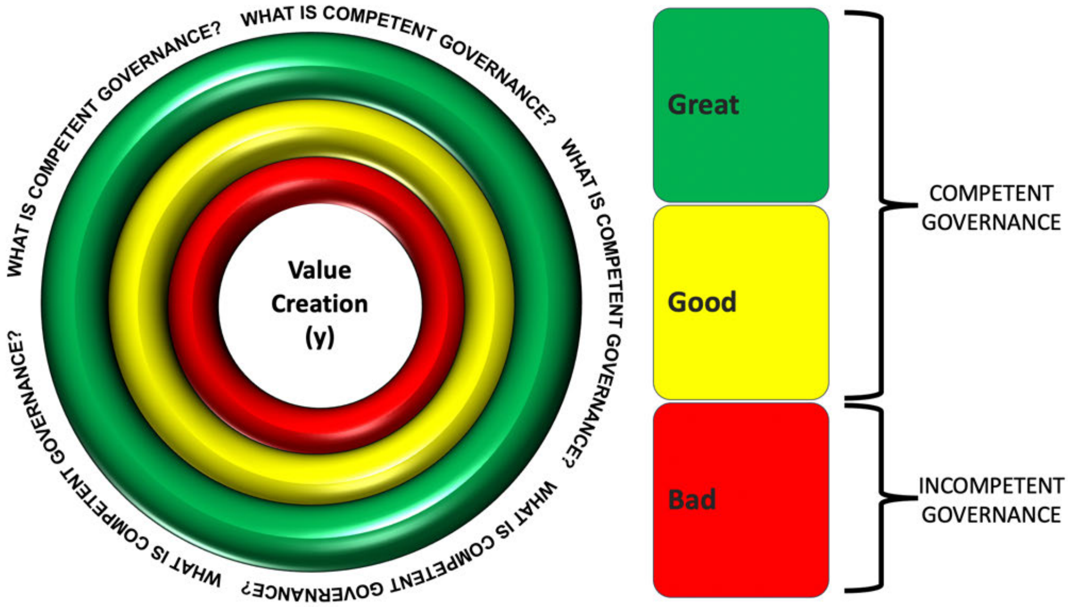
As can be seen in the figure above competent governance is a bundle of competencies ($\boldsymbol{X}^{1\ y}$) that work together to create value (***y***). The most generally used definition of a behavioural competency is a knowledge, skill or ability, that enables an employee to achieve results. Spencer and Spencer (1993: 9) define a competency as an underlying characteristic of an individual that is causally related to criterion-referenced effective or superior performance in a job or situation. This definition is concise, comprehensive and is like personality theories which are concerned with human behaviour. The key difference being that competency is work-based behaviour whereas psychological behaviour theory has a broader scope. The definition also draws attention to the causal relationship between competency and performance. Furthermore, performance is qualified by criterion referencing, and is either effective or superior. Richard Boyatzis (2008: 7) claims that competencies are behavioural manifestations of talent and that they are developable, as a capability or ability that leads to or causes effective performance.

Competence criteria

The competency theory assumes that competency is a result, impact, outcome, output, effect and/or performance standard. Horton, (2000: 312) contends that in the UK, the term “competence" and the plural “competences" were adopted to indicate the range of standards linked to occupational performance. This outcome-based approach to competence was in stark contrast to the US behavior-based, or input-based approach to competence. In the competency literature this approach is called criterion referencing.

Criterion referencing can be viewed as governance performance quality, benchmarking or standards and is often expressed as either competent or incompetent performance but also includes criteria of effective (good) and superior (great or excellent) performance as seen in the figure below.

Figure 13: Criteria of competent governance



As can be seen in the figure above, the criterion of competent governance is either bad, good, or great. Incompetent governance is described as bad and competent governance is described as either good (effective) or great (excellent). Harvard Professor David Mcclelland et al. (1958: 21) postulated that historically talent research has been what is technically called "criterion specific." Spencer and Spencer (1993: 13) reason that a characteristic is not a competency unless it predicts something meaningful in the world and furthermore, that a characteristic or credential that makes no difference in performance is not a competency and should not be used to evaluate people. Boyatzis (2009: 751) emphasizes that criterion sampling is crucial for competency research. McClelland (1973: 7) emphasized that the best testing for competence is criterion sampling. Competence criteria in this context indicate levels of governance quality. Thus, boards have the potential to be appraised as either incompetent-bad (ineffective and inefficient), competent-good (effective) or competent-great (effective and efficient).

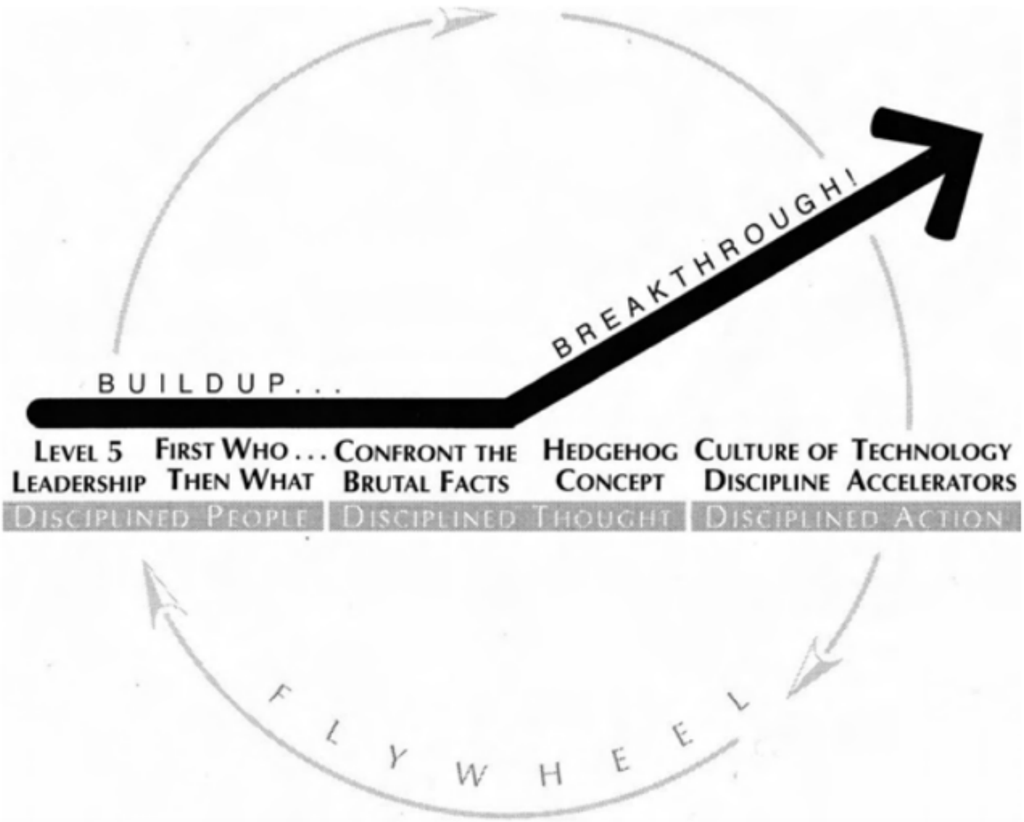
Good governance

Good governance, according to competency theory, is effective in that work meets standard. Katsamunska, (2016: 139) asserts that, it is well-known that the concept of good governance appeared first in the documents of United Nations' development activities, as well as in the documents of World Bank in 1992 and of International Monetary Fund in 1996. The Institute of Directors in Southern Africa, (2016: 27) defines good governance as the process of ethical and effective leadership by the governing body by which the intended value creating governance outcomes are achieved. In this case the outcomes are ethical culture, good performance, effective control, and legitimacy. According to Lewis, (2018: 5), the lively and illuminating inquiry into how board governance can be made more effective is based on three key assumptions, namely, boards exist to lead organizations – not merely monitor them; effective board governance is not about either systems, structures, processes, theories, practices, culture, or behaviors, it is about all of them, and significant improvements are likely to come only through challenging the status quo and trying out new ideas in theory and in practice. The World Economic Forum, (2020) notes that good governance relies on internal mechanisms, like the structure of a board and the incentives put in place for management, and on external mechanisms such as institutions that demand transparency and accountability.

Good to great governance

Good to great governance assumes that governance quality can be improved. Collins, (2001: 12) authored a bestseller titled good to great wherein he researched how good companies become great companies as can be seen in the figure below.

Figure 11: The good to great process



Source: Collins, (2001, p. 12)

As can be seen in the figure above, the result was a change management framework that provides a standard operating procedure for good institutions seeking greatness. The framework emphasizes a six stepped discipline-based process that begins with leadership and ends with technology. Collins, (2001: 12) explains that one should think of the transformation as a process of build-up followed by breakthrough, broken into three broad stages: disciplined people, disciplined thought, and disciplined action.

Great governance

Great governance, according to competency theory is excellent in that work exceeds expectations. There is little, if any, established research on great corporate governance. The Chartered Institute of Personnel and Development, (2016) formulated a model to illustrate this as seen in the table below.

Table 12: Talent in Singapore maturity model

Level of Maturity	State	Society	Organization	Individual
Level 7: visionary sees issues holistically and grapples with principles, identity and what will make a difference. Systemic approach.	Leads on global issues for the long-term good of all. An exemplar of principled, inclusive governance. Willing to take tough decisions, while also forgiving of fallibility.	Able to enact and live by espoused principles, especially when defending the rights, interests, or dignity of others.	Assumes leadership in making long-term, difficult, sometimes immediately costly decisions for the long- term benefit of the whole.	Weighs up choices using ethical principles for the whole/ 'greater good' beyond the needs of oneself. Mastery of important externalities.
Level 6 from me to we appreciates complexity of values and ethics. Accepts and respects difference and diversity	Sees itself as a force for good. Appreciates the interests and cultures of other nations.	Able to rise above sectarian interests and finds common ground on which to build stronger bonds without dismissing difference	Sees itself and behaves as an integral part of society	Sees oneself as part of something bigger and appreciates the validity of the other's view. Appreciates and understands risks well.
Level 5 interconnectedness. Joins the dots. Innovates. Able to identify patterns and make connections to achieve goals in a new way.	Applies innovative and creative approaches to address issues of the day. Human capital is one key resources to better, fulfilling lives for citizens.	Able to engage conceptually (vs. 'I am the measure of all knowledge/truths'). Creative, questioning, and able to tackle sacred cows. High trust.	Openness to trying new thinking and ways of working. Takes risks. Failure does not result in censure. Confident.	Makes new connections and creates something new. Beginning to think 'outside the box'.
Level 4 learning and developing. Belief in progress and one's agency to effect change.	Sees integrated development of human capital (education, skills, industrial master plan, and	Values learning of all kinds. The development of individual potential for own sake is important.	Nurtures a culture of learning both individually and corporately. Learning and development is	Aware of the need to develop potential and is constantly learning.

	so on) strategically as national interest priorities.		encouraged and supported.	
Level 3 belonging. Establishing interconnections that foster group identity.	Has developed a national identity/ mythology which all are encouraged to embrace.	Shows some respect and tolerance of the 'other'. Embraces difference and bestows rights on minorities within comfort levels.	Supports social networks and communities reinforced by common values, functions, interests, and so on	Has ability to analyze situation and adapt response to achieve prescribed outcome.
Level 2 order. Planning and processes in place to ensure consistency but not always rigorous or disciplined.	Has functioning administration delivering public goods and infrastructure.	Establishes common rules of engagement and recognized authorities to lead and arbitrate.	Seeks consistency and predictability by setting up policies and procedures.	Able to apply those skills and knowledge under direction.
Level 1 survival. No systems. Ad hoc, uncertain, dynamic, and reactive.	Ensures that there are the bare necessities. Subsistence.	Caters to basic needs. Some security. Basic freedoms to go about one's life.	Has basic administration to run a business. Adjusts where and when necessary.	Has knowledge and skill for the task at hand.

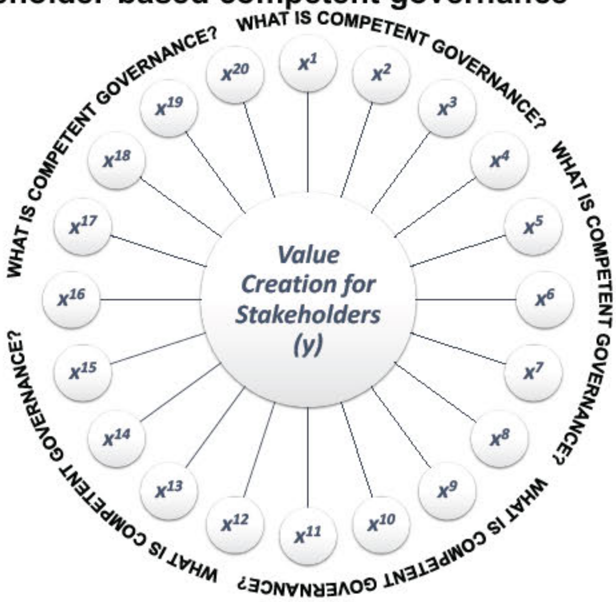
Source: Adapted from The Chartered Institute of Personnel and Development, (2016)

As can be seen in the table above, a maturity model of talent in Singapore shows the potential for the state, society, organizations, and individuals to mature along seven levels beginning with survival and ending with visionary.

3.4.7 Stakeholder theory

This section explores the Stakeholder Theory, its background, assumptions, benefits, challenges, interpretational controversies, and contrary findings relevant to a study on competent Corporate Governance. Professor Edward Freeman postulated Stakeholder Theory in his seminal work titled "Strategic Management: A Stakeholder Approach" (Freeman 1984). Since then Freeman's Stakeholder Theory has attracted the attention of government, academia and industry due its ability to align institutions with ethics which often conflict as is evidenced in agency problems. The World Economic Forum, (2020) agree that corporate governance should ensure decision-making that is in the best interests of all stakeholders – shareholders, customers, employees, regulators, local communities, and creditors. Stakeholders are either internal or external, primary, secondary or tertiary. Freeman, Phillips and Sisodia, (2020: 226) are of the view that the main narrative about business should shift to value creation for stakeholders as its center as seen in the figure below.

Figure 14: Stakeholder-based competent governance



Source: Author

As can be seen in figure above, the institutional theory's purpose of value creation has been extended by the stakeholder theory's central narrative is value creation for stakeholders.

3.4.8 Theoretical framework of competent corporate governance

Theory selection criteria was delimited to theories that had institutional value as a common assumption as can be seen in the figure below.

Figure 15: Theoretical domain for competent corporate governance

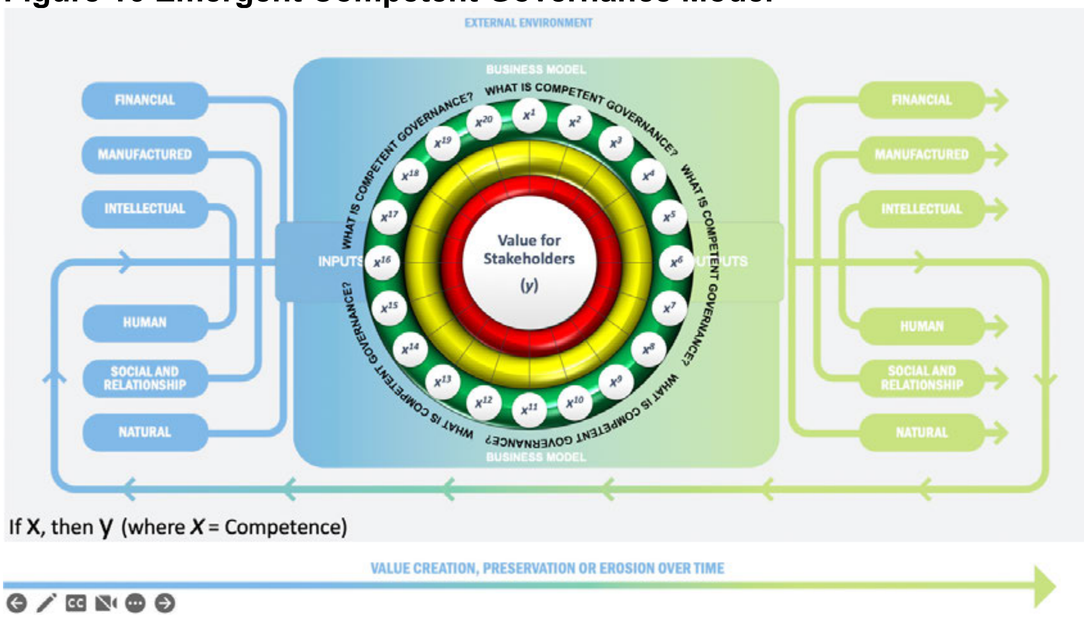
Source: Author

According to the figure above the theoretical framework of competent corporate governance ensures theoretical alignment which is fundamental to a conceptually sound framework. Thus, to better explain competent corporate governance theoretical pluralism is employed with institutional value as a common assumption. This then elevates institutional value to the level of becoming its own theory.

3.5 Emergent model

The emergent model of competent governance forms the basis for chapters that follow constituting a synthesis of existing theory, with a novel interpretation of governance as seen in the figure below.

Figure 16 Emergent Competent Governance Model



Source: Adapted from

As highlighted in the figure above the emergent model brings together the different components of the theories considered. The institutional and stakeholder theory integrated into the central principle of creation, preservation, or erosion of value for stakeholders over time. The competency theory contributes both the bad, good, and great maturity criteria of governance quality as well as the unknown intentional actions of governing bodies that ensure the business model processes capital inputs into greater capital outputs. Some capital then re-circulates into the business. The resultant model forms the basis of research activities that follow. The key elements offer guidelines on what governance competencies ($X^{1\ 20}$) are unknown and therefore need discovering. The qualitative phase explores what variables are key to a conceptual understanding of competent governance. The quantitative phase measures the strength of relationship of identified key variables with each other and the broader conceptual domain of competent governance. Finally, the mixing of qualitative and quantitative results to bring new knowledge to the discipline of corporate governance that mitigates the risks of incompetence.

3.7 Conclusion

In this chapter the conceptual framework of competent governance was discussed resulting in an emerging model. In Chapter 4 the research methodology is put forward. Therein is included discussions on the research setting, research paradigm, research design, research methodology, data quality, data collection ethical considerations and a chapter summary.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

This chapter presents the choices of research design and methodology that will be used to explore, describe, and explain the mechanisms, events, and experiences of competent governing bodies in a local government setting in Kwazulu-Natal, South Africa, the Municipal Council, and top management structure of eThekwini Metropolitan Municipality. The chapter comprises choice of research setting, research paradigm, research design, population, sampling procedures, data collection instruments, data collection procedure, presentation and analysis, data quality and ethical considerations.

Research methodology is often misunderstood in science and research. Neuman, (2014: 93) explains that research methodology rests on a foundation of both ontological and epistemological assumptions. Tashakkori, Teddlie and Niglas, (2015: 215) argue that instead of classifying research methodology into a small number of clearly separate paradigms or movements, it is more appropriate and helpful to conceptualize methodology as a multidimensional set of continua. Hence, research methodology in this context means the multidimensional set of governance-linked continua built on a capital-based critical realist, theoretically pluralistic, mixed methodological conceptual foundation.

4.1 Research setting

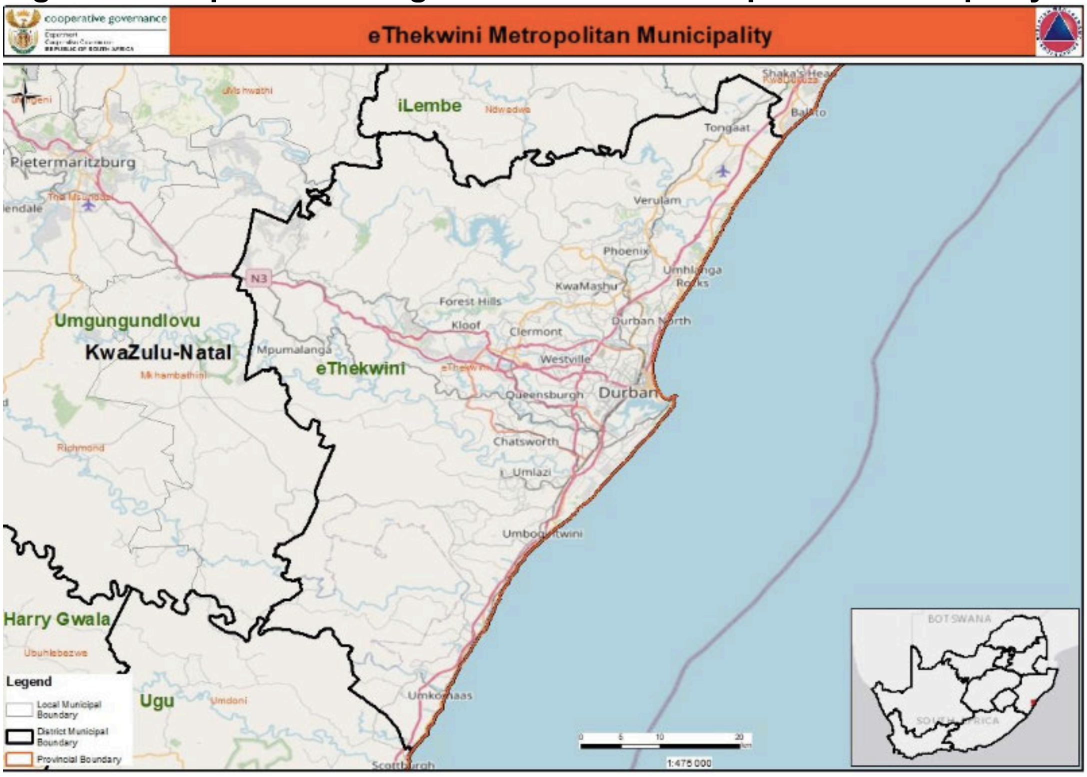
This section discusses the choice of setting for the research. Research setting is defined as the geographical location and circumstances in which data collection takes place in a study. Mathison, (2011, p. 388) explains that setting is the specific context in which an evaluation is conducted, including both the physical location and the institutional or organizational context. This can also involve physical, social, political, and psychological factors that might influence the program, as well as conducive and distracting influences present in the environment. The research is located geographically, socio-politically, and economically in one of the eight metropolitan municipalities in the Republic of

South Africa and the circumstances focus on the discipline of Corporate Governance.

4.1.1 Geographic, socio-political, and economic context

The eThekwini Metropolitan Municipality (Hereinafter referred to as EMM), according to South Africa's National Department of Cooperative Governance and Traditional Affairs, (2020: 5) is located on the east coast of South Africa in the Province of KwaZulu-Natal and is the third largest metropolitan municipality in the country following Johannesburg and Cape Town as can be seen in the figure below.

Figure 17: Map demarcating the eThekwini metropolitan municipality



Source: South Africa's National Department of Cooperative Governance and Traditional Affairs, (2020: 5)

As can be seen in the figure above, eThekwini Metropolitan Municipality is about 2 555 km2, has a population of 3.9 million people, a gross domestic product of R468 billion in 2018 with a broad sectoral composition. The largest sector is finance, then community services followed by manufacturing, trade, and transport respectively.

4.1.2 Corporate governance circumstances

The corporate governance circumstances of EMM are governed by legislation such as the South African Constitution, Local Government: Municipal Structures, The Municipal Financial Management Act and The Municipal Systems Act. The Constitution (The Parliament of the Republic of South Africa, 1996, p. 51) states in Section 151 (2) that the executive and legislative authority of a municipality is vested in its Municipal Council. The Auditor General of South Africa, a Chapter 9 Institution of the Constitution of the Republic of South Africa (1996), is the only institution that, by law, audits and reports on how local government is spending taxpayers' money. However, the king 4 code on corporate governance makes material reference to municipal councils as governing bodies of municipalities with a view to regulating the quality of corporate governance in public sector local government. The Institute of Directors in Southern Africa, (2016: 80) recommend that although leadership structures in municipalities are not directly comparable to those of other organizations, the guidelines can be used when interpreting the terminology in the King IV Code on corporate governance in a municipal context as can be seen in the table below.

Table 13: Comparison of corporate governance terms in the king iv code relevant to municipalities

King IV Code	Local Government
Organization	Municipality
Governing Body	Municipal Council (including EXCO and portfolio committees)
Management	Management of the municipality, including the municipal manager as accounting officer and senior management as defined in the Municipal Financial Management Act (MFMA)
Members of the governing body	Councillors and Top Management (as defined in the Municipal Financial Management Act)
Chair of the governing body	Speaker
Chief Executive Officer	Municipal Manager or Accounting Officer

External Auditor	Auditor General of South Africa
Shareholder	Municipalities do not have shareholders, but in many respects, community members can be regarded as such.

Source: Adapted from Republic Of South Africa, (2004: 86) and Institute of Directors, (2016: 80)

As can be seen in the table above, eThekwini Municipality's governing body is made up of a municipal council and the top management structure. ethekwini Municipality (2021) reports that the city is governed by a 219-member city council, comprising an elected mayor, councillors, the executive committee, and several implementation committees. This is important to this study as it confirms that municipal governance correlates with the corporate governance discipline.

4.2 Research paradigm

This section discusses and presents the chosen research paradigm of the project. Some academics may disagree with the material need of including philosophy in a social science project on corporate governance. However, Creswell (2014: 34) reiterates that researchers need to think through the philosophical worldview assumptions that they bring to the study, the research design that is related to this worldview, and the specific methods or procedures of research that translate the approach into practice

The three major paradigms of social research are positivist, constructivist and critical social science. Positivist social science (Neuman, 2014: 97) emphasizes that deterministic orientation by discovering causal laws, careful empirical observations, and value-free research. Its main assumption is that human actions are largely caused by forces external to individuals that can be identified. An example, of a positivist data collection method is a survey. Interpretative social science (Neuman, 2014: 103) emphasizes constructivist orientation by generating a deep and shared socially constructed meaning of a reality that is relative. The main assumption is that the beliefs and meaning that people create and use, fundamentally construct what reality is for them. A typical example of an interpretivist data collection method is an interview. Critical social science (Neuman, 2014: 110) emphasizes that reflexive-dialectic orientation toward social reality which is independent and unknowable in its entirety and arguably contains a moral-political dimension. The main purpose is to dispel false consciousness and advance human freedom and empowerment. A typical example of critical realist data collection is the mixed method approach in which subjective and objective approaches are blended to provide insights in combination unavailable from either side alone.

as discussed in chapter 3, the selected paradigm for the research is critical realism. Roy Bhaskar (2008, p. 9), the seminal author of critical realism, argues that if science is to be possible the world must consist of enduring and transfactually active mechanisms; society must consist of an ensemble of powers irreducible to, but present only in, the intentional actions of men; and men must be causal agents capable of acting self-consciously on the world. Thus, this study aligns with the same. It must be noted that the study extends critical realism by emphasizing value (capital) and its determination in social reality. The selection of a critically real paradigm thus influences the selected research design as discussed in the next section.

4.3 Research design

This section describes the research design choice and the rationale for this study. Research design is defined as the research plan whose purpose is to answer the research questions. Creswell, (2009: 3) defines research design as a plan and procedure for research that spans the decisions from broad assumptions to detailed methods of data collection and analysis. Mcgregor, (2019, p. 208) elucidates that the logic and thinking that researchers use to design their research is affected both by the (a) methodology (which shapes the research questions and all assumptions underlying the effort), and (b) type of research inquiry they are conducting.

Qualitative research provides depth and exploration but not predictability. Qualitative research typically utilizes interviews, focus groups, field research, historical comparative and ethnographic techniques. Quantitative research provides predictability but not depth. The approaches have similarities and differences, benefits, and challenges along a broad range of dimensions as seen in the table below.

Table 14: Comparison of Data Collection Methods

Dimension	Quantitative	Qualitative	Mixed Method
Ontology	Positivist	Constructivist	Critically Real
Measure	Numbers	Qualities	Mixed
Academic Rigor	High	High	High
Ethical Considerations	High	High	High
Objectivity	High	Low	Mixed
Reliability Importance	High	Low	Mixed
Authenticity Importance	Low	High	Mixed
Value Presence and Explicit	Low	High	Mixed
Theory and Data Integration	Low	High	Mixed
Context Independence	High	Low	Mixed
Number of Sample Elements	High	Low	Mixed
Statistical Use	High	Low	Mixed
Researcher Detachment	High	Low	Mixed

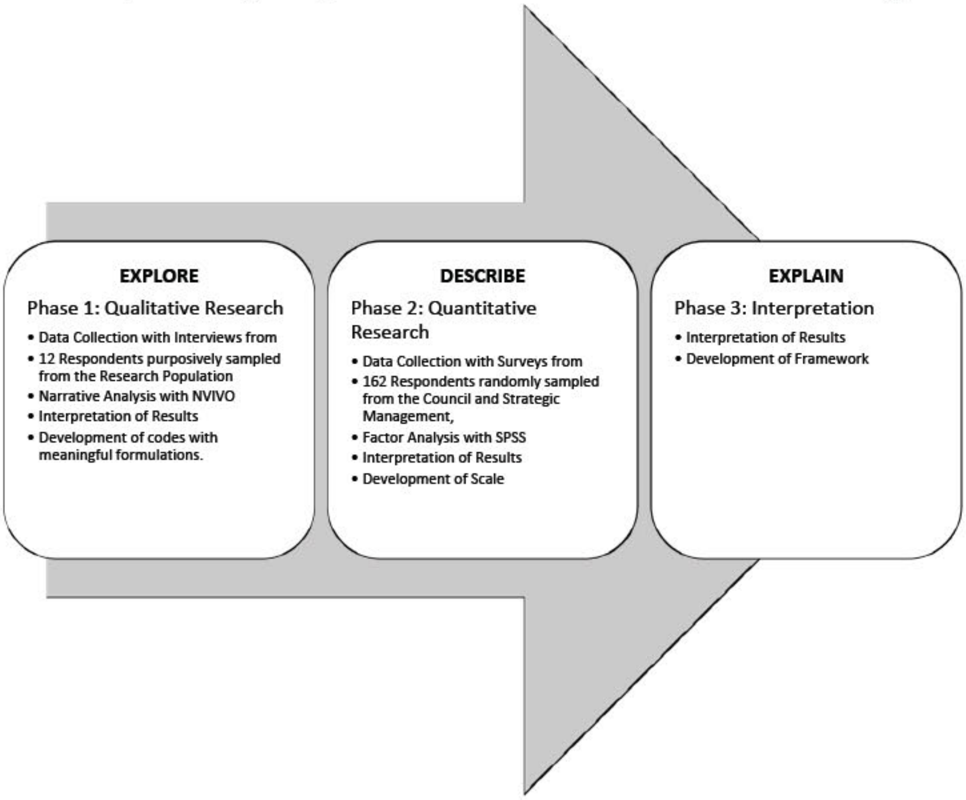
Source: Adapted from Neuman (2014: 175)

As can be seen in the table above, the three approaches are compared along various dimensions. Quantitative research uses surveys and experiments to collect data from the field. Mixed method research reconciles both quantitative and qualitative shortfalls and adds more value through the mixing of findings, claims and results into novel meta inferences. Thus, the selected research design is an exploratory sequential mixed method research (hereinafter referred to as ESMMR) design to achieve the objectives of an analysis of competent corporate governance.

4.3.1 Rationale for choosing an exploratory sequential mixed method research design

Mixed method research provides a best-of-both-worlds approach merging quantitative and qualitative in various permutations that promote complementarity, interdependence and substitutability as seen in the figure below.

Figure 18 Exploratory Sequential Mixed Method Research Design



Source: Adapted from Creswell, (2013: 220)

As seen in the figure above, ESMMR is a mixed method research design that integrates the two seemingly contradictory approaches sequentially, providing support where the other fails as well as being used to develop new scales or instruments such as a corporate governance index. Benefits are synergized and weaknesses are substituted. Anticipated weaknesses of single method research as well as the need for a more reliable approach for scale development form the rationale for choosing ESMMR. Qualitative research provides depth and exploration but not predictability. Quantitative research provides predictability but not depth. Furthermore, most research in the field is econometric (positivist) and therefore, lack the rich depth that qualitative research offers. Thus, these differences become complementary in mixed method research as they bring greater insight to the same phenomenon and bring the researcher closer to the truth.

4.4 Research methods

This section discusses the choice of research methods for the research and includes population, sampling, data collection, variable choices, and operational definitions.

Creswell (2013, p. 225) recommends that ESMMR is a useful procedure for moving from the qualitative data analysis to scale development and that the intent of the strategy is to determine if the qualitative themes can be generalized to a larger sample. Hence the rationale for using an ESMMR design. The design integrates exploratory, descriptive, and explanatory research with three sequential, mixed methodological phases. Phase 1 is qualitative and explores, with interviews, the social phenomenon of research. Raw data is analyzed using the latest version of NVIVO. Phase 2 is quantitative and surveys the results of phase 1 with the same research population but a different sample. Results are analyzed using SPSS factor analysis. Phase 3 interprets results from previous phases and synthesizes them to create the explanatory model.

4.5 Research population

Neuman (2014, p.252) defines a target population as the concretely specified large group of many cases from which a researcher draws a sample and to which results from the sample are generalized. Cox (2008, p.3) defines target population for a survey as the entire set of units for which the survey data are to be used to make inferences. Easton, (2009: 119) claims that critical realism is particularly well suited as a companion to case research as it justifies the study of any situation, regardless of the numbers of research units involved, but only if the process involves thoughtful in-depth research with the objective of understanding why things are as they are. To minimize coverage bias, a research population was obtained from the eThekwini Municipality's official website.

4.5.1 unit of analysis

The unit of analysis in social research is the lowest common denominator of a target population. Neuman (2014, p.250) calls the unit of analysis a sampling element and claims that a sampling element is the name for a case or single unit to be sampled. Sekaran (2003, p.132) argues that the unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage and furthermore, that a unit of analysis can be individuals, dyads, groups, organizations, cultures, divisions, industries or even countries. The sampling element for this study are members of the eThekwini Metropolitan Municipality's governing body or municipal council who are called councillors and the executive top management structures which includes the city manager, deputy city managers and heads of units.

4.5.2 Inclusion and exclusion criteria

4.5.2.1 Inclusion criteria

The following criteria were used to include sampling units in the research population as they were inside the scope of the research.

1. Previous employees that fit other inclusion / exclusion criteria.
2. Referred by respondents that fit the criteria.
3. On the current and previous versions of the eThekwini Municipality's "Know your councillors 2016-2021" poster accessible on the official website.
4. In the top management team being the city manager, deputy city managers and heads of units available on the official website and outlook address book.
5. With no known existing or pending criminal charges.

4.5.2.2 Exclusion criteria

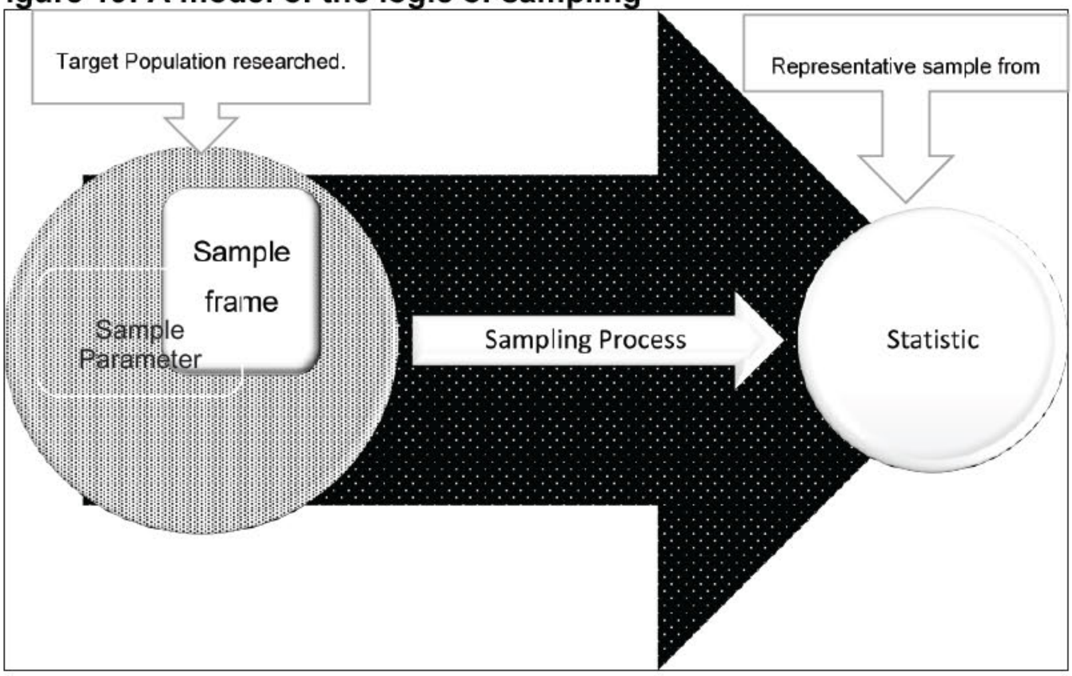
The following criteria were used to exclude sampling units from the research population as they were outside the scope of the research.

1. Previous employees that do not fit other inclusion / exclusion criteria.
2. Referrals that do not fit the inclusion criteria.
3. Not on the current and previous versions of the eThekwini Municipality's "Know your councillors 2016-2021" poster accessible on the official website.
4. Not in in the top management team being the city manager, deputy city managers and heads of units available on the official website and outlook address book.
5. With existing or pending criminal charges.

4.5.3 sampling procedure, designs, and techniques

This sub section discusses the sampling choices for the research. It includes sampling preparation, choice, design, techniques, size, and selection. The target population (N) is identified within which research will be conducted upon as seen in the figure below.

Figure 19: A model of the logic of sampling



Source: adapted from Neuman (2014: 254)

As seen in the figure above, a sample frame is selected in quantitative research and a sample parameter is used in qualitative research. A sampling frame has a clearly defined outline while a sampling parameter is not as clearly defined. A sampling process ensues resulting in the research sample. Slater and Kwakuatuahene-Gima in Ketchen and Bergh (2004: 228) claim that a well-drawn sample is representative of the population of interest and allows relatively accurate generalizations of relationships found in the sample to the population. Creswell (2013: 225) advises that a good procedure in ESMMR is to draw both samples from the same population. Data is collected from the sample and statistical analysis is used to link the findings to the theoretical enquiry. Drawing from Johnnie Daniel, (2012: 5), the selected sampling procedure has six steps being preparation; census / sample; design; technique; size and selection.

4.5.3.1 Preparation

The chosen sampling parameter for the qualitative phase of the study are members of the governing body that is, the council and the top executive management structure at EMM. The municipal council executive committee is the top politically elected structure of the EMM as per the mandate of the Municipal Structures Act. It is composed of the mayor, deputy mayor, speaker, and others. The top structure of the EMM's administration, as per the Municipal Structures Act, are the city manager, deputy city managers and heads of units. The sample frame is found on the outlook global database available from the human resource department. The reason for this sampling choice is that EMM's governance structures offer a plethora of opportunities for analyzing competent Corporate Governance.

4.5.3.2 Sampling or census choice

After considering the impacts of random sampling error in sampling and systematic error in a census as well as the limitations of available resources, it was decided to proceed using sampling instead of a census.

4.5.3.3 Sampling design choice - nonprobability and probability

The two main approaches of sampling design are probability and non-probability sampling. Probability sampling is used for positivist research and non-probability sampling is used for interpretivist research. Sekaran, (2003: 270) explains that in non-probability sampling, the elements do not have a known or predetermined chance of being selected as subjects whereas with probability sampling each subject has a calculated chance of selection. Due to the design being ESMMR, sampling is both probabilistic and non-probabilistic dependent on the phase.

4.5.3.4 Sampling techniques

This step discusses typical sampling techniques. Sampling techniques are categorized according to their sampling design fit, degree of randomness and specific practical implications. Qualitative research uses nonprobability sampling techniques such as convenience sampling, quota sampling, purposive sampling, snowball sampling and theoretical sampling. quantitative research uses probability sampling techniques such as unrestricted/simple random sampling, restricted or complex probability sampling, systematic sampling, stratified random sampling, cluster sampling, area sampling and double sampling.

4.5.3.5 Sample size and chosen techniques

ESMMR has unique nuances that impact sampling size. In this case the two phases have different research methods. Creswell (2013, p. 225) advises that the sample for the quantitative phase cannot be the same for the qualitative phase because the qualitative sample is typically much smaller than a quantitative sample needed to generalize from a sample to a population. Thus, as advised by Creswell the sample from phase 1 is smaller than the sample for phase 2.

Phase 1’s chosen sampling technique is purposive sampling. According to Neuman, (2014: 273) purposive sampling is defined as a non-random sampling technique in which the researcher uses a wide range of methods to find all possible cases of a highly specific and difficult-to-reach population. Purposive sampling is suitable because the councillors and administrative executive are the elites of the municipality, highly specific, difficult to locate and difficult-to-access.

Phase 2's chosen sampling technique is systematic sampling. According to Sekaran, (2003: 271) systematic sampling is a complex randomized sampling technique in which the researcher draws every n^th^ element in the population starting with a randomly chosen element between 1 and n. Systematic sampling is suitable because the large sample frame needs a randomized technique to objectively select councillors and/or administrative executives.

4.5.3.6 Sample Selection

Phase 1 is qualitative and therefore uses a non-probability sampling design as can be seen in the table below,

Table 15: Schedule of ESMM research phases, population and sampling

ESMM Research Phase	Research Population (N)	Research Method	Sampling Design	Chosen Sampling Techniques	Sample (*n*)
Phase 1	279	Qua tat ve	Non probab ty	Purpos ve Samp ng	12
Phase 2	279	Quant tat ve	Probab ty	Systemat c Samp ng	**162
**According to Krejcie and Morgan (1970 608) if the target population (N) is between between 270 and 280 then the sample (n) is between 159 and 162 with a standard sampling error of 5%					

Source: author

As seen in the table above the research population (N) is 279, chosen sampling technique is purposive sampling and resultant sample (n) is 12. Phase 2 is quantitative and therefore uses a probability sampling design. The research population (N) is 279, chosen sampling technique is systematic sampling and resultant sample (n) is 162 with a standard sampling error of 5 %.

4.6 Data collection

Data collection in research is perceived as either qualitative or quantitative however there are examples of grey areas between the two extremes. Creswell (2013: 225) cautions that the challenge with ESMMR is how to use the information from the initial phase in the second phase. Taking guidance from Creswell this link between phases 1 and 2 is assured by using results from the qualitative data to develop the data collection instrument in the quantitative phase.

4.6.1 Qualitative data collection

The qualitative data collection choices explore the mechanisms, structures and agents and the indicators that determine competent governance. Qualitative research uses qualities to measure phenomenon, has high ethical consideration however starkly contrasts on all other dimensions with other methodologies. Examples of qualitative methods include interviews, focus group research, field research and ethnographic research. phase 1 makes use of interviews to explore perceptions of competent corporate governance amongst professionals in the field. Zachariadis, Scott and Barrett, (2013: 863) claim that the role of qualitative or intensive methods within critical realism is profound and that considering the importance of the existence of contextual factors (external and contingent circumstances that are both space and time dependent) in knowledge generation and generalization within critical realism. The role of the empirical qualitative methods is to uncover these conditions and distinguish them from the necessary (internal) aspects of objects and structures. Thus, the aim is to utilize intensive qualitative methods to collect data on a governing body in a local government context and uncover contextualized competency-linked conditions and distinguish them from the necessary (internal) aspects of objects and structures.

4.6.2 Development and structure of qualitative research

4.6.2.1 choice of instrument

Interviews are used to collect data for phase 1. SAGE Research Methods, (2018c) define personal narratives as stories told by individuals about their experiences. Murray, (2018: 4) explains that since people share narratives in their everyday conversation it is not surprising that interviews are the most common source of narrative data. The interview process aims to construct the social reality of competent governance by discovering mechanisms, events, and experiences.

4.6.2.1.1 Interview development and structure

The interview schedule is made up of two sections. Section A establishes general information on the respondent and section B explores the independent and dependent variables by investigating the criterion references of competent governance including corporate governance in a 4IR.

4.6.2.2 Pilot

The purpose of the pilot is to test the degree that the instrument is fit-for-purpose for the research project, to collect qualitative primary data from the field. Specifically, the interview is piloted to establish whether the question items are comprehensible to participants, understandable to participants, enquires about corporate governance concerns of interest and if responses are "topic-wise" to the study.

4.6.2.3 Data collection process

The interview data collection process includes pre-interview arrangements and the interview process.

4.6.2.3.1 Pre-interview arrangements

Pre-interview arrangements include contacting elites either directly or through their executive secretaries and confirming logistics, a time, date, and place for the interview.

4.6.2.3.2 Interview process

The researcher is the sole data collector for the interviews. The data collection process begins by reading the ethical considerations as well as informing the recipients that the interview is being recorded. Then verbal voluntary consent is set up. The interviews last approximately 50 minutes. After each response the interviewer establishes credibility by testing if there is fit between respondents' views of their life ways and the researcher's reconstruction and representation of the same. This is done by repeating the response to participants and securing confirmation. After the interview, respondents were thanked.

4.6.3 Quantitative data collection

This section discusses quantitative data collection choices for phase 2. A review of the literature indicates that there may be several different, but possibly interrelated sub-dimensions of concerns about competency contained within the corporate governance construct. Through knowledge of the theoretical literature as well as discussions with a sampled cohort of governing body members in phase 1, a theoretically correlated cluster of factors is identified which reflect the independent variables of competent Corporate Governance. Quantitative research uses numbers to measure phenomenon, ethical considerations are high, objectivity is high, reliability importance is high, authenticity importance is low, value presence is low, theory and data integration is low, context independence is high, number of sample elements is high, statistical use is high and researcher detachment is high.

4.6.4 development and structure of quantitative research

Examples of quantitative methods include surveys, experimental research, and historical-comparative research. According to Neuman, (2014: 49) survey research is defined as a quantitative data collection technique where the researcher systematically asks many people the same questions and then records their answers. Hence, a survey questionnaire is used to collect quantitative data for phase 2 because it provides an opportunity to explain and measure competent governance by systematically asking many governing body members the same questions and then recording their answers.

4.6.4.1 choice of instrument

An online, close-ended, structured, quantitative, survey questionnaire is utilized as a quantitative data-gathering instrument. The questionnaire structure according to Peterson (2000: 101) is a carefully formulated sequence of questions structured to obtain information that meets the requirements of a research project. A Likert scale measures responses to questions. Spector (2004: 572) says that the Likert scale allows people to indicate their position on items along a quantitative continuum.

electronic survey development and structure

The online instrument was developed using Microsoft forms with the researcher's student account. It was communicated to respondents using a cover email with a hyperlink to the online form which was compatible with both personal computers and handheld devices like smartphones and tablets. The survey schedule (Appendix 4) was made up of three sections. Section A established the ethical requirements including a cover letter of information, gatekeeper's letter, and numerous ethically grounded statements ending with a mandatory acknowledgement of consent. Section B briefly explored general descriptive information on the respondent. Section C enquired into the independent variables of competent Corporate governancethat emerged from phase 1 and utilized a 10 item Likert scale to measure the respondent's level of agreement. This ranged from absolutely strongly agree to absolutely strongly disagree. No *'neutral'* or *'I don't know*' option was offered because of the rigorous decision making and educational standards expected from elitist target populations.

4.6.4.2 survey pilot

A pilot survey was conducted to increase survey instrument reliability. Basson (2008: 8) says that pilot surveys are invaluable. The pilot questionnaire was done with one respondent. Revisions were not material to the questionnaire's content and data collection with the main sample proceeded.

4.6.4.3 data collection process

The survey data collection process includes pre-survey arrangements and the survey process.

4.6.4.3.1 pre-survey arrangements

Pre-survey arrangements include phoning, emailing, WhatsApping the sample frame the invitation to participate in the research. The invitation includes an easy-to-use hyperlink to the electronic questionnaire.

4.6.4.3.2 survey process

The researcher is the sole data collector for the survey. The data collection process began with ethical considerations and a statement of voluntary consent was agreed to before the next section could be accessed. The questionnaire average-time-to-complete was 8 minutes and 16 seconds keeping with the assumption that short questionnaires receive higher response rates. Governing body members are penultimate decision makers and therefore expected to be decisive on matters that effect the institution such as corporate governance. On completion of the survey, a thank you message was displayed to respondents.

4.7 Variable choices

This sub-section discusses the choice of dependent and independent variables for the research.

4.7.1 Dependent variables

According to Smith, (2017: 1845) a dependent or outcome variable, is what the research is trying to measure or explain, it is the object of the research and is dependent upon the presence or absence of a single or group of independent variables. Thus, the selected dependent variable for this study is competent corporate governance and its criteria of reference.

4.7.2 Independent variables

According to Smith, (2017, p. 1846) independent variables, also known as predictor variables, influence or cause variation in dependent variables and are an essential component of quantitative research designs, as they are the catalyst for the measurable changes in a research study. The objective of phase 1 is to discover the independent variables of competent Corporate Governance.

4.8 Operational definitions

This sub-section discusses the operational definitions for the research. Corporate governance is defined here as leadership's determination of quality institutional outcomes through stakeholder-aligned competent performance for the fourth industrial revolution. Competent corporate governance quality is criterion referenced and described as being bad or good or great. According to institutional and stakeholder theory, good corporate governance occurs when performance meets or satisfies stakeholder expectations and value results. According to competency theory there are different performance criteria such as incompetent, effective, and excellent which are linked to stakeholder expectations. The fourth industrial revolution is emphasized because it presents profound and unavoidable risks and opportunities for governing bodies.

4.9 Presentation choices

This sub-section discusses the presentation choices of dependent and independent variables for the research. The following anticipated presentation variables describe the characteristics of participants and their interaction. Broad definitions are provided to ease reporting.

- Age descriptives include numbers of recipients that fit into age groups
- Corporate governance role descriptives include numbers of politicians (non-executive directors) versus municipal officials (executive directors).
- Gender descriptives are a binary physiology-based report whether participants are "female" or "male".

- Employment status descriptives are a binary report whether the participant was employed at eThekwini at the time of the interview.
- Logistics descriptives describe the type of responses received such as face-to-face interviews, remote interviews, or written submissions. Traditionally interviews are face-to-face however the advent of the covid'19 pandemic disrupted this and caused a major shift to hybrid working. However upfront this was not a trusted method because of its novelty and security uncertainty.
- PhD descriptives are a binary report whether the participant has a PhD.
- Challenges descriptives report on the various challenges encountered when entering the field for example low response rates, pandemics, respondents who are reluctant to engage by virtue of their vocation in politics.

4.10 Data analysis

This section describes the analysis choices for the ESMM. Data analysis is the process of transforming data into new knowledge. Creswell (2013: 225) advises that in ESMM the researcher analyses the two databases separately and uses the results from the initial exploratory database to build into quantitative measures. The Corporate governance indices development follows good procedures for instrument design, and the steps for this include item discrimination, construct validity, and reliability estimates as presented later in this chapter.

4.10.1 Qualitative data analysis

Data analysis is the process of transforming data into new knowledge. Creswell (2013: 225) advises that in ESMMR the order of interpretation is to first report (present) the qualitative findings, the use of the qualitative results, and then the quantitative results of the final phase of the study. Neuman, (2014, p. 483) reports that coding is challenging. Rubin and Rubin, (2012, p. 2) explain that in qualitative research, data analysis is the process of moving from raw interviews to evidence-based interpretations that are the foundation for published reports. Roulston, (2014, p. 304) advises that the practical steps to take when analyzing and representing interview data include firstly reducing data to locate and examine phenomena of interest, secondly reorganiz ng, classifying, and categorizing data and lastly interpreting and writing up findings. For this project a Bloom-based hybrid approach was utilized extracting analytical steps from the literature that align to the research design as well as drawing from Bloom *et al.*, (1956) seminal taxonomy of educational objectives.

4.10.1.1 Analytical procedure

A seven-step process is used to analyze qualitative data as seen in the table below.

Table 16: Phase 1 data analysis procedure

Step	Action	Reference
1. Preparation	Transcribe and anonymize raw data	
2. Familiarization	Read primary and secondary data, simultaneously developing an open coded structure.	Neuman, (2014, p. 481) defines open coding as the first coding of qualitative data that examines the data to condense them into preliminary analytic categories.
3. Apply Pre-assigned Coding Structure	Formulate a preassigned coding scheme including statements that capture the phenomenon.	Neuman, (2014, p. 482) defines axial coding as a stage where the codes are organizes, links are created, and key analytic categories are discovered.
4. Extract Statements and Generate NVIVO Word Clouds	Extract statements in the primary data relevant to the phenomenon and generate NVIVO word clouds from these statements.	Neuman, (2014, p. 483) defines selective coding as the last stage in coding qualitative data that examines previous codes to identify and select data that will support the conceptual coding categories that were developed.

5. Understand, Refine, and carve out extracts into Parsimonious Meanings	Identify and carve out parsimonious meanings that are fit-for-purpose in Phase 2.	Morrow, Rodriguez and King, (2015) advise that the researcher identifies meanings relevant to the phenomenon that arise from a careful consideration of the significant statements.
6. Interpret and Create Descriptive Narratives of Competent Corporate Governance	Write a descriptive narrative of the phenomenon or event as part of the Interpretation.	Morrow, Rodriguez and King, (2015) advise that the researcher writes a full and inclusive description of the phenomenon, incorporating the themes produced.
7. Verify and Evaluate Structure	Test data correctness by implementing phase 2.	Creswell, (2013, p. 227) explains that the theoretical model generated provides a model to be tested in the second, quantitative phase.

Source: adapted from Morrow et al. (2015); Neuman (2014); Creswell (2013); Valle and King (1978)

As seen in table above the preparation step was done by transcribing transcripts from the raw data. The familiarization step was done by loading data into NVIVO, reading through the data while simultaneously conducting an open coding exercise. The apply pre-assigned coding structure step was done by formulating a preassigned coding scheme from the King 4 code on corporate governance and assigning primary data to these codes where correlation is found. Anomalous statements and concepts, that do not fit with the preassigned codes, were given their own code. Word frequency clouds were generated for each code. Where no statements were made for preassigned codes, the King Code principle was used.

4.10.1.2 Pre-assigned coding

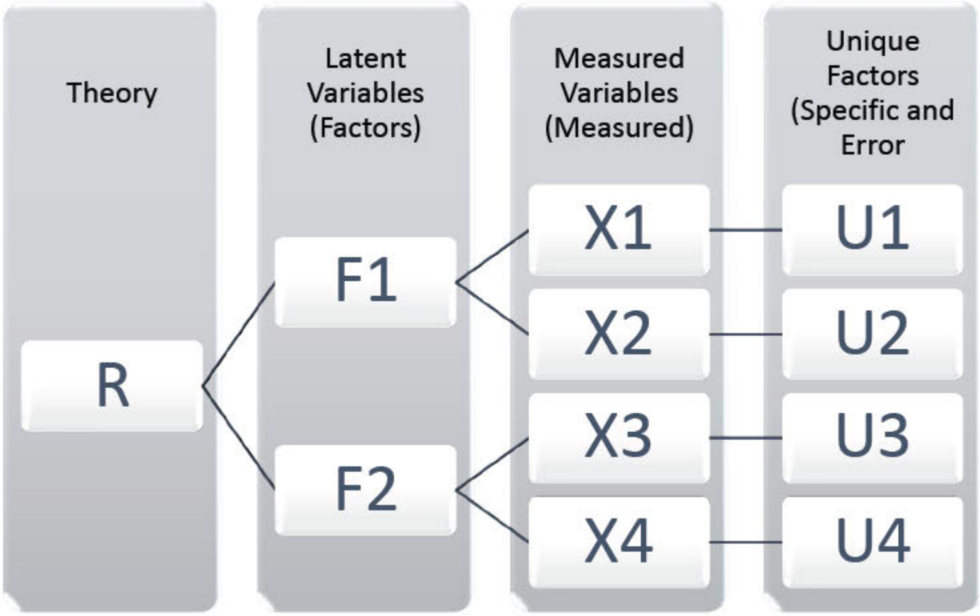
Phase 1's analytical process utilizes a preassigned coding scheme. Neuman, (2014: 483) contends that the ideal associated with grounded theory that a qualitative researcher begins with a completely open mind and without prior expectations is just that, an ideal. Saldana, (2009: 6) asserts that perception and interpretation of what is happening in the data depends on what type of filter covers the researcher's analytic lens. Therefore, drawing on the direction of Neuman and Saldahna, the preassigned coding filters chosen for Phase 1 are the king IV code on corporate governance(The Institute of Directors in Southern Africa 2016), The Institute of Internal Auditors Southern Africa, (2019) and the Competency Theory's traditional criterion assumptions, such as, poor (bad), average (good) and superior (great) performance (Boyatzis 1982: 46). These filters are selected to ensure theoretical and disciplinary alignment with current corporate governance practice in South Africa.

4.10.2 Quantitative data analysis

Phase 2 data analysis choices are presented in this section. Drawing from competency and Corporate governance research (Satnalika & Nageswara Rao 2016; Renders & Gaeremynck 2012) factor analysis is chosen as the statistical method for instrument development.

Factor analysis is one of the most widely used statistical procedures in the social sciences. According to Vogt, (2011: 56) factor analysis is a type of structural equation modelling conducted to test hypotheses (or confirm theories) about the factors one expects to find. Finch, (2020: 1) defines factor analysis as the formalized statistical modelling of latent variable structures wherein theory plays an essential role in its use. Gushta and Rupp (2010: 1251) maintain that factor-analytic techniques can be employed to investigate the score relationships for items on a single instrument or for items on multiple instruments. Important to note is that *Factor analysis* is a preferred analytical practice for developing theory as seen in the figure below.

Figure 20: Path diagram for a common factor model with two common factors and four measured variables



Source: adapted from Salkind, (2011, p. 346)

As seen in the figure above a common factor model includes a theory (R), Latent Variables (F), Measured variables (x) and unique factors (U). Eisenhardt (1989: 542) emphasizes that there is no data analysis technique available like factor analysis to build theory by collapsing multiple indicators into a single construct measure. Factor analysis is being used in this research to build a theory of competent Corporate Governance.

Phase 2's 8-step analysis is adapted from current literature (IBM 2021; Pett, Lackey & Sullivan 2011) as seen in the table below.

Table 17: Phase 2 Data Analysis Procedure

Step Name	**Actions (Adapted from IBM, 2021; Pett, M. A., Lackey, N. R. and Sullivan, J. J. 2011;)**
1. Preparation	Process raw data into a format suitable for SPSS.
2. Generate Factor Analysis Descriptives	An exploratory factor analytic process whereby descriptive statistics for the demographic variables are generated and includes extracting statistics / univariate descriptives, Correlation Matrix, Kaiser-Meyer-Olkin measure of sampling adequacy, Bartlett's Test of Sphericity, Reproduced and anti-imaging.

3. Analyze, Extract and Display Initial Factors	An exploratory factor analytic process whereby Initial factors are extracted by subjecting the data to scree plotting to reveal sets of relationships among a large group of items.
4. Rotate and Display the factors	An exploratory factor analytic process whereby the method of factor rotation is selected. Available methods are varimax, direct oblimin, quartimax, equamax, or promax.
5. Evaluate and Refine the Factors	An exploratory factor analytic process whereby the factors that have been produced are evaluated and refined further in the Factor Structure Matrix.
6. Interpreting and Naming Factors	An exploratory factor analytic process whereby the researcher subjects the factor output to sorting and suppression and results in the assignment of theoretically significant names.
7. Generate Factor Scores	An exploratory factor analytic process whereby the researcher generates factor scores for an individual using a linear combination of the items that load on the factor of interest.
8. Reporting and Replicating the Results	Report results of analytical process.

Source: adapted from Pett, Lackey and Sullivan, 2011; IBM, 2021

As seen in the table above, the analytical steps are preparation, generate factor analysis descriptives, analyze, extract and display initial factors, rotate and display the factors, evaluate and refine the factors, interpreting and naming factors, generate factor scores and lastly reporting and replicating the results.

The limitations of many factor analysis procedures are that they are designed for single method studies. However, in this exploratory sequential mixed method study a qualitative phase is done before the quantitative phase can continue. This means that the conceptual steps normally included in factor analytic procedures are unnecessary. However, this increases the academic rigor of this step. In single method studies the researcher would rely on their discretion to formulate a conceptual framework that would inform the instrumental items. In this study the sample parameter is the source of conceptual resources bringing the items closer to the empirical domain. The factor scores are the most valuable part of the analysis as they prioritize the factors according to the responses from contact with the participants. The steps are discussed in more detail in the next sections.

4.10.2.1 Prepare raw data for SPSS input

Data preparation is an exploratory factor analytic process whereby raw data is prepared for compatibility with SPSS. Untidy data would contaminate the analysis and produce an unacceptable output. Activities in preparation include anonymization, assigning measures to Likert scale choices and organiz ng data into a format aligned to SPSS.

4.10.2.2 Generate factor analysis descriptives

4.10.2.2.1 Generate Descriptive Statistics

An exploratory factor analytic procedure whereby descriptive statistics for the variables are presented.

4.10.2.2.2 Generate Correlation Matrix

Correlation matrix generation is an exploratory factor analytic procedure whereby the interrelationships among a set of variables or, as in our case, a set of items in a scale summarized utilizing Pearson product moment correlations. Boyd, Gove and Solarino, (2017: 395) advise that correlation matrices provide valuable diagnostic information to readers, and authors should provide full matrices.

4.10.2.2.3 Validity Testing

Validity testing in exploratory factor analysis is a procedure whereby validity is established by subjecting the data to kaiser-meyer-olkin measure of sampling adequacy and bartlett's test of sphericity. The kaiser-meyer-olkin measure of sampling adequacy tests whether the partial correlations among variables are small. Bartlett's test of sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate. The kaiser-meyer-olkin measure of sampling adequacy for this project is 0,851 which is “meritorious” according to kaiser.

4.10.2.3 Initial factor extraction

Initial factor extraction is an exploratory factor analytic procedure whereby Initial factors are extracted by subjecting the data to scree plotting to reveal sets of relationships among a large group of items.

4.10.2.3.1 Principal Component Analysis

Following Larcker and Richardson, (2007); Black *et al.*, (2017); Karpoff, Schonlau and Wehrly, (2017) and Elmagrhi *et al.*, (2020), principal component analysis is run on the data set in order to calculate the most relevant Corporate governance predictor variables. Larcker and Richardson, (2007) and Elmagrhi *et al.*, (2020) retain corporate governance predictor variables with loading values exceeding 0.40.

4.10.2.4 Rotate and display the factors

Factor rotation is conducted to pursue more parsimonious explanation for the theory of corporate governance than the one provided by the principal component analysis. It is important to note that rotation does not change the correlation between predictor variables, but it does change the viewpoint of the predictor variables in a three-dimensional space to better interpret the results.

4.10.2.5 Interpreting and naming factors

The factor is processed by prioritizing predictor variables from highest to lowest using their factor loadings. Meaningful names are given to each predictor variable to further improve the Interpretation.

4.11 Data quality (validity, reliability and trustworthiness)

This section presents the various data quality choices used to improve data accuracy, fit, consistency and goodness. Mixed methodological research utilizes both qualitative and quantitative data quality methods.

4.11.1 validity

Validity is an indicator of the accuracy of an instrument in measuring data intended to answer research questions. Neuman (2014: 215) claims that measurement validity quantifies how well an empirical indicator and the conceptual definition of the construct that the indicator is supposed to measure "fit" together. Carmines & Zeller (2011: 19) uphold that validity is the extent to which any measuring instrument measures what it is intended to measure. Creswell (2013: 225) cautions that the main validity concern in ESMMR design occurs when the measure does not take advantage of the richness of the qualitative findings and the researcher does not use appropriate steps to develop a good instrument. In the context of this study, validity is assured by employing construct validity, content validity, convergent validity, criterion validity, discriminant validity, face validity, measurement validity and measurement validity.

According to Neuman (2014: 217) construct validity is a quantitative validity technique which tests how well the indicators of one construct converge or how well the indicators of different constructs diverge. Construct validity is assured when, in the correlation matrix, a clustering of "valid" Corporate governance variables from different theoretical sources are integrated into one scale.

According to Neuman (2014: 216) content validity is a quantitative validity technique which tests how well a measure represents all aspects of the conceptual definition of a construct. Content validity is assured when the qualitative content gathered in phase 1 is presented in a quantitative format to participants in phase 2 who validate the content by selecting their level of agreement / disagreement with the content.

According to Sekaran (2003, p.208) convergent validity is a quantitative validity technique which tests how well two instruments / multiple factors measuring the same concept or construct correlate highly. Convergent validity is assured when, in the correlation matrix, only the corporate governance variables with correlation coefficients higher that 0.3 are retained.

According to Sekaran (2003: 208) criterion validity is a quantitative validity technique which tests how well the measure differentiates in a manner that helps to predict a criterion variable. Criterion validity is assured when the factor loadings established for each indicator are used as the primary measure for competent governance and the other criteria are calculated as fractions of this measure.

According to Neuman (2014: 218) discriminant validity is a quantitative validity technique which tests how well multiple indicators of different constructs diverge. Criterion validity is assured when indicators from various theoretical constructs are processed together in the correlation matrix to establish the strength of conceptual divergence. As mentioned before only the corporate governance variables with correlation coefficients higher that 0.3 are retained.

According to Sekaran (2003: 208) face validity is a quantitative validity technique which tests how well ''experts" validate that the instrument measures what its name suggests it measures. Face validity was assured when in the survey each statement begins with the words "A competent municipal council…" thus providing respondents with a *'prima facie,'* opportunity to agree or disagree with the measure being researched.

According to Neuman (2014: 215) measurement validity is a quantitative validity technique which tests how well an empirical indicator and the conceptual definition of the construct that the indicator is supposed to measure "fit" together. Measurement validity is assured by using the ESMMR design in that conceptual definitions that result from phase 1 are tested in phase 2.

According to Neuman (2014: 217) predictive validity is a quantitative validity technique which tests how well the occurrence of a future event or behaviour that is logically consistent verifies the indicator of a construct. Predictive validity is assured by using only variables that correlate positively with competent governance and extending the theory around these results.

4.11.2 Reliability

Sekaran (2003: 203) argues that the reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument. Neuman (2014: 212) asserts that measurement reliability is defined as the dependability or consistency of the measure of a variable. In the context of this study, reliability is assured by factor analysis which in this case means the observance of measurement reliability and equivalence reliability.

According to Neuman (2014: 212) measurement reliability is a quantitative reliability technique whereby the researcher assures the dependability or consistency of the measure of a variable. Measurement reliability is assured by subjecting the data to various factor analytic processes such as correlation matrix, scree plotting etc.

According to Neuman (2014: 213) equivalence reliability is a quantitative reliability technique whereby the researcher assures a measure that yields consistent results using different or multiple specific indicators that measure the same construct. Equivalence reliability is assured when, in the correlation matrix, only the corporate governance variables with correlation coefficients higher that 0.3 are retained.

4.11.3 Trustworthiness

According to Mathison (2011: 424) trustworthiness is a term used within constructivist paradigm that is the approximate equivalent of validity. According to Lewis-Beck, Bryman and Liao (2011: 1145) trustworthiness criteria provide yardsticks by which the rigor, validity, systematic nature of methods employed, and findings of qualitative studies may be judged. Trustworthiness practices used in the study include confirmability, credibility, dependability, transferability, plausibility, cumulative impact, and dense connectivity.

According to Schwandt, (2011: 299) confirmability is a qualitative trustworthiness technique which tests how well the data and interpretations of an inquiry are not figments of the researcher's imagination. Confirmability is used after each question is answered. The researcher tests how well the data and interpretations of the enquiry are recorded by repeating back what is heard and requesting confirmation from the participant.

According to Schwandt, (2011: 299) credibility tests if there is fit between respondents' views of their life ways and the researcher's reconstruction and representation of the same. During interviews the researcher tests, through enquiry, if there is fit between councilors' views of governance in local government and the researcher's reconstruction and representation of Corporate Governance.

According to Schwandt, (2011, p. 299) dependability is a qualitative trustworthiness technique which tests how well the enquiry's process was logical, traceable, and documented. The dependability test of the enquiry's process is the academic rigor documented in the project with the numerous doctoral assurance checks put in place by the Durban University of Technology.

According to Schwandt, (2011: 299) transferability is a qualitative trustworthiness technique which tests data in terms of case-to-case transfer. The researcher tests transferability of phase 1 results in phase 2 where each survey respondent is given opportunity to select their level of agreement or disagreement with the results of phase 1 thus showing how 'transferable' phase 1 results are. Included in the usual Likert scale responses is the option for respondents to "Absolutely Agree or Disagree".

According to Neuman, (2014: 220) plausibility is a qualitative validity technique whereby the data and statements about it are not exclusive; they are not the only possible claims, nor are they exact accounts of the one truth in the world.

The researcher ensures that the plausibility of competent governance in a municipality is tested in Phase 1 by listening carefully to responses of their experience of competent governance and interpreting the conceptual fit with existing literature in the field.

According to Neuman, (2014: 220) cumulative impact is a qualitative validity technique whereby the cumulative impact of hundreds of small, diverse details that only together create a heavy weight of evidence. Cumulative impact is ensured by codifying responses during interpretation and processing responses into parsimonious meaningful formulations that are adapted into survey items in phase 2.

According to Neuman, (2014: 220) dense connectivity occurs when a researcher recognizes a dense web of dynamic connections across diverse realms, not only with the number of specifics that are connected. Dense connectivity is ensured by coding the data and identifying the dense web of dynamic connections between the research questions, conceptual domain and specifics collected from respondents.

4.12 Ethical choices and respect for human rights

This section discusses the ethical choices for the research methodology. Ethical Considerations in data collection ensure that human rights are protected. According to Sekaran, (2003, p. 260) data collection ethical issues pertain to those who sponsor the research, those who collect the data, and those who offer them. Creswell, (2013, p. 93) writes that ethical considerations to observe during data collection include respecting the site and disrupting as little as possible; making certain that all participants receive the same treatment; avoiding deceiving participants; respecting potential power imbalances and exploitation of participants; not “using” participants by gathering data and leaving site and avoiding collecting harmful information. ethical protection considerations employed include anonymity, confidentiality, informed consent, non-exploitation, non-prejudice, power, privacy, and voluntary consent.

According to Neuman, (2014: 154) anonymity is an ethical protection consideration whereby the researcher assures ethical protection that participants remain nameless; their identity is protected from disclosure and remains unknown. Anonymity is important to political elites in a South African municipality because they operate in an extremely competitive and sometimes hostile environment with multiple parties with conflicting constitutions all pursuing to keep and establish their own power. Anonymity is assured by removing the names of participants from the data.

According to Neuman, (2014: 155) confidentiality is an ethical protection consideration whereby the researcher assures ethical protection for those who are studied by holding research data in confidence or keeping them secret from the public; not releasing information in a way that permits linking specific individuals to specific responses. Researchers do this by presenting data only in an aggregate form, for example, percentages, means and mode. The same reasons used for anonymity apply to confidentiality. Confidentiality is assured by anonymizing the data and keeping it secret and unreleased.

According to Neuman, (2014: 151) informed consent is an ethical protection consideration whereby the researcher provides a statement, usually written, that explains aspects of a study to participants and asks for their voluntary agreement to participate before the study begins. Informed consent is assured by providing participants with a written letter of information which informs them of the study. Consent is tested at various points in data collection. For example, when receiving agreement to meet after receiving the communication, when providing verbal agreement at the beginning of interviews and when clicking the “Yes” button to the statement of agreement (informed) in the research ethics requirement section of the electronic survey.

According to Fouka and Mantzorou, (2011: 6), privacy is an ethical protection consideration whereby the researcher assures an individual's freedom to determine the time, extent, and general circumstances under which private information will be shared with or withheld from others. The competitive nature of politics in local government means that trust is difficult to secure especially with political elites. An assurance of privacy is therefore necessary to gather trustworthy data. Privacy is assured by being flexible to participant’s logistical demands such as preferred venue, time, and technology.

According to Creswell, (2013: 97), non-prejudice is an ethical protection consideration whereby the researcher assures harmful information disclosed during data collection is not prejudicial to any stakeholders by avoiding the collection of such data. Non-prejudice is assured by implementing anonymity, privacy and confidentiality as stated before.

According to Creswell, (2013: 97), non-exploitation is an ethical protection consideration whereby the researcher assures reciprocal benefit for participation. Non-exploitation is assured by making the findings available to participants on request.

According to Creswell, (2013: 97), power is an ethical protection consideration whereby the researcher assures the power imbalance existing between the data collector and the participants does not negatively impact data by giving due consideration to research beneficiation, enhancing scientific knowledge, not stressing participants, observing criticality of questioning, and lastly ensuring the setting’s integrity is preserved.

4.13 Fieldwork experience

The lack of an incentive made it difficult to access the sample. Elites operate in an extremely transactional world and therefore need incentivization to compensate their time. Research offers no reward excepting the generation of new knowledge. This offers no incentive for elites to participate. Hence the lack of an incentive made it difficult to access the sample.

Trust does not come easily to elites. They deal with sensitive information and therefore hold confidentiality as an essential practice. Furthermore, the hostile nature of politics in South African local government aggravated reluctance to be interviewed. In one local government council there are numerous political parties all competing for power. Information is capital and party agents carefully guard information to protect the interests of their principles. Another participant changed their mind, declined to be interviewed and instead provided a written submission. The researcher found that this was their way of providing input whilst ensuring they could not be misquoted or misinterpreted in that they had a record.

Time is important to the very busy elites. One secretary made it very difficult to fix a meeting insisting that a subordinate was able to provide the information. Eventually they were persuaded that the research rationale for sampling participants was non-negotiable and made time for a meeting. Other participants were so busy that it took weeks to get a meeting. One participant insisted on providing a written submission because they said they did not know when they would be called to the next meeting. Another potential participant was completely inaccessible. Their secretary deferred the request to a colleague who deferred the request to another colleague who was always too busy to answer the phone or never in the office or simply cut the call. The request was deferred so many times until the researcher accepted that was their way of declining participation.

the covid'19 pandemic occurred early in in the data collection of Phase 1. The pandemic presented unique challenges in that face-to-face interviews became impossible due to the risk of infection. Furthermore, there was a shift to remote working in the municipality which meant that none of the phone numbers for participants or their secretaries were active. The new technology was still being learnt and not yet trusted. The mode of interview was shifted from face-to-face to digital platforms such as Zoom and Microsoft Teams depending on the preference of participants. Initially there was a mistrust of the security and confidentiality of the new technology.

4.14 Conclusion

This chapter focused on the research design and methodology of an ESMMR Design. It therefore placed emphasis on the design and methodologies employed for answering Research Objectives. Chapter 5 continues to answer Research Questions 3 and 4 where the processed data is presented, analyzed, and interpreted.

CHAPTER 5: DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

5.1 Introduction

The preceding chapters presented the background and scope of the problem, literature on Corporate Governance, objectives of the study, and methods to carry out the study. This chapter presents findings aligned to the research objectives. Figures and tables are used to display findings interpreted and discussed as per the output of analysis. Participants are corporate governance elites within EMM in Kwazulu-Natal South Africa. Inclusion and exclusion criteria are set and applied when identifying participants to the study. As stated in the methodology section data is collected with semi-structured interviews for the qualitative research and an electronic questionnaire for the quantitative research.

It must be noted that there is no standardized template that regulates the chapter structure of ESMMR. Researchers are conflicted between clarity and parsimony in how they structure their report's chapters. O'Cathain, Nicholl & Murphy (2009: 1) identified a lack of templates as one of eight key issues in reporting mixed methods research. Furthermore, Halcomb and Andrew (2009: 159) reported that when writing a paper describing multiple datasets in a mixed methods study, the author needs to decide carefully how to order their presentation of the qualitative and quantitative components to maximize clarity. This means that chapter structure is almost always different from study to study with mixed method researchers trying to find the best way to communicate their findings. Some studies become longer as the qualitative results, quantitative results, mixed results, and discussion are presented in separate chapters. The principle of parsimony is therefore sacrificed for clarity. However, in this case, the qualitative, quantitative, mixed results and discussion of findings are being presented in one chapter to enhance parsimony.

5.1.1 Study objectives

The results presented in this chapter are connected to the study objectives in that they explore, analyze, and explain the qualitative and quantitative data collected on the mechanisms, structures, and agents of competent Corporate Governance. These results are further integrated into claims and synthesized into meta inferences of competent Corporate Governance.

This chapter presents data-linked results. Firstly, in the qualitative section by determining and critically assessing the conceptual domain of competent Corporate Governance. Secondly, in the quantitative section, by evaluating the conceptual domain by means of a survey. And finally, in the mixing of results section, by synthesizing results and developing the valid measure of competent Corporate Governance. A discussion of findings ensues demonstrating comparative corporate governance research highlighting differences and similarities on common domains.

5.2 Data management and analysis

Data management and analysis of qualitative and quantitative data was done separately according to the logic of the research design. The qualitative data management and analysis process comprised of transcription and coding using qualitative data analysis principles in conjunction with NVIVO. The quantitative data management and analysis process comprised of data file structure, data entry, screening, and edition of data file. The researcher checked for completeness of data before entering in statistical package for social sciences (SPSS) version 24 software for further processing. A final, high-level principle component analysis reduces the data into a theoretically meaningful structure with factor loadings indicating strength of correlation with the theory.

5.3 Qualitative results section

The qualitative results section includes demographic characteristics of respondents, and their knowledge of the impact indicators of competent corporate governance and finally a summative overview.

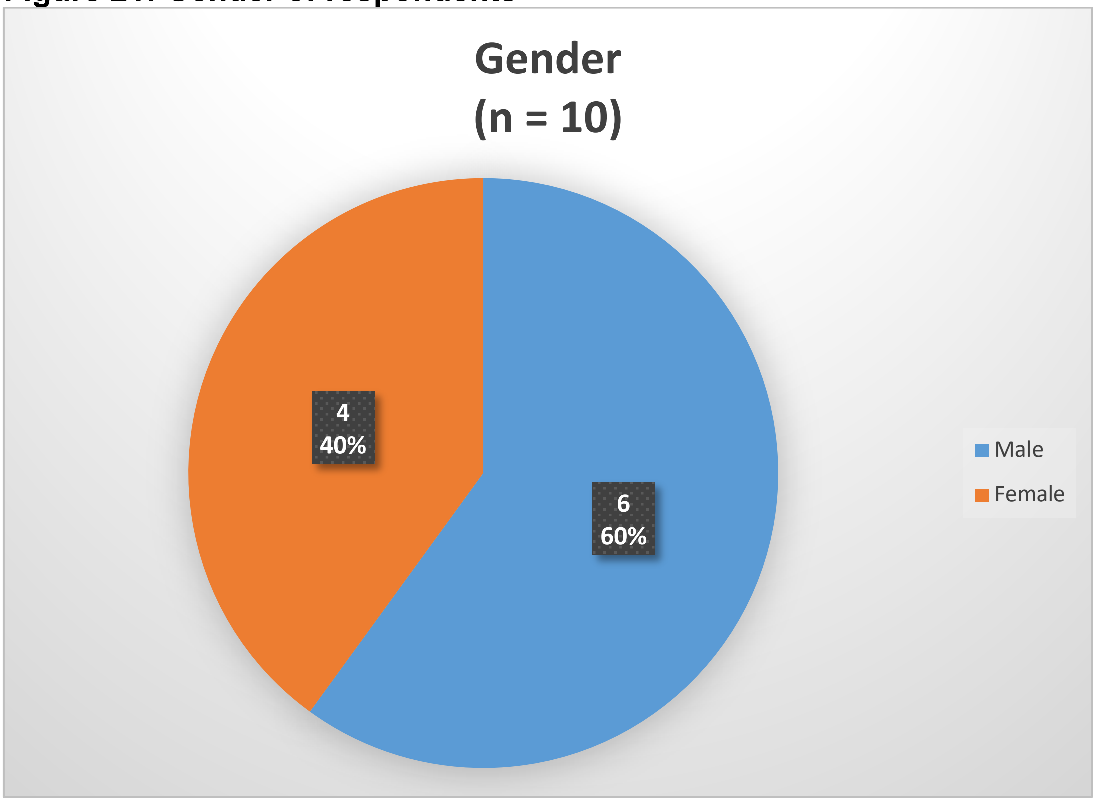
5.3.1 Demographic characteristics of respondents

The survey part of the study included a total of 10 Corporate governance practitioners from eThekwini Metropolitan Municipality with response rate of 96.3 %, while a semi-structured interview included ten corporate governance practitioners from eThekwini Metropolitan Municipality, four were male and six were female participants having an average age range of 45-50 years.

5.3.1.1 Gender-related characteristics of respondents

Respondent gender distribution was collated, and it revealed that males were more dominantly represented than their female counterparts as indicated in the figure below.

Figure 21: Gender of respondents

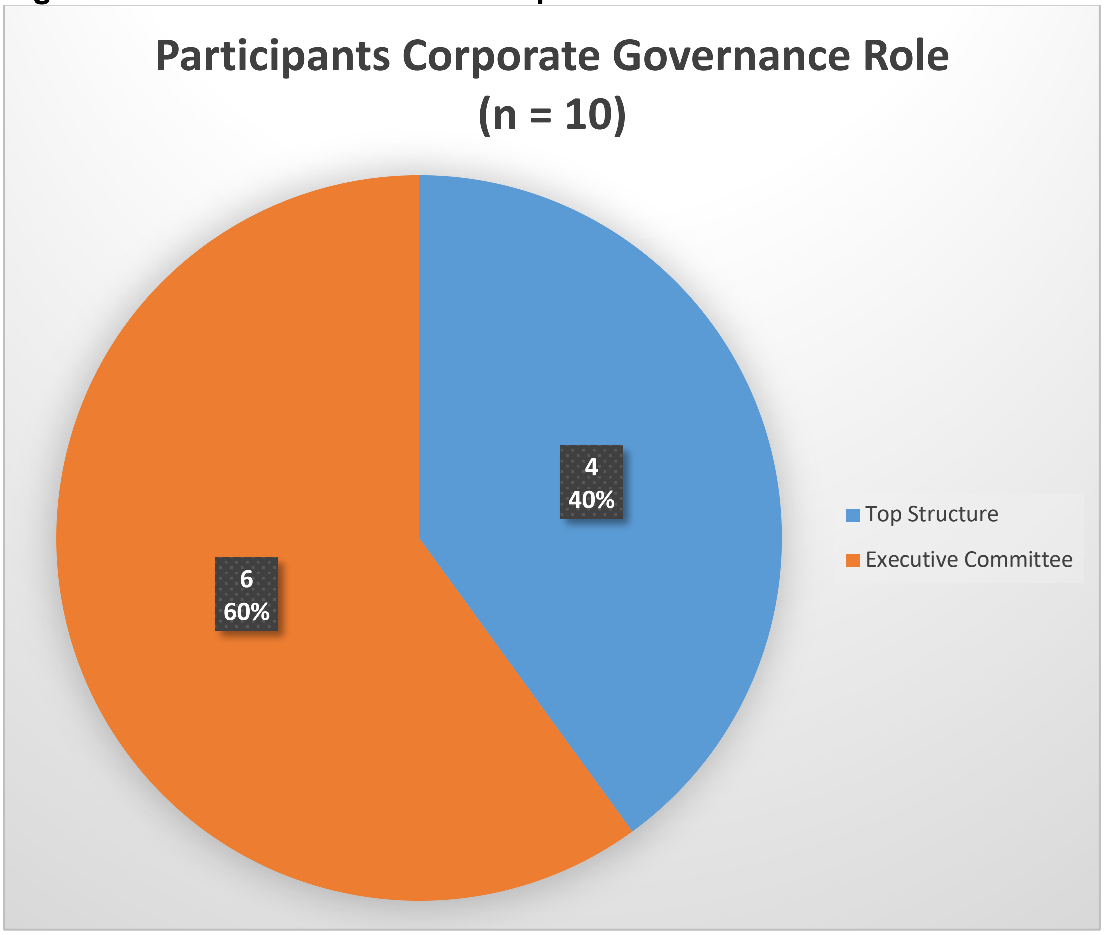


As shown by the figure above, 40 % (n=4) out of the 10 respondents were females compared to 60 % (n=6) that were male.

5.3.1.2 Corporate governance-related characteristics of respondents

Respondent governance role distribution was collated, and it revealed that politicians were more dominantly represented than their administrative counterparts as indicated in the figure below.

Figure 22: Governance Role Descriptives

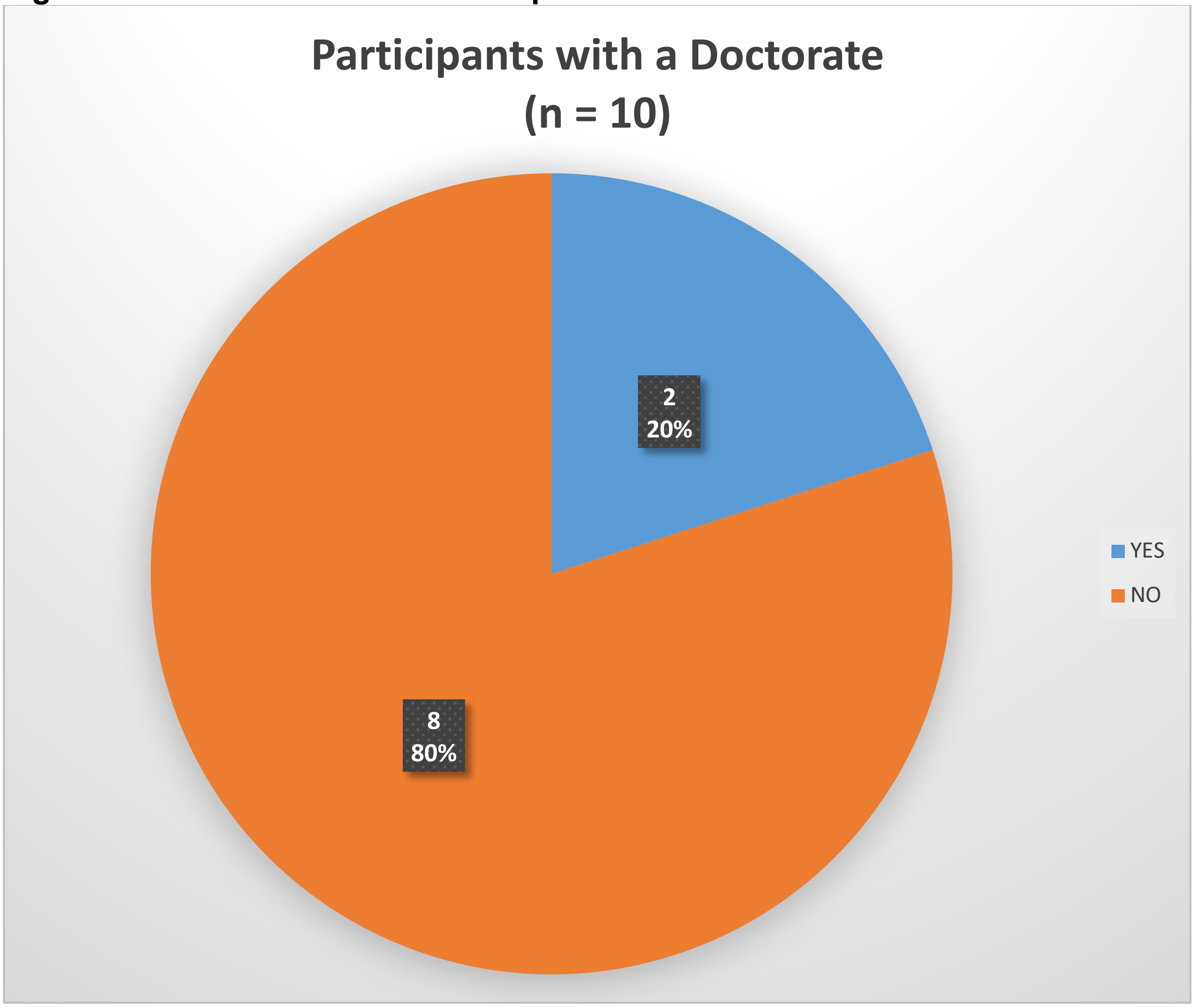


As shown by the figure above, 60 % (n=6) out of the 10 respondents were politicians (non-executive directors) from the executive committee structure compared to 40 % (n=4) that were municipal managers (executive directors) from the top management structure.

5.3.1.3 Education-related characteristics of respondents

Respondents' education distribution was collated, and it revealed that respondents without doctorates were, unsurprisingly much more dominantly represented than respondents with doctorates as indicated in the figure below.

Figure 23: Doctorate-related Descriptives



As shown by the figure above, 80 % (n=8) out of the 10 respondents did not have doctorates compared to 20 % (n=2) that had doctorates. One respondent was a doctoral candidate.

5.3.2 Participants knowledge of the impact indicators of competent corporate governance

Participants were asked to offer insights into their knowledge on the impact indicators of good and great corporate governance. A total of 23 impact indicators of competent governing bodies were observed in the qualitative phase. The results revealed that all participants (100 %, n=10) had a fair understanding of governance in their space and these were the responses.

Most participants engaged with the assumption that corporate governance is a discipline that is common to the private and public sector and therefore comparable. They presented knowledge on corporate governance as it is generally understood and acknowledged the important role of stakeholders. One response can be described as textbook as found in the quotation below.

> *"If you take the context of a private organization, you would have the shareholders being one group, the board as another, and the administration being another lot of people who would then be able to hear and listen to what the shareholders want.'' (Respondent 01)*

Thus, this finding confirms the role that the agents and furthermore that private sector corporate governance and public sector corporate governance are comparable.

However, one participant contradicted the comparability assumption drawing attention to profit motive and efficiency of scale mechanisms as found in the quotation below.

> *"And talking about the sync of the drivers of private sector versus the public sector, the two are not comparable. On many levels. There is no profit motive or efficiencies of scale in the public sector. It's the public purse. It's not the money of management. That is why there are so many SCM irregularities." (Respondent 22)*

As seen in the finding above, inter-sectoral governance comparability is disconfirmed on the grounds of purpose (profit motive versus service delivery) and efficiencies of scale. The same participant challenged the assumption of stakeholder-influenced governance as seen below.

"So, I fail to see how one measurement tool could gauge the quality of corporate governance based on stakeholder 'influence'." (Respondent 22)

Despite the above findings, it resulted from only one of the ten respondents and therefore failed to successfully disconfirm the claim that stakeholder-based corporate governance is relevant in the private and public sector.

5.3.2.1 Leadership's role is shifting away from representation

Findings confirm that the role of leaders in organizations and for organizations is undergoing a shift away from representation due to the transparency and efficiency of social media. One participant stated that leadership is changing as seen below.

"My feeling is that there is going to be aspects of government (leadership) as we know it today that are going to become irrelevant. They're going to disappear." (Respondent 11)

The foregoing quotation confirm that constituents no longer need leadership to be their voice, gatekeeper information and opinion. Leaders are losing credibility from agency conflict and approaching redundancy. Therefore, this confirms that the role of leadership is shifting profoundly away from representation. The question this raises is what is leadership's role shifting towards?

5.3.2.2 Governance is incomparable and unquantifiable

The measurability of governance was found to be unquantifiable. One participant contested that reducing governance quality to one measure was difficult because of its complexity as found in the quotation below.

"For me I find it difficult to conceptualize a single measuring tool to apply to the diversity of local government. Business principles do not operate in our nascent democracy. I can offer the banal response by stating that good corporate governance is dependent on transparency, effectiveness, efficiency, accountability, consequence management, etc. If one had to consider a rural (and most often delinquent) municipality, on the one extreme, to a metropole on the

other, the measurement of these principles cannot be evenly quantified." (Respondent 22)

As seen above this result contradicts the assumption that governance quality can be quantified and compared across sectors. It also contradicts a large body of quality research and is skewed towards a constructivist view and therefore is considered with caution.

5.3.2.3 Good governance is a myth

Good Governance, as it is conventionally understood, is a myth. One extreme case suggested that there is no good governance.

> *"There is no such thing. There's no good governance, but anyway. I am not an expert at it, but I know what it is in the municipal context. I know what corporate governance should be and in the constitutional context of it." (Respondent 02)*

The same respondent went on to assert that, in the municipal context, the separation of powers principle does not exist but is mixed up making good governance impossible

> *"So, there is a very strong merging and meshing of the administration and the political body which, which represents a big problem in government." (Respondent 02)*

This result alarmingly disconfirms that Good Governance is a legitimate outcome for local government.

5.3.2.4 Becoming competent

Becoming a competent governing body was found as a process that exists between events of governance quality. One participant stated that the process is a complex thing that happens when numerous mechanisms are pulled together as found in the quotation below.

"The whole step is this set of complex things that generally speaking, as long as you've got your own sense of where you want to go, it's this whole sense of how you pull those together." (Respondent 36)

This finding confirms that there are indications that a governing body is becoming or increasing its competence. It has clear strategic direction and mobilizes capital through decision making processes.

The same participant stated that being prepared is important so that when the wheels start to be set in motion, the institution moves in its strategically set direction which in this case was the public interest as found in the quotation below.

"We had the things that we wanted to achieve in mind, there. because our objective, even though we had to use the private sector who have profit generators, our objective was in that public interest.'' (Respondent 36)

Thus, this finding confirms that becoming competent is an identifiable process.

5.3.2.5 Ethical leadership

Ethical leadership emerged as a competency for governing bodies. One participant stated that good corporate governance happens when fundamental principles prevail, emphasizing the need for transparency, legitimacy, consultation, stakeholder-participation, stakeholder satisfaction, independence, and control as found in the quotation below.

"There the very basics, like transparency, public participation, oversight…Then we have consultation, transparency, communication. There needs to be good, open, clear lines of communication between the corporate sphere and the clients being the public at large." (Respondent 02)

Thus, this finding confirms that good corporate governance results from the adherence to certain values and principles.

5.3.2.6 Effective leadership

Effective leadership emerged as a competency for governing bodies. Numerous participants stated that good corporate governance results from the implementation of various indicators that are summed up as effective performance. In this regard one participant stated that good corporate governance happens when all key performance indicators have been achieved as found in the quotation below.

> *"So, for me good corporate governance is saying 'Yes! I've got everything. I've ticked all the boxes.'" (Respondent 11)*

Thus, this finding confirms that competent governance results from a governing body that performs effectively. Furthermore, effective performance results from a cluster of mechanisms or competencies. This theme aligns to the theory and its criterion of reference.

5.3.2.7 Continuous improvement

Continuous performance Improvement emerged as a competency for governing bodies. One participant stated that great corporate governance results when the governing body's performance becomes increasingly efficient, continuously improving in every respect with the aim of becoming "Top in Class". A special reference was made to strategically significant uncertainties being anticipated using scenario analysis as found in the quotation below.

> *"You need to be able to say, "What are the scenarios that are likely to arise?" and "How are they then going to affect you in your plans and planning and in terms of achieving your objectives?" (Respondent 01)*

Thus, this finding confirms that continuous improvement determines competent governance.

5.3.2.8 Trust

Trust emerged as a competency for governing bodies. One participant stated that competent governance results when the governing body is trusted by stakeholders as found in the quotation below.

> *"There are certain corporations in this world that just stand out to people and are trusted by people and people therefore believe in them… And it's the same with municipal governance." (Respondent 02)*

Thus, this finding confirms the value of ethics, transparency, accountability, integrity, and legitimacy in determining a competent governing body.

5.3.2.9 Agility

Agility emerged as a competency for governing bodies. One participant stated that great corporate governance results when the governing body is flexible and performs beyond expectations to set targets as found in the quotation below.

> *"Great Corporate governance where we just don't stick to the actual Norms that have been set up and we try and go the extra mile in terms of ensuring this value creation in putting stretch targets." (Respondent 11)*

Thus, this finding confirms that great governing bodies employ flexibility to go the extra mile and achieve value creation targets that exceed stakeholder expectations.

5.3.2.10 Sustainability

Sustainability emerged as a competency for governing bodies. One participant stated that the most important indicator of great corporate governance is sustainability as found in the quotation below.

> *"Sustainability is the king." (Respondent 11)*

Thus, this finding confirms that sustained and integrated capital creation is fundamental to institutions seeking greatness as opposed to traditional business models that only value profit. In addition, sustainability includes the climate change threat. Today's governing bodies are expected to have climate change on their agenda to be considered responsible corporate citizens.

5.3.2.11 Selfless leadership

Selfless leadership emerged as a competency for governing bodies. One participant stated that great corporate governance results from leadership that is not driven by a personal motive as found in the quotation below.

> *"Any institution, you've got to have leadership, but it's leadership that is not necessarily driven by personal motive" (Respondent 36)*

Thus, this finding confirms that altruistic governing bodies are great.

Whilst participants responded to the questions on the events of competent Corporate Governance, many mechanisms emerged of which the most notable are leadership, ethics and decision making. One participant stated that the skill set of the municipal council is a mixture of legislative and executive functionality as found in the quotation below.

> *So, it's a mixed functionality in terms of a legislator and an executive, the sort of decision-making implementation functionality." (Respondent 23)*

This finding confirms that governing body members in South African metropolitan municipalities require a unique skill -set that blends political and administrative competence to make sound decisions at a leadership level. One participant emphasized the differences between public and private sector decision making as found in the quotation below.

> *In the private sector decision-making is rapid… In government decision making goes through a laborious process of caucuses, portfolio committees and then Council."* (Respondent 22)

Thus, the above findings confirm the importance of leadership in competent governance. The findings that follow confirm what leadership competencies governing bodies need.

5.3.2.12 Accountability

Accountability emerged as a competency for governing bodies. One participant stated with certainty that accountability is not only to stakeholders but also to oneself as found in the quotation below.

> *"It certainly is accountability towards stakeholders, but also people are not accountable to themselves." (Respondent 02)*

Another important dimension of accountability that emerged was integrated consequence management as found in the quotation below.

> *"But in the public sector sense you've got to think of environmental consequences, social consequences, political consequences, infrastructural consequences, all of those things." (Respondent 36)*

Thus, these findings confirm accountability as a competency for governing bodies. Accountability is defined as the action whereby a governing body is the nexus (focal point) and custodian of accountability towards stakeholders.

5.3.2.13 Appointment and delegation

Appointment and delegation emerged as a competency for governing bodies. One participant stated that leadership must appreciate the separation of power between the governing body and the administration and building communities of interest and participation as found in the quotation below.

> *"So, once you've drawn that initial line in the sand, you then start building those communities of interest who are in support of that development agenda." (Respondent 36)*

Thus, the above findings confirm appointment and delegation as a variable positively related to competent governance. Appointment and delegation are defined as the action whereby a governing body clearly demarcates the line separating the leadership and administrative role and responsibility.

5.3.2.14 Assurance

Assurance emerged as a competency for governing bodies. One participant stated that assurance involves the provision of exceptionally clean audits. Another participant (36) discussed how disclosure to relevant committees is necessary for regularizing an irregularity as found in the quotation below.

> *"Here are 500 pieces of legislation. And now we're going to check whether those were applicable in everything that you did in the city." and in some cases, all they did was they came back and said, "Oh, you did everything correct, but you didn't send a report to this committee." (Respondent 36)*

Thus, the above findings confirm assurance as a variable related to competent governance. Assurance is defined as the action whereby a governing body ensures legitimacy by supporting an independent, combined assurance service and function.

5.3.2.15 Committees

Committees, commonly known as structure or institutional arrangement, emerged as an indicator for competent governing bodies. One participant stated that at a leadership level stakeholders see the position before they see the person as found in the quotation below.

> *"The tragedy of corporate structures is that the higher you get the more people view the position and not the person." (Respondent 36)*

Another participant stated that the metro's governing body was too big.

> *"We work with the council that's got 219 members. By any stretch that's bloated." (Respondent 01)*

Thus, the above findings confirm committees as a variable related to competent governance. Committees is defined as the action whereby a governing body structures itself to determine independent judgement, the balance of power, and effective delegation.

5.3.2.16 Compliance

Compliance emerged as a competency for governing bodies. One participant stated that local governance is overregulated and stifles innovative thinking but could not dismiss the binding imperative of legitimacy as found in the quotation below.

> *"At times we do feel that we're over-regulated, you know at times you feel the creativity is sort of curtailed, but those that put it before us argue that it's necessary because of the environment in local government." (Respondent 01)*

Thus, the above finding confirms compliance as a variable related to competent governance. Compliance is defined as the action whereby a governing body asserts legitimacy through compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the institution being ethical and a good corporate citizen.

5.3.2.17 Composition

Composition surprisingly did not emerge as an impact indicator for competent governing bodies. Respondents had little to say about the inclusivity, diversity and equity of governing body members which contradicts what literature says about this important indicator. The king iv code on corporate governance (The Institute of Directors in Southern Africa 2016: 50) states in principle 7 that the governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. Despite unsubstantial input from respondents this indicator is retained to ensure the research is aligned to regulatory best practice. For these reasons, composition has been included as a variable related to competent governance. composition is defined as the action whereby a governing body comprises the appropriate proportions of competency, experience, diversity, and independence to fulfil its governance role objectively and effectively.

5.3.2.18 Corporate citizenship

Corporate citizenship emerged as a competency for governing bodies. One participant stated that municipalities are more like corporate citizens than corporations as found in the quotations below.

> *"Companies being corporate citizens and even us (the municipality) from that point of view being more so than a private sector company." (Respondent 23)*

Another participant suggested that municipalities are different to private sector companies because they focus less on bottom line issues and more on being sustainable, inclusive and a good corporate citizen.

> *"You would probably have more focus on bottom line issues and maybe less of a focus on sustainability issues and inclusivity issues and being a good corporate citizen." (Respondent 02)*

Thus, the above findings confirm corporate citizenship as a variable related to competent governance. Corporate citizenship is defined as the action whereby a governing body ensures that the institution is and is seen to be an active and responsible corporate citizen.

5.3.2.19 Ethics

Ethics emerged as a competency for governing bodies. Ethics features prominently in the literature and in most of the responses. Most participants at some point in their interview highlighted ethics or the lack thereof. Synonyms that were interpreted to indicate ethics included transparency, trust, ethical behaviour, ethical conduct, high ethical culture, integrity, accountability, fairness, and numerous others. One participant defined ethics as one of many behavioural characteristics that belong to an organizational value system as found in the quotations below.

> *"But that which we have defined as ethical behaviour, that which we have defined as integrity in the organization all of us must then internalize that definition and also start to live that through that." (Respondent 1)*

Another participant put forward that trust is an indicator of great institutions

> *"There are certain corporations in this world that just stand out to people and are trusted by people and people therefore believe in them." (Respondent 2)*

Thus, the above findings confirm ethics as a variable related to competent governance. The role of ethics in corporate governance cannot be overemphasized as its absence is linked to the agency dilemma. Ethics is defined as the action whereby a governing body governs the legitimacy of itself and the institution in a way that secures stakeholder trust.

5.3.2.20 Evaluation

Evaluation emerged as a competency for governing bodies. The ability for an institution to monitor and evaluate its performance as found in the quotation below.

> *"Self and external evaluation: This is when the company has open and transparent process of evaluating itself and is also evaluated by external global agencies and comes tops in those evaluations." (Respondent 33)*

Thus, the above findings confirm evaluation as a variable related to competent governance. The evaluation mechanism overlaps significantly with oversight, assurance, and internal audit. Evaluation is defined as the action whereby a governing body evaluates the performance of itself, its committees, its chairman and its directors to support ethical and effective leadership.

5.3.2.21 Information, communication, and technology

Information, communication, and technology emerged as a competency for governing bodies. Responses from a question on the fourth industrial revolution are treated as leadership competency and presented under this heading. One respondent said that agile governance is about being relevant in a world of intense technology as found in the quotations below.

> *"The governing body must live with the times and in the times. And the times are times of intense technology." (Respondent 01)*

Another respondent explained that a smart city results when the technological infrastructure is in place.

> *"So, it's our investment in smart cities is of the infrastructure. And then on the actual further to the infrastructure the backbone of what we want to build would be the investment then in the various businesses and how we integrate that." (Respondent 11)*

Another respondent explained that agile governance means increased transparency, line of sight or visibility and that the role of leaders as representatives will become redundant as a result.

> *"You know so greater transparency in decision-making. Greater involvement in decision making. Greater visibility of what's going on. Line of sight." (Respondent 23)*

These findings confirm information, communication, and technology (ICT) as a competency for governing bodies in the fourth industrial revolution. The fourth industrial revolution will bring times of intense technology, greater transparency, more involved stakeholders, real-time information and possibly replace the representation functionality of leaders. This would bring a major shift to the role of governing bodies. ICT is defined as the action whereby a governing body governs information, communication, and technology innovatively, supporting connectivity and agility for the Fourth Industrial Revolution.

5.3.2.22 Integrated thinking

Integrated thinking emerged as a competency for governing bodies. Integrated thinking is a technical competency for leadership. It includes competence, short- and long-term planning, sustainable capital inclusive, multidimensional, holistic, transversal, value (capital) focused and the ability to see the business model holistically as a value creation mechanism for the institution. One participant (36) stated that they had developed the skill to visualize the organization transversally as a matrix as found in the quotations below.

> *"Think of a kind of matrix in my head and try and tick the boxes in terms of that. (Respondent 36)"*

Integrated thinking includes the ability to govern the six capitals. Integrated capital refers to the six capitals that flow through the business model and how they add value to the institution. The indicator overlaps significantly with integrated thinking as defined in chapter 1 including the six capitals and their role in value creation over time. One respondent focused on the role of human capital and the company's value proposition for attracting and retaining talent.

> *"it's very difficult to attract professionals to work in these municipalities… the more educated up and coming youth don't want to work in government." (Respondent 22)*

Another respondent noted the imperative of sustainability with natural capital

> *"You are looking at sustainability looking at the impact natural capital looking at quality of life, quality of air, quality of water. making sure these refuse tip sites are not saddling us with burden in years to come." (Respondent 11)*

Another participant emphasized chaos theory's assumption of the interconnectedness of all things and highlighted the impact of small environmental changes to local economies.

> *"You've got to think environmentally because that little impact that you could have a huge impact on the angling and fishing industry up and down the coast, let alone, on the ecosystems that they're involved with." (Respondent 36)*

Another respondent provided a more holistic view of integrated thinking in that they focused on sustainable value creation.

> *"Are we getting value for money, or are we doing what we should be doing?" And then lastly, probably most importantly, are you delivering whatever you're doing, in my case it was delivering services, in a sustainable way." (Respondent 36)*

Thus, the above findings confirm integrated thinking as a variable related to competent governance. Integrated capital is defined as the action whereby a governing body directs the administration to holistically transform financial, material, human, intellectual and social capital into value for stakeholders.

5.3.2.23 Leadership responsibility

Leadership Responsibility emerged as a competency for governing bodies. Leadership, as a collective construct, is arguably the whole and entire issue regarding competent corporate governance including its structures, agents, and mechanisms. However, in this instance leadership is presented as a style or attitude not only for the figure head of the governing body but also the governing body as a collective agent with topmost authority to set the tone at the top and determine value for the institution. Leadership styles for competent corporate governance produced plenty of content including variables such as sound, professional, honest, ethical, multidimensional, transparent, skilled, strong, bringing people to the table etc. One participant stated that leadership was about vision, direction, insight, and foresight as found in the quotations below.

> *"Have the vision that's necessary and the drive in the direction of the vision that you sort of desire and therefore there does need to be that insight and foresight." (Respondent 01)*

Another participant saw leadership as a collective that envisions holistic institutional prosperity

> *"Leadership is really a collective effort. It must embody certain qualities. It must be personal interest in seeing your city holistically on every level and every sector prospering to the best of its ability within the finances that you have." (Respondent 35)*

Another participant felt that leadership must transform mindsets through making colleagues feel safe at work.

> *"Changing the mind sets, getting people to relax and when Respondent 36 walked in the room. They didn't have to stop their conversations. When Respondent 36 sat in a canteen with them, it didn't really matter that he / she was there." (Respondent 36)*

Thus, the above findings confirm leadership responsibility as a variable related to Competent Governance. Leadership responsibility is defined as the action whereby a governing body leads ethically and effectively by setting and steering strategic direction, approving planning, policy, and bylaws, overseeing performance, and ensuring accountability.

5.3.2.24 Oversight

Oversight emerged as a competency for governing bodies. One participant stated that good corporate governance happens when oversight is transversal and budget allocation is evidence-based as found in the quotations below.

> *"I came from being the XYZ of XYZ with a professional XYZ, which had a transversal oversight over the entire XYZ and a budget allocation that was based on real need and minutia assessment of spending patterns and deliverables." (Respondent 22)*

Another important finding linked to oversight was consequence management which featured earlier in the accountability indicator. One participant stated that consequence management must be integrated and had multifarious oversight responsibilities.

> *"Consequence management will have multifarious, oversight responsibilities. You can't restrict it to just the financial aspect of that would be, I would be remiss because consequence management is not just about money." (Respondent 35)*

Thus, the above findings confirm oversight as a variable related to Competent Governance. Oversight is defined as the action whereby a governing body transversally oversees managements performance.

5.3.2.25 Planning, policy, and bylaws

Planning, policy, and bylaws emerged as a competency for governing bodies. One participant stated that the municipality's bylaws ranked with the best internationally, but that implementation was lacking as found in the quotations below.

> *"If you're talking theoretically, I think we are on par with some of the best policies and that it goes to the same thing as our laws in our country." (Respondent 35)*

Another participant stated that plans are processes imperative to good Corporate Governance. In this instance planning is a positive mechanism of institutional transformation compared to Chaos Theory's butterflies that impact hurricanes.

> *"If you don't have a plan, then you cannot have good governance. You can't have good Corporate Governance. And that planning has to be implementable planning." (Respondent 36)*

The same participant explained that planning is an understanding. The description resonates with the *Integrated Thinking* and *Strategic Direction* mechanisms.

> *"Planning is not whether you been trained as a planner. It's about beginning to understand the complexity of what you're doing in a public sector context." (Respondent 36)*

Thus, the above findings confirm planning, policy, and bylaws as a variable related to Competent Governance. Planning and policy are defined as the action whereby a governing body makes decisions by approving implementable, progressive, comprehensive plans and policy.

5.3.2.26 Purpose

Purpose emerged as an impact indicator for competent governing bodies. One participant stated that the purpose of an organization's existence is an ultimate necessity that precedes all other activities as found in the quotations below.

> *"Ultimately an organization needs to know what its purpose for existence is and once it knows its purpose for existence there then has to be an understanding as to what it needs to do in order to realize that purpose and also understand what the tools at their disposal are that they use in pursuance of those objectives and goals as such." (Respondent 01)*

Another participant highlighted that business principles do not apply to government.

> *"Business principles do not operate in our nascent democracy." (Respondent 5)*

Another participant highlighted that business principles mean profit and alluded that government is driven by the public good.

> *"The private sector needs to have one objective and that is to make profit and private sector doesn't do things because they good for us." (Respondent 36)*

Another participant stated that purpose was constitutionally mandated value creation per-unit-input as the yardstick of local government.

> *"In the sense that we are not for profit organization and our yardstick is really around how much of value we create per unit of input and so the sort of outcomes that we tasked with are expressed as functions in the Constitution." (Respondent 12)*

Another participant stated that local government needs to focus more on bottom line issues like profit but included sustainability, inclusivity, and good corporate citizenship in the submission.

> *"More focus on bottom line issues and maybe less of a focus on sustainability issues and inclusivity issues and being a good corporate citizen." (Respondent tbc)*

Another participant stated that building social capital is the purpose of local government.

"Our real job is to build social capital." (Respondent 12)

Another participant stated that service delivery is the purpose of local government.

"Our reason for existence is service delivery." (Respondent 02)

Thus, the above findings confirm purpose as a variable related to Competent Governance. Purpose is defined as the action whereby a governing body sustainably builds value for stakeholders.

5.3.2.27 Reporting

Reporting emerged as a competency for governing bodies. One participant stated that there is a reluctance to report information to the public as found in the quotations below.

> *"I don't think that there's a great appetite from the public to delve deeply into budgets or monthly budgets or Section 71 reports or things like that. But when there is, there's generally a reluctance, from the administration, from the corporation to make those available to the public." (Respondent 02)*

Another participant stated that failings are reported to external assurance agencies.

> *"Failings are noted, brought up, reported, when appropriate, to other institutions like the human rights commission or the auditor general or in some cases even the Hawks or the SAPS for criminal investigation." (Respondent 02)*

Another participant stated that transparency and information sharing are indicators of competent Corporate Governance.

> *"Transparency and information sharing: This is when the company is open and transparent about its dealings and keeps its stakeholders well informed." (Respondent 33)*

Another participant stated that the business community respond positively to transparency.

> *"The business community accepted that. Because I showed them what we would spend it on." (Respondent 36)*

Thus, the above findings confirm reporting as a variable related to competent governance. Reporting is defined as the action whereby a governing body ensures that disclosed reporting entrusts stakeholders to make informed assessments of the institution's performance and prospects.

5.3.2.28 Risk and opportunity

Risk and Opportunity emerged as an impact indicator for competent governing bodies. Risk mechanisms have become increasingly relevant since the global downturn in 2008 and risk governance is viewed as essential for the achievement of strategic objectives as found in the quotation below. One participant stated that risks can be negative and should therefore be seriously considered regardless of size as found in the quote below.

> *"Butterfly is a risk who could lead to a storm coming on to our shores here." (Respondent 36)*

The same participant stated that the risk mindset is needed to increase preparation, flexibility, responsibility, and resilience.

> *"So, for me, you've got to teach, teach people, not necessarily about the risk, but it's about preparing yourself in ways in which you are flexible enough. You're responsible enough. You resilient enough. That you're able to understand that these things that there are risks attached to it." (Respondent 36)*

The same participant stated that understanding risk appetite is essential to leveraging opportunities and achieving results.

> *"Some of those you're going to take a chance. If you're not taking a chance, you're not going to know whether what works and what doesn't." (Respondent 36)*

Thus, the above findings confirm risk and opportunity as a variable related to competent governance. Risk and opportunity are defined as the action whereby a governing body governs risk and opportunity with flexibility, responsibility, and resilience to support the institution in setting and achieving its strategic objectives.

5.3.2.29 Stakeholder inclusivity

Stakeholder inclusivity emerged as a competency for governing bodies. Stakeholder agents discussed include staff, councillors, business community, and mainly the people, the communities. It was found that stakeholders' diversity makes measuring expectations complex and by extension the governance thereof complex as found in the quotation below. One participant stated that good corporate governance happens when social capital is built because of effective performance as found below.

> *"The manifestation of good governance would be an involved stakeholder, who are where the expectations are being met or exceeded by the municipality but also stakeholders who are actively involved in the specification of those services, the monitoring and evaluation implementation of those services and also who are involved in pricing of those services." (Respondent 23)*

Thus, this finding confirms that competent governance happens when a governing body is stakeholder inclusive especially in the municipal context. This theme resonates clearly with the stakeholder theory.

Another participant stated that beneficiary alignment, attunement, synchronization and accordance is fundamental as found below.

> *"Make sure that what you do is in tune, in sync and in accordance with the expectation of the recipient." (Respondent 01)*

Another participant stated that stakeholder service requires an integrated hybridized interface as found below.

> *"And so, you need to actually really pull this together and integrate and have just one focus on the customer and the simple one call centers affected." (Respondent 11)*

Another participant referenced the philosophy of "gemeinschaft and gesellschaft and stated that stakeholders must participate and share accountability using experiences from negotiations with business as a case in point as found below.

They (business sector) would start at the beginning of each session and say, "oh the private sector can do this better." and i would take them through, and i said, "okay," but at the end of it every year, they accepted the budgets that we put forward." (Respondent 36)

Thus, the above findings confirm stakeholder inclusivity as a variable related to competent governance. Stakeholder relationships is defined as the action whereby a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation.

5.3.2.30 Strategic direction

Strategic direction emerged as a competency for governing bodies. One recipient described strategic direction as the pursuit of the organizational purpose and objectives as found below as found in the quotations below.

"Ultimately an organization needs to know what its purpose for existence is and once it knows its purpose for existence there then has to be an understanding as to what it needs to do in order to realize that purpose and also understand what the tools at their disposal are that they use in pursuance of those objectives and goals as such." (Respondent 01)

Another recipient explained strategic direction as an evolutionary process that brings better alignment with the expectations of major external stakeholders as found below.

What we are doing at the moment in our annual reports and the stuff you are looking at is an evolutionary thing because you're not going to go from where you are now to what they require overnight, but we're looking at how do we start to get better alignment." (Respondent 23)

The same recipient stated that strategy was not something to be found in the literature, but an empowering multidimensional mindset as found below.

The more you are multi-dimensional, the more the attacks are going to come, but the more you feel that you can accomplish things." (Respondent 36)

The above findings confirm strategic direction as a variable related to competent governance. Strategic direction is defined as the action whereby a governing body sets and steers the institution's strategic direction by appreciating its core purpose, risks and opportunities, strategy, business model, performance, and sustainable development as inseparable elements of the value creation process.

5.3.2.31 Sustainability

Sustainability emerged as a competency for governing bodies. One participant explained that sustainability is a global initiative for greater equity and integration as found in the quotations below.

> *"Global initiatives around climate change around the sustainable development goals are all sort of advocating for creating inclusion and greater integration." (Respondent 23)*

Another participant explained that sustainability is both a collective strategic objective and a personal mind-set that includes immediate development and applies to whatever is being done such as development, consciousness, thinking about the world as found in the quotation below.

> *"So, if it's development, sustainable development, if it's a consciousness, it must be a sustainable consciousness and a sustainable way of thinking about the world. So, it's not just in material senses." (Respondent 36)*

The above findings confirm sustainability as a variable of competent governance. Sustainability is defined as the action whereby a governing body ensures development meets the needs of the present without compromising the ability of future generations to meet their needs.

5.3.2.32 The X factor

The X factor emerged as an impact indicator for competent governing bodies. Only one participant stressed this indicator but with compelling arguments using Chaos Theory that aligned with the need for flexible thinking as seen in the quotation below.

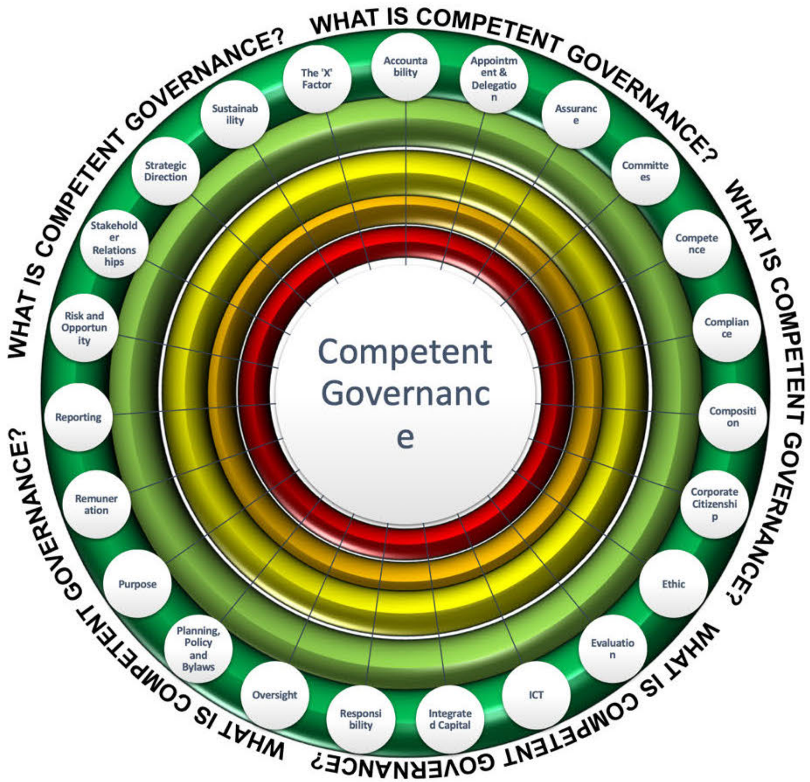
> *"There were things happening there that actually were not predictable. They weren't on that straight line. They weren't on that way in which yes, for the other 95% of the cases." (Respondent 36)*

The above findings confirm the ‘X’ Factor as a variable of competent governance and is defined as the action whereby a governing body changes its frame of analysis to consider 'out-of-the-box' material factors.

5.3.3 Summative overview of qualitative results

This section presented results on the first qualitative phase of the research therefore placing emphasis on a constructivist orientation by creating a deep, shared, relative, socially constructed meaning of competent corporate governance. The model of competent governance has been extended as can be seen in the figure below.

Figure 24: Qualitative model of competent governance



Criterion reference	Sub-criterion reference	Definition
Competent	Great	Great corporate governance occurs when leadership's performance exceeds stakeholder expectations.
	Becoming great	Becoming a good corporate governance occurs when leadership's performance begins exceeding stakeholder expectations.
	Good	Good corporate governance occurs when leadership's performance meets stakeholder expectations.
	Becoming good	Becoming a good corporate governance occurs when leadership's performance begins meeting stakeholder expectations.
Incompetent	Bad	Incompetent corporate governance occurs when leadership's performance fails to meet stakeholder expectations.

As can be seen in the figure above the model of competent governance has been extended further in the qualitative research phase.

The two main criteria are incompetent and competence governance. The five sub-criteria start with bad and end with great governance. Each sub criteria are indicated by a colour and has a definition. The twenty-three (23) competencies related to competent governance are arranged like board members sitting at a round table. Each competency has the potential to be incompetent or competent, bad, good, or great.

Despite attempts by the researcher to theoretically separate competent corporate governance into good and great, the distinction was not found to be as meaningful to respondents as anticipated. Instead, findings confirmed that responses on good governance were also being mentioned in great governance and vice-versa. The need to differentiate between the two forms of competence was secondary to the claim of being competent or incompetent. This finding confirms the binary approach used by majority of research in Corporate Governance. It also confirms the yes or no box ticking practice of compliance practice in the auditing profession.

Significant theoretical contradictions have resulted. Traditionally the competencies of goodness are different to those of greatness which would result in two separate criteria dependent models. Findings show that in governance the variables are common to both criteria meaning that one integrated model will suffice for competent governance.

A total of 23 competencies were found in the data. Each competency has a meaningful formulation drawn from findings to inform interpretation and guide the next quantitative phase. The findings resulted in the following claims linked to competent governance as seen in the alphabetized list below.

1. If Accountability (x^1), then Competent Governance (y).
2. If Appointment & Delegation (x^2), then Competent Governance (y).
3. If Assurance (x^3), then Competent Governance (y).
4. If Committees (x^4), then Competent Governance (y).
5. If Competence (x^5), then Competent Governance (y).
6. If Compliance (x^6), then Competent Governance (y).

7. If Composition (x^7), then Competent Governance (y).
8. If Corporate Citizenship (x^8), then Competent Governance (y).
9. If Ethics (x^9), then Competent Governance (y).
10. If Evaluation (x^{10}), then Competent Governance (y).
11. If Information Communication and Technology (x^{11}), then Competent Governance (y).
12. If Integrated Thinking (x^{12}), then Competent Governance (y).
13. If Responsibility (x^{13}), then Competent Governance (y).
14. If Oversight (x^{14}), then Competent Governance (y).
15. If Planning, Policy, and Bylaws (x^{15}), then Competent Governance (y).
16. If Purpose (x^{16}), then Competent Governance (y).
17. If Remuneration (x^{17}), then Competent Governance (y).
18. If Reporting (x^{18}), then Competent Governance (y).
19. If Risk and Opportunity (x^{19}), then Competent Governance (y).
20. If Stakeholder Relationships (x^{20}), then Competent Governance (y).
21. If Strategic Direction (x^{21}), then Competent Governance (y).
22. If Sustainability (x^{22}), then Competent Governance (y).
23. If The 'X' Factor (x^{23}), then Competent Governance (y).
24. If Governing Body Competency ($x^{1\ 23}$), then Competent Governance (y).

As seen in the list of claims above the domain of competent governance is multivariate. The next quantitative phase tests the level of agreement with the above results. Furthermore, factor analysis is used to test the positivity and strength of the variable's correlation with each other and competent governance.

5.4 Quantitative results section

The quantitative phase tests the strength of the agreement with qualitative results, the strength relationship of the variables with each other and the strength of relationship of variables with competent governance. The results relating to quantitative data collection came from a self-complete electronic questionnaire developed from the qualitative results. A high level of agreement with statements on competent governance is found as seen in the table below.

Table 18: Quantitative descriptive and frequency statistics

PREDICTOR VARIABLES	N - Valid	N - Missing	Mean	Std. Error of Mean	Median	Mode	Std. Deviation	Variance	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis	Range	Minimum	Maximum	Sum	Percentiles - 25	Percentiles - 50	Percentiles - 75
Age	85	0	6 04	0 243	6	6	2 238	5 011	-0 130	0 261	-0 585	0 517	8	2	10	513	5	6	8
Male=1 Female=2	85	0	1 32	0 056	1	1	0 517	0 267	1 318	0 261	0 769	0 517	2	1	3	112	1	1	2
Accountability	85	0	9 29	0 115	10	10	1 056	1 115	-1 365	0 261	0 499	0 517	3	7	10	790	9	10	10
Appointment & Delegation	85	0	9 22	0 134	10	10	1 238	1 533	-1 981	0 261	4 127	0 517	6	4	10	784	9	10	10
Assurance	85	0	8 99	0 132	9	10	1 220	1 488	-0 864	0 261	-0 761	0 517	4	6	10	764	8	9	10
Committees	85	0	8 75	0 175	9	10	1 610	2 593	-1 356	0 261	1 104	0 517	6	4	10	744	8	9	10
Competence	85	0	9 01	0 147	10	10	1 358	1 845	-1 481	0 261	1 762	0 517	6	4	10	766	9	10	10
Compliance	85	0	9 19	0 139	10	10	1 277	1 631	-2 119	0 261	5 079	0 517	6	4	10	781	9	10	10
Composition	85	0	9 14	0 127	10	10	1 167	1 361	-1 341	0 261	0 680	0 517	4	6	10	777	9	10	10
Corporate Citizenship	85	0	9 25	0 127	10	10	1 174	1 379	-1 492	0 261	0 993	0 517	4	6	10	786	9	10	10
Ethics	85	0	9 20	0 131	10	10	1 203	1 448	-2 034	0 261	4 677	0 517	6	4	10	782	9	10	10
Performance Evaluation	85	0	9 20	0 132	10	10	1 213	1 471	-2 034	0 261	4 540	0 517	6	4	10	782	9	10	10
Information, Communication and Technology	85	0	8 68	0 176	9	10	1 620	2 624	-1 670	0 261	4 561	0 517	9	1	10	738	7	9	10
Integrated Capital	85	0	8 93	0 134	9	10	1 232	1 519	-0 879	0 261	-0 504	0 517	4	6	10	759	8	9	10
Responsibility	85	0	9 34	0 112	10	10	1 030	1 061	-1 602	0 261	1 566	0 517	4	6	10	794	9	10	10
Oversight	85	0	8 65	0 176	9	10	1 624	2 636	-1 561	0 261	2 918	0 517	8	2	10	735	7	9	10
Planning, Policy and Bylaws	85	0	9 28	0 120	10	10	1 109	1 229	-1 713	0 261	2 378	0 517	5	5	10	789	9	10	10
Purpose	85	0	8 93	0 140	9	10	1 289	1 662	-1 027	0 261	-0 050	0 517	5	5	10	759	8	9	10
Remuneration	85	0	8 89	0 147	9	10	1 354	1 834	-1 011	0 261	-0 018	0 517	5	5	10	756	8	9	10
Reporting	85	0	9 02	0 130	9	10	1 195	1 428	-0 989	0 261	-0 322	0 517	4	6	10	767	9	9	10
Risk and Opportunity	85	0	8 98	0 133	9	10	1 225	1 499	-1 349	0 261	1 931	0 517	6	4	10	763	9	9	10
Stakeholders	85	0	8 99	0 143	9	10	1 323	1 750	-1 337	0 261	1 312	0 517	6	4	10	764	9	9	10
Strategic Direction	85	0	8 88	0 160	9	10	1 475	2 176	-1 592	0 261	2 740	0 517	7	3	10	755	9	9	10
Sustainability	85	0	8 98	0 147	9	10	1 354	1 833	-1 637	0 261	2 790	0 517	6	4	10	763	9	9	10
X-Factor	85	0	8 46	0 180	9	10	1 659	2 751	-0 928	0 261	0 077	0 517	6	4	10	719	7	9	10

As can be seen in the table above the quantitative descriptive and frequency findings are summarized. These are collected from members of the municipal council (councillors) as well as members of the municipality's top management structures (managers). The predictor variables 1 through to 23 are the competencies found in the qualitative phase. A 10 item Likert scale was used where 10 represents "*absolutely agree*", 9 is for *"strongly agree*", 8 is for inclined to "*strongly agree"*, 7 is for *"agree*", 6 is for "*inclined to agree"*, 5 is for *"inclined to disagree*", 4 is for *"disagree*", 3 is for "*inclined to strongly disagree"*, 2 is for strongly disagree and 1 is for *"absolutely disagree*" and 0 is for *"I don't know".* All predictor variables have a maximum response of *"Absolutely Agree".* The lowest minimum response was for predictor variable 11 which was “*Absolutely Disagree”.* The mean for all predictors does not drop below 8 meaning that majority of respondents *“strongly agreed”* with the statements on competent governance. The median for majority (13) of predictor variables is 10 (absolutely agree) followed by 10 predictor variables having a median of 9 (strongly agree).

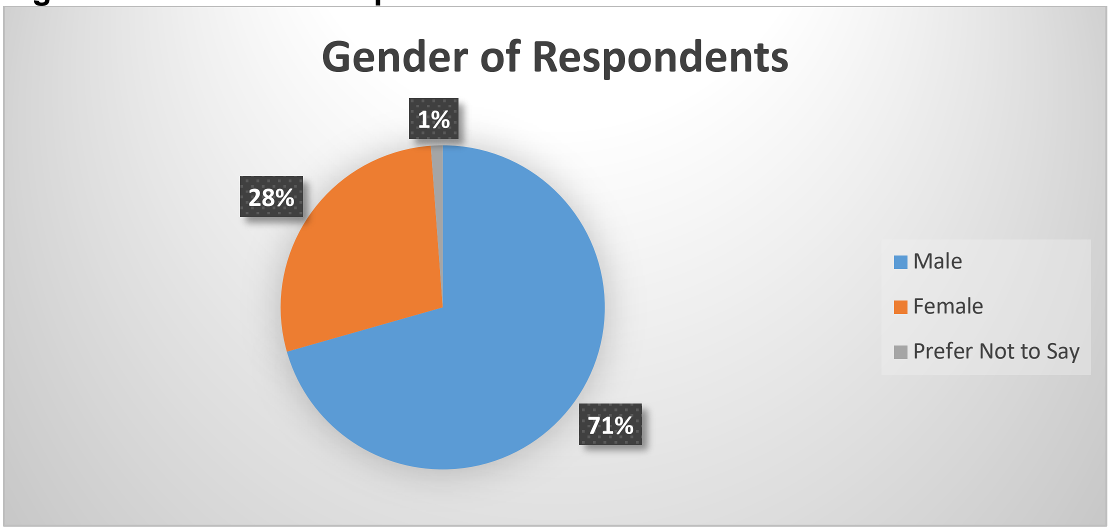
5.4.1 Demographic characteristics of respondents

The survey part of the study included a total of 85 Corporate governance practitioners from eThekwini Metropolitan Municipality with response rate of 96.3%.

5.4.1.1 Gender of respondents

Respondent gender distribution was collated, and it revealed that males were much more dominantly represented than their female counterparts as indicated in the figure below.

Figure 25: Gender of respondents

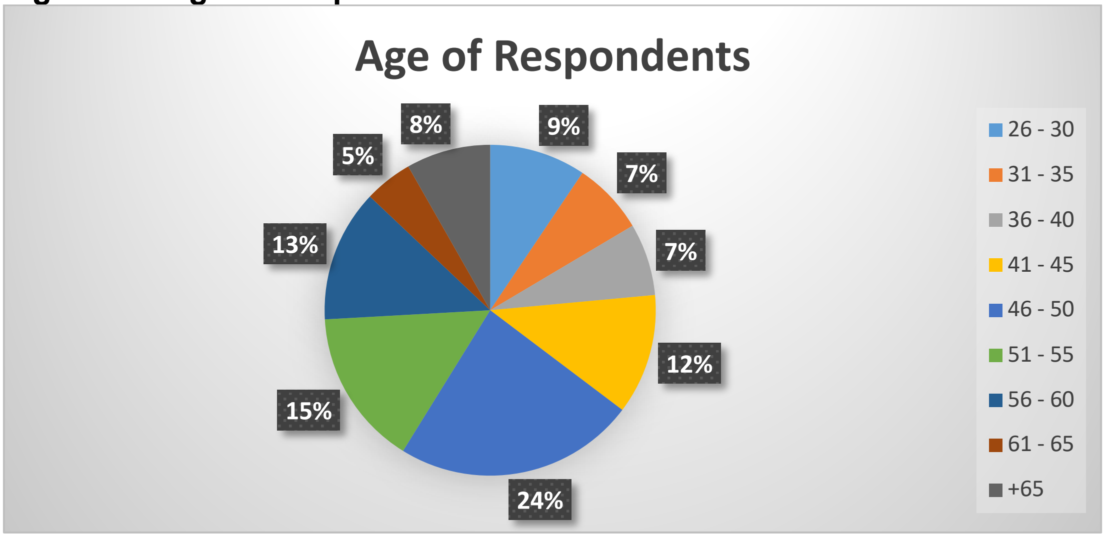


As shown in the figure above, 28% (n=24) out of the 85 survey respondents were females compared to 71% (n=60) that were male. Interestingly 1% (n=1) of respondents preferred not to state their gender.

5.4.1.2 Age of respondents

Respondent age distribution was collated, and it revealed that mature adults were more dominantly represented than junior and senior adults as indicated in the figure below.

Figure 23: Age of Respondents



As shown in the figure above, out of the 85 responses, 9% (n=8) of respondents were between the ages of 26 – 30 years, 7% (n=6) of respondents were between the ages of 31-35 years, 7% (n=6) of respondents were between the ages of 36-40 years, 12% (n=10) of respondents were between the ages of 41-45 years, 24% (n=20) of respondents were between the ages of 46-50 years, 15% (n=13) of respondents were between the ages of 51-55 years, 13% (n=11) of respondents were between the ages of 56-60 years, 5% (n=4) of respondents were between the ages of 61-65 years and 8% (n=7) of respondents were above the age of 65 years. The mean age of respondents was 52.27 years with a standard deviation of 14.797.

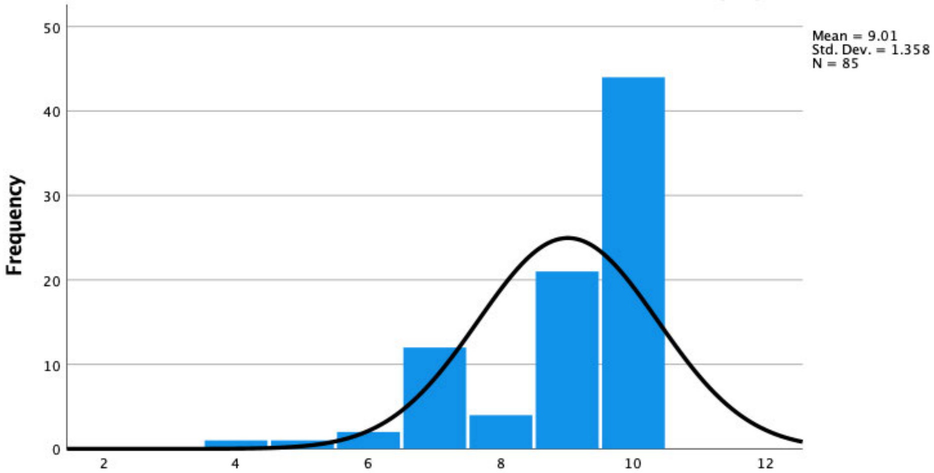
5.4.2 Participants agreement with survey items

This sub-section reports on the quantitative results of a few selected indicators. A total of 85 responses for each competency was processed according to level of agreement with a statement. Important to note is that all twenty-three indicators received high levels of agreement and therefore indicate a strong, positive relationship with competent governance as presented in selected findings that follow.

5.4.2.1 Competence

Respondents' agreement with a statement on competence was collated, and it revealed that most respondents absolutely agreed that competent corporate governance occurs when a governing body collectively possesses, chooses, and tries to develop, behavioural characteristics that make it fit for purpose as indicated in the figure below.

Figure 24: Responses for competence



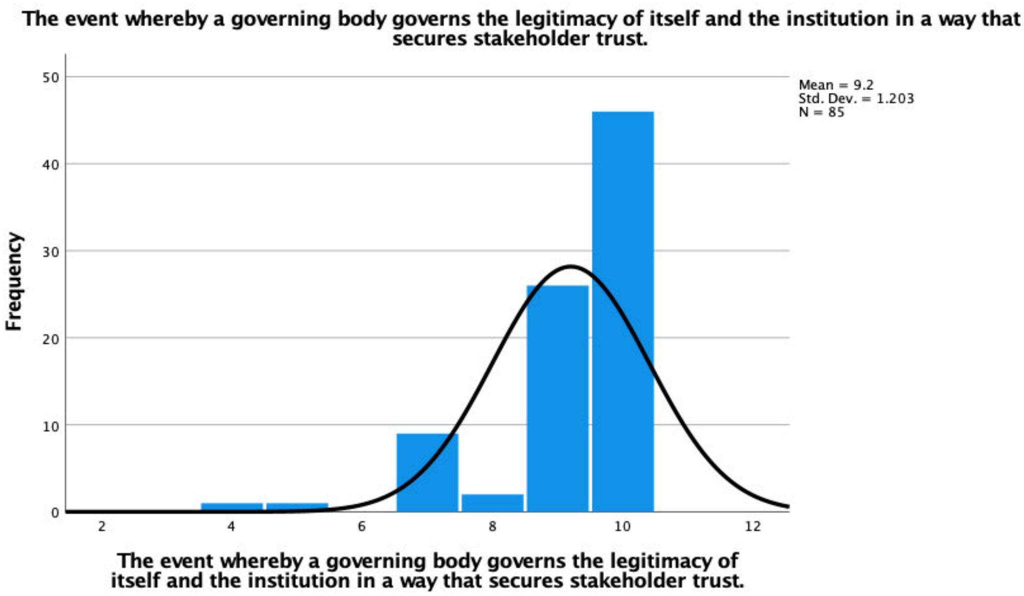
The event whereby a governing body collectively possesses, chooses and makes an effort to develop, behavioural characteristics that make it fit for purpose.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1 2	1 2	1 2
	nclined to Disagree	1	1 2	1 2	2 4
	nclined to Agree	2	2 4	2 4	4 7
	Agree	12	14 1	14 1	18 8
	nclined to Strongly Agree	4	4 7	4 7	23 5
	Strongly Agree	21	24 7	24 7	48 2
	Absolutely Agree	44	51 8	51 8	100 0
	otal	85	100 0	100 0	

As shown in the figure above, 51,8% (n=44) of participants absolutely agreed, 24,7% (n=21) of participants strongly agreed, 4,7% (n=4) of participants inclined to strongly agree, 14,1% (n=12) of participants agreed, 2,4% (n=2) of participants inclined to agree, 1,2% (n=1) of participants inclined to disagree and 1,2% (n=1) of participants disagreed that competent Corporate governance occurs when a governing body collectively possesses, chooses and makes an effort to develop, behavioural characteristics that make it fit for purpose.

5.4.2.2 Ethics

Respondents’ agreement with a statement on competence was collated, and it revealed that most respondents absolutely agreed that competent corporate governance occurs when a governing body governs the legitimacy of itself and the institution in a way that secures stakeholder trust as showed in the figure below.

Figure 25: Responses for ethics



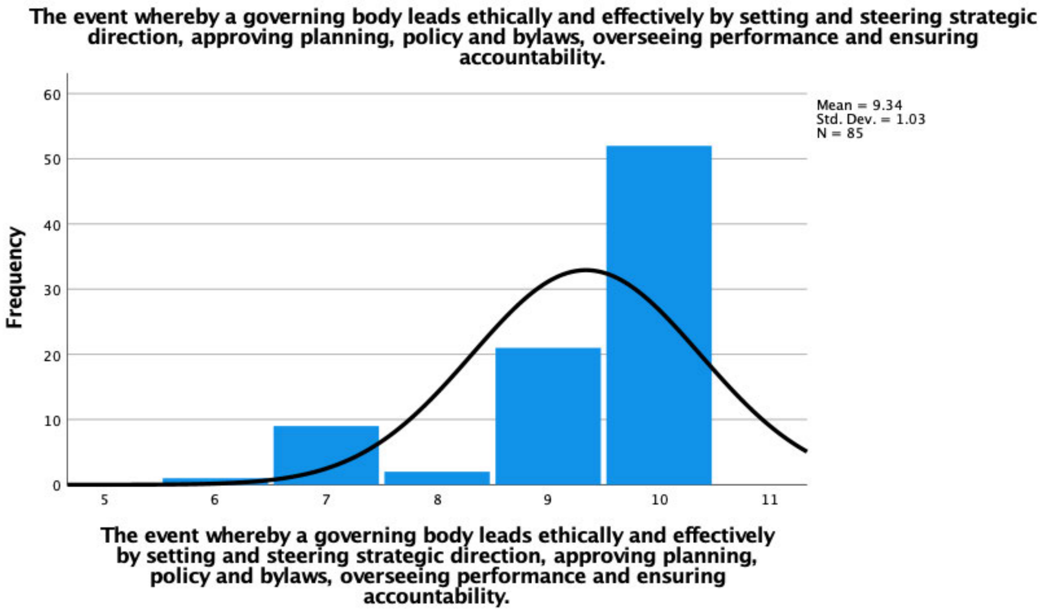
The event whereby a governing body governs the legitimacy of itself and the institution in a way that secures stakeholder trust.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1 2	1 2	1 2
	nclined to Disagree	1	1 2	1 2	2 4
	Agree	9	10 6	10 6	12 9
	nclined to Strongly Agree	2	2 4	2 4	15 3
	Strongly Agree	26	30 6	30 6	45 9
	Absolutely Agree	46	54 1	54 1	100 0
	otal	85	100 0	100 0	

As shown in the figure above, 54,1% (n=46) of participants absolutely agree, 30,6% (n=26) of participants strongly agreed, 2,4% (n=2) of participants inclined to strongly agree, 10,6% (n=9) participants agree, 1,2% (n=1) participant inclined to disagree and one (1,2%) participant disagreed.

5.4.2.3 Leadership responsibility

Responses with a statement on leadership responsibility was collated, and it revealed that most respondents absolutely agreed that competent corporate governance occurs when a governing body leads ethically and effectively by setting and steering strategic direction, approving planning, policy, and bylaws, overseeing performance, and ensuring accountability as indicated in the figure below.

Figure 26: Responses for Leadership Responsibility



The event whereby a governing body leads ethically and effectively by setting and steering strategic direction, approving planning, policy and bylaws, overseeing performance and ensuring accountability.

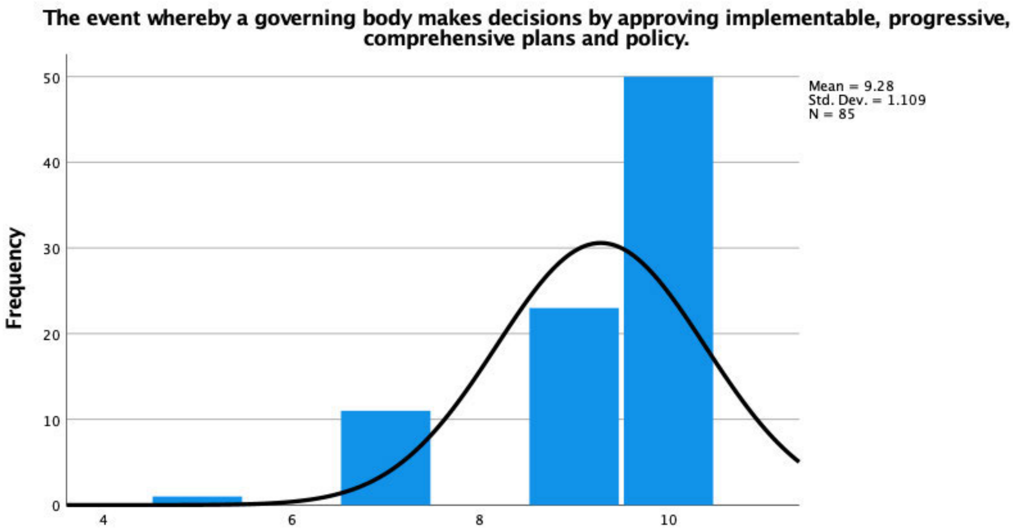
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	nclined to Agree	1	1 2	1 2	1 2
	Agree	9	10 6	10 6	11 8
	nclined to Strongly Agree	2	2 4	2 4	14 1
	Strongly Agree	21	24 7	24 7	38 8
	Absolutely Agree	52	61 2	61 2	100 0
	otal	85	100 0	100 0	

As can be seen in the figure above, 61,2% (n=52) of participants absolutely agreed, 24,7% (n=21) of participants strongly agreed, 2,4% (n=2) of participants inclined to strongly agree, 10,6% (n=9) of participants agreed and 1,2% (n=1) of participants inclined to agree. No negative responses were received.

5.4.2.4 Planning, policy, and bylaws

Responses with a statement on planning, policy, and bylaws was collated, and it revealed that most respondents absolutely agreed that competent corporate governance occurs when a governing body makes decisions by approving implementable, progressive, comprehensive plans and policy as indicated in the figure below.

Figure 27 Responses for planning, policy, and bylaws



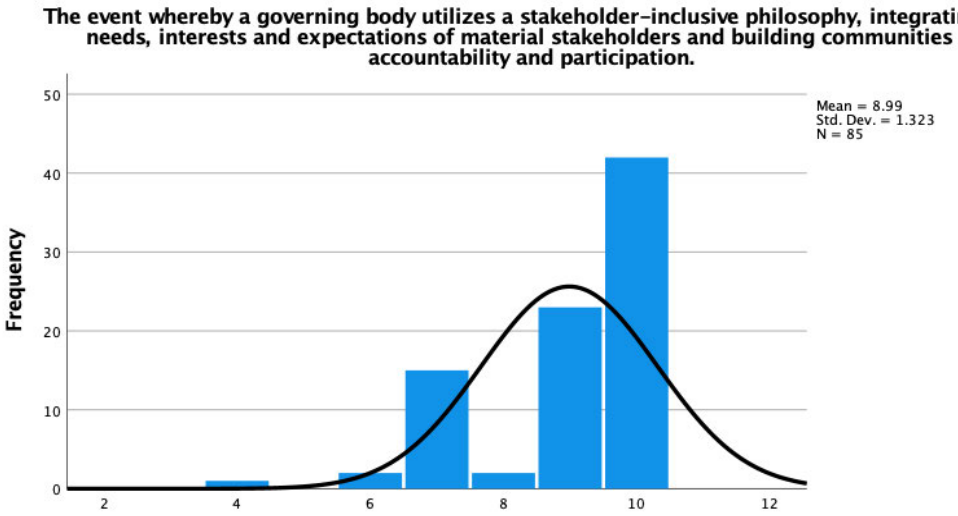
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	nclined to Disagree	1	1 2	1 2	1 2
	Agree	11	12 9	12 9	14 1
	Strongly Agree	23	27 1	27 1	41 2
	Absolutely Agree	50	58 8	58 8	100 0
	Total	85	100 0	100 0	

As can be seen in the figure above, 58,8% (n=50) of participants absolutely agreed, 27,1% (n=23) of participants strongly agreed, 12,9% (n=11) of participants agreed and 1,2% (n=1) of participants inclined to disagree.

5.4.2.5 Stakeholder relationships

Responses with a statement on stakeholder relationships was collated, and it revealed that most respondents absolutely agreed that competent corporate governance occurs when a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation as indicated in the figure below.

Figure 28 Responses for Stakeholder Relationships



The event whereby a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1 2	1 2	1 2
	nclined to Agree	2	2 4	2 4	3 5
	Agree	15	17 6	17 6	21 2
	nclined to Strongly Agree	2	2 4	2 4	23 5
	Strongly Agree	23	27 1	27 1	50 6
	Absolutely Agree	42	49 4	49 4	100 0
	Total	85	100 0	100 0	

As shown in the figure above, majority (49,4%, n=42) of participants absolutely agreed, 27,1% (n=23) of participants strongly agreed, 2,4% (n=2) of participants inclined to strongly agree, 17,6% (n=15) of participants agreed, 2,4% (n=2) of participants inclined to agree and 1,2% (n=1) of participants disagreed with the role of stakeholder governance.

5.4.2.6 Factor analysis

5.4.2.6.1 Correlation matrix

A correlation matrix was generated from the quantitative data using exploratory factor analysis in SPSS as seen in the table below.

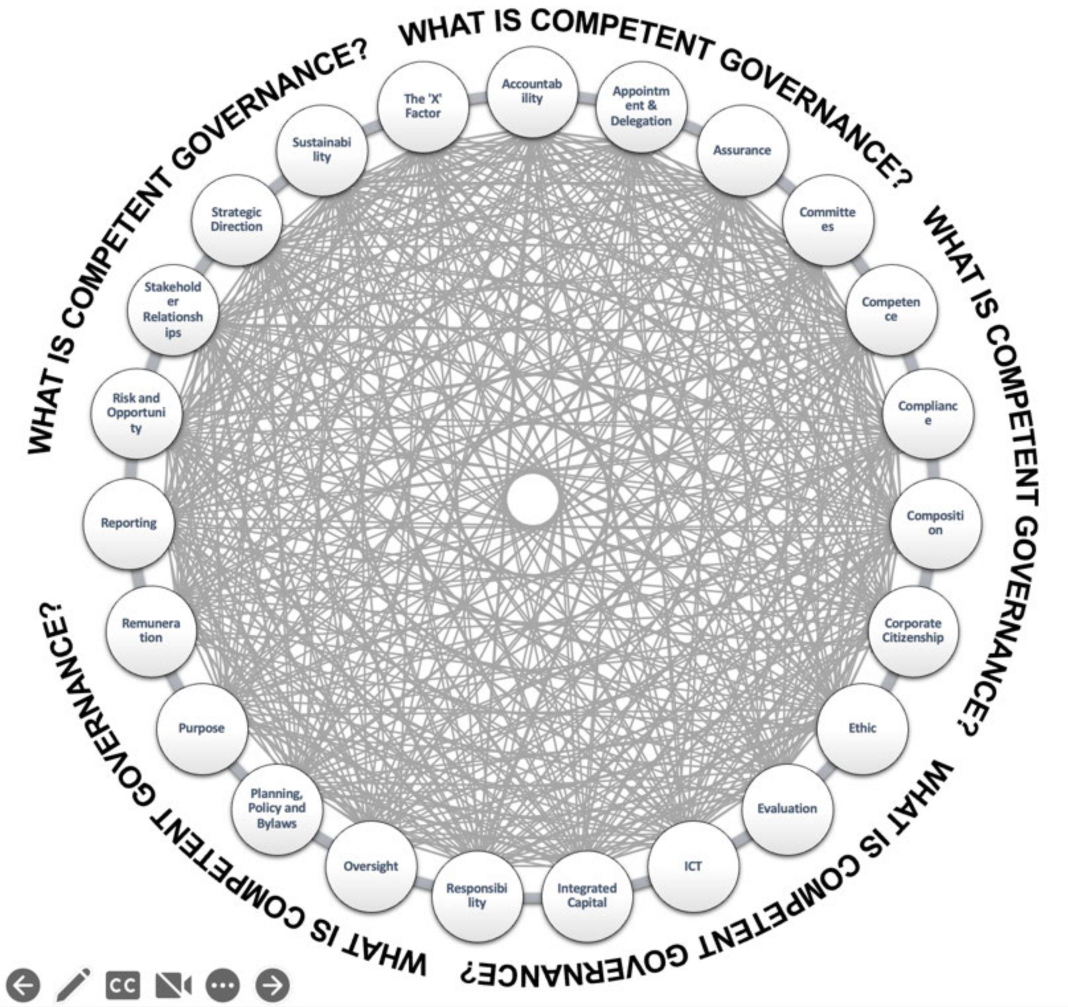
Table 19: Correlation matrix of competent governance predictor variables

PREDICTOR VARIABLES	N - Valid	Accountability	Appointment & Delegation	Assurance	Committees	Competence	Compliance	Composition	Corporate Citizenship	Ethics	Performance Evaluation	Information, Communication and Technology	Integrated Capital	Responsibility	Oversight	Planning, Policy and Bylaws	Purpose	Remuneration	Reporting	Risk and Opportunity	Stakeholders	Strategic Direction	Sustainability	X-Factor
Accountability	85	1 000																						
Appointment & Delegation	85	0 669	1 000																					
Assurance	85	0 557	0 483	1 000										High Correlation										
Committees	85	0 526	0 434	0 671	1 000									Medium Correlation										
Competence	85	0 496	0 572	0 647	0 703	1 000								Low Correlation										
Compliance	85	0 320	0 432	0 559	0 538	0 534	1 000																	
Composition	85	0 497	0 596	0 679	0 608	0 735	0 653	1 000																
Corporate Citizenship	85	0 517	0 396	0 426	0 524	0 595	0 358	0 496	1 000															
Ethics	85	0 403	0 329	0 423	0 468	0 457	0 332	0 472	0 723	1 000														
Performance Evaluation	85	0 381	0 414	0 388	0 397	0 555	0 413	0 527	0 600	0 763	1 000													
Information, Communication and Technology	85	0 473	0 309	0 354	0 476	0 364	0 259	0 421	0 342	0 406	0 233	1 000												
Integrated Capital	85	0 519	0 463	0 411	0 507	0 534	0 357	0 396	0 489	0 491	0 487	0 525	1 000											
Responsibility	85	0 618	0 434	0 515	0 590	0 567	0 376	0 504	0 619	0 540	0 440	0 515	0 535	1 000										
Oversight	85	0 353	0 336	0 407	0 467	0 423	0 480	0 467	0 234	0 213	0 290	0 324	0 350	0 379	1 000									
Planning, Policy and Bylaws	85	0 538	0 569	0 548	0 493	0 630	0 635	0 715	0 495	0 430	0 551	0 462	0 503	0 592	0 565	1 000								
Purpose	85	0 549	0 346	0 613	0 594	0 429	0 529	0 458	0 381	0 408	0 375	0 554	0 469	0 583	0 432	0 589	1 000							
Remuneration	85	0 530	0 455	0 662	0 659	0 609	0 425	0 597	0 421	0 313	0 462	0 370	0 473	0 590	0 400	0 551	0 609	1 000						
Reporting	85	0 598	0 544	0 580	0 547	0 653	0 543	0 587	0 539	0 444	0 457	0 397	0 543	0 670	0 458	0 606	0 465	0 480	1 000					
Risk and Opportunity	85	0 392	0 380	0 470	0 444	0 573	0 505	0 477	0 402	0 310	0 428	0 464	0 535	0 441	0 415	0 496	0 519	0 566	0 440	1 000				
Stakeholders	85	0 625	0 518	0 627	0 653	0 610	0 382	0 572	0 592	0 600	0 625	0 526	0 576	0 728	0 447	0 668	0 691	0 684	0 663	0 588	1 000			
Strategic Direction	85	0 496	0 367	0 482	0 614	0 488	0 429	0 439	0 429	0 402	0 299	0 582	0 486	0 552	0 584	0 559	0 496	0 470	0 393	0 493	0 481	1 000		
Sustainability	85	0 446	0 330	0 418	0 309	0 330	0 202	0 356	0 228	0 229	0 322	0 366	0 327	0 433	0 630	0 528	0 408	0 421	0 427	0 330	0 465	0 678	1 000	
X-Factor	85	0 357	0 286	0 220	0 266	0 315	0 189	0 280	0 436	0 395	0 267	0 556	0 418	0 444	0 587	0 466	0 461	0 329	0 457	0 486	0 545	0 528	0 546	1 000

The table above shows the statistical relationships between all the variables as computed with Pearson product moment correlations using SPSS. The predominance of correlations greater than 0.4 meant that the data was suitable for further structural modelling.

Results show magnitude of positive relationships between the competencies at the time of data collection (n=85). High correlations are closest to 1.0 and are green. Low correlations are closer to 0.0 and are red. For example, stakeholder relationships correlates highest (0.728) with responsibility and lowest with compliance (0.382). None of the variables have zero or negative correlations indicating overall complementarity with no antagonism between variables. Hence, all the competencies were retained in further analysis. The relationships can be viewed from a different perspective aligned to the emergent model as found in the figure below.

Figure 26: Variable intercorrelations



As found in the figure above, the relationships between variables are represented by the lines that connect them to each other. The strength of that relationship is found in the matrix.

5.4.2.6.2 Principal component analysis

Responses from all statements were further processed using principal-component analysis in SPSS and revealed a governance index (scale) with stakeholder inclusivity as the topmost indicator and having the strongest relationship to competent governance as shown in the table below.

Table 20: Principal component analysis (a-z)

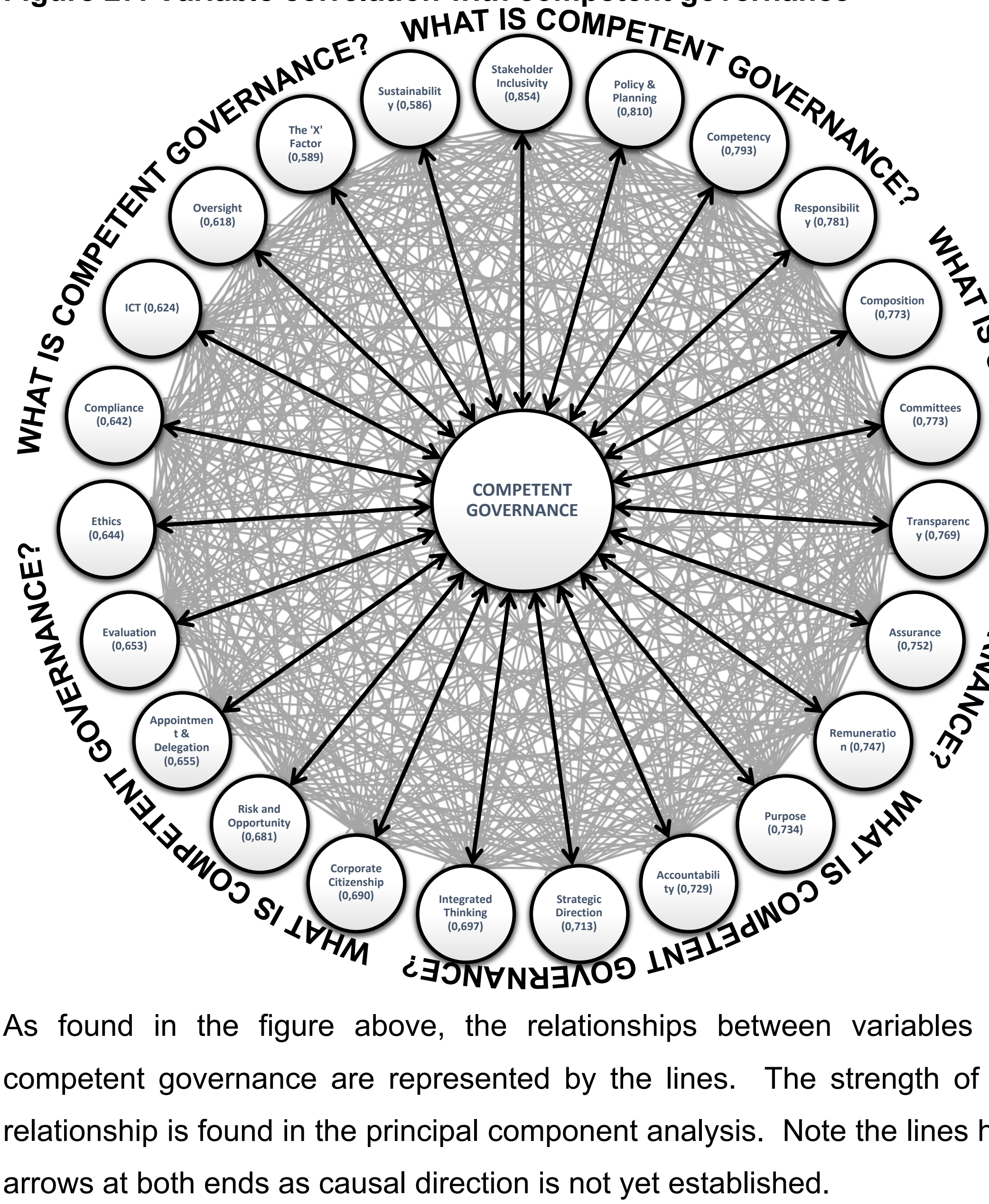
	Components			
Predictor variables	**1**	**2**	**3**	**4**
% of variance	**50,78%**	**7,39%**	**6,24%**	**4,49%**
Accountability	0,729	-0,001	0,046	-0,255
Appointment & delegation	0,655	-0,172	-0,160	0,050
Assurance	0,752	-0,155	-0,327	-0,180
Committees	0,773	-0,119	-0,163	-0,257
Competence	0,793	-0,271	-0,159	0,065
Compliance	0,642	-0,186	-0,438	0,217
Composition	0,773	-0,245	-0,295	0,159
Corporate citizenship	0,690	-0,301	0,414	0,097
Ethics	0,644	-0,307	0,529	0,180
Performance evaluation	0,653	-0,375	0,290	0,367
Information, communication and technology	0,624	0,332	0,237	-0,315
Integrated capital	0,697	-0,003	0,241	-0,118
Responsibility	0,781	-0,001	0,201	-0,195
Oversight	0,618	0,461	-0,254	0,371
Planning, policy and bylaws	0,810	0,036	-0,142	0,242
Purpose	0,734	0,149	-0,057	-0,302
Remuneration	0,747	-0,051	-0,205	-0,258
Reporting	0,769	-0,092	-0,023	0,069
Risk and opportunity	0,681	0,095	-0,058	-0,039
Stakeholders	0,854	-0,030	0,174	-0,124
Strategic direction	0,713	0,416	-0,009	0,010
Sustainability	0,586	0,556	-0,044	0,234
X-factor	0,589	0,537	0,337	0,181

Extraction method: principal component analysis.

A. 4 components extracted.

As shown in the table above, four components result from exploratory factor analysis. Component 1 is found to account for 50.78% of competent governance. Furthermore, all predictor variables have higher factor loadings in component 1 than in any other components. This means that component 1 on its own, reliably correlates positively with 50% of competent governance. Stakeholder inclusivity (factor loading of 0.854) positively correlates strongest and sustainability (factor loading of 0.586) weakest on the scale. Further attempts at reducing the data further with factor rotation method did not yield theoretically meaningful results and were abandoned. The relationships can be viewed from a different perspective aligned to the emergent model as found in the figure below.

Figure 27: Variable correlation with competent governance



As found in the figure above, the relationships between variables and competent governance are represented by the lines. The strength of that relationship is found in the principal component analysis. Note the lines have arrows at both ends as causal direction is not yet established.

5.4.3. Summative overview of quantitative results

This section presented results from the second quantitative phase placing emphasis on a positivist, measurable orientation as can be seen in the table below.

Table 21: Model of competent governance

Competency	Definition	Factor Loading
Stakeholder Inclusivity	*results when a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation.*	0,854
Policy and Planning	*results when a governing body makes decisions by approving implementable, progressive, comprehensive planning, policy and bylaws.*	0,810
Competency	*results when a governing body collectively possesses, chooses and makes an effort to develop, behavioural characteristics that make it fit for purpose.*	0,793
Responsibility	*results when a governing body leads ethically and effectively by setting and steering strategic direction, approving planning, policy and / or bylaws, overseeing performance and ensuring accountability.*	0,781
Composition	*results when a governing body comprises the appropriate proportions of competency, experience, diversity, and independence to objectively and effectively fulfil its governance role.*	0,773
Committees	*results when a governing body structures itself to determine independent judgement, the balance of power, and effective delegation.*	0,773
Transparency	*results when a governing body ensures that disclosed reporting entrusts stakeholders to make informed assessments of the municipality's performance and prospects.*	0,769
Assurance	*results when a governing body ensures legitimacy by supporting an independent, combined assurance service and function.*	0,752
Remuneration	*results when a governing body ensures that the municipality remunerates fairly, responsibly and transparently so as to promote the achievement of its purpose.*	0,747
Purpose	*results when a governing body sustainably builds value for South Africa's nascent democracy.*	0,734
Accountability	*results when a governing body is the nexus (focal point) and custodian of accountability towards stakeholders.*	0,729
Strategic Direction	*results when a governing body sets and steers the municipality's strategic direction by appreciating its core*	0,713

	purpose, risks and opportunities, strategy, business model, performance and sustainable development as inseparable elements of the value creation process.	
Integrated Thinking	*results when a governing body directs the administration to wholistically transform financial, material, human, intellectual and social capital into value for stakeholders.*	0,697
Corporate Citizenship	*results when a governing body ensures that the municipality is and is seen to be an active and responsible corporate citizen.*	0,690
Risk and Opportunity	*results when a governing body governs risk and opportunity with flexibility, responsibility and resilience to support the municipality in setting and achieving its strategic objectives.*	0,681
Appointment & Delegation	*results when a governing body clearly demarcates the line separating the leadership and administrative role and responsibility.*	0,655
Evaluation	*results when a governing body evaluates the performance of itself, its committees, its speaker and its councillors to support ethical and effective leadership.*	0,653
Ethic	*results when a governing body governs the ethics of itself and the municipality in a way that secures stakeholder trust.*	0,644
Compliance	*results when a governing body asserts legitimacy through compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen.*	0,642
ICT	*results when a governing body governs information, communication and technology innovatively, supporting connectivity and agility for the Fourth Industrial Revolution.*	0,624
Oversight	*results when a governing body transversally oversees managements performance.*	0,618
The 'X' Factor	*results when a governing body changes its frame of analysis to consider 'out-of-the-box' material factors*	0,589
Sustainability	*results when a governing body ensures development meets the needs of the present without compromising the ability of future generations to meet their needs.*	0,586

As can be seen in the table above, the competent governance model has been extended further in the quantitative phase. This was done by surveying respondents' level of agreement with the qualitative results, subjecting the data to statistical analysis in SPSS and sifting through the raw and processed data. The findings were interrogated for relevant claims as presented in the paragraphs below.

5.4.3.1 Claim 1: Municipal governance is not yet gender equitable.

Municipal Corporate governance is dominated by males. This finding contradicts gender equity policy targets in the public service and confirms that targets are still not being achieved. However, this claim cannot be generalized because of the limitations of the research.

5.4.3.2 Claim 2: Municipal governance is age equitable.

Municipal governance is dominated by mature adults between the ages of 46-50. However overall, the results on age confirm a balanced distribution between young adults, mature adults, and senior adults. This finding confirms that equity policy targets on age in the municipal service are being achieved and are balanced. However, this claim cannot be generalized because of the limitations of the research.

5.4.3.3 Claim 3: The 23 governance competencies relate positively with each other

The identified competencies correlate positively with each other. There is predominantly positive correlation between the competencies with some being weak but none with negative relationships. This finding confirms the assumptions of business administration theory, especially the aspects of governance regulation. It is also supported by the literature in that multivariate research in corporate governance leverages the benefits of complementarity, interdependence, and substitutability. However, the absence of dummy and control variables in the computation requires future research.

5.4.3.4 Claim 4: The 23 governance competencies relate positively with competent governance

High levels of agreement with statements were received which confirmed the findings of the qualitative phase. This finding was anticipated and was one of the reasons why so many Likert scale options were provided. The question was not so much whether participants agree with the statements, but rather what level of agreement did they have. Furthermore, principal component analysis reduced the data further into a validated index with loadings that measure strength of relationship with competent governance. Stakeholder governance was found to positively correlate strongest, and Sustainability was found to positively correlate weakest with competent governance as seen in the claims that follow.

5.4.3.5 Claim 5: Stakeholder governance has the strongest positive relationship to competent governance

The stakeholder competency is unsurprisingly the most important competency of Competent governance. Thus, the highest statistical priority to municipal governing bodies is utilizing a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation. This finding confirms a major stakeholder theory assumption and further extends corporate governance theory's classical assumption that shareholders, management, and the governing body are the major stakeholders. Hence all stakeholders are major actors in Corporate Governance. After factor analysis stakeholder inclusivity is prioritized number 1 on the index with a factor magnitude of 0.854 with competent governance.

5.4.3.6 Claim 6: Sustainability governance has the weakest positive relationship to competent governance

Sustainability is concerningly the second least important competency of municipal corporate governance. Thus, the lowest statistical priority to municipal governing bodies is ensuring development meets the needs of the present without compromising the ability of future generations to meet their needs. This finding contradicts the international dialogue on sustainable development and indicates an institution that is more focused on short term gains. After factor analysis sustainability is prioritized number 23 on the index with a factor magnitude of 0.586 with competent governance

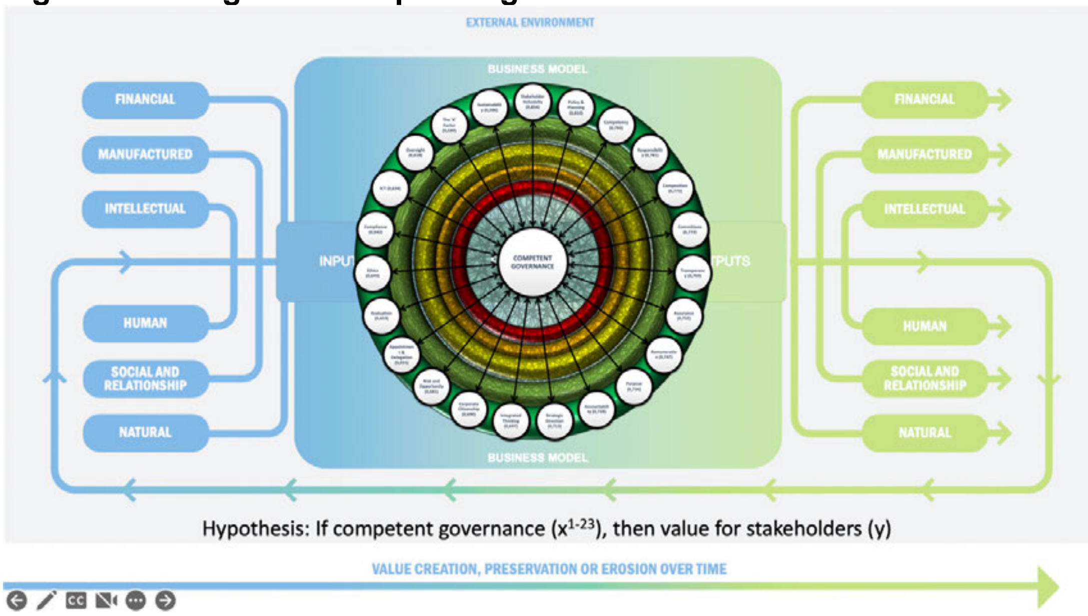
5.5 The mixing of results on competent governance

This section presents an explanation of governance by synthesizing results from the qualitative and quantitative phases. This is done by integrating interpretations with many ‘mixing’ techniques such as intertwining, consolidation, blending, converting, extreme case sampling, cross-case comparisons, and meta inferences (including the development process).

5.5.1 Leadership's profoundly shifting role

Leadership is shifting profoundly towards competence as seen in the figure below.

Figure 28: Integrated competent governance model



As can be seen in the figure above the business model has been extended specifically in the governance domain. Governance is presented as a hub and spoke embedded in the value creation business model. Variables have been synthesized from both methodological phases as well as the findings of an exploratory factor analytic process. Competent governance is the model's central hub, or purpose. The different levels of governance quality are represented by 5 concentric, colored, circles emanating from the hub. The competencies of governance are represented by 23 spokes. The inter-connected web of lines represents the positive correlations between competencies.

5.5.2 Competent governance is a complex and emergent synthesis of quantifiable competencies, events and experiences

Competent governance, from a different point of view, is a complex and emergent mixture of competencies, events and experiences as can be seen in the table below.

Table 22: Mixed method model of competent governance

					Competencies																						
	Criterion	Sub-Criterion	Meaningful Formulation	% Maturity	Stakeholder Inclusivity	Policy and Planning	Competency	Responsibility	Composition	Committees	Transparency	Assurance	Remuneration	Purpose	Accountability	Strategic Direction	Integrated Thinking	Corporate Citizenship	Risk and Opportunity	Appointment & Delegation	Evaluation	Ethic	Compliance	ICT	Oversight	The 'X' Factor	Sustainability
Events	Competent	Great	Great Corporate Governance occurs when leadership's performance (23 Competencies) exceeds stakeholder expectations.	100,00%	0,854	0,810	0,793	0,781	0,773	0,773	0,769	0,752	0,747	0,734	0,729	0,713	0,697	0,690	0,681	0,655	0,653	0,644	0,642	0,624	0,618	0,589	0,586
		Becoming great	Becoming a Good Corporate Governance occurs when leadership's performance (23 Competencies) begins exceeding stakeholder expectations.	85,00%	0,726	0,688	0,674	0,664	0,657	0,657	0,654	0,639	0,635	0,624	0,620	0,606	0,592	0,587	0,579	0,556	0,555	0,547	0,546	0,530	0,525	0,500	0,498
		Good	Good Corporate Governance occurs when leadership's performance (23 Competencies) meets stakeholder expectations.	75,00%	0,641	0,607	0,595	0,586	0,580	0,579	0,577	0,564	0,560	0,551	0,547	0,534	0,522	0,518	0,511	0,491	0,490	0,483	0,481	0,468	0,463	0,442	0,439
		Becoming good	Becoming a Good Corporate Governance occurs when leadership's performance (23 Competencies) begins meeting stakeholder expectations.	65,00%	0,555	0,526	0,515	0,508	0,503	0,502	0,500	0,489	0,486	0,477	0,474	0,463	0,453	0,449	0,443	0,425	0,425	0,419	0,417	0,405	0,402	0,383	0,381
	Incompetent	Incompetent	Incompetent Corporate Governance occurs when leadership's performance (23 Competencies) fails to meet stakeholder expectations.	49,99%	0,427	0,405	0,396	0,391	0,387	0,386	0,385	0,376	0,373	0,367	0,365	0,356	0,348	0,345	0,341	0,327	0,326	0,322	0,321	0,312	0,309	0,294	0,293
					Experiences																						

The table above shows that, the model appears different without any material change to the correlations between variables. Findings of both epistemologies are combined into a novel, complex and emergent stakeholder-aligned governance model. The integrated competent governance model has been embedded above as criteria and sub-criteria.

The model further provides a coherent response to the research objective that enquires into the mechanisms, events, and experiences of competent governance.

As prescribed in critical realism, the model provides all the elements necessary for a stakeholder-based, value creating, institution with a real, actual, and empirical domain. The real domain includes mechanisms as competencies, events as the future scenarios and the experiences as various measures. The actual domain is made up of events and experiences. The empirical domain is made up of experiences. Thus, the real domain includes all three dimensions of competent governance as a critically real social construct.

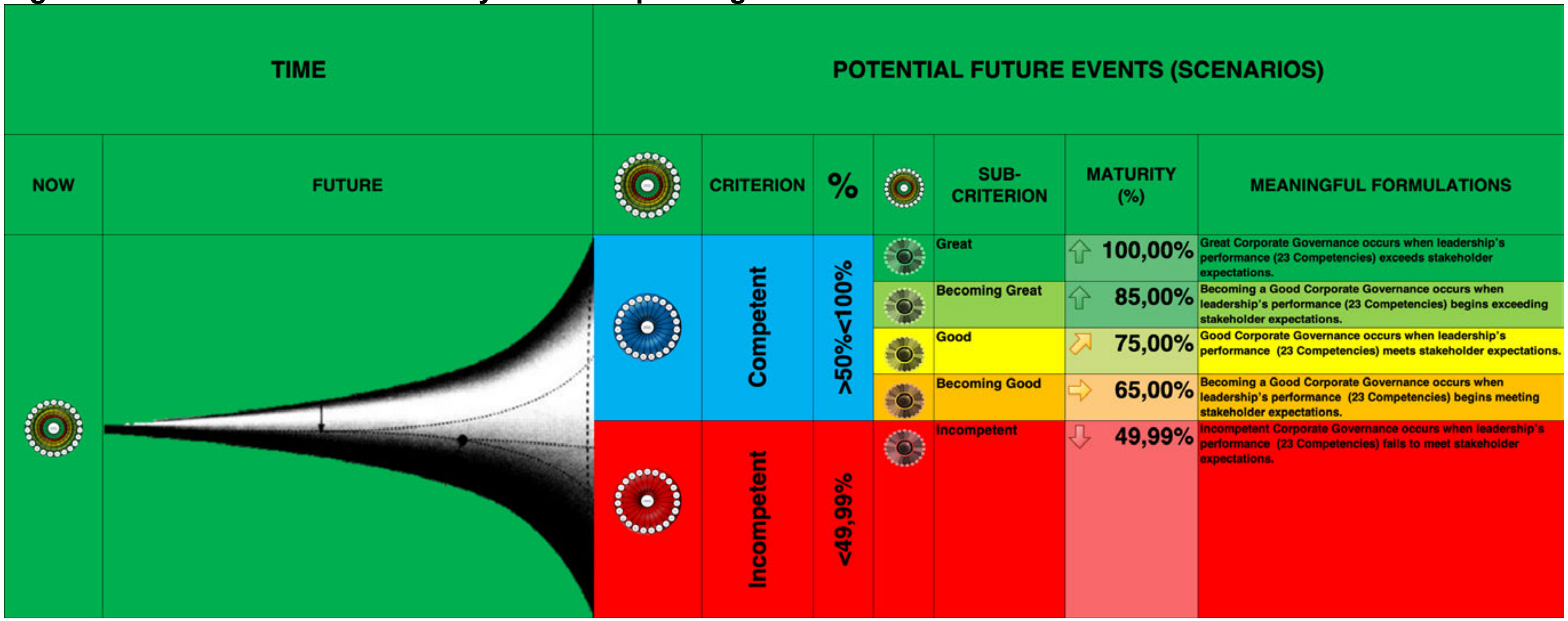
The mechanisms of competent governance are the 23 positively inter-correlated competencies. Each competency has a qualitative definition and a quantitative measure that indicates the strength of its correlation with competent governance. The events are the governance quality continuum that at its highest represents competent-great governance and at its lowest represents incompetent-bad governance. Competent governance occurs when the collective measure of competencies is greater than 50%. The great governance event measures as greater than 85% and lesser than 100%. The becoming great governance event measures as greater than 75% and lesser than 85%. The good governance event measures as greater than 65% and lesser than 75%. The becoming good governance event measures as greater than 50% and lesser than 65%. The incompetent-bad governance event occurs when the collective measure of competencies is less than 50%.

The experiences are the quantified nexus of mechanisms and events along the competent governance continuum. These experiences, collectively determine the events that are encountered in governance quality. They are quantified meaning they are measurable and can be used for performance planning, monitoring, and reporting.

5.5.3 The future scenario analysis of governance quality

Competent governance is a continuum of potential future events that begin with the present moment as seen in the figure below.

Figure 29: The future scenario analysis of competent governance



As seen in the figure above a novel model of future governance scenarios is presented as a predictive framework for governance quality. The model has two main constructs which are time and events (scenarios). The mechanisms that positively or negatively influence future events are the competencies presented in the previous section.

Time begins with the present moment and extends into the future. The present moment comprises of the current governance quality which is established with an assessment. Over time plans and policies approved by the governing body bring about changes to governance quality. These changes result in the quality of governance either increasing or decreasing.

Future scenarios of competent governance are made up of two major events. These are either competent or incompetent governance. Competent governance is blue in colour and occurs when governance quality exceeds 50%. The competent domain is further extended into four sub-criteria. The sub-criteria of competent governance are great governance, becoming great governance, good governance and becoming good governance.

Great governance is green in colour and occurs when governance quality is greater than 85% and less than 100%. Great governance occurs when leadership's performance (23 competencies) exceeds stakeholder expectations. Becoming great is light green in colour and occurs when governance quality is greater than 75% and less than 85%. Becoming a great occurs when leadership's performance (23 competencies) begins exceeding stakeholder expectations. Good is yellow in colour and occurs when governance quality is greater than 65% and less than 75%. Good governance occurs when leadership's performance (23 competencies) meets stakeholder expectations. Becoming good is orange in colour and occurs when governance quality is greater than 50% and less than 65%. Becoming good occurs when leadership's performance (23 competencies) begins meeting stakeholder expectations. Incompetent governance is red in colour and occurs when governance quality is less than 49.99%. Incompetent corporate governance occurs when leadership's performance (23 competencies) fails to meet stakeholder expectations.

5.5.4 Competent stakeholder will, not stakeholder governance, is the generative mechanism of competent governance, but not the only mechanism.

If stakeholder will (x) is moderated by stakeholder governance, then stakeholder value (y). Stakeholder governance has the strongest positive relationship with competent governance. This finding confirms that stakeholder governance is the causal power of competent governance which connects the event of stakeholder will as cause with stakeholder value effect. Furthermore, results confirm and extend the stakeholder theory by blending in novel assumptions on the role of stakeholders in the value creation process. After factor analysis stakeholder inclusivity is prioritized number 1 on the competent governance index with the highest scoring relationship (factor loading of 0.854) with competent governance. Thus, the claim is that competent governance results when a governing body meets and / or exceeds expectations by utilizing a stakeholder-inclusive philosophy, integrating the needs, interests, and expectations of material stakeholders, and building communities of accountability and participation.

Additionally, stakeholder governance correlates positively with all the other competencies as seen in the table below.

PREDICTOR VARIABLES	N - Valid	Accountability	Appointment & Delegation	Assurance	Committees	Competence	Compliance	Composition	Corporate Citizenship	Ethics	Performance Evaluation	ICT	Integrated Capital	Responsibility	Oversight	Planning, Policy and Bylaws	Purpose	Remuneration	Reporting	Risk and Opportunity	Stakeholders	Strategic Direction	Sustainability	X-Factor
Stakeholder Governance	85	0 625	0 518	0 627	0 653	0 610	0 382	0 572	0 592	0 600	0 625	0 526	0 576	0 728	0 447	0 668	0 691	0 684	0 663	0 588	1 000	0 481	0 465	0 545

As found in the table above stakeholder governance correlates positively with accountability (0,625), appointment & delegation (0,518), assurance (0,627), committees (0,653), competence (0,610), compliance (0,382), composition (0,572), corporate citizenship (0,592), ethics (0,600), performance evaluation (0,625), ict (0,526), integrated capital (0,576), responsibility (0,728), oversight (0,447), planning, policy and bylaws (0,668), purpose (0,691), remuneration (0,684), reporting (0,663), risk and opportunity (0,588), stakeholder governance (1,000), strategic direction (0,481), sustainability (0,465) and the x-factor (0,545).

One participant stated that community accountability and participation was essential for governance to succeed.

> *" How do we ensure that there is what many would call community accountability and participation, but that we've framed the constitution, we framed legislation in local government. Where the word community accountability, community participation features more than any other phrase." (Respondent 11)*

Thus, this finding extends stakeholder theory by stating that stakeholder satisfaction is not the only measure of success but also stakeholder accountability and participation. This is especially significant in the context of local governance where the "shareholders" are also the voters.

However, another participant stated that whilst politicians across the spectrum are competent in constituency work, they lack competence in important governance skills like financial management and supply chain management as seen in the quote below.

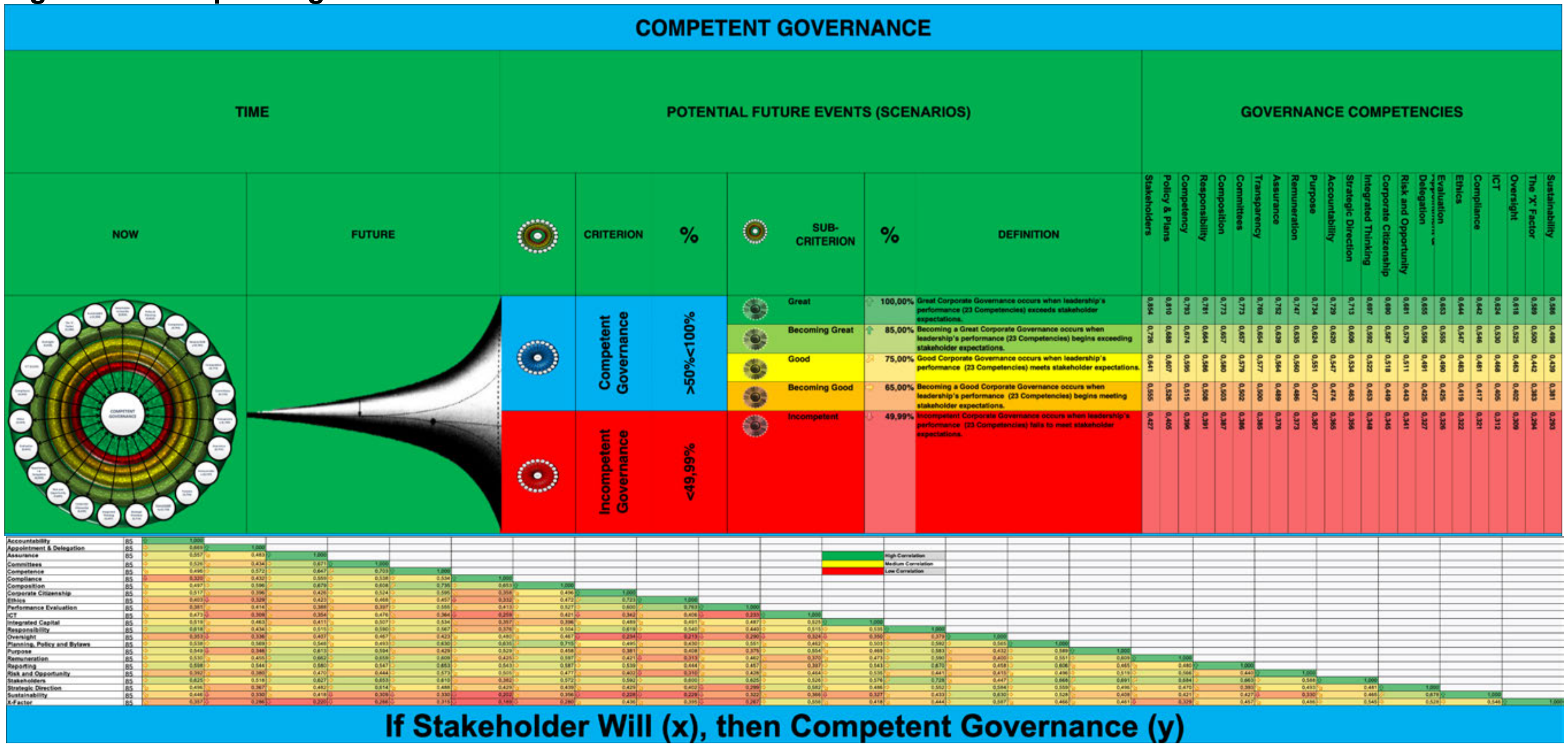
> *"Many councillors, even in the Metro, may be competent in constituency work, but totally inept at ensuring the Municipal Finance Management Act and Supply Chain Management regulations are adhered to. And this is across the political spectrum." (Respondent 22)*

Thus, this finding confusingly confirms why results probably placed stakeholder governance as number 1 on the index. Further research is needed to test this result.

5.5.5 Summative overview of mixed results

This section presented results from the mixing phase placing emphasis on a mixed method or critically real orientation as seen in the figure below.

Figure 30: Competent governance model



As seen in the figure above, the Competent Governance Model has been extended further by mixing, synthesizing, and integrating the findings of the qualitative and quantitative phases. Meta inferences have emerged as seen in the list below:

Meta-inference 1: Leadership is shifting towards competent representation.

Meta-inference 2: Competent governance is a mix of quantifiable mechanisms, events, and experiences.

Meta-inference 3: Future scenarios of governance quality are predictable.

Meta inference 4: Stakeholder will is necessary and sufficient for governance to be competent. That is, if stakeholder will, then competent governance.

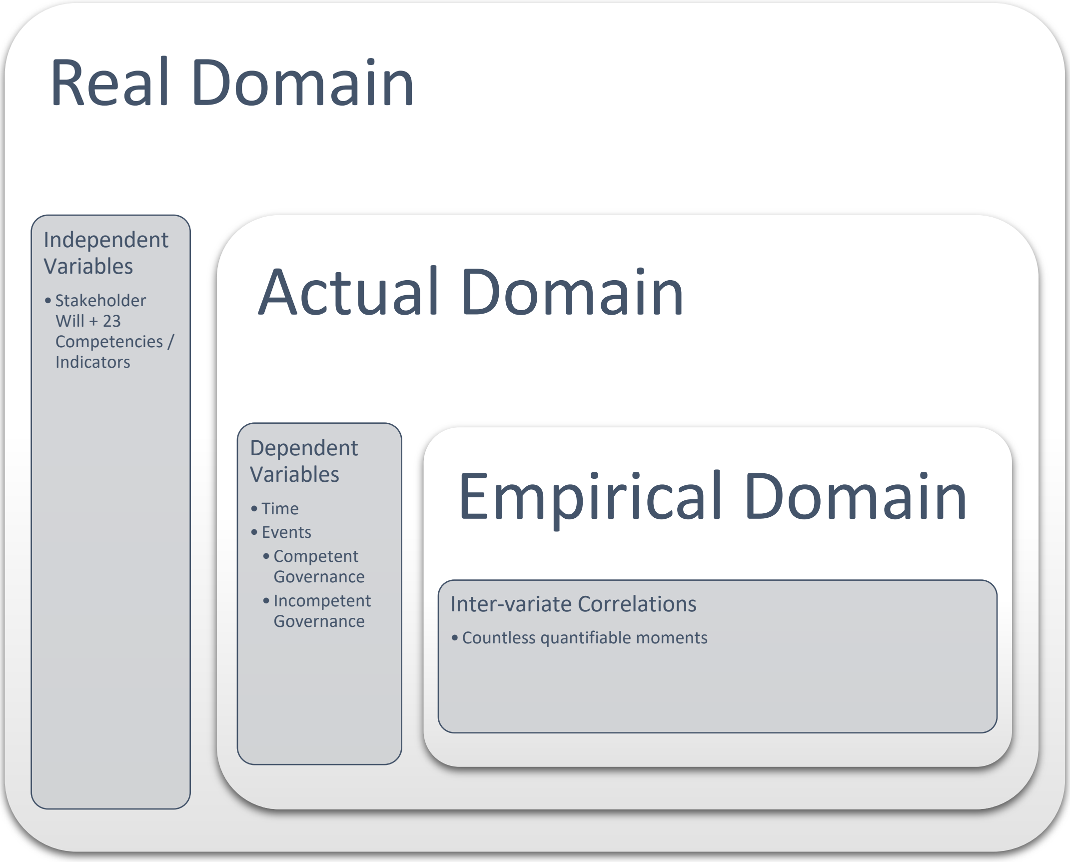
5.6 Discussion of findings

In the previous section results were presented, analyzed, and interpreted into claims. In this section the claims are summarized, explained, and examined into meta-inferences. Discussion of claims is concurrent with research questions, literature reviewed, theories and methodologies underpinning the study. The discussion specifically reflects on claims in relation to how they agree with existing positions, how they may disagree, what is the add to the literature and any implications for practice and directions for future research that they point us to. Thus, ensuring that there is an obvious integration of this study's findings with existing research and policy.

5.6.2 Extending governance theory

Overall results extend governance theory as seen in the figure below.

Figure 31: Competent governance theory



As shown in the figure above, governance theory has been extended by the results of the study. The purpose of corporate governance is to competently direct sustained value creation for stakeholders over time. The independent variables are stakeholder will and competence. Stakeholders stimulate value creation by exercising their will on the corporate governance system and the governing body create value by developing and exercising 23 governance competencies. The dependent variables are the various potential outcomes that result over time and are either competent- or incompetent-governance. Competent governance is made up of 4 sub-criteria beginning with great governance. The inter-variate correlations are the countless interactions that occur between the independent and dependent variables.

5.6.3 Extending governance research methodology

In this section the results contribution to research methodologies is discussed drawing specific attention to index construction and future scenario analysis as is found below.

5.6.3.1 Governance research in corporate governance indices

There is a large body of research that uses corporate governance indices as instruments to test propositions. This study has produced a corporate governance index as can be seen in the table below.

Table 23: Corporate governance index

Indicator	Practice	Factor Loading
Stakeholder	*results when a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation.*	**0,854**
Policy & Planning	*results when a governing body makes decisions by approving implementable, progressive, comprehensive plans and policies*	**0,810**
Competency	*results when a governing body collectively possesses, chooses and makes an effort to develop, behavioural characteristics that make it fit for purpose.*	**0,793**
Responsibility	*results when a governing body leads ethically and effectively by setting and steering strategic direction, approving planning, policy and or bylaws, overseeing performance and ensuring accountability.*	**0,781**
Composition	*results when a governing body comprises the appropriate proportions of competency, experience, diversity, and independence to objectively and effectively fulfill its governance role.*	**0,773**
Committees	*results when a governing body structures itself to determine independent judgement, the balance of power, and effective delegation.*	**0,773**
Transparency	*results when a governing body ensures that disclosed reporting entrusts stakeholders to make informed assessments of the institution s performance and prospects.*	**0,769**
Assurance	*results when a governing body ensures legitimacy by supporting an independent, combined assurance service and function.*	**0,752**
Remuneration	*results when a governing body ensures that the institution remunerates fairly, responsibly and transparently so as to promote the achievement of its purpose.*	**0,747**
Purpose	*results when a governing body sustainably builds value for stakeholders*	**0,734**
Accountability	*results when a governing body is the nexus (focal point) and custodian of accountability towards stakeholders.*	**0,729**
Strategic Direction	*results when a governing body sets and steers strategic direction by appreciating its core purpose, risks and opportunities, strategy, business model, performance and sustainable development as inseparable elements of the value creation process.*	**0,713**
Integrated Thinking	*results when a governing body directs the administration to wholistically transform financial, material, human, intellectual and social capital into value for stakeholders.*	**0,697**
Corporate Citizenship	*results when a governing body ensures that the institution is, and is seen to be, an active and responsible corporate citizen.*	**0,690**
Risk and Opportunity	*results when a governing body governs risk and opportunity with flexibility, responsibility and resilience to support the institution in setting and achieving its strategic objectives.*	**0,681**
Appointment & Delegation	*results when a governing body clearly demarcates the line separating the leadership and administrative role and responsibility.*	**0,655**
Evaluation	*results when a governing body evaluates the performance of itself, its committees, its chairperson and its directors to support ethical and effective leadership.*	**0,653**
Ethic	*results when a governing body governs the ethics of itself and the institution in a way that secures stakeholder trust.*	**0,644**
Compliance	*results when a governing body asserts legitimacy through compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the institution being ethical and a good corporate citizen.*	**0,642**
ICT	*results when a governing body governs information, communication and technology innovatively, supporting connectivity and agility for the Fourth Industrial Revolution.*	**0,624**
Oversight	*results when a governing body transversally oversees managements performance.*	**0,618**
The 'X' Factor	*results when a governing body changes its frame of analysis to consider out-of-the-box material factors*	**0,589**
Sustainability	*results when a governing body ensures development meets the needs of the present without compromising the ability of future generations to meet their needs.*	**0,586**

As can be seen in the table above the corporate governance Index indicators are behavioral, prioritized, have associated practices, and are weighted. Prioritization and weighting are omitted in index construction. Corporate governance Index construction methodologies are mostly econometric with single method longitudinal design, unprioritized, have definitions but are unweighted as can be found in the chronological list of published research below.

As can be found in the list above, many of the studies produce their index from the country-specific corporate governance regulations and then use them, in a binary survey, to test hypothesis using time series data from public sources such as annual reports and databases. Very few spend considerable resources on the index construction which contrasts with the behavioural sciences.

In the behavioural sciences, exploratory sequential mixed method design is used to construct reliable and valid scales used for testing such as psychometrics. Therefore, the corporate governance index resulting from this study departs from econometric approaches, providing a novel index construction methodology used to test causal hypothesis such as, if corporate governance then performance and other propositions.

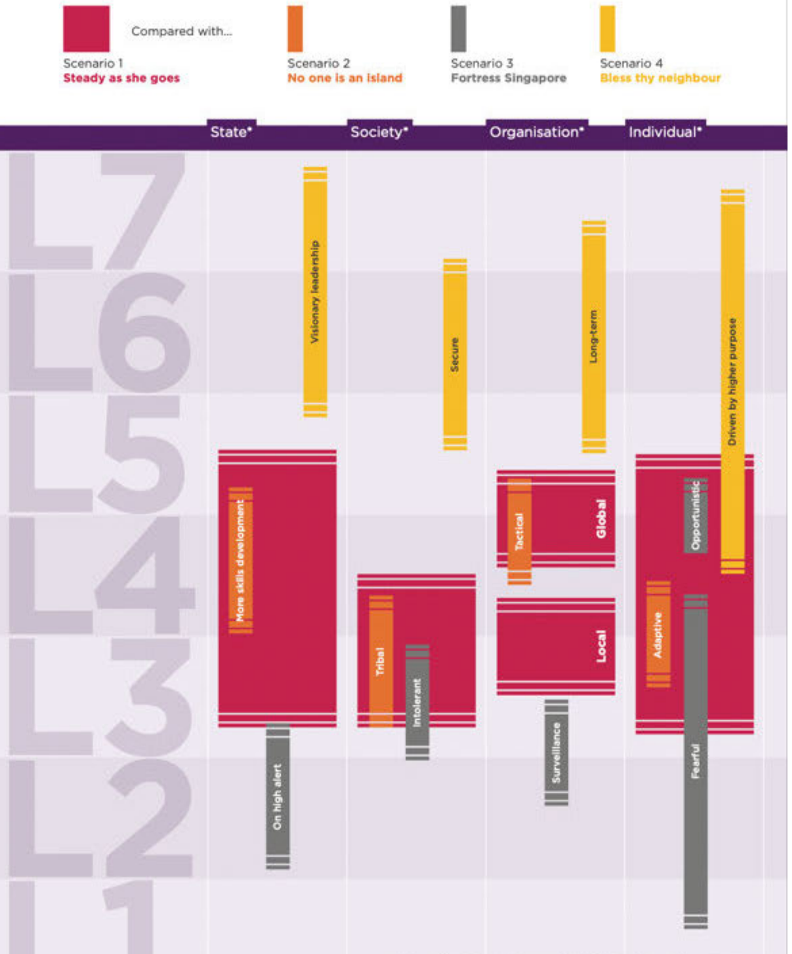
5.6.3.2 Governance research in future scenario analysis

The talent in Singapore Maturity Model describes how a 7-level maturity model predicts the talent of countries, cities, institutions, organizations, and individuals. As highlighted in table 24 on the next page, the model was developed using future scenario analysis and the Delphic methodologies. It extends this further by placing the model in various future scenario's and describing how the various maturity levels adjust to the scenarios. It is important to note that the maturity levels are all different from each other. This makes comparability difficult and theoretically problematic. For example, Level 4 on learning and developing is significant at all levels of maturity. The same argument applies for all the other levels. Another critique is that level 3 and 6 are similar while the other levels are distinctly different. Thus, factor analysis would merge 3 and 6 into one factor with 2 aspects in the interests of conceptual parsimony.

Table 24: Talent in Singapore Maturity Model

Table 1: Maturity model describing choices by four actors: state, society, an organisation and individuals

Level of maturity	State*	Society*	Organisation*	Individual*
LEVEL 7 Visionary. Sees issues holistically and grapples with principles, identity and what will make a difference. Systemic approach.	Leads on global issues for the long-term good of all. An exemplar of principled, inclusive governance. Willing to take tough decisions, while also forgiving of fallibility.	Able to enact and live by espoused principles, especially when defending the rights, interests or dignity of others.	Assumes leadership in making long-term, difficult, sometimes immediately costly decisions for the long-term benefit of the whole.	Weighs up choices using ethical principles for the whole/'greater good' beyond the needs of oneself. Mastery of important externalities.
LEVEL 6 From 'me' to 'we'. Appreciates complexity of values and ethics. Accepts and respects difference and diversity.	Sees itself as a force for good. Appreciates the interests and cultures of other nations.	Able to rise above sectarian interests and finds common ground on which to build stronger bonds without dismissing difference.	Sees itself and behaves as an integral part of society.	Sees oneself as part of something bigger and appreciates the validity of the other's view. Appreciates and understands risks well.
LEVEL 5 Interconnectedness. Joins the dots. Innovates. Able to identify patterns and make connections to achieve goals in a new way.	Applies innovative and creative approaches to address issues of the day. Human capital is one key resources to better, fulfilling lives for citizens.	Able to engage conceptually (vs. 'I am the measure of all knowledge/truths'). Creative, questioning and able to tackle sacred cows. High trust.	Openess to trying new thinking and ways of working. Takes risks. Failure does not result in censure. Confident.	Makes new connections and creates something new. Beginning to think 'outside the box'.
LEVEL 4 Learning and developing. Belief in progress and one's agency to effect change.	Sees integrated development of human capital (education, skills, industrial master plan, and so on) strategically as national interest priorities.	Values learning of all kinds. The development of individual potential for own sake is important.	Nurtures a culture of learning both individually and corporately. Learning and development is encouraged and supported.	Aware of the need to develop potential and is constantly learning.
LEVEL 3 Belonging. Establishing interconnections that foster group identity.	Has developed a national identity/ mythology which all are encouraged to embrace.	Shows some respect and tolerance of the 'other'. Embraces difference and bestows rights on minorities within comfort levels.	Supports social networks and communities reinforced by common values, functions, interests, and so on	Has ability to analyse situation and adapt response to achieve prescribed outcome.
LEVEL 2 Order. Planning and processes in place to ensure consistency but not always rigorous or disciplined.	Has functioning administration delivering public goods and infrastructure.	Establishes common rules of engagement and recognised authorities to lead and arbitrate.	Seeks consistency and predictability by setting up policies and procedures.	Able to apply those skills and knowledge under direction.
LEVEL 1 Survival. No systems. Ad hoc, uncertain, dynamic and reactive.	Ensures that there are the bare necessities. Subsistence.	Caters to basic needs. Some security. Basic freedoms to go about one's life.	Has basic administration to run a business. Adjusts where and when necessary.	Has knowledge and skill for the task at hand.



*Acknowledging that the extent to which each unit of analysis has agency or holds a position on any issue is subject to context, and the influence of others.

Source: adapted from The Chartered Institute of Personnel and Development, (2016)

5.6.4 Extending South African governance policy

South Africa's public and private sector governance policy is extended by the findings of the study as narrated in the subsequent discussions. The discussions look at both public and private sector governance making recommendations that competency be embedded as a first order governance mandate.

5.6.4.1 Public sector governance policy

South Africa's highest policy, the Constitution, mentions the word competent 12 times but predominantly within the legal context of a competent authority, not within the context of behavioural capability. It is recommended that the constitution's mandate be extended to include competence as an essential requirement for governance. For example, the constitution's preamble should include competent as indicated in bold below.

> *"We, the people of South Africa,*
> *Recognize the injustices of our past;*
> *Honor those who suffered for justice and freedom in our land;*
> *Respect those who have worked to build and develop our country; and*
> *Believe that South Africa belongs to all who live in it, united in our diversity.*
> *We therefore, through our freely elected and* ***competent*** *representatives, adopt this Constitution as the supreme law of the Republic so as to -*
>
> > *Heal the divisions of the past and establish a society based on democratic values, social justice, and fundamental human rights;*
> > *Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;*
> > *Improve the quality of life of all citizens and free the potential of each person; and*
> > *Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.*
>
> *May God protect our people.*
> *Nkosi Sikelel' iAfrika.*
> *Morena boloka setjhaba sa heso.*
> *God seën Suid-Afrika.*
> *God bless South Africa.*
> *Mudzimu fhatutshedza Afurika.*
> *Hosi katekisa Afrika."*

As seen above the recommendation is that the will of the South African people (Stakeholder Will) are used to constitutionally and freely elect competent representatives to govern. Thus, leadership must acquire, and exercise essential behavioural characteristics found to correlate positively with sustained value creation for stakeholders.

5.6.4.2 Private sector governance policy

The Companies Act 71 of 2008 of South Africa is the mandatory policy for companies in South Africa. It makes specific reference to the expectations of corporate governance quality in its purpose statement as seen in the extract below.

> *"The purposes of this (Companies) Act are to-*
>
> *(a) promote compliance with the Bill of Rights as provided for in the Constitution, in the application of company law;*
>
> *(b) promote the development of the South African economy by-*
>
> *(i) encouraging entrepreneurship and enterprise efficiency;*
>
> *(ii) creating flexibility and simplicity in the formation and maintenance of companies; and*
>
> *(iii)* ***enforcing*** *transparency and high standards of* ***competent*** *corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation;"*
>
> Source: Republic of South Africa, (2011, p. 33)

As highlighted in the extract above, it is recommended that the encouragement of transparency and high standards of corporate governance must include the principle of competency as found in this study. Furthermore, these principles must not just be encouraged but mandatory and enforced. Thus, stimulating the allocation of more capital to sustainably developing South Africa's quality of Corporate Governance, *"given the significant role of enterprises within the social and economic life of the nation".*

5.6.5 Extending the research agenda of corporate governance

5.6.5.1 Testing the model's causal potential

Using the social sciences causal model presented by Antonakis 2010, the model can be tested for causal inference with 3 simultaneous equations with the following hypotheses as seen in the list below.

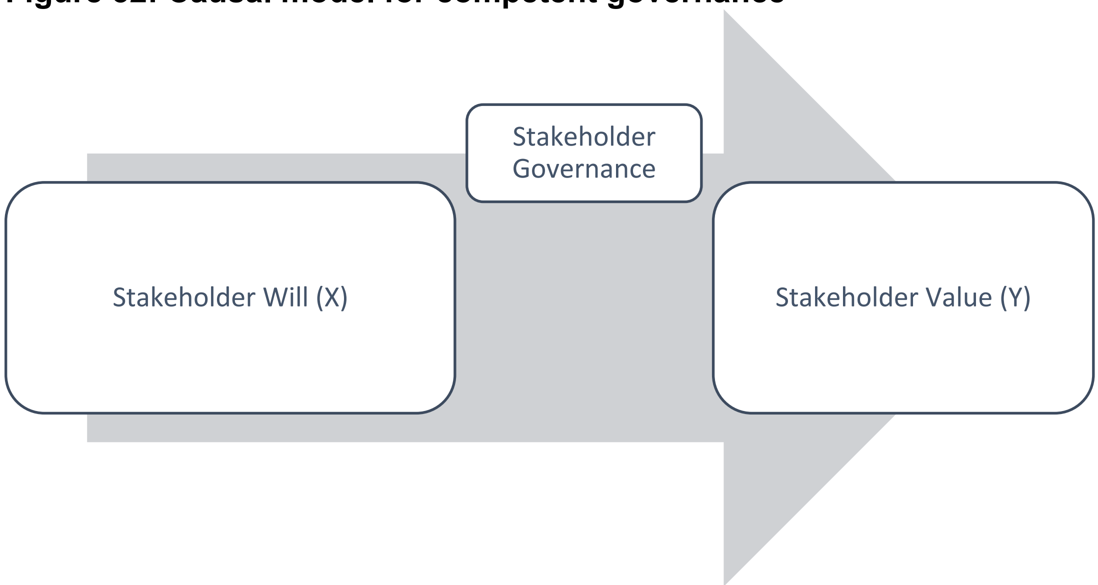
1. If competent governance, then performance and value.
2. If value, then competent governance and performance.
3. If performance, then competent governance and value.

As can be seen in the list of hypotheses above the model can be used to survey governance quality in different institutions in private and public sectors and utilizing econometrics for value and performance.

5.6.5.2 Extending governance research with stakeholder theory

Another research agenda is the extension of governance theory with stakeholder theory as seen in the figure below.

Figure 32: Causal model for competent governance



As shown in the figure above, stakeholder will is the cause (x) of stakeholder value (y) with stakeholder governance as the causal mechanism that moderates the relationship between will and value.

5.7 Conclusion

This chapter focused on the data presentation, analysis, and presentation of the ESMMR. It then discussed the findings

The stratum of leadership mechanisms for a competent governing body have been explored, described, and explained. The conceptual domain and a valid measure have been discovered. The study has shown that the answers to competent governance are not straight forward and in some cases contradictory. Regrettably the results are conditional and fall short of governance as it is experienced. However, they add further completeness to the social phenomenon called corporate governance.

Chapter 6 presents a guideline on the study findings.

CHAPTER 6: GUIDELINE FOR CORPORATE GOVERNANCE PROFESSIONALS

6.1 Background of the guidelines

This chapter discusses the development of guideline for governing bodies on the transition of their policy framework. The process of guideline-development is divided according to topics and subtopics and is based on the Integrated Competent Governance Model as seen in the figure below.

The conclusion presented at the end of the chapter offers a summative overview of the theory development process.

6.2 Scope of the guideline

The guideline's scope is delimited to governance and its regulation in South Africa.

6.3 Objectives of the guideline

The objectives of this guideline are: -

1. To promote the continuous improvement of governance as a discipline.
2. To encourage policy reform towards more competent governance.
3. To mitigate the costs of the agency problem.
4. To increase the benefit to Stakeholders by enhancing the quality improvement measures of governing bodies.
5. To demonstrate the integrating power of the corporate governance index in the governance system.
6. To accelerate adoption of the competent corporate governance methodology.

6.4 Guidelines development procedure

This section discusses guidelines formulation procedures, logical reasoning processes and rationalization of guidelines development.

6.4.1 Guideline formulation procedures

Research results served as the basis for the development of the first draft of the guideline for the continuous improvement of Corporate Governance.

6.4.2 Logical reasoning processes

The following principles underpin the guideline's logical reasoning processes.

6.4.2.1 Stakeholder inclusivity

The stakeholder inclusive principle is the most important indicator of corporate governance in this context and all previous discussions therein apply.

6.4.2.2 Smart measurement

The smart principle is a widely accepted acronym used in performance management and should be used liberally in governance. It basically means that processes should be specific, measurable, achievable, realistic, and time-based.

6.4.2.3 Results-based

The results-based principle is based on the premise that governance processes should begin with the end in mind, like a journey that begins with a map.

6.4.2.4 Integration

The integration principle is based on the premise that multiple governance indicators work together because of the forces of complementarity and substitutability. Also, and importantly, the integration principle includes integrity of information which is crucial to ensure transparency.

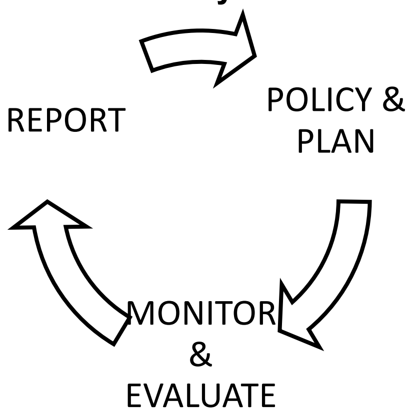
6.4.2.5 Cost-benefit

The cost benefit principle is based on the premise that the cost of any intervention must be mitigated by its benefits.

6.4.3 The cycle of competent governance

The Governance assessment process is the most important because it is a continuous activity throughout the cycle as seen in the figure below.

Figure 33: The Competent Governance Cycle



The governance cycle is like most processes in systems in that it is based on the input, process, output model. Therefore, the competent governance cycle includes policy and planning, monitoring and evaluation and reporting. Throughout the cycle of governance Assessment is continuously done to ensure leadership is apprised to the state of its governance quality.

6.4.4 Purpose of the guideline

Guidelines, by general definition, are described as a rule, principle, or piece of advice. This guideline is a piece of advice on how to use Fuchs's Competent Governance Theory to appraise and continuously improve the performance quality of an organization's governing body. Appraisal is relevant because, at any given time, principle stakeholders should be able to access information on the quality of their organization's governance. Continuous improvement is relevant because, once a baseline quality is establishment, a governing body should strive to continuously improve its performance from one level of maturity to the next. Thus, these guidelines are a crucial aspect of utilizing the resultant model to appraise and develop governance especially in a South African, local government context. However, it must be noted, that the research has produced a model aligned to theory, which suggests that the model can be generalized to corporate governance in other sectors other than municipal governance. For example, the Institute of Internal Auditors of South

Africa used expert opinion to produce a multi-sectoral corporate governance index to appraise the quality of corporate governance in South Africa. Similarly, it is the intention of this project, that the model is utilized for a similar purpose given that empirically the formulation methodologically of this Index is more rigorous.

It is also the rationale of the guideline, to provide direction, for policy reform in the corporate governance discipline. South Africa's nascent democracy has a unique and complex governance landscape, strongly influenced by the historical injustices of apartheid. This guideline intends to add value to that paradigm by spotlighting the crucial need for competence in governing bodies, especially those intending to exceed stakeholder-based value creation expectations for which they are accountable. Hence, the model provides all the elements needed for policy reform in that each indicator is an empirically validated corporate governance principle from which can be developed a plethora of practices which will be unique to each context.

6.4.5 An important note on digitization

It is recommended that organizations adopt agile systems at their earliest opportunity so that the demands of an accelerating 4IR do not leave them behind. Thus, ideally, assessment should be continuous, SMART, real-time, accessible, and accurate.

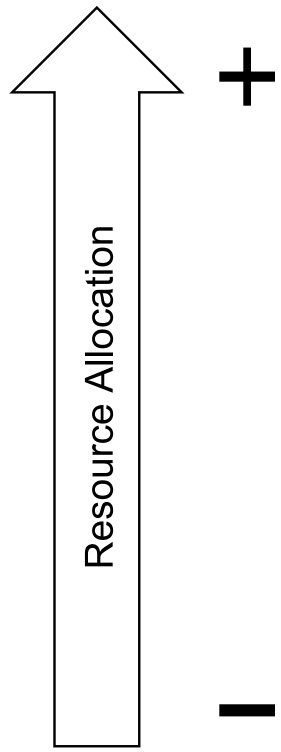
6.5 Guideline for competent corporate governance

Drawing from the Competent Governance Theory as seen in Table 29, the guideline provides a decision-making framework on key corporate governance activities in the cycle of governance.

6.5.1 Governance policy development

The governing body should, at its earliest opportunity, confirm its commitment to change by adopting a competent governance policy. The policy should include a framework of all the variables of the model as seen in the figure below.

1. ***Stakeholder Governance Policy***
2. ***Policy & Planning Governance Policy***
3. ***Competency Governance Policy***
4. ***Leadership Responsibility Governance Policy***
5. ***Composition Governance Policy***
6. ***Committees Governance Policy***
7. ***Transparency Governance Policy***
8. ***Assurance Governance Policy***
9. ***Remuneration Governance Policy***
10. ***Accountability Governance Policy***
11. ***Strategic Governance Policy***
12. ***Integration Governance Policy***
13. ***Corporate Citizenship Governance Policy***
14. ***Risk and Opportunity Governance Policy***
15. ***Appointment & Delegation Governance Policy***
16. ***Performance Evaluation Governance Policy***
17. ***Ethical Governance Policy***
18. ***Compliance Governance Policy***
19. ***ICT Governance Policy***
20. ***Oversight Governance Policy***
21. ***Sustainability Governance Policy***



As can be seen in the prioritized policy framework above, indicators with the highest correlation with governance quality should be on the top of the list and allocated the most resources to ensure that the policies potential for value creation is highest.

6.5.2 Continuous assessment and diagnosis of the governing body’s current quality

Governance quality assessment is the most important part of the guideline. The corporate governance index should be used to assess and diagnose the corporate governance quality as found in the table below.

Table 25: Hypothetical example of a Governance Quality Assessment.

KEY PERFORMANCE INDICATOR	MEASURE				
Stakeholder Inclusivity	0,854	0,726	0,641	0,555	**0,427**
Policy & Planning	**0,810**	0,688	0,607	0,526	0,405
Competency	0,793	0,674	0,595	**0,515**	0,396
Responsibility	0,781	0,664	0,586	0,508	**0,391**
Composition	0,773	0,657	0,580	0,503	**0,387**
Committees	0,773	**0,657**	0,579	0,502	0,386
Transparency	0,769	**0,654**	0,577	0,500	0,385
Assurance	0,752	0,639	**0,564**	0,489	0,376
Remuneration	0,747	0,635	0,560	0,486	**0,373**
Purpose	0,734	0,624	**0,551**	0,477	0,367
Accountability	0,729	0,620	0,547	**0,474**	0,365
Strategic Direction	0,713	**0,606**	0,534	0,463	0,356
Integrated Thinking	0,697	0,592	0,522	0,453	**0,348**
Corporate Citizenship	0,690	**0,587**	0,518	0,449	0,345
Risk and Opportunity	0,681	0,579	0,511	**0,443**	0,341
Appointment &	**0,655**	0,556	0,491	0,425	0,327
Evaluation	0,653	0,555	**0,490**	0,425	0,326
Ethic	0,644	0,547	0,483	**0,419**	0,322
Compliance	0,642	0,546	**0,481**	0,417	0,321
ICT	0,624	0,530	0,468	**0,405**	0,312
Oversight	0,618	0,525	0,463	**0,402**	0,309
The 'X' Factor	0,589	0,500	**0,442**	0,383	0,294
Sustainability	0,586	**0,498**	0,439	0,381	0,293

As can be seen in the table above the diagnosis is either great, becoming great, good, becoming good, and bad using the corporate governance maturity model as a map. As can be seen in the hypothetical example below, the assessment evaluates the maturity of each of the 23 indicators relevant to the valid measure of corporate governance established in the research. Furthermore, it extends the theory further by framing it within a competency criterion-based corporate governance maturity model. This way a comprehensive roadmap is provided within which future changes in direction can be decided. In the example assessment below, see how key performance indicators (also known as mechanisms) are coloured according to their maturity. See how the factor loading is boldened to indicate the quality of each key performance indicators.

6.5.3 Adopt the governing body's plan for the next five years

The governing body should, at its earliest opportunity, adopt an actionable, corporate governance plan frame worked by the corporate governance index as seen in the table below.

Table 26: Hypothetical example of a governance plan.

KEY PERFORMANCE INDICATOR	MEASURE				
Stakeholder Inclusivity	0 854	0,726	0,641	**0,555**	0,427
Policy & Planning	**0,810**	0,688	0,607	0,526	0,405
Competency	0 793	0,674	**0,595**	0,515	0,396
Responsibility	0 781	0,664	0,586	**0,508**	0,391
Composition	0 773	0,657	0,580	**0,503**	0,387
Committees	**0,773**	0,657	0,579	0,502	0,386
Transparency	**0,769**	0,654	0,577	0,500	0,385
Assurance	0 752	**0,639**	0,564	0,489	0,376
Remuneration	0 747	0,635	0,560	**0,486**	0,373
Purpose	**0,734**	**0,624**	0,551	0,477	0,367
Accountability	0 729	0,620	**0,547**	0,474	0,365
Strategic Direction	**0,713**	0,606	0,534	0,463	0,356
Integrated Thinking	0 697	0,592	0,522	**0,453**	0,348
Corporate Citizenship	**0,690**	0,587	0,518	0,449	0,345
Risk and Opportunity	0 681	0,579	**0,511**	0,443	0,341
Appointment &	**0,655**	0,556	0,491	0,425	0,327
Evaluation	0 653	**0,555**	0,490	0,425	0,326
Ethic	0 644	0,547	**0,483**	0,419	0,322
Compliance	0 642	**0,546**	0,481	0,417	0,321
ICT	0 624	0,530	**0,468**	0,405	0,312
Oversight	0 618	0,525	**0,463**	0,402	0,309
The 'X' Factor	0 589	**0,500**	0,442	0,383	0,294
Sustainability	**0,586**	0,498	0,439	0,381	0,293

As shown in the table above the plan should be developed using formative scenario analysis methodology. The plan should include all the elements of the policy however should be future focused. The plan should shed light on the organization's core competency and key performance functions. Compare the previous plan to the new plan and note functional changes. As can be seen in the example planning dashboard below each key corporate governance indicator's quality will improve by one referenced maturity criterion at a time. Also note that the plan aims to pull all the indicators out of the red criterion of incompetence in the first time. Key performance indicator's that are already 'great' are labelled blue to indicate that they should plan to go beyond previous performances that are not in the model. Further deviations from the great measure should be incentivized to keep up the exceptional work through reward and recognition.

6.5.4 Monitor and evaluate governance quality

As can be seen in the hypothetical example below each key corporate governance indicator's performance is monitored and evaluated through an oversight function as seen in the table below.

Table 27: Hypothetical example of Governance Monitoring and Evaluation

KEY PERFORMANCE INDICATOR	MEASURE				
Stakeholder Inclusivity	0,854	0,726	0,641	0,555	0,427
Policy & Planning	0,810	0,688	0,607	0,526	0,405
Competency	0,793	0,674	0,595	0,515	0,396
Responsibility	0,781	0,664	0,586	0,508	0,391
Composition	0,773	0,657	0,580	0,503	0,387
Committees	0,773	0,657	0,579	0,502	0,386
Transparency	0,769	0,654	0,577	0,500	0,385
Assurance	0,752	0,639	0,564	0,489	0,376
Remuneration	0,747	0,635	0,560	0,486	0,373
Purpose	0,734	0,624	0,551	0,477	0,367
Accountability	0,729	0,620	0,547	0,474	0,365
Strategic Direction	0,713	0,606	0,534	0,463	0,356
Integrated Thinking	0,697	0,592	0,522	0,453	0,348
Corporate Citizenship	0,690	0,587	0,518	0,449	0,345
Risk and Opportunity	0,681	0,579	0,511	0,443	0,341
Appointment &	0,655	0,556	0,491	0,425	0,327
Evaluation	0,653	0,555	0,490	0,425	0,326
Ethic	0,644	0,547	0,483	0,419	0,322
Compliance	0,642	0,546	0,481	0,417	0,321
ICT	0,624	0,530	0,468	0,405	0,312
Oversight	0,618	0,525	0,463	0,402	0,309
The 'X' Factor	0,589	0,500	0,442	0,383	0,294
Sustainability	0,586	0,498	0,439	0,381	0,293

As shown in the table above the system should be agile and therefore provide a live, mobile-friendly, SMART dashboard with real-time performance feedback. If this is not the case, then the oversight exercise should be done at regular intervals in the year such as quarters. It may happen that a variable decline instead of improves as seen in the example with assurance, ethics, and compliance. It was planned that they would improve but an erosion of ethical culture in the finance cluster led to a legitimacy scandal and the closest correlated indicators declined into the red thus affecting corporate citizenship reputation and stakeholder sentiment. Therefore, the quality of the whole index was dragged down with it. The ICT policy gained traction and a new SMART, real-time, dashboard was implemented successfully promoting a more agile governing body. Just in time to assist the governing body to respond with flexibility and efficiency and timeously to the legitimacy crisis that was starting to impact the stakeholder perception of the organization as a responsible corporate citizen.

6.5.5 Reporting (transparency, communication)

In the final reporting phase, the process of governance planning, oversight and evaluation are reflected upon according to the maturity criterion as can be seen in the hypothetical reporting dashboard below.

Table 28: Hypothetical example of governance results for reporting

KEY PERFORMANCE INDICATOR	MEASURE				
Stakeholder Inclusivity	0,854	0,726	0,641	0,555	0,427
Policy & Planning	0,810	0,688	0,607	0,526	0,405
Competency	0,793	0,674	0,595	0,515	0,396
Responsibility	0,781	0,664	0,586	0,508	0,391
Composition	0,773	0,657	0,580	0,503	0,387
Committees	0,773	0,657	0,579	0,502	0,386
Transparency	0,769	0,654	0,577	0,500	0,385
Assurance	0,752	0,639	0,564	0,489	0,376
Remuneration	0,747	0,635	0,560	0,486	0,373
Purpose	0,734	0,624	0,551	0,477	0,367
Accountability	0,729	0,620	0,547	0,474	0,365
Strategic Direction	0,713	0,606	0,534	0,463	0,356
Integrated Thinking	0,697	0,592	0,522	0,453	0,348
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Risk and Opportunity	0,681	0,579	0,511	0,443	0,341
Appointment &	0,655	0,556	0,491	0,425	0,327
Evaluation	0,653	0,555	0,490	0,425	0,326
Ethic	0,644	0,547	0,483	0,419	0,322
Compliance	0,642	0,546	0,481	0,417	0,321
ICT	0,624	0,530	0,468	0,405	0,312
Oversight	0,618	0,525	0,463	0,402	0,309
The 'X' Factor	0,589	0,500	0,442	0,383	0,294
Sustainability	0,586	0,498	0,439	0,381	0,293

As seen above corporate scandal occurred in the 2nd quarter threatening to devalue the company however accountability, responsibility, stakeholder inclusivity, and oversight were increased, and the reputation of the corporate as a responsible citizen was saved. The successful implementation of the ICT policy meant that a new smart, real-time, dashboard provided the governing body with actionable data for agile decision making and they were able to ensure business continued despite the challenges of the day. Corporate citizenship declined by 3 levels of maturity overall due to the reputational damage however the ICT system has implemented a communications campaign that is stakeholder-focused and positive results are already evident. The ethical culture of the organization was however not able to recover fully before the time of reporting and future policy review will focus on this critical indicator.

6.5.6 Guideline risk

The guideline, like all interventions, has some risk. The main risk to the successful implementation of the guideline is an absence of stakeholder will for competent governance. In South Africa stakeholder will for value is overshadowed by the imperative to correct the social injustice of apartheid with radical transformation policy. An institution seeking to adopt this guideline will inevitably face a point where they will be compelled to choose between value and transformation. For example, in 2022 Dischem, a JSE listed corporation was compelled to radically transform their management structures for non-compliance with legislation or face substantial financial consequences. In circumstances like this, stakeholders choose legitimacy despite competent governance's positive relationship with value.

6.6 Summary of the chapter

The chapter elaborates on guidelines development procedures including their logical development. Rationale for developing the guidelines is presented, followed by the actual guideline which presents the governance cycle with the corporate's governance index's use. The guideline is based on emergent evidence, and critically, each is supported by a list of recommendations to be taken account of by stakeholders. The next chapter presents conclusions, recommendations, and limitations of the study.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

This chapter provides an overview of conclusions and recommendations discovered in findings, limitations encountered during the study, novel inputs made by the study and the recommendations made by the researcher regarding corporate governance research and practice and further research in the discipline. The study's primary purpose was to analyze contemporary corporate governance quality as relevant to determining institutional value and formulate a valid measure that reliably frameworks competent Corporate Governance.

To actualize this, the researcher designed an exploratory sequential mixed method study. This research design offered a more integrated interpretation of corporate governance as it used both phenomenological and positivist data. It did this by sequentially collecting and analyzing qualitative and then quantitative data and mixing claims into integrated meta-inferences of Corporate Governance. Additionally, the study aimed to develop a valid measure for competent corporate governance that extends theory and practice in business administration. Thus, a model identified as the "Competent Corporate governance Index" resulted as presented in Chapters 5 and 6.

As shown in Chapter 4, data was collected from a population of practicing corporate governance elites in the eThekwini Metropolitan Municipality of the KwaZulu Natal Province in South Africa. Initially semi-structured interviews were held with a total of twelve (n=12) respondents. After consent was given, an interview protocol framed discussions. Digital recordings were transcribed, anonymized, coded and processed into hermeneutic claims. Thereafter an electronic survey was conducted with a total of eighty-five (n=85) respondents to test the relevance of results from the qualitative phase. After consent was given, an electronic survey protocol was completed. Responses were prepared into raw data and processed using exploratory factor analysis with

SPSS. This approach enabled the research to develop a valid scale corporate governance quality.

To this date, there is no recorded research conducted in eThekwini Metropolitan Municipality that assesses governance quality and regulates decision making on governance development.

Therefore, the findings of this study aid South African public and private sector governance regulators to assess quality and provide direction on continuous improvement along a continuum of potential future scenarios. Examples of regulators include the Auditor General of South Africa, The South African Local Government Agency, Institute of Directors of South Africa, Internal Auditors Association of South Africa, as well as governance consulting firms contracted to improve governing body performance. It is expected that the corporate governance index will also be valuable for assisting markets in predicting future value of listed companies.

It is also empirical to note the influence a competent governance has on decision making that creates value for stakeholders. The materiality of sustainably improving governance quality can never be overemphasized. It is as important to institutions as the brain to the effective and efficient functioning of a body. Competent governance directs the sustainable development of institutions and the societies in which they are corporate citizens. Thus, there are major benefits to improving the quality of governing body performance.

7.2 The purpose of the study

The purpose of the was study to analyze contemporary corporate governance quality as relevant to determining institutional value and formulate a valid measure that reliably frameworks competent Corporate Governance.

7.3 Research design

In this study, a critical realist-led exploratory sequential mixed method research design was used to explore, describe, and explain the influence of competence on governance quality. Bhaskar (Buch-Hansen 2005) postulated critical realism to work through the methodological dualisms and transcend the splits in the social sciences by isolating a distinctive domain that resolves the problem of structure and agency. Creswell (2013, p. 225) recommended that ESMMR is a useful procedure for moving from the qualitative data analysis to scale development and that the intent of the strategy is to determine if the qualitative themes can be generalized to a larger sample. Therefore, the findings from interviews were transformed into meaning formulations that became the items in the electronic survey. The survey data was further processed statistically into a validated scale with 23 items that correlate positively with competent governance.

7.4 Summary of key research findings

7.4.1 Demographic information

Demographic data was not directly sought as part of data collection or analysis of the study. However, the quantitative data obtained provided the researcher with an outline of the participants' profile. Additionally, it provided basic insights regarding the import of doctoral education amongst municipal elites. Municipal governance is not yet gender equitable. Males are more dominantly represented than their female counterparts. Most participants (71%, n=60) were males, while the lowest participants were females (28%, n=24). Interestingly (1%, n=1) there are participants who prefer not to state their gender. Municipal governance is age fair. Older adults are more dominantly represented than junior and senior adults. Out of the 85 quantitative responses, the mean age of respondents was 52.27 years with a standard deviation of 14.797. Majority (24%, n=20) of respondents were between the ages of 46-50 years, 15% (n=13) of respondents were between the ages of 51-55 years, 13% (n=11) of respondents were between the ages of 56-60 years, 12% (n=10) of respondents were between the ages of 41-45 years, 9% (n=8) of respondents were between the ages of 26 – 30 years, 8% (n=7) respondents were above the age of 65 years. 7% (n=6) of respondents were between the ages of 31-35 years, 7%(n=6) of respondents were between the ages of 36-40 years, 5% (n=4) of respondents were between the ages of 61-65 years and

7.4.2 Qualitative research findings

7.4.2.1 The shifting landscape of governance

Participants were asked to provide their insight into the impact indicators of competent governance and responses indicated Leadership is shifting towards more competent representation due to the impact of social media on transparency. The 4IR is transforming the governance landscape, accelerating efficiency for ICT, and enhancing the transparency of representation.

Securing trust depends on leadership's ability to be ethical in that they place their stakeholder's interests above their own. This concept is central to the agency theory and the dilemma observed by Jensen and Meckling, (1976).

7.4.2.2 Governance quality rather than good governance

Good Governance is not a good enough (valid) measure of governance quality. Research and policy into good governance has failed to isolate and confirm the factor or range of factors that quantify good governance. However, according to competency theory and confirmed by respondents, governance quality is found to be either competent or incompetent. Competent governance is either great, becoming great, good, or becoming good. Depending on the disciplinary lens being used, these dependent variables are called criteria of reference, future scenarios, events and / or key performance outputs.

7.4.2.3 Competent governance is multivariate

The domain of competent governance is multivariate with 23 independent variables. Depending on the disciplinary lens being used, these independent variables are called competencies, principles, mechanisms, indicators, levers, key performance inputs.

7.4.2.4 Stakeholder expectations are central to research and practice on value creation

Stakeholders are central to competent governance. A stakeholder philosophy integrates the needs, interests and expectations of material stakeholders and develops communities of accountability and participation.

7.4.3 Quantitative research findings

7.4.3.1 The 23 governance competencies relate positively with each other and with competent governance

A predominantly strong positive correlation exists between the independent variables of competent governance with some being weak but none with negative relationships. This confirms that governance results from the complimentary, interdependent, and substitutable permutations of 23 independent variables. It is also supported by the literature in that multivariate research in corporate governance leverages the benefits of complementarity, interdependence, and substitutability. Furthermore, a predominantly strong positive correlation exists between all the independent variables with competent governance with some being weak but none with negative relationships.

7.4.3.2 Stakeholder governance has the strongest positive relationship to competent governance

Stakeholder governance has the strongest positive relationship of all the independent variables with competent governance (Principal Component Factor Loading: +0.854). Majority (49,4%, n=42) of participants absolutely agreed that competent corporate governance occurs when a governing body utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation. Furthermore, stakeholder governance correlates positively with all the other variables as was found in the correlation matrix. Its strongest positive relationship is with Leadership's Responsibility (Correlation Coefficient: +0,728) and its weakest positive relationship is with

Compliance (Correlation Coefficient: +0,382). Thus, Stakeholder Governance has the strongest positive relationship to Competent Governance.

7.4.3.3 Sustainability governance has the weakest positive relationship to competent governance

'Sustainability' governance has the weakest positive relationship of all the independent variables with competent governance (Principal Component Factor Loading: +0.586).

Majority of participants (47,1%, n=40) absolutely agreed that competent corporate governance occurs when a governing body ensures development meets the needs of the present without compromising the ability of future generations to meet their needs.

Furthermore 'sustainability' governance correlates positively with all the other variables as was found in the correlation matrix. Its strongest positive relationship is with strategic direction (correlation coefficient: +0,678) and its weakest positive relationship is with compliance (correlation coefficient: +0,202). Thus, sustainability governance has the strongest positive relationship to competent governance.

7.4.4 Mixed methodological research findings

7.4.4.1 Leadership's profound shift towards competence

Leadership is shifting towards Competent Representation. The positive agreement with the twenty-three competencies confirms this key finding. Representation has always been South Africa's constitutional Imperative. However, the deterioration of South African governance quality, evident in negative stakeholder sentiment, is justifiably the result of unethical and ineffective leadership, of incompetence. South African leadership must increase its competence for South Africa to firstly survive and then thrive in the imminent fourth industrial revolution.

7.4.4.2 Competent governance is an integrated leadership philosophy

Competent governance is an integrated system of quantifiable and developable mechanisms, events, and experiences. The validated model assesses quality, frameworks planning, directs oversight and integrates reporting. A cluster of 23 mechanisms (Independent variables) provides coherent governance functions. Additionally, these functions direct the structure and composition of the governing body. A continuum of measurable events, that governing bodies can continuously improve towards, runs transversally across all mechanisms. Events are stakeholder-based, clearly defined and distinctive from each other. A matrix of governance experiences is found at the nexus of events and mechanisms. This paradigm is based on the correlation matrix and the principal component analysis. Therein the relationships between the independent variables and competent governance are measured in a three-dimensional space. The measurement of variable positioning is calculated form the sample inputs processed in SPSS.

7.4.4.3 Governance quality is predictable

Future scenarios of governance quality are predictable as either competent or incompetent. It is an evolutionary function of *being* and *becoming*. Once a quality assessment is done, a governing body positions itself on the continuum toward greatest governance. Each improvement is measured and deliberate. For example, if stakeholder governance today is ‘good’, then the governing body can review its stakeholder governance policy to better ensure that tomorrow stakeholder governance is ‘becoming great’. When all the mechanisms are entering the domain of ‘becoming great’ then the governing body can report that it has evolved from being ‘good’ to ‘becoming great.’

7.4.4.4 Stakeholder will causes stakeholder value

Stakeholder will be necessary and sufficient for stakeholder value. If stakeholder will, then stakeholder value. This relationship is moderated by the quality of stakeholder governance in the present. This inference is due to the finding that stakeholder governance has the highest positive relationship to competent governance. This finding confirms the position of Stakeholder theory, especially in the context of Corporate Governance. Freeman, (1984, p. 195) put forward that a stakeholder approach to understanding effective board behaviour can go far in sorting out conflicts which arise at the board level.

7.5 The unique contribution made to the research area

Research of Corporate governance quality has received some attention globally but little focus within the African region, The Republic of South Africa, the KwaZulu-Natal Province, or the eThekwini Metropolitan Municipality. In this regard, it represents an area seldom studied world-wide.

Most studies in this field have tended to focus on economic and accounting dimensions of corporate governance and its influence on performance and value. There is limited knowledge about the range of governance factors that relate to institutional performance and value in the South African context. It must be noted that within South Africa, no other published study has focused on the specific aspects explored in the current study.

Furthermore, this study explores corporate governance in a way not previously done internationally and represents an important and unique contribution to the discipline. The use of exploratory sequential mixed methodology, as a research design for this study, sets it aside from most published work within the study area. Previous studies have used other study designs. Although some studies have used triangulation none have used the exploratory sequential approach. This is surprising as this design is tailored for scale development and is utilized extensively in behavioral research such as psychometric test development. This is the first study internationally that used exploratory sequential mixed methods to research the relationship between competence and governance.

This study makes another unique contribution in its use of a critically real ontology which posits that generative mechanisms are the key to a comprehensive understanding of social reality. The use of the philosophy in business administration research is sparse despite its position that the contradictory natural and social sciences need to be reconciled if causality is to be inferred. This is among the few studies internationally to conduct corporate governance research in a local government context with a critically real ontology.

Another notable area, in which the current study is making a unique contribution to existing knowledge within the research area relates to the development of an integrated decision-making governance quality model. Thus, the development and use of the proposed model derived from the results of the study can empower governance professionals to integrate competency into their practices. The model has the potential to be utilized in continuously improving governance quality by addressing challenges related to the decreasing value of institutions from disappointed stakeholders. This model can be used across cultures however is specific to the regulatory climate of South Africa.

In addition, the integration of many theories in a single study on corporate governance has not been done within the African region. Therefore, the use of these theories as theoretical frameworks guiding the study is another notable area in which the current study is making a unique contribution to the existing corpus of knowledge. Traditionally Corporate governance research follows the assumptions of econometric-based, agency, institutional and resource-based theories. The Competency theory has predominantly been the subject of behavioural research. However, here in this study, the behavioural and institutional assumptions are mixed and integrated into a unique perspective. Thus, the theoretical framework proposed in chapter 3 and refined in chapter 5 facilitates the merging of numerous theoretical perspectives so that key considerations related to governance quality can be better appreciated.

7.6 Implications for practice and / or future research

Competent governance is imperative for public and private institutions to sustainably create value for stakeholders. Recommendations are firstly for policy and practice, and secondly for academia. Policy and practice recommendations pertain to the empirical domain of governance and are relevant to both public and private sector governance professionals. Academic recommendations pertain to the epistemological and ontological domains of governance and are relevant to academics researching governance quality.

Based on the findings of the study, the following recommendations for governance policy and research are made:

7.5.1 Recommendations for governance policy and practice

- The study's findings reveal that governance representatives are not compelled by law to be competent. As a result, many examples exist where incompetence is the root cause of value destruction. Therefore, the researcher recommends that competency be mainstreamed in governance policy. For example, this can be achieved by reviewing legislative mechanisms such as The Constitution, The Companies Act, The Local Government Municipal Structures Act, and others.

- The study's findings reveal that competent governance is made of numerous competencies. Therefore, the researcher recommends that institutions formulate and implement an integrated competent governance policy framework based on the model. The framework has 23 policies that are based on each of the identified competencies.

- The study's findings reveal that stakeholder governance is the most significant competency for governance representatives to acquire and practice. It must be noted that stakeholders in Corporate governance are not isolated to shareholders or customers alone but to anyone that affects value creation. Freeman's (1984) seminal work on Stakeholder Theory is cited as a reliable point of departure for developing an effective stakeholder governance portfolio. Therefore, the researcher recommends that Institutions allocate the largest budgetary portion to formulating, implementing, monitoring, evaluating, reporting, and reviewing a comprehensive, robust stakeholder governance policy that integrates the entire value chain.

7.5.2 Recommendations for further research

The material aspects that require further research in the future are as follows:

- The study concludes with a causal hypothesis that if there is stakeholder will, then stakeholder value results moderated by stakeholder governance. Therefore, the researcher recommends that future research explores the relationship for causal inference, that is, experimental research that focusses on temporality, correlation, and removal of other potential causal variables.

- The study did not focus on issues of endogeneity. Therefore the researcher recommends that future research utilizes the model developed by Antonakis *et al.*, (2010) to better remove the numerous endogenous issues that plague causal inference in governance research.

- The study did not target governance in other institutions or sectors. Therefore, the researcher recommends that future research longitudinally tests the relationship of Competent Governance on Institutional performance and value. This is done using published time series data and econometric control variables like Tobin's Q or return on investment.

- The governance index's generalizability is delimited by the cross-sectional study design which has moderate strength according to the quality of research scale. This means that the strength of recommendation is moderate because further research is likely to have an important impact on confidence in the estimate of effect and may change the estimate of effect on population-important outcomes. Future research design should be either longitudinal, non-randomized control trial or randomized control trial to ensure increased causal inference and decrease bias.

7.7 Scope and limitations of the study

Allen, (2017, p. 2) writes that in the “Limitations of Research” section, researchers can write about the major problems of the research study. This study was not without limitations.

Firstly, research was conducted in one public sector local government institution, that is, the eThekwini Metropolitan Municipality. In South Africa, eThekwini Municipality is one of eight metropolitan municipalities and is one of three that are coastal. There are also forty-four (44) District municipalities and two hundred and five (205) local municipalities. The purpose of local government is the delivery of services to communities. The public sector also has a provincial tier and a national tier with numerous ministries and structures that require governance quality to be regulated. The private sector also has numerous institutions, either for profit or not for profit, that have corporate governance structures. The purpose of for-profit, private sector institutions is to make a profit. Therefore, the results cannot be generalized to the entire population of institutions with governing body structures in South Africa, in the African Region or internationally.

Secondly, the study yielded in-depth insights into various aspects of governance quality, but some people may criticize it for lack of generalizability of its findings. However, the study’s quantitative phase nullifies generalizability concerns linked to qualitative research. Furthermore, validity and reliability were addressed during exploratory factor analysis. Thus, there are reliability and validity concerns that emerge from the bias of qualitative research but are mitigated by the quantitative phase.

Thirdly, the study design was temporally cross-sectional and therefore of moderate quality according to the quality of research scale. It investigated the opinions of governance professionals in the past four years and their views may not necessarily represent those of their counterparts who they replaced or who have since replaced them.

Fourthly, all the participants who were researched came from the South African local government regulatory context, which might have biased the findings to be narrowly interpreted from this perspective alone. South Africa's governance landscape is unique in numerous dimensions to other countries. The injustices of the apartheid regime are still being corrected. However, it is worth mentioning that South Africa's governance framework is lauded as one of the best in the world. The perspectives and experiences of participants from other regulatory environments would very likely be different if they were sampled. New meaningful insights in governance quality would emerge. Generalizability of findings would increase. Perhaps even causation could be inferred. However, this was regrettably beyond the scope of this study.

And lastly, although the study was conducted among governance elites, the discussion of governance quality improvement may be a sensitive one considering employment confidentiality, political competition and policy regulating the protection of personal information (POPI Act). Consequently, respondents may have provided less detailed information on this important area.

7.9 Concluding remarks

This study used a critically real-led exploratory sequential mixed methodology design to explore the relationship of competency with governance quality. This was imperative given the materiality that governance has on the creation of sustained value for stakeholders of the eThekwini Metropolitan Municipality in the KwaZulu Natal Province of South Africa. Additionally, a model resulted aims to sustainably improve governance.

Governing bodies and their members have unique roles and responsibilities exclusively associated with their country, sector, industry, and institutional context. Therefore, they need to acquire and develop a specialized set of decision-making skills. In South Africa's regulatory landscape, there is an imperative to mandate the continuous improvement of a more competent governance with SMART, actionable key performance objectives. Today's governing bodies operate in a technologically specific industrial revolution with new risks and opportunities. They must upskill themselves. Should they not heed the call of competence they face the serious risk of destroying value instead of creating it. Countless examples exist of institutions that have liquidated from poor leadership. Daily in South Africa reports are received on the disintegration of municipalities, state owned entities and corporations. Thus, integrated competent governance is put forward as a panacea to promote the sustainable development of institutions.

Results confirmed that 23 independent variables correlate positively with each other and principally with competent governance. Furthermore, it was found that stakeholder governance has the strongest positive relationship of all. These results were interpreted to infer that if there is stakeholder will, then institutions create stakeholder value, moderated by stakeholder governance. Both the study and the recommendations represent new corporate governance knowledge within the South African context and as such, it is anticipated that future policy will adopt and implement the guidelines. Even though the current study offers new guidance, there is a need for further research involving other professionals, institutions, and regulatory mechanisms so that corporate governance in South Africa becomes increasingly competent.

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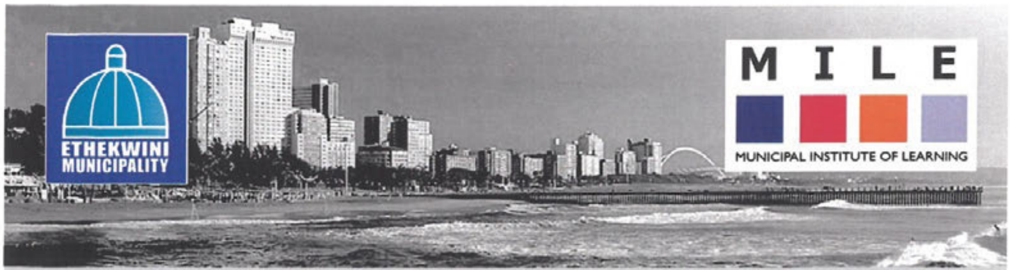
APPENDIX 1: GATEKEEPER'S LETTER



Pod 1, Second Floor, Intuthuko Junction, 750 Mary Thiphe Street, Umkhumbane, Cato Manor, Durban 4001.
Tel: 031 322 4513, Fax: 031 261 3405, Fax to email: 086 265 7160, Email: mile@durban.gov.za, Website: www.mile.org.za

For attention:
Chair of Ethics Committee
Faculty of Management Sciences
Department of Business Administration
Durban
4001

DOCUMENT RECEIVED
0 2 AUG 2018
RECEIVED BY:......................
DEPUTY CITY MANAGER'S OFFICE

1 August 2018

RE: LETTER OF SUPPORT TO JODY FUCHS STUDENT NUMBER 20100835 - GRANTING PERMISSION TO USE ETHEKWINI MUNICIPALITY AS A CASE STUDY

Please be informed that Municipal Institute of Learning (MILE) and eThekwini Municipal Academy (EMA), have considered a request from **MR JODY FUCHS to** use eThekwini Municipality as a research study site leading to the awarding of a PhD (Business Administration) entitled: ***"Competence Governance causes value creation in organisations"***

We wish to inform you of the acceptance of his request and hereby assure him of our utmost cooperation towards achieving his academic goals; the outcome which we believe will help our municipality improve its service delivery. **The student is reminded of the ethical considerations which have to be prioritized when engaging our city officials during the course of the research.** We also stipulate as conditional that the student is accompanied by his supervisor to present the results and recommendations of this study to the relevant city unit on completion of the research study. The forum will be facilitated by MILE and the student must contact the MILE Office on 031 3224513 or by mail, collin.pillay3@durban.gov..za to confirm a date for this presentation.

Wishing Ms Fuchs all the best in his studies.

Mr Sipho Cele
Deputy City Manager
EThekwini Municipality

Dr M. Ngubane
Head: eThekwini Municipal Academy
eThekwini Municipality

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APPENDIX 2: ETHICAL CLEARANCE

DUT DURBAN UNIVERSITY OF TECHNOLOGY | FACULTY OF MANAGEMENT SCIENCES | RESEARCH ETHICS COMMITTEE

MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

24 June 2019

Student Name: Mr J Fuchs
Student No: 20100835
FREC REF: 91/18FREC

Dear Mr J fuchs

DOCTOR OF PHILOSOPHY IN MANAGEMENT SCIENCES: BUSINESS ADMINISTRATION

TITLE: A MIXED METHOD EXPLORATORY ANALYSIS OF COMPETENT BOARD GOVERNANCE: THE CASE OF ETHEKWINI METROPOLITAN MUNICIPALITY

Please be advised that the FREC Committee has reviewed your proposal and the following decision was made: **Approved – Ethics Level 2**

Date of FRC Approval: 28 November 2018

Approval has been granted for a period of two years from the above FRC date, after which you are required to apply for safety monitoring and annual recertification. Please use the form located at the Faculty. This form must be submitted to the FREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the FREC according to the FREC SOP's.
Please note that ANY amendments in the approved proposal require the approval of the FREC as outlined in the FREC SOP's.

Yours sincerely

____
Prof JP Govender
Chairperson: Faculty Research Ethics Committee

APPENDIX 3: EDITORS CERTIFICATE

The Dissertation Design Master

Phone: +27780248617

Email: mketiwae@yahoo.com

This is to confirm that the thesis entitled

AN ANALYSIS OF COMPETENT BOARD GOVERNANCE: THE CASE OF ETHEKWINI METROPOLITAN MUNICIPALITY

Authored by

Jody Fuchs

Student Number: 20100835

was edited according to Durban University of Technology's specifications. The student received a detailed report with suggested changes. The thesis will be fit for submission when the student attends to all suggested changes.

Report prepared by:

Elizabeth Mnyandu

____

signature over printed name

Date: 24 October 2022

Certificate in Copy-editing

Qualification

Contact Number

+27780248617

APPENDIX 4: TURNITIN REPORT

PHD Draft 20221029

ORIGINALITY REPORT

16%	13%	8%	7%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Frédéric Aubrun, Karine Nouette-Gaulain, Dominique Fletcher, Anissa Belbachir et al. "Revision of expert panel's guidelines on postoperative pain management", Anaesthesia Critical Care & Pain Medicine, 2019 Publication	2%
2	en.wikipedia.org Internet Source	1%
3	uir.unisa.ac.za Internet Source	1%
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APPENDIX 5: PHASE 1 INTERVIEW QUESTIONS

Figure 34: Screenshot of Interview Protocol

Page **5** of **8**

Exploring Competent Corporate Governance

Section C: Outcome Indicators of Competent Corporate Governance

C1 Good Corporate Governance

Good Corporate Governance occurs when the governing body's activities result in value that ***meets*** *stakeholder expectations by meeting the technical requirements of the task at hand and resulting in effective outcomes. In your professional opinion, what are the Impact Indicators of Good Corporate Governance?*

C2 Great Corporate Governance

Great Corporate Governance occurs when the governing body's activities result in value that ***exceeds*** *stakeholder expectations by going beyond the technical requirements of the task at hand and resulting in exceptional outcomes. In your professional opinion, what are the Impact Indicators of Great Corporate Governance?*

C3 Future Outlook

The World Economic Forum reports that the complex, transformative and distributed nature of the Fourth Industrial Revolution demands a new type of governance to address the interlinked dynamics of the pace and synergistic nature of emerging technologies, broader societal implications; and the political nature of technologies. The buzzword for this shift is agile governance. In your professional opinion, what are the Impact Indicators of Agile Corporate Governance?

Source 1 Author

APPENDIX 6: PHASE 2 EMAIL SCREENGRAB – ELECTRONIC SURVEY

Fwd: Invitation to Participate in Research RE: Analyzing Competent Corporate Governance - The Case of Ethekwini Municipality

From: Jody Fuchs <Jody.Fuchs@durban.gov.za>
Date: 21 July 2021 at 21:41:32 SAST
To: Jody Fuchs <Jody.Fuchs@durban.gov.za>
Cc: researchmastery101@gmail.com
Subject: Invitation to Participate in Research RE: Analyzing Competent Corporate Governance - The Case of Ethekwini Municipality

Dear Participant,

I hope this finds you well.

You have been selected for research registered at the Durban University of Technology titled 'An Analysis of Competent Board Governance: The Case of eThekwini Municipality in KwaZulu Natal.' The questionnaire only takes 5 minutes to complete and explores your valuable insight. Your co-operation is deeply apreciated and we look forward to your response. My academic supervisor has been copied in for academic oversight.

Here's the link to the form "Analyzing Competent Corporate Governance"
https://forms.office.com/r/9QrVEGePvZ

If there are any queries, please do not hesitate to contact me.

Kindest Regards

Mr Jody Fuchs
Doctoral Candidate
Student # 20100835

Professor Tennyson Mgutshini
Academic Supervisor

APPENDIX 7: SURVEY INSTRUMENT

Section A: Research Ethics Requirement

Dear Respondent, please approve the 'Statement of Agreement to Participate in the Research Study'

1.*I understand the nature, conduct, benefits and risks of this research.

*I received, read and understand the Participant Letter of Information regarding the study available at https://drive.google.com/file/d/14zSh4PhqMf4TowdcJIjdZSsurpEX3A_8/view?usp=sharing

*I am aware that results are anonymized and processed into a report.

*I agree that the data collected during this study can be processed in a computerized system by the researcher.

*I acknowledge that I may, at any stage and without prejudice, withdraw consent and participation in the research.

*I have exercised sufficient opportunity to ask questions.

*I acknowledge that significant new findings developed during the course of this research which may relate to your participation will be available to you.

*I acknowledge that my institution has provided official permission for this research project to be conducted at https://drive.google.com/open?id=1Y9SwJIhVwnBj8SyKQvOTnKctXBNmedAJ

*I acknowledge that SALGA supports this research at https://drive.google.com/file/d/1btjixRWx8zfk-MjxDMRfmu6nFwPn-PIM/view?usp=sharing

I agree to participate in the research. Yes?

Section B: General

2.What is your name and surname?

3.What is your email address?

4.What is your age?

5.What is your gender?

Section C: Meaningful Formulations

Please read each statement carefully before responding. A Likert scale has been used which measures your level of agreement for each statement.

6.A competent council is the nexus (focal point) and custodian of accountability towards stakeholders. Select your answer

7.A competent council clearly demarcates the line separating the leadership and administrative role and responsibility. Select your answer

8.A competent council ensures legitimacy by supporting an independent, combined assurance service and function. Select your answer

9.A competent council structures itself to determine independent judgement, the balance of power, and effective delegation. Select your answer

10.A competent council collectively possesses, chooses, and makes an effort to develop, behavioural characteristics that make it fit for purpose. Select your answer

11.A competent council asserts legitimacy through compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen. Select your answer
12.A competent council comprises the appropriate proportions of competency, experience, diversity, and independence to objectively and effectively fulfils its governance role. Select your answer
13.A competent council ensures that the municipality is and is seen to be an active and responsible corporate citizen. Select your answer
14.A competent council governs the ethics of itself and the municipality in a way that secures stakeholder trust. Select your answer
15.A competent council evaluates the performance of itself, its committees, its speaker, and its councillors to support ethical and effective leadership. Select your answer
16.A competent council governs information, communication, and technology innovatively, supporting connectivity and agility for the Fourth Industrial Revolution. Select your answer
17.A competent council directs the administration to holistically transform financial, material, human, intellectual and social capital into value for stakeholders. Select your answer
18.A competent council leads by ethically and effectively setting and steering strategic direction, approving planning, policy, and bylaws, overseeing performance, and ensuring accountability. Select your answer
19.A competent council transversally oversees management's performance. Select your answer
20.A competent council makes decisions by approving implementable, progressive, and comprehensive planning, policy, and bylaw. Select your answer
21.A competent council sustainably builds value for South Africa’s nascent democracy. Select your answer
22.A competent council ensures that the municipality remunerates fairly, responsibly, and transparently to promote the achievement of its purpose. Select your answer
23.A competent council ensures that reporting entrusts and empowers stakeholders to make informed assessments of the municipality’s performance and prospects. Select your answer
24.A competent council governs risk and opportunity with flexibility, responsibility, and resilience to support the municipality in setting and achieving its strategic objectives. Select your answer
25.A competent council utilizes a stakeholder-inclusive philosophy, integrating the needs, interests and expectations of material stakeholders and building communities of accountability and participation. Select your answer
26.A competent council sets and steers the municipality’s strategic direction by appreciating its core purpose, risks and opportunities, strategy, business model, performance, and sustainable development as inseparable elements of the value creation process. Select your answer
27.A competent council ensures development meets the needs of the present without compromising the ability of future generations to meet their needs. Select your answer
28.A competent council changes its frame of analysis to consider 'out-of-the-box' material factors. Select your answer

APPENDIX 8: COMPETENT GOVERNANCE THEORY

#1 Stakeholder inclusivity

After factor analysis Stakeholder Inclusivity is prioritized #1 on the competent governance index with a factor loading of 0.854. Competent Governance results when a governing body meets and / or exceeds expectations by utilizing a stakeholder-inclusive philosophy, integrating the needs, interests, and expectations of material stakeholders, and building communities of accountability and participation.

#2 Policy and planning

After factor analysis Policy and Planning is prioritized #2 on the Corporate Governance index with a factor loading 0.810. Competent governance results when a governing body meets and / or exceeds expectations by approving implementable, progressive, comprehensive planning, policy, and bylaws.

#3 Competence

After factor analysis Competence is prioritized #3 on the Corporate Governance index with a factor loading 0.793. Competent Governance results when a governing body meets and / or exceeds expectations by collectively possessing, choosing, and making an effort to develop, behavioural characteristics that make it fit for purpose.

#4 Leadership responsibility

After factor analysis Leadership Responsibility is prioritized #4 on the Corporate Governance index with a factor loading 0.781. Competent governance results when a governing body meets and / or exceeds expectations when it leads ethically and effectively by setting and steering strategic direction, approving planning, policy and / or bylaws, overseeing performance and ensuring accountability.

#5 Composition

After factor analysis Composition is prioritized #5 on the Corporate Governance index with a factor loading 0.773. Competent governance results when a governing body meets and / or exceeds expectations when it comprises the appropriate proportions of competency, experience, diversity, and independence to fulfil its governance role objectively and effectively.

#6 Committees

After factor analysis Committees is prioritized #6 on the competent governance index with a factor loading 0.773. Competent Governance results when a governing body meets and / or exceeds expectations when it structures itself to determine independent judgement, the balance of power, and effective delegation.

#7 Transparency

After factor analysis Transparency emerged 7 on the Corporate Governance index with a factor loading 0.769. Competent governance results when a governing body meets and / or exceeds expectations by ensuring that disclosed reporting entrusts stakeholders to make informed assessments of the municipality's performance and prospects.

#8 Assurance

After factor analysis Assurance is prioritized #8 on the Corporate Governance index with a factor loading 0.752. Competent governance results when a governing body meets and / or exceeds expectations when it ensures legitimacy by supporting an independent, combined assurance service and function.

#9 Remuneration

After factor analysis Remuneration is prioritized #9 on the Corporate Governance index with a factor loading 0.747. Competent governance results when a governing body meets and / or exceeds expectations when it ensures that the municipality remunerates fairly, responsibly, and transparently to promote the achievement of its purpose.

#10 Purpose

After factor analysis Purpose is prioritized #10 on the Corporate Governance index with a factor loading 0.734. Competent governance results when a governing body meets and / or exceeds expectations when it sustainably builds value for South Africa’s nascent democracy.

#11 Accountability

After factor analysis Accountability is prioritized #11 on the Corporate Governance index with a factor loading 0.729. Competent governance results when a governing body meets and / or exceeds expectations when it is the nexus (focal point) and custodian of accountability towards stakeholders.

#12 Strategic direction

After factor analysis Strategic Direction is prioritized #12 on the competent governance index with a factor loading 0.713. Competent governance results when a governing body meets and / or exceeds expectations by setting and steering the municipality’s strategic direction by appreciating its core purpose, risks and opportunities, strategy, business model, performance, and sustainable development as inseparable elements of the value creation process.

#13 Integrated thinking

After factor analysis Integrated Thinking is prioritized #13 on the Corporate Governance index with a factor loading 0.697. Competent Governance results when a governing body meets and / or exceeds expectations when it directs the administration to wholistically transform financial, material, human, intellectual and social capital into value for stakeholders.

#14 Corporate citizenship

After factor analysis Corporate Citizenship emerged 14 on the Corporate Governance index with a factor loading 0.690. Competent governance results when a governing body meets and / or exceeds expectations when it ensures that the municipality is and is seen to be an active and responsible corporate citizen.

#15 Risk and opportunity

After factor analysis Risk and Opportunity is prioritized #15 on the Corporate Governance index with a factor loading 0.681. Competent governance results when a governing body meets and / or exceeds expectations when it governs risk and opportunity with flexibility, responsibility, and resilience to support the municipality in setting and achieving its strategic objectives.

#16 Appointment and delegation

After factor analysis Appointment & Delegation is prioritized #16 on the Corporate Governance index with a factor loading 0.655. Competent governance results when a governing body meets and / or exceeds expectations when it clearly demarcates the line separating the leadership and administrative role and responsibility.

#17 Evaluation

After factor analysis Evaluation is prioritized #17 on the Corporate Governance index with a factor loading 0.653. Competent governance results when a governing body meets and / or exceeds expectations when it evaluates the performance of itself, its committees, its speaker, and its councillors to support ethical and effective leadership.

#18 Ethics

After factor analysis Ethics is prioritized concerningly #18 on the Corporate Governance index with a factor loading 0.644. This is concerning considering the importance of ethical culture in mitigating agency conflicts and ensuring legitimacy in Corporate Governance. Competent governance results when a governing body meets and / or exceeds expectations when it governs the ethics of itself and the municipality in a way that secures stakeholder trust.

#19 Compliance

After factor analysis Compliance is prioritized #19 on the Corporate Governance index with a factor loading 0.642. Competent governance results when a governing body meets and / or exceeds expectations when it asserts legitimacy through compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen.

#20 Information, communication, and technology

After factor analysis Information, Communication and Technology (ICT) is prioritized #20 on the index with a factor loading 0.624. This contradicts the initial assumption that the Fourth Industrial Revolution is high up on the agenda for governing bodies. Competent governance results when a governing body meets and / or exceeds expectations when it governs information, communication, and technology innovatively, supporting connectivity and agility for the Fourth Industrial Revolution.

#21 Oversight

After factor analysis Oversight is prioritized #21 on the index with a factor loading 0.618. Competent governance results when a governing body meets and / or exceeds expectations when it transversally oversees managements performance.

#22 The X factor

After factor analysis the 'X' Factor emerged 22 on the Corporate Governance index with a factor loading 0.589. Competent governance results when a governing body meets and / or exceeds expectations by changing its frame of analysis to consider 'out-of-the-box' material factors

#23 Sustainability

After factor analysis Sustainability emerged concerningly 23 on the Corporate Governance index with a factor loading 0.586. Thus, competent governance results when a governing body meets and / or exceeds expectations by ensuring development meets the needs of the present without compromising the ability of future generations to meet their needs.