

University of KwaZulu-Natal

**The importance and effectiveness of Corporate Governance at a Higher
Tertiary Institution, UKZN**

by

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ABSTRACT

The main aims of this descriptive research study to establish whether the institution is properly governed and controlled. The study adopted a quantitative approach conducted among 100 support staff employees at various levels of management, this was done using a self-administered questionnaires to achieve the following objectives:

- i. To assess the effectiveness and efficiency of corporate governance structures are at the university.
- ii. To ascertain whether the university has adequate policies and procedures to address issues relating to enterprise risk (that is, strategic; financial; operational; compliance and reputational).
- iii. To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at the university.

The study results discovered that 70% of support staff members at various levels of management confirmed that there is effective and efficient functioning of corporate governance at UKZN. The study discovered that 72% of support staff members at various levels of management agreed that the university has adequate policies and procedures to address issues relating to enterprise risk. The study revealed that the majority of respondents agreed (100%) with all statements which verified their general knowledge of corporate governance as well confirming that UKZN has been knowledgeable in the area of corporate governance compliance. In conclusion, a positive way in which participants welcomed the study made it easy to achieve the study objectives which were in itself able to address the study problem. The high outcomes on the fact that UKZN has effective and efficient corporate governance was able to provide the study with the opportunity to propose the model and the corporate governance structure that will assist the university in sustaining the current status of corporate governance. Shortfall and weaknesses provided by the study enabled the researcher to recommend actions for implementation by management. The study achieved its objectives.

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CHAPTER ONE

Introduction

1.1 Introduction

In accordance with the Higher Education Act (Act No. 101 of 1997), all public higher education in South Africa should be governed by the Act as stated that

“The Act regulate higher education; to provide for the establishment, composition and functions of a Council on Higher Education; to provide for the establishment, governance and funding of public higher education institutions; to provide for the appointment and functions of an independent assessor; to provide for the registration of private higher education institutions; to provide for quality assurance and quality promotion in higher education; to provide for transitional arrangements and the repeal of certain laws; and to provide for matters connected therewith” (Minister of Higher Education and Training, 2010).

Furthermore, Chapter 4 of Act provides that Higher Education Institution (HEI) should be governed and conform to corporate governance framework as recommended by Marvin King (Daniela and Georgeta, 2013). Corporate governance has been described as a system of rules, practices and processes by which a company is directed and controlled (Wereda, 2012). Universities are public institutions, and are also subject to corporate governance.

This Chapter presents an outline of the research topic and the motivation behind the study. It also presents the problem statement of the study. The aim and objectives of the research study are also clearly explained, and the topics dealt with in succeeding chapters are outlined.

1.2 Background and Context of the Study

Effective and efficient management of public sector organizations is an issue of concern in many countries. Melese et al. (2004) argue that public sector organizations are increasingly being held more accountable for their performance and are therefore expected to operate efficiently and effectively. This means that public sector organizations have to search for ways to improve their activities. Notable approaches include the use of performance contracts. Similarly, activity based

management practices can increase transparency and efficiency when conducting government activities thereby assisting public sector organizations to achieve their objectives (Baird, 2007).

According to Tadjudin (2003), higher education is one of the most effective instruments for economic, political, human resources and social development. Similarly, Ogom (2007) argues that higher education not only enables a state to maintain a competitive advantage but it also stimulates scientific research that results into modernisation and social transformation. In a number of developing countries in Africa, education per se is assumed to equalize opportunities among people of different social classes, distribute income more fairly and develop a more employable labour force (Clark, 1983). On this basis, Ogom (2007) proposes that governments should financially support their institutions of higher education. Altbach (1970) opines that universities are political forces and sources of social mobility while Van den Bor and James (1991) argue that governments should consider universities as symbolic assets in the process of nation building in the same way that national flags or airline carriers are considered symbolic assets.

On recognizing the connection between higher education, science, technology and sustainable human development; the United Nations Educational, Scientific, and Cultural Organization (UNESCO) made higher education one of its top priorities (Guedeghe, 1997). Nevertheless, Van den Bor and James (1991) caution that higher education, or education in general, is not a magic bullet for development but it is only one of the many actors in a country's development process. Proper governance of institutions of higher education is necessary because such institutions play a strategic role in any country.

1.3 The motivation for the study

This section discusses the rationale behind the study.

There is a limited number of studies that have been done on the corporate governance of universities. The various consequences associated with the violation of trust at a workplace. These comprise consequences such as having owners and others misled or lie to; secrets are concealed not for honouring commercial motives but out of shame or for the personal protection of guilty individuals; and companies engage in behaviour that ethical individuals would consider to be unethical or immoral (Simpson and Taylor, 2013). Employing untrustworthy individual

could give rise to financial disrepute of an organisation. According to Malbon (2012), business deals are inherently unfair because they might contain unfair terms or be performed in a way that leads to unfair outcomes. As such, it could potentially incur resentment costs because of its effectiveness in constraining unfair behaviour that has generally been underestimated (Malbon (2012)).

Piaget (2013) presents an argument that corporate culture affects each and every employee of a company and, in turn, the employee takes the active part in re-creating the corporate culture through daily networking with other employees. This argument was supported by Eccles et al. (2012) who assert that when employees perceive top managers as trustworthy and ethical, firm's performance is stronger. Furthermore, while both culture and legal norms help foster cooperation, culture is the most original form of the two and itself sustains formal institution (Guiso et al., 2015).

1.4 The Problem Statement

The problem of the study originates from the magnitude of the challenges faced by the universities in general as it cannot confront and address these problems using previous traditional methods. Governance and good management are desired hope to meet these challenges and mitigate of its effects as much as possible (Adams, 2002).

Prevalence of corruption and administrative slack and physical or administrative imbalances, necessitated the resort to legislation and regulations that would clarify the relationship between all the relevant authorities, and to facilitate the effective work procedures within the frameworks of ethical and social responsibility in public universities (Bartley, 2011). There is need for an effective role to be played by governance in the higher education sector in order to promote the better levels of teaching and learning (Blair, 1995).

Corporate governance systems have evolved in a number of developing African countries (Solomon and Solomon, 2004). However, Rwegasira (2000) argues that the concept of corporate governance is not necessarily the best solution for developing economies. This is because a number of developing countries face numerous problems that include unstable political regimes, low per capita incomes and diseases (Blair, 1995). Such problems require more elaborate solutions than simply adopting corporate governance concepts (Blair, 1995). Moreover, there is a

general lack of research in corporate governance practices in developing countries, especially countries in the African continent (Oketch, 2004, Shleifer and Vishny, 1997).

This lack of research can be attributed to the fact that, for a long time, the issue of corporate governance did not receive adequate attention in the developing world (Zandstra, 2002). Zandstra (2002) observes that historically the ability of managers to run organizations was never questioned. Consequently, there was little concern for corporate governance or information disclosure and transparency (Zandstra, 2002). That situation has changed and the concept of corporate governance is currently acknowledged to play an important role in the management of organizations in developing economies (Zandstra, 2002).

The university is a community for scholars to do research, acquire educational skills and participate in various projects involving community engagement. In doing so, there is a lot of money spend through sponsoring such projects and/or paying for tuition. Any public entity is obliged to be run in an effective and efficient manner. This include but not limited to; appropriate governance, financial management, compliance with statutory requirements, delivering sponsor expectations, among others (Vidovich and Currie, 2011).

1.5 Focus of the Study

Shaw (2007) stated that effective and efficient corporate governance systems encourage firms to create value through innovation, entrepreneurialism, exploration and development, and providing accountability. Effective and efficient corporate governance also creates value to the company by adopting control systems which are commensurate with the risk of the organisation (Shaw, 2007).

The management of a business is accountable for instituting and sustaining effective internal control systems. These systems include activities, structures and processes which assist the organisation's management to effectively reduce risk associated with achieving the objectives of the organisation (Charan, 2006). This responsibility by management is on the behalf of the shareholders of the organisation and management is answerable to an oversight body. This oversight body includes the body of directors, elected representatives and audit committee.

According to Zaid et al. (2013) the role of internal audit is to evaluate and provide reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the organisation's objectives and goals to be met; report risk management issues and internal controls deficiencies identified directly to the audit committee and provides recommendations for improving the organisation's operations, in terms of both effective and efficient performance; evaluates information security and associated risk exposures; evaluates regulatory compliance program with consultation from legal counsel; evaluates the organisation's readiness in case of business and external resources as appropriate; engage in continuous education and staff development and to provide support to the organisation's anti-fraud programs.

Internal audit is a vital component of the corporate governance structure in an organisation. Corporate governance consists of an oversight activities carried out by the audit committee and board of directors in order to ensure that integrity is observed in the financial reporting process. Three oversight mechanisms have been identified in the structure of corporate governance. These include internal auditing, external auditing and directorships (Shaw, 2007).

A fundamental component of corporate governance structure is establishment on the roles of the board and senior management executives (Gorton and Rosen, 2007). There are several corporate governance principles which are adopted and applied by various organisations. Some of these principles are similar across all organisations which incorporate this concept of corporate governance. One of these principles states that there is a fundamental need for integrity among individuals who can influence an organisation's performance or strategy. Another common principle dictates that that the board of directors should be independent, experienced and show a balance of skills with regard to the extent and nature of the organisations operations (Gorton and Rosen, 2007).

A gap was identified in the area of corporate governance in higher education institutions. The study will evaluate the level of understanding of corporate governance within the various levels of management at the university. The study will also ascertain whether university has effective and efficient corporate governance structures. In order to assess the level of effectiveness and efficiency of university governance structures, questions to be answered and objectives to be achieved have been formulated. Questions and objectives will serve as a guide in ensuring that

there is a positive and sustainable response to the problem. These objectives and questions are listed in the following section.

1.6 Research Questions

The following research questions are formulated in accordance with the research problem that the study intends to answer. The research questions are:

- ✚ Does the university have effective and efficient corporate governance structures?
- ✚ What policies and procedures are in place to deal with enterprise risk?
- ✚ What is the level of understanding of effective and efficient corporate governance within various levels of management at the university?

1.7 The Objectives of the Study

In order to answer the above research questions, the following objectives have been formulated:

- ✚ To assess the effectiveness and efficiency of corporate governance structures at the university.
- ✚ To ascertain whether the university has adequate policies and procedures to address issues relating to enterprise risk (that is, strategic; financial; operational; compliance and reputational).
- ✚ To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at the university.

1.8 Outline of the Thesis

This section will give a brief summary of the content of each chapter of the study.

Chapter One

This Chapter presents an introductory overview of the context of the study. It outlines the background of the study and explain the rationale behind the study as well as the problem statement. Questions to be answered by the study and objectives formulated to answer the questions are also dealt with in the Chapter.

Chapter Two

This Chapter reviews national and international literature that is available on corporate governance on higher education institutions. Various corporate governance models on higher education are also reviewed.

Chapter Three

The Chapter presents the methodology of the study. It discusses the manner in which the target population was selected, how and where data was collected and clarifies the data collection instruments utilized by the study. Research method and research design is also addressed as well as validity and reliability of the study explained.

Chapter Four

This Chapter presents and interprets data. Various graphics have been used to translate data from its raw status.

Chapter Five

This Chapter presents the discussion of the findings of the study

Chapter Six

This chapter provides recommendations and a summary and conclusion of the study.

1.9 Conclusion

Chapter One has presented the study approach adopted, stressing the focus of the study. The objectives, significance and benefit of the study were further outlined. The structure and content of each chapter of the study was briefly explained. The next chapter will present literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This Chapter is centered around the available literature on the subject of corporate governance of higher education institutions. The Chapter examines the concept of corporate governance from a historical perspective. It explains how the agency theory and stewardship theory have an effect on the practices of corporate governance. Various corporate governance models on higher education are also discovered. The focus of the chapter is on the importance and effectiveness of corporate governance which is an important aspect of public universities globally.

2.1.1 Definitions of Corporate Governance

Corporate Governance has been described as the *“system of rules, practices and processes by which a company is directed and controlled. Essentially, corporate governance involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community”* (Dictionary, 2015, Johnstone et al., 2011).

The Australian Standard (2003) describe corporate governance as the process by which organisations are directed, controlled and held to account. This implies that corporate governance encompasses the authority, accountability, stewardship, leadership, direction and control exercised in the process of managing organisations (Australian Standard, 2003). Since this definition recognises the need for checks and balances in the process of managing organisations, it can be considered to be more comprehensive (Gregory, 2000). Colley et al. (2004) stated that corporate governance is the act or process of governing while Cadbury (2000) defines corporate governance in terms of the systems by which firms are directed and controlled.

According to Beg and Gupta (2014) the term ‘governance’ is a decision-making process in an organisation. It forms basis under which organizations set its policies and objectives to achieve them, and to monitor its progress towards their achievement (Daniela and Georgeta, 2013). The organization’s officials who have been entrusted with the authority and responsibility to develop

and implement policies and objectives are held accountable under this mechanism of corporate governance (Ali, 2014).

The implementation of good governance principles assist those responsible for decision making to identify, assess and manage organizational risk, and to set up sound systems of financial control (Godemann et al., 2014).

2.2 Background of Corporate Governance

McNutt (2010) argues that the concept of corporate governance has been applied in both economics and law for centuries and it has been understood to mean enforcement of contracts, protection of property rights and collective action. Governance is associated with people operating within organisations (McNutt, 2010). Organisations allow for achieving outcomes beyond the reach of a single person (Scott, 2003). Nevertheless, organisations must be governed properly in order for them to achieve their objectives (Scott, 2003).

The concept of corporate governance began to be used about more commonly in the 1980s (Parker, 1996) but it originated in the Nineteenth Century when incorporation was being advocated for as a way of limiting liability (Fletcher, 1996) and (Vinten, 2001). Adams (2002) perceives a certain creation of the registered company to be the real starting point for any discussion on corporate governance. The Joint Stock Companies Act 1844 (UK) supported the registration of the companies. The rise of modern corporations led to a separation control from ownership (Berle and Means, 1967). This separation meant that owners of firms no longer controlled the firms' actions because that was the role of professional managers (Kiel G, 2002). This gave rise to the need for corporate governance frameworks to protect owners of firms from the actions of professional managers. As a matter of fact, the Limited Liability Act 1855 (UK) was passed to protect shareholders from debt beyond their investment.

According to Francis (2000) the concept of corporate governance gained prominence in the 1980s because this period was characterised by stock market crashes in different parts of the world and failure of some corporations due to poor governance practices. Corporate collapse was the predominant driver for change to corporate governance codes (United-Nations, 1999). As more corporate entities in different parts of the world collapsed in 1980s, there was a change of

attitude with much higher performance expectations being placed on management boards of firms. There was also a growing realization that managers are to run firms while boards are to ensure that firms are run effectively and in the right direction (Adams, 2002). Directors and managers require different sets of skills and managers do not necessarily make good directors (Adams, 2002).

Prevention of corporate failure was not the only reason that led to adoption of the corporate governance ideas (Clarke, 2004) . On a positive note, there is a growing acknowledgement that improved corporate governance was crucial for the growth and development of the whole economy of a country (Clarke, 2004). Other studies established strong links between the performance of corporations and the governance practices of their boards (Gregg, 2001) . Moreover, a study carried out in the United States (US) by Gompers et al. (2003) found a strong correlation between good corporate governance practices and superior shareholder performance. The study also revealed that two-thirds of investors were prepared to pay more for shares of companies that had good corporate governance practices. Nevertheless, Cutting and Kouzmin (2000) did not find any significant relationship between the performance of firms and the governance practices of their boards.

2.3 Evolution of the concept of Corporate Governance

According to Mulili and Wong (2011) the idea of corporate governance was quickly adopted in different parts of the world but with some major variations because circumstances vary from country to country. Consequently, a variety of corporate governance frameworks were developed (Mulili and Wong, 2011). Nevertheless, two main approaches of corporate governance can be identified, with distinctions arising from the different legal systems at work in different countries (Mulili and Wong, 2011). Countries that followed civil law (e.g. France, Germany, Italy and Netherlands) developed corporate governance frameworks that focused on stakeholders (Mulili and Wong, 2011). In those countries, the role of corporate governance was to balance the interests of a variety of key groups such as employees, managers, creditors, suppliers, customers and the wider community (Solomon and Solomon, 2004). This approach is known as the insider model of corporate control as it recognized that the greatest control in a firm was held by those who were closest to its actual workings (Department of the Treasury, 1997). On the other hand,

countries that had a tradition of common law (e.g. Australia, United Kingdom, USA, Canada and New Zealand) developed corporate governance structures that focused on shareholders' returns or interests (Solomon and Solomon, 2004). In their case corporate governance was supposed to ensure that corporations achieved the objectives set by their owners (Solomon and Solomon, 2004). Moreover, shareholders could hold a firm's management responsible for attaining the firm's goals which include profits (Solomon and Solomon, 2004). This approach is known as the outsider model of corporate control as it recognized the distance between the management of a firm and its owners (Department of the Treasury, 1997).

Although the two approaches to corporate governance were different, they had a few similarities (Hilmer, 1998). For example, they held that the management boards of firms were to be elected by shareholders to set policies and then delegate to management the authority to manage the firms (Hilmer, 1998). In any case, most countries adopted corporate governance systems that were a mixture of the two extreme forms (Solomon and Solomon, 2004). The adoption of the corporate governance philosophy does not necessarily prevent corporate failures and scandals. Examples of failed corporations include Enron and WorldCom in the US and the Golden Quadrilateral in India (Kakabadse and Kakabadse, 2003). Consequently, there has been debate about what needs to be included in a comprehensive corporate governance framework (Cutting and Kouzim, 2000). Some scholars argue that a comprehensive corporate governance framework should include greater use of independent directors, access to outside advice for boards, review of board and executive remuneration and limitations on the power of Chief Executive Officers (CEOs) (Cutting and Kouzim, 2000)

Corporate governance is now an international topic due to globalization of businesses (Mulili and Wong, 2011). It is acknowledged to play a major role in the management of organizations in both developed and developing countries (Mulili and Wong, 2011). Nevertheless, Davies and Schlitzer (2008) note that corporate governance practices are not uniform across nations. The Organisation for Economic Cooperation and Development (1999) acknowledges the lack of a single model of corporate governance practice that is applicable to all organizations even within one country. Consequently, every country adopts a unique set of corporate governance procedures that are based on factors such as the country's legal and financial system, corporate ownership structures, culture and economic circumstances (Mulili and Wong, 2011).

2.4 Theoretical Framework for Corporate Governance

Neuman (2006) defines a theory as a system of interconnected ideas that condense and organize knowledge about the world. The agency theory and the stewardship theory are the main theories underlying the concept of corporate governance.

2.4.1 Agency theory

It has been pointed out that separation of control from ownership implies that professional managers manage a firm on behalf of the firm's owners (Kiel and Nicholson, 2003). Conflicts arise when a firm's owners perceive the professional managers not to be managing the firm in the best interests of the owners (Kiel and Nicholson, 2003). According to Eisenhardt (1989), the agency theory is concerned with analyzing and resolving problems that occur in the relationship between principals (owners or shareholders) and their agents or top management. The theory rests on the assumption that the role of organizations is to maximize the wealth of their owners or shareholders (Blair, 1995).

According to Eisenhardt (1989) the agency theory holds that most businesses operate under conditions of incomplete information and uncertainty. Such conditions expose businesses to two agency problems namely adverse selection and moral hazard (Eisenhardt, 1989). Adverse selection occurs when a principal cannot ascertain whether an agent accurately represents his or her ability to do the work for which he or she is paid to do. On the other hand, moral hazard is a condition under which a principal cannot be sure if an agent has put forth maximal effort (Eisenhardt, 1989).

According to the agency theory, superior information available to professional managers allows them to gain advantage over owners of firms (Berle and Means, 1967). The reasoning is that a firm's top managers may be more interested in their personal welfare than the welfare of the firm's shareholders (Berle and Means, 1967). Donaldson and Davis (1991) argue that managers will not act to maximize returns to shareholders unless appropriate governance structures are implemented to safeguard the interests of shareholders. Therefore, the agency theory advocates that the purpose of corporate governance is to minimize the potential for managers to act in a manner contrary to the interests of shareholders (Donaldson and Davis, 1991).

Proponents of the agency theory opine that a firm's top management becomes more powerful when the firm's stock is widely held and the board of directors is composed of people who know little of the firm (Mallin, 2004). The theory suggests that a firm's top management should have a significant ownership of the firm in order to secure a positive relationship between corporate governance and the amount of stock owned by the top management (Mallin, 2004). Wheelen and Hunger (2002) argue that problems arise in corporations because agents (top management) are not willing to bear responsibility for their decisions unless they own a substantial amount of stock in the corporation.

The agency theory also advocates for the setting up of rules and incentives to align the behaviour of managers to the desires of owners (Hawley and Williams, 1996). However, it is almost impossible to write a set of rules for every scenario encountered by employees. Consequently, the Australian Stock Exchange Corporate Governance Council (2003) associates good corporate governance with people of integrity.

Carpenter and Westpal (2001) opine that the agency theory is mainly applied by boards of profit making organizations to align the interests of management with those of shareholders. Dobson (1991) argues that the demands of profit making organizations are different from those of stakeholders such as shareholders, local communities, employees and customers. The conflicting demands can be used to justify actions that some may criticise as immoral or unethical depending on the stakeholder group (Mulili and Wong, 2011).

In summary, the idea of agency theory can be attributed to Coase (1937) but the ideals of the theory have only been applied to directors and boards since the 1980's. Mulili and Wong (2011) states that in agency theory, people are self-interested rather than altruistic and cannot be trusted to act in the best interests of others. On the contrary, people seek to maximize their own utility (Mulili and Wong, 2011). The agency theory presents the relationship between directors and shareholders as a contract (Adams, 2002). This implies that the actions of directors, acting as agents of shareholders, must be checked to ensure that they are in the best interests of the shareholders (Mulili and Wong, 2011).

2.4.2 Stewardship theory

The stewardship theory, also known as the stakeholders' theory, adopts a different approach from the agency theory (Mulili and Wong, 2011). It starts from the premise that organizations serve a broader social purpose than just maximizing the wealth of shareholders (Mulili and Wong, 2011). The stakeholders' theory holds that corporations are social entities that affect the welfare of many stakeholders where stakeholders are groups or individuals that interact with a firm and that affect or are affected by the achievement of the firm's objectives (Donaldson and Davis, 1991) . Successful organizations are judged by their ability to add value to all their stakeholders. Some scholars consider the natural environment to be a key stakeholder (Starik and Rands, 1995).

Stakeholders can be instrumental to corporate success and have moral and legal rights (Donaldson and Preston, 1995). When stakeholders get what they want from a firm, they return more to the firm (Freeman, 1984) . Therefore, corporate leaders have to consider the claims of stakeholders when making decisions and conduct business responsibly towards the stakeholders (Manville and Ober, 2003) Participation of stakeholders in corporate decision-making can enhance efficiency Turnbull (2002) and reduce conflicts (Rothman and Friedman, 2001).

According to Kaptein and Van Tulder (2003), corporations adopt reactive or proactive approaches when integrating stakeholders' concerns in decision making. A corporation adopts a reactive approach when it does not integrate stakeholders into its corporate decision making processes (Mulili and Wong, 2011). This results in misalignment of organizational goals and stakeholder demands (Mackenzie, 2007). Some authors attribute scandals such as those of Enron and WorldCom to the failure to consider stakeholder concerns in decision making (Currall and Epstein, 2003) . Following these scandals, some governments set up new regulations to align the interests of stakeholders with corporate conduct (Mulili and Wong, 2011). For example, the Sarbanes-Oxley Act (SOX) was passed as a result of the collapse of Enron and WorldCom. Adams (2002) argues that the stewardship theory remains the theoretical foundation for much regulation and legislation. A proactive approach is used by corporations that integrate stakeholders' concerns into their decision-making processes and that establish necessary governance structures (de Wit et al., 2006).

In summary, the stewardship theory suggests that a firm's board of directors and its CEO, acting as stewards, are more motivated to act in the best interests of the firm rather than for their own selfish interests (Mulili and Wong, 2011) This is because, over time, senior executives tend to view a firm as an extension of themselves (Clarke, 2004) . Therefore, the stewardship theory argues that, compared to shareholders, a firm's top management cares more about the firm's long term success (Mallin, 2004).

2.5 Key elements of a good corporate governance environment

Perceptions of the elements that constitute good corporate governance vary from country to country since the business environment is not uniform in all countries (Mulili and Wong, 2011). According to Mulili and Wong (2011) Nevertheless, some insights of key elements of good corporate governance are provided by the Australian Stock Exchange Corporate Governance Council (2003), Cadbury Report (1992), Sarbanes-Oxley Act (2002) and The Business Roundtable (2002).

According to Australian Stock Exchange Corporate Governance Council (2003), good corporate governance can be achieved on the basis of ten essential principles as shown on Table 2-1.

Table 2-1 Corporate Governance Principles (Australian Stock Exchange Corporate Governance Council, 2003)

1. Lay solid foundations for management oversight
2. Structure a board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risks
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

The Cadbury Report is named after Sir Adrian Cadbury who chaired the United Kingdom's Committee on the Financial Aspects of Corporate Governance (1992). According to Vinten (2001), the work of Cadbury's committee was ground breaking. The Cadbury Report built on the work of the Treadway Report from the US but it went further to provide a benchmark for corporate governance in many countries (Monks and Minow, 1996).

According to the Cadbury report Cadbury (2000), good corporate governance must encompass four key aspects namely:

- i. Establishing a board of directors that has clear responsibilities and whose role of directing or governing is different from that of the firm's managers.
- ii. Establishing checks and balances in governance structures with no one person having unfettered power.
- iii. Having a well-balanced board team composed of executive and non-executive directors.
- iv. Ensuring transparency of a board in directing and controlling an organisation.

Following the collapse of Enron and WorldCom, the US Congress passed the Sarbanes-Oxley Act (SOX) in the year 2002. The SOX Act makes some substantive corporate governance provisions such as:

- The need for an independent audit committee (Section 301).
- A firm's principal executive and financial officers signing a statement that they have sufficient internal controls in place to ensure that financial statements do not contain any material misstatements (Section 302).
- Independence of external auditors (sections 201-209).

The SOX Act also requires listed companies to have a majority of independent directors. The reasoning is that the board, acting as a representative of shareholders, cannot be seen to be objective in the oversight of management if the majority of the directors are from management (Colley et al., 2004).

According to Roundtable (2002), an association of chief executive officers of American corporations, summarises the principles of good corporate governance as follows:

- A board has a paramount duty of selecting and overseeing a competent CEO and other senior managers.

- A firm's management has a responsibility to act in an effective and ethical manner in the process of increasing shareholder value.
- There is need for accurate and timely financial reporting.
- A firm must deal with its employees in a fair and equitable manner
- A firm should have a corporate governance committee which comprises independent directors and which addresses issues such as nomination of directors, provision of information to a board and evaluation of a board's effectiveness.
- Independent directors should have an opportunity to meet outside the presence of a CEO and other management directors.
- A firm has a responsibility to communicate effectively with its shareholders and other stakeholders.

Another set of five good corporate governance principles is offered by the (Organisation for Economic Cooperation and Development, 1999). The five principles are:

- Protection of shareholders' rights;
- Equitable treatment of all shareholders, including effective redress;
- Recognition of the rights of stakeholders;
- Timely and accurate disclosure of all matters that are regarded by a firm as being material. These may include financial, performance, ownership and governance matters;
- Effective monitoring of management and accountability of a board.

Under the North American model of corporate governance, fiduciary law provides for the moral subordination of those responsible for the affairs of the corporate to the owners of the entity who have their money at risk in the enterprise. A recent statement of the core principles of the North American approach to the duties of corporate boards of directors was authored by the (National Association of Corporate Directors, 2008). The ten principles which summarize the core of the North American approach to corporate governance are as follows:

- 1) Governance structures and practices should be designed by the board to position the board to fulfil its duties effectively and efficiently.
- 2) Governance structures and practices should be transparent – and transparency is more important than strictly following any particular set of best practice recommendations.

- 3) Governance structures and practices should be designed to ensure the competency and commitment of directors.
- 4) Governance structures and practices should be designed to ensure the accountability of the board to the shareholders and the objectivity of board decisions.
- 5) Governance structures and practices should be designed to provide some form of leadership for the board distinct from management.
- 6) Governance structures and practices should be designed to promote an appropriate culture of integrity, ethics and corporate social responsibility.
- 7) Governance structures and practices should be designed to support the board in determining its own priorities, resultant agenda and information needs and to assist the board in focusing on strategy (and associated risks).
- 8) Governance structures and practices should encourage the board to refresh itself.
- 9) Governance structures and practices should be designed to encourage meaningful shareholder involvement in the selection of directors.
- 10) Governance structures and practices should be designed to encourage communications with shareholders.

2.6 Corporate governance models at higher education

A recent study by Olsen (2007), who also draws on earlier work by Clark (1983) and Neave (2003) to describe different historical visions on which European Higher Education (HE) systems are based, developed three overarching models. Olsen (2007) models are 1) the market-oriented model; 2) the state centered-model and 3) the academic self-rule model.

2.6.1 Proposed ideal-type models

According to Olsen (2007) to arrive at an encompassing picture of policy developments over time, the deliberation to lay down a broad and multifaceted definition of contemporary HE governance, which comprises patterns of control, coordination and the allocation of autonomy between three levels - the state, professoriate, and university management - while preserving Clark's tripartite distinction between the state, academia and the market, which in turn reflects the Humboldtian, Napoleonic and British traditions of HE prevalent in Europe. Thus the research seeks to integrate into an analytical framework (1) the organizational structure of universities including personnel and funding issues; (2) the state's regulatory approach; and (3) relations

between universities, external stakeholders and society (McDaniel, 1997). Of crucial importance to the classification is the allocation of autonomy, which accounts for how order in the academic sphere is attained, i.e. through centralized management, all-embracing control or through the differentiation of spheres of influence vested with self-regulatory powers (Olsen, 2007). Similarly to Estermann and Nokkala (2009) and Berdahl (1990), thus breaking down the notion of autonomy into its major component parts. The restructure of what Berdahl (1990) defined as procedural autonomy, that is the means and resources which universities have to put their goals and programs into practice, into a broader category which we label ‘the institutional balance of power of the university system’, as well as two further sub-dimensions of this which are defined as ‘personnel autonomy’ and ‘financial governance’. The category ‘institutional balance of power’ pertains to general state university-society relations, decision-making structures, quality control arrangements as well as the management approach (Dobbins et al., 2011). ‘Financial governance’ addresses the procurement, allocation and management of funds. For example, does university management have the autonomy to implement performance-based management and funding and what personnel matters does the state influence? (Dobbins et al., 2011) ‘Personnel autonomy’ pertains to the authority of institutions to freely set conditions for staff, e.g. appointments, salaries, and even work hours, and the role and status of rectors and/or university leadership (Dobbins et al., 2011). The matters of substantive autonomy is also incorporated Berdahl (1990), which comprises the overall possibilities for academic institutions to regulate programs without state intervention (van Wageningen, 2003). The concept addresses whether decision-making authority over goals, programs, the research profile and curriculum is delegated to the level of the universities and/or faculties. Do universities have the means to set their own content of curricula and standards for granting academic degrees? Substantive autonomy thus comprises the freedom to review and eliminate academic programs and control institutional and research activities (Dobbins et al., 2011).

1) The State-Centred Model

Drawing on classifications of Clark (1983) and Olsen (2007), this model conceives universities as state-operated institutions. The state directly coordinates all or most aspects of HE, such as admission requirements, curricula, exams, nomination of academic personnel, etc. Universities are subject to the formal administrative control of the state and granted relatively little autonomy (Dobbins et al., 2011). The state plays the role of a “guardian” (Neave (1996) and actively

influences internal matters, most notably quality assurance, efficiency and university-business relations (Neave and van Vught, 1991). This notion has profoundly shaped HE in France (Kaiser (2007), Spain, Portugal, and the Soviet Union and its satellites, albeit within the bounds of the Marxist-Leninist doctrine (Dobbins, 2011).

According to Olsen (2007), the constitutive logic of a state-centred HE system is the implementation of pre-determined national objectives. Universities are understood as rational instruments employed to meet national priorities (Olsen, 2007). Research and education are core national production factors contributing to industrial and technological competitiveness (Olsen, 2007). As a consequence, ties between universities and industry and commerce should be mediated or filtered through national government Neave (2003), while external stakeholders provide for additional control over academic activities. The state generally exercises strong oversight over study content, while finances are allocated by the state in itemized fashion (Dobbins et al., 2011). The strong leverage of the state/ministry is reflected in the high degree of hierarchy and the fact that administrative staff is often appointed, not elected (Dobbins et al., 2011). Uniform legislation in combination with nationally standardized procedures— for instance, conditions of access and employment, pay scales - bonds universities to the central government. Although not entirely buffered from external forces, HE systems tend to change as a result of changing government coalitions. Despite trends away from the state-centered model, very strong traces of its legacy can be identified in France (Kaiser, 2007), Turkey (Mizikaci (2006) and post-communist Romania (Dobbins and Knill (2009) and Russia (Meister, 2007).

2) University as a self-governing of scholars

Founded upon Humboldt's principle of *Lern- und Lehrfreiheit* (freedom of teaching and learning), this model has shaped and still shapes HE in Germany, Austria and much of pre and post-communist central Europe (Scott, 2002, Nybom, 2003, Dobbins and Knill, 2009). Its guiding organizational principle is described by some as 'academic self-governance' and by more skeptical observers as 'academic oligarchy', implying thus weak university management, strong self-regulation, and collegial control by the professoriate, in particular as regards study and research profiles (de Boer and Goedegebuure, 2003). In its ideal form, the model is based on a state-university partnership, governed by principles of corporatism and collective agreement (Dobbins et al., 2011). On the one hand, academic "oligarchy" is synonymous with the self-

regulation of academic affairs by the academic and scientific community via academic senates at the institutional level in concert with external self-governing bodies in German system (Clark, 1983). On the other hand, the state remains a potent actor because of the diverse planning and financial laws limiting the scope of self-governance (Dobbins et al., 2011). Thus, the supreme degree of autonomy called for by Humboldt is now constricted by universities' political affiliation with and financial dependency on the state, which creates a necessity for collective agreement (Dobbins et al., 2011).

However, the protection of academic freedom and funding by the state enables universities to establish normative and constitutive principles and rules of their own without being subject to external design (Olsen, 2007). Compared with state-authority models, this understanding of HE is marked by the lack of institutional coordination between university strategies and industrial and/or political goals (Dobbins et al., 2011). In other words, there is a lack of anything resembling manpower plans, which would streamline socio-economic needs into academic activities and student placement (Dobbins et al., 2011). Instead, the purest and indeed utopian version of the Humboldt model is founded upon free scholarly enquiry and the inseparable link between research and teaching (Dobbins et al., 2011). Hence, the self-perception of the university is tantamount to the shared commitment to the search for truth through intellectual freedom - regardless of the utility, applicability, economic benefit or political convenience of scientific results (Olsen, 2007).

Of paramount importance to the academic self-rule model is the chair system, in which each professorial chair functions as a core organizational unit vested with a supreme degree of autonomy (Schimank, 2002). Once appointed, the occupants of professorial chairs constitute upholders of authority at the micro-level, or as Clark (1983) puts it "small monopolies in thousand parts". When several chairs act in concert or as a "federation" of chairs Sadlak (1995), they possess a formidable power to block initiatives of the government. On the one hand, the university still operates in the service of society and science as a whole (Dobbins et al., 2011). On the other hand, universities and their specialized sub-systems, the professorial chairs, are traditionally more in tune with the dynamics of their scientific disciplines than socio-economic pressures (Dobbins et al., 2011). Resulting from this, a system of decentralized collegial organization emerges at the faculty and chair level, in which appointments are made on a collegial basis and on the basis of scientific merit (Dobbins et al., 2011). Nevertheless, self-

governance takes place within state- defined constraints, as universities remain under the auspices of the state (or in the German case La"nder) and professors hold the status of civil servants (Dobbins et al., 2011).

However, the strong emphasis on scientific demands and detachment from socioeconomic needs is frequently described with catchwords such as the "Republic of Science" or "Ivory Towers" (Olsen (2007) and Neave (2003), which are further marked by the frequent lack of comprehensive performance-based criteria as regards, for example, the quality of teaching, the selection of students, and pay scales. These circumstances still characterize, to a large extent, contemporary German higher education (Schimank, 2005, Niemann, 2010).

3) The Market-Oriented Model

Instead of Humboldt's ideals of unfettered scholarly enquiry, academic self-governing models have frequently become synonymous with the deterioration of teaching, mass bureaucratization, and mistrust between the state, universities, and society (Dobbins et al., 2011). Market oriented models, by contrast, contend that universities function more effectively when operating as economic enterprises within and for regional or global markets Marginson and Considine (2000), while entrepreneurial tactics are regarded as legitimate organizational principles (Clark, 1998). Jongbloed (2008), for instance, defines marketization policies as "policies that are aimed at strengthening student choice and liberalizing markets in order to increase quality and variety of services offered." In this framework, universities compete for students and financial resources. University management sees itself in the role of a producer and entrepreneur, which offers academic services to students (Dobbins et al., 2011). Thus, the institutional leadership demonstrated by HE institutions is a core feature (Dobbins et al., 2011). Subsequently, the "entrepreneurial" university and related notions of corporate governance have come to dominate current discourse (Clark, 1998, Felt, 2003).

Ideas based on New Public Management and private enterprises (for example, performance-based funding) enjoy a high status as governance mechanisms at the university level, while the forces of competition are intended to enable rapid adaptation to new constraints and opportunities (Ferlie et al., 1996, Ferlie et al., 2009). This is reflected, for example, by the alleged capacity to add and subtract fields of knowledge. Thus, unlike in Humboldt Systems, information and knowledge are not an end in themselves. Nor are they a public good HE is

instead viewed as a commodity, investment, and strategic resource (Olsen, 2007). Instead of shaping and designing the system, the state tends to promote competition, while ensuring quality and transparency (Phillip, 2000, Ferlie et al., 2009). Accordingly, competition among buyers (students) and sellers (HE institutions) is assumed to assure greater discipline in institutional decisions regarding expenditures and the ‘education product’, as it is believed to facilitate institutional adaptation and innovation (Dobbins et al., 2011). HE marketization may include privatization, although this is not invariably the case (Dobbins et al., 2011). At the same time, market-oriented systems may offer governments an array of policy instruments to enhance competition such as regulations on subsidies and instruments affecting pricing structure and enrolment (e.g. competitive admissions, price ceilings) (Dobbins et al., 2011). The American system, in particular, is known for taxation incentives for families who invest in children’s education or for corporations who make donations to HE institutions (Olsen, 2007). Hence, government involvement entails regulation and incentives for competition and quality, rather than directives, legislative decrees, or manpower-based planning (Olsen, 2007, Niklasson, 1995) However, institutions remain financially dependent on external stakeholders such as private and business donors as well as students, the ultimate beneficiaries of HE. As a result, research and teaching services are “sold” for competitive prices on the market (Marginson and Considine, 2000).

Along the same lines, universities are likely to be more susceptible to special interests as they find themselves in a delicate position of dual accountability towards the state/public sector and market demands (Dobbins et al., 2011). In other words, public authorities penetrate vertically into HE systems to assert leverage over the structure of academic markets, while market forces horizontally “inject” consumer demands into the system (t’Veld et al. (1996), leading to increased conflict potential.

2.7 Corporate Governance Framework

According to Crowther (2010), corporate governance framework outlines the principles, elements and mechanisms used in the organization to support effective corporate governance through strong leadership, responsible and ethical decision making, management and accountability and performance management. Mallin (2011) argues that it is impossible to evaluate the level of corporate governance in South Africa given the conditions under which

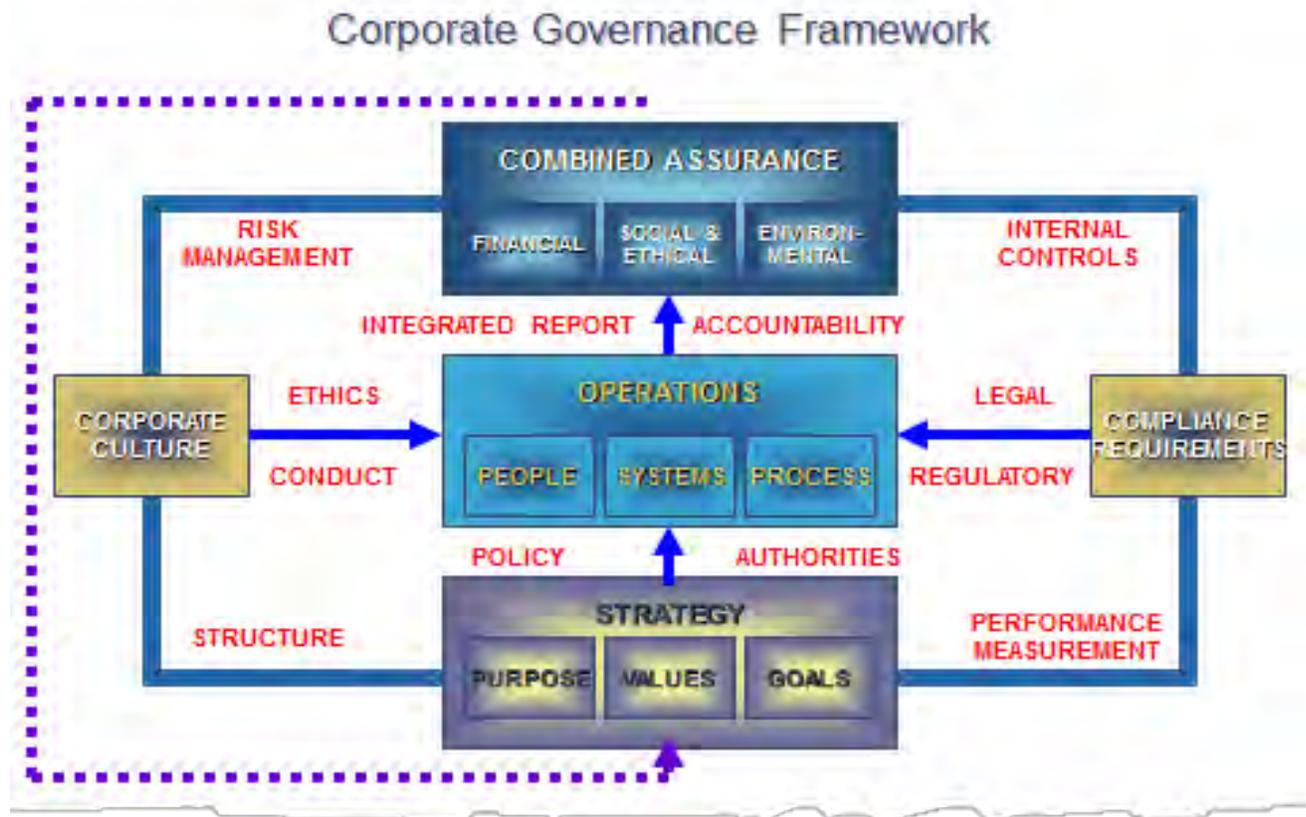
South African businesses operate. Corporate governance functions under challenging economic climate globally and hard conditions nationally. Corporate governance is viewed differently in South Africa – as some people refer to it as the responsibility of the board of directors overseeing organizations; managing relations between the organization and its stakeholders; financial and fiduciary duties including legal obligations; crafting and execution of strategy – giving rise to finance growth as well as monitoring and evaluation; and risk awareness (Mallin, 2011).

Mallin (2011) acknowledges the fact that all these aspects are valid and reiterates that they should not be divorced from country's socio-political background. South African business background has been heavily influenced by major stakeholders who include – government; civil organizations; media; shareholders; companies and trade unions (Mallin, 2011). Mallin (2011) note and appreciate one of the most influential initiatives in developing practices and concepts of corporate governance which have been outlined in all three King Reports – offering guidelines and principles for best practice; including environmental and social responsibility.

A well governed tertiary institution will enhance its human resources management principles and practices, strengthen financial management strategies adopted by the institution, increase research productivity levels which will mean more investment or additional funding to sustain the institution, attract best researchers globally and be institution of choice for learners (Crowther, 2010). Tertiary institutions in South Africa are faced with a challenge of transforming academia such that it produces adequate African professors to close the scarce skills gap (National Government, 2014). The continuous development of effective and efficient governance structures within institutions will eventually set the tone and society will slowly regain confidence towards their own products and refrain from mentality that South African institutions are not of high quality (National Government, 2014).

According to Hough.; et al. (2010) corporate governance framework is merely a combined assurance process as illustrated in figure 2.1 below:

Figure 2-1 Corporate Governance Framework



Source: (Hough.; et al., 2010)

Hough.; et al. (2010) state that corporate governance framework is a process of combined assurance. Accordingly, Hough.; et al. (2010) notes that management, internal assurance providers such as internal audit and external assurance providers (such as external audit) are role-players in providing assurance to the board over risks in an enterprise. According to National Government (2014) King III tasks the audit committee with the responsibility of monitoring the appropriateness of the company’s combined assurance model and ensuring that significant risks facing the company are adequately addressed.

According to Stromquist and Monkman (2014) combined assurance model is a process in place meant to effectively coordinate management; internal and external assurance providers; increase their collaboration and develop a shared and more holistic approach of the institution’s risk profile. Combined assurance teaches everyone that they are responsible for the effective and

efficient functioning of their institution. As illustrated in Figure 2-1, no section or department can function in a vacuum – there will always be a link in one way or other. For example, effective corporate culture will give rise to good ethical leadership who conduct themselves with a profession manner at all times. Compliance requirement will mean employing people with legal expertise in a highly controlled environment. Combined assurance further recognises that each and every business requires ethical people, reliable systems and effective processes in order to carry out its operations (Kiel and Nicholson, 2003).

The results of operations are interpreted through integrated reporting other results of healthy operating businesses are documented by the way of accountability – where employees take charge of their actions. Fully accountable employees’ produces tremendous results to its clients. Furthermore, to measure performance, Figure 2-1 illustrates that there should be policies and authorised structures which will be responsible for driving the strategy of the organisation. The strategy of the organisation entails purpose of the organization’s existence; the values that it upholds to the society and the goals that the organization wants to achieve by being in a particular business (Hough.; et al., 2010).

HEIs have been largely viewed as social institutions and that other than their core functions of being a community for scholars to perform research through teaching and learning as well as community engagement – they are also expected to shift focus and concentrate on social activities which include maintenance and rebirth of values and norms of the society (Godemann et al., 2014). Well governed HEIs are encouraged because they become the society’s source of building their careers. Well educated society give rise to economic development then people start getting descent jobs, unemployment rate decreases, the cost of living becomes affordable, and poverty crises are also addressed.

2.8 Governance of the South African Higher Education Institutions (HEIs)

According to Government Gazette governing higher institution by National Government (2014), all institutions should adopt best governance practices, financial and general management practices through implementing the philosophy of the King III Report on Corporate Governance which is mainly about leadership, sustainability and corporate citizenship. Good governance is essentially about effective leadership characterised by the ethical values of responsibility,

accountability, fairness and transparency (National Government, 2014). As such, the strategic and operational direction of those organizations is to achieve sustainable economic, social and environmental performance. Sustainability is an important source of opportunities and risks for the public higher education. There are numerous conditions faced by the higher education institutions regarding good management. There has been an increase in competition among both public and private higher education institutions. As such, the environments under which they operate have become imperative to comply with certain codes as prescribed by the bodies governing higher education and training institution.

In addition to specific provisions the code sets out the key underlying principles that underpin governance within the university system (Afolabi, 2015). These codes include Openness and transparency, Selflessness, Honesty, Leadership, Fairness, Integrity, Independence, Accountability, Objectivity, Efficiency and Effectiveness and Value for money (Coldwell and Joosub, 2014). These principles have been referred to in many subsequent governance codes throughout the HEIs in the world (Brooks and Scanlan, 2015).

The National Government (2014) states that King III Report has opted for an 'apply or explain' governance framework. Where the board believes it to be in the best interests of the company, it can adopt a practice different from that recommended in the King III Report, but must explain it. Explaining the different practice adopted and an acceptable reason for it, results in consistency with King III Report principles (Steyn and Niemann, 2014). The framework recommended by King III Report is principles-based and there is no 'one size fits all' solution. Entities are encouraged to tailor the principles of the Code as appropriate to the size, nature and complexity of their organisation. This is good news for companies in South Africa as it avoids some of the pitfalls seen in the United States where a 'one size fits all' approach was initially adopted (Decaux et al., 2015).

Parry (2014) states that higher education and training operates like all other organisations and are also faced with the challenges:

- Fraud, corruption and whistle blowing;
- Compliance with legislation, internal codes of conduct, policies and procedures;

- Risk management – financial and operational;
- Clean audit reports;
- Effective risk based internal audit;
- King III implementation;
- Supply chain and procurement compliance; and
- Ethics and behaviour.

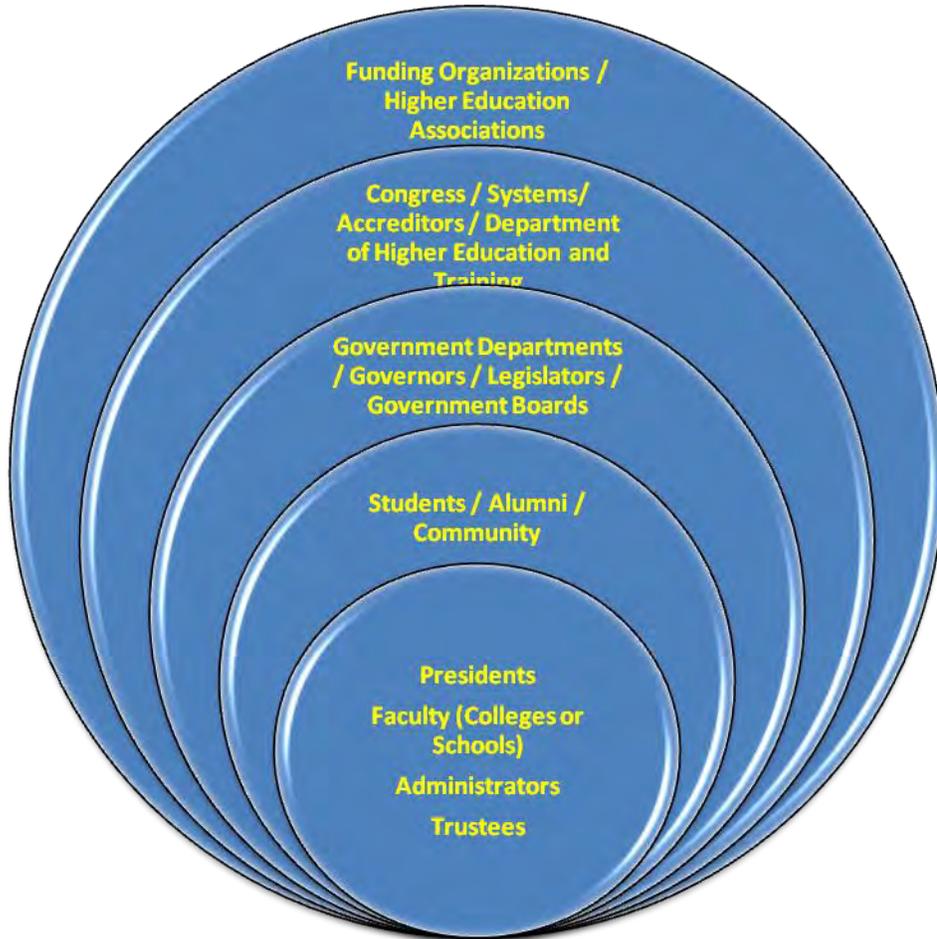
These challenges could be addressed by issuing an integrated report aimed at increasing the trust and confidence of its stakeholders and the legitimacy of its operations. It can also increase a public higher education institution's business and educational opportunities and improve its risk management. When issuing an integrated report internally, a public higher education evaluates its ethics, fundamental values, and governance (Parry, 2014).

Research by Zinkin (2010) found that good governance could yield positive results through getting the strategy of the organization right. Zinkin (2010) describes the basis under which an organization can decide how their strategy could be. It recognizes that personal values and aspirations of the top management teams drive the organization and as a result there must be an alignment between these for the strategy of the organization to achieve designed outcomes. Once the goals have been set out, the top management team must then form the basis of the organization's likely commitments to its community, outlined in terms of what it ought to do to sustain its operations.

Assuming that there are indifferences between what the firm wants to do and what it ought to do, then the third step would be to determine or not it is worthwhile to do market opportunity if it is large enough to form basis of investment through time, energy and financial support. The final step would be to establish whether or not the organization has the competencies, capabilities and resources to expand its market share (Zinkin, 2010).

On the other hand, research conducted by Gayle et al. (2011) provides an insight of visualising university governance structures through concentric circles (shown in Figure 2-2) and overlapping circles (shown in Figure 2-3) as follows:

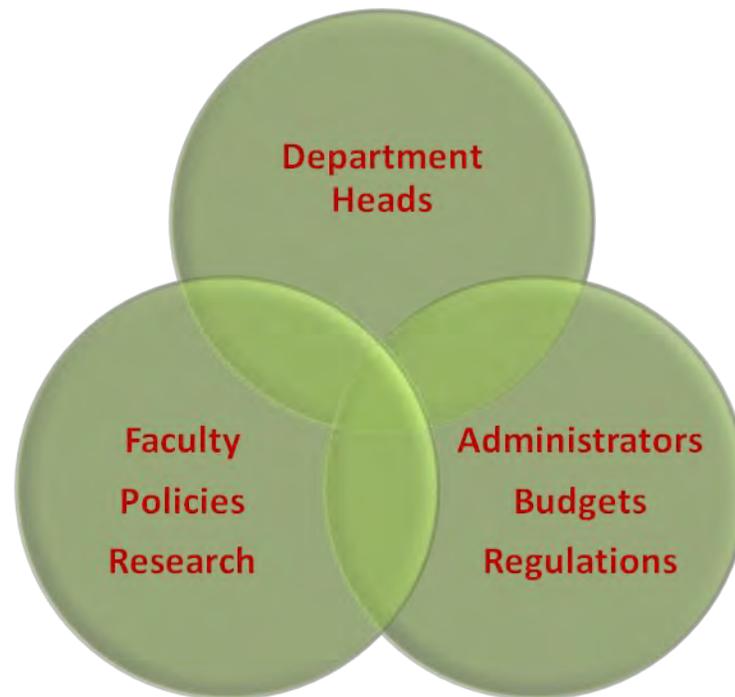
Figure 2-2 Visualising University Governance – concentric circles



Source: (Gayle et al., 2011))

According to Gayle et al. (2011) the governance structure of the university being visualised as the concentric circles – where internal circle has presidents; senior administrators; trustees and faculty. Other circles comprise of various groups such as alumni, students, government legislators, government governors, government departments or board of education, local community, accrediting institutions, related congregational committees, funding organizations, system-level offices and higher education association.

Figure 2-3 Visualising university governance - overlapping circles



Source: (Gayle et al., 2011)

According to Gayle et al. (2011), university governance could also be visualised as a set of overlapping circles with academic freedom related policies, faculty, research centres or institutes in same circle, senior administrators, budgets and regulations in another and department heads in an overlapping segment. Gayle et al. (2011) argues that the separation is not straight forward as faculty and administrators interchange between the administrative and technical cores. Senior administrators may want to perform teaching tasks and faculty committees may perform administrative duties (Gayle et al., 2011).

2.8.1 Integrated Reporting

Employees assuming managerial responsibilities by means of delegation or mandates have a responsibility of providing results showing their accountability through powers given to them (National Government, 2014). In the execution of their obligations, it should be noted that their reporting process is not only limited to facts, events and achievements in abstract terms but their

reporting should also be done assessments and measurements against plans and targets as well as projected outcomes (National Government, 2014). HEIs in South Africa are enjoying significant statutory independence. Hence it becomes imperative that management and governance structures of the institutions are accountable to its stakeholders (internally and externally) in a manner which is fully prescribed and consistence (Minister of Higher Education and Training, 2010). In HEI's, the annual report is the equivalent of the integrated report – its annual report covers both the financial and non-financial performance of a HEI in an integrated manner (Minister of Higher Education and Training, 2010).

According to Minister of Higher Education and Training (2010) the concept of “triple bottom line” which entails reporting on economic, social and environmental performance is not very new because the King II Report also dedicated a chapter to integrated sustainability reporting. However, sustainability issues are receiving greater attention both globally and locally. As per the requirements by the King III Report, integrated reports should be prepared annually and it should show both statutory financial information and sustainability information. It should also have adequate details on how the HEIs has impacted the socio-economic life of the community within its operations, whether positively or negatively but this should be clearly reported (Minister of Higher Education and Training, 2010).

The integrated or annual report should provide solutions regarding the controls it has in place to enhance the positive and negative aspects affecting the socio-economic life of the community where it operates. Integrated reporting should include aspects of sustainability reported with other HEI's strategic and business processes and should be applied throughout the year including the interim reporting period (National Government, 2014).

According to Cheng et al. (2014), the International Integrated Reporting Council (IIRC) is a *“global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs and brings together the relevant and informed people and organizations involved in corporate reporting, with the aim of preparing a conceptual framework for the preparation of a concise, user-oriented corporate report entitled an integrated report”*. Cheng et al. (2014) view integrated reporting as aimed at allowing an improved communication of the organization's

short, medium and long-term value adding activities through the provision of a brief communique on how an organization's strategy, governance, performance and prospects will lead to the creation of value over the short, medium and long term in the context of its external environment. The author Cheng et al. (2014) acknowledge the fact that integrated reporting framework revolve around the idea that organizations should enlarge their reporting in order to include all their resources that have contributed to the business activities.

Gayle et al. (2011) state that the IIRC uses the term "capitals" to explain these various resources identified as social and relationship; manufactured; human; intellectual; financial and natural. Consequently, the integrated reporting framework requires an inclusion of organization's business model that will emphasis on strategies that the organization has to integrate its business model with the six capitals mentioned above (Dao, 2015). According to Giroux and Henry (2013), there is a distinction from traditional financial statements that integrated reporting is not only about historical events and transaction. However, it provides measures in place to ensure that key risks and opportunities are recognized and reported and there is assurance that stakeholders will be provided with valuable analysis regarding the future survival of the organization.

Integrated reporting offers variety of benefits identified in different fields, these benefits are: information that is relevant to the needs of the investors; availability of non-financial information at data providers dispensation; key users are assured at greater levels; revised resource allocation strategies; opportunities identified at a greater extent; improved obligation to stakeholders – for present and prospective workers, giving rise to lowered costs of capital; expertise attraction and retention; improved community image; and better access to it (Gayle et al., 2011).

2.8.2 Annual review in internal financial controls

The aim of this section is to highlight the areas of King III Report that apply to an organisation's assessment of internal financial controls. Internal control is defined as "*a process, effected by an entity's board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives such as effectiveness and efficiency of operation, reliability of financial reporting, and compliance with regulation*" (Chang et al., 2014).

Internal controls have been acknowledged as important in ensuring high-quality financial reporting Committee of Sponsoring Organizations (COSO) (Johnstone et al., 2011). Johnstone et al. (2011) found that prior to the SOX Act of 2002, the only required public disclosures on internal controls concerned deficiencies therein, which were revealed in Securities and Exchange Commission Form 8-K “change of auditor” disclosures (Commission, 2013). According to (Johnstone et al., 2011) it has been noted that one of the significant provisions of SOX is Section 404, which requires public firms and their external auditors to report on the effectiveness of firms’ internal controls over financial reporting or to reveal the presence of internal control material weaknesses.

According to Feng et al. (2012) internal control over financial reporting is *“a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles”*.

According to National Government (2014), King III Report requires that the audit committee ensure the integrity of integrated reporting and internal financial controls. The audit committee should also have an oversight of financial reporting risks. National Government (2014) states that in order to align recommendations with global best practice principles, King III Report requires:

- 1) Integrated reporting should include a statement on the effectiveness of internal controls from the board as well as audit committee;
- 2) The statement made by the audit committee should be supported by a formally documented annual review of the design, implementation and effectiveness of the company’s system of internal financial controls following suitable testing performed by internal audit;
- 3) The nature and extent of weaknesses in financial control that are considered material and that resulted in actual material financial loss, fraud or material errors, should be reported to the board and the stakeholders; and

- 4) The audit committee should determine the nature and extent of the formal documented review of internal financial controls. No external confirmation is required to be made on the audit committee's statement on internal financial control.

According to Minister of Higher Education and Training (2010) Section 30 of the Higher Education Act identifies various functions to different personnel within the public higher education to ensure efficient and effective review in internal financial controls. The personnel range from Vice-Chancellor and Principal; Accounting Officer; to Senior Management. As a result, an assessment of the internal control system requires an in-depth understanding of a firm's business, the risks it faces and the controls it has put in place to treat risk exposure at all relevant organizational levels (Heise et al., 2014). Internal financial control reporting is done by internal and external audit to the audit committee, management and council. Material breakdown in internal control is reported to council by the audit committee. The audit committee is required to conclude and report to stakeholders on an annual basis on the effectiveness of internal financial controls (National Government, 2014).

2.8.3 Risk based audit approach

According to Griffiths (2012) risk based audit approach is about auditing areas of the organization which carries a greater percentage of risk than others. Griffiths (2012) explains that this approach requires that the risky areas are already identified by management which then forms the basis of risk based audit approach. However, if risk areas are not yet identified by management, there is a possibility that auditors will work with management to assist in the process of identifying and reviewing risky areas in the organization. Another aspect of looking at risk based audit approach is to view it as a process. Traditionally, audits start and finish by looking at controls, known as the trusted expertise that the function has (National Government, 2014).

According to Griffiths (2012), there are challenges with this approach because it is two-fold. One angle is that management does not understand controls. This concept is sometimes unfamiliar to them. If management understand controls, they often want to add more controls without realising that there is no value that is being added by adding more controls. Rather it has creates a lot of work for them. Another angle would be the fact that the Internal Audit function

is not an expert in control. As a result, it will be difficult to convince them to buy-in into something that they do not understand (Griffiths, 2012). Griffiths (2012) recommends that when engaging with management at the level that they understand and talk about things that real matter to them, for example, discussing their objectives and what they want to achieve and how to measure it will appeal to them. Deliberation about the pressures to the attainment of their objectives, the obstacles to their success, which are of course, the risks. Having laid that foundation between goals and risks, risk appetite can be discussed. After this stage, the auditor would be ready to discuss the mitigating controls in place to deal with risk that has already been identified and the prospective risks, as well as the areas which management are concerned about or where they see opportunities in relation to those processes or controls (Griffiths, 2012). If an Auditor requires more attention and favourable responses from management, he/she would rather perform risk assessment (controls) together with management processes than trying to do this in isolation.

According to Coetzee and Lubbe (2014) there is a connection between risk management and internal auditing. Risk-based internal auditing is merely a reflection on the role that should be played by the internal auditing department regarding organization's overall risk management strategy – with recommendations ranging from providing assurance on the soundness of the strategy to taking responsibility for its implementation (Coetzee and Lubbe, 2014). Coetzee and Lubbe (2014) state that the use of the term 'risk-based audit approach' has been utilized without appropriate justification as there had been evidence of the lack of any form of risk assessment or risk-based audit planning. Accordingly, the lack of risk-based internal audit approach is supported by many studies which then showed that most participants in those studies had indicated they do not follow risk-based planning for their internal audit plan, only one third had included risk into their engagement planning (Coetzee and Lubbe, 2014)

According to Coetzee and Lubbe (2014) risk-based internal audit engagement should consist of five steps, namely as follows:

1. Setting the objectives of the audit engagement based on the objectives of the activity under review;
2. Identify operational or strategic events within the scope of the audit engagement;

3. Perform a risk assessment where the risks are measured in terms of the likelihood and the impact;
4. The risk response (management developing a set of actions to align the risks with the organization's risk appetite) that management has or must implement; and
5. Control activities which should form part of the risk response.

According to National Government (2014), King III Report follows that audit-based risk approach directs internal audit to address strategic, operational, financial and sustainability issues in its journey to deliver value for the organization. The heads of internal audits are required to understand the organization's strategy in order for them to direct the function to areas where value will be added. Governance is supported by an acceptance of accountability and responsibility for action (Olsen, 2007). Chief Audit Executive is required to provide an annual assessment of an organisation's control environment. This reflects the similarity of reflection from the internal audit network and the call for improved governance in general, highlighting calls for internal audit to rise and deliver on its contribution to effective governance (Neave, 2003).

2.8.4 Compliance with laws, rules, codes and standards

Corporate governance is changing dramatically. With public trust shaken by recent high profile corporate scandals – the bar has been raised with corporate responsibility and organizations are being forced to be more open and accountable (Coetzee and Lubbe, 2014). Nonetheless, while compliance has become an increasingly important agenda item for many organizations especially listed companies – corporate governance means more than compliance with specific regulations (Hart, 2012). Today's changing landscape requires greater sensitivity to the need for management and the Board to recognise its unique roles and coordinate with internal and external parties (Bartley, 2011).

According to Locke et al. (2013) on governance and regulation recommended that a combination of mixture of community and private involvements is appropriate to enhance conditions of working and ecological principles inside worldwide supply of goods and services. Companies must comply with all applicable laws. Laws should be understood not only in terms of the

obligations that they create, but also for the rights and protection that they afford (Locke, 2013). The board is responsible for the company's compliance with applicable laws and with those non-binding rules, codes and standards with which the company has elected to comply (Locke, 2013). The board has an overall responsibility to monitor the company's compliance with all applicable laws, rules, codes and standards (Locke, 2013).

Kaplin and Lee (2013) assert that the circulation of rules and regulations by various tertiary institutions are also a source of postsecondary education law. The rules and regulations are to be followed by all stakeholders of the institutions and the legal requirement that apply to particular institutions must be enforced consistently. The courts may consider other institutional rules to be part of student-institution contract or faculty-institution contract – therefore these rules and regulations will be enforceable contract actions in the courts (Kaplin and Lee, 2013). Some rules and regulations of the public institutions may also be legally enforceable as administrative regulation of a government agency (Kaplin and Lee, 2013).

2.8.5 Governing stakeholder relationships

According to National Government (2014), King III Report states that stakeholder relationships provide a platform for the board to take into account the concerns and objectives of the company's stakeholders in its decision making, which is fundamental to the process of integrated reporting. Firms achieve sustained competitive advantage by implementing strategies that exploit their internal strengths and avoid internal weaknesses (Ntim et al., 2014). The stakeholder-inclusive approach to corporate governance is not a new concept in the King reports and effective stakeholder engagement is recognised as essential to good corporate governance (Minister of Higher Education and Training, 2010). The days when boards could merely pay lip service to concerns such as corporate responsibility, ethical business practices and sustainability are over (Shaw, 2007).

Verbeke and Tung (2013) state that, fundamentally, the capacity of stakeholder management sets out a firm's competitive advantage in relation to transformational adaption over a period of time. Their newly short-time stakeholder management approach has insights drawn from both institutional theory and the resource-based view (RBV) in strategic management (Verbeke and Tung, 2013). RBV's focus is on the key achievement aspects of an individual firm's behavior to

accomplish specific rewards through a collection of differential resources. This view is underpinned by the fact that the market competitive position does not only define organizations defines not only the firm's victory but also acknowledges availability of organization's resources which contribute towards producing unique products (Verbeke and Tung, 2013).

According to Schnackenberg and Tomlinson (2014), firm resources in a broad sense, include “*all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that enable it to conceive of and implement strategies that improve its efficiency and effectiveness.*” Accordingly, it becomes clear that a firm's competitive advantage may derive from the profile and quality of its internal resources. Only valuable, rare, inimitable, and non-substitutable resources are strategic assets that, if properly mobilized, can generate advantages and improve performance (Schnackenberg and Tomlinson, 2014).

2.9 Alternate Dispute Resolution (ADR)

According to (Fiadjoe, 2013) “*ADR refers to the idea of utilising wide spectrum of mechanism aimed at preventing, managing, settling and resolving dispute and the idea behind ADR mechanism was precisely to have courts more effectively doing those things that they have peculiarly fit to do, and have other mechanisms such as arbitration and mediation dispose of those cases that do not require the specialized expertise of court*”. Donaldson (2014) emphasizes that bargaining and negation are the most common form of dispute settlement. The negotiation process, when compared with the process of utilising third parties, has a greater advantage of allowing parties to reach the outcome that they want as the control and the solution to the process lies in their hands.

The term ADR, as applied to the world of work, originated in the USA, where it was used to denote procedures and mechanisms for conflict resolution that provided either alternatives to litigation or resort to administrative tribunals established under statute in such areas as equal opportunities and employment discrimination (Donaldson, 2014) . The term also came to be associated with specific sets of procedures and mechanisms in non-unionized employments such as workplace mediation, fact-finding, ombudsmen, arbitration and review panels comprising managers or peer employees (Donaldson, 2014). These mechanisms are sometimes bundled together in integrated ‘conflict management systems’ in which multiple forms of ADR, or the so-called ‘interest-based’ practices, take precedence over ‘rights-based’ fall-back procedures, such

as formal grievance processes (Ury et al., 1993, Costantino and Sickles Merchant, 1996, Bendersky, 2007).

However, if the parties are unable to conclude the dispute themselves, and the third party is broad on board, it becomes imperative to decide whether the third party has the powers to execute a solution or they are just present to support disputants to arrive at their own resolution (Donaldson, 2014). Donaldson (2014) states that mediation is the process commonly used lately whereas in the past adjudication process was utilised where the court would be involved or a private adjudicator (Arbitrator). Three primary processes – negotiation, mediation, adjudication – can be joined in different ways and one of the successes of the alternatives has been the rich diversity of mixture argument determination practices it has produced. (Donaldson, 2014) use an example that, *“an adjudication-like presentation of proof and arguments is combined with negotiation in the mini-trial; arbitration is combined with court adjudication in a procedure known as rent-a-judge; and medication is combined with arbitration in med-arb. Other well-known hybrid processes are the ombudsman (which involves a mediator/ investigator) and the neutral expert”*.

According to Blake et al. (2014), a skilful mediator can be the avenue through which parties are able to face each other comfortably. Given the fact that the mediator is an independent third party without any power to decide who is right or wrong – their role should be to work with the parties in a process that is broadly aimed at understanding the dispute; identifying the concerns; underlying fears and needs of each party; communicating the same to each party upon receiving a mandate to so; and ultimately assisting the parties to negotiate a settlement themselves Blake et al. (2014). In order for the process to work, it requires commitment from each party and a bona fide willingness to reach settlement (Avery and Ierardi, 2012). In commercial disputes, the equivalent of a war is legal battle in court (Avery and Ierardi, 2012). The battle certainly incurs legal costs, loss of time and production, not to mention the physical and emotional toll on body and mind (Avery and Ierardi, 2012). Avery and Ierardi (2012) state that those who have been involved in litigation will know how bruising it is. The outcome is “the winner and the loser” scenario, and often, a permanently damaged business relationship between the parties. More and more mediation and negotiation are the preferred method of resolving disputes, with the assistance of a skilled and effective mediator (Blake et al., 2014).

Whether assessed discretely, or bundled together in integrated conflict management systems, ADR practices are commonly associated with a range of outcomes in the literature (Avery and Ierardi, 2012). Mediation is found to have a series of positive effects for both employers and employees. A variety of other forms of ADR used in the US and Australia for handling disputes involving individuals have been assessed as benefiting employees and their employers (Ewing, 1989, Van Gramberg, 2006). In the case of outcomes of primary importance for employers, ADR-led conflict management systems, focused mainly on resolving individual employment conflict, have been associated by commentators with higher productivity, lower conflict-related costs, more adaptive organizations and higher organizational morale and commitment (Bingham and Chachere, 1999, Lynch, 2001). Links with lower absence and lower labour turnover rates have also been cited, as have links between ADR-led conflict management systems in non-unionized firms and union avoidance (Bingham and Chachere, 1999, Lipsky and Avgar, 2004). They have also been associated with important outcomes for employees, such as procedural and substantive justice in the workplace, higher work satisfaction and a greater capacity to resolve potentially destructive conflict (Lynch, 2001, Bendersky, 2007).

2.10 Conclusion

This Chapter discussed the various aspect of available literature on corporate governance of higher education. One common factor that can be pointed out is the emphasis that have been put on the effective and efficient governance of an organisation. This is the rationale behind this study. The next chapter will speak to the methodology that is applied in conducting the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

According to Sekaran and Bougie (2013) *“research is a systematic approach and organized effort to investigate a specific problem that needs a solution. In doing research a series of steps are designed and followed. Research involves a series of well thought-out and carefully executed activities that will enable one to know how organizational problems can be solved or at least minimized. Research thus incorporates the process of enquiry, examination, investigation and experimentation. These processes have to be carried out systematically, diligently, critically, objectively and logically.”*

This Chapter defines the research method that was used to understand and describe the importance of effective and efficient corporate governance at the university.

3.2 Aim of the Study

The aim of the study is to analyse the effectiveness and efficiency of corporate governance at the university. In order to achieve this aim, questions to be answered by the study and objectives to be achieved have been formulated to act as a guide towards the intention of the study.

3.3 Research Questions

The following research questions are formulated in accordance with the research problem that the study intends answering. The research questions are:

- ✚ Does the university have effective and efficient corporate governance structure?
- ✚ What policies and procedures are in place to deal with enterprise risk?
- ✚ What is the level of understanding of effective and efficient corporate governance within various levels of management at the university?

3.4 Objectives of the Study

In order to answer the above stated research questions, the following objectives were formulated:

- i. To assess the effectiveness and efficiency of corporate governance structures at UKZN.
- ii. To ascertain whether UKZN has adequate policies and procedures to address issues relating to enterprise risk (strategic; financial; operational; compliance and reputational).
- iii. To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at UKZN.

3.5 Participants and Location of the Study

This study was located at UKZN which is located in the province of KwaZulu-Natal (KZN). It comprises of five campuses of which four are located in Durban and one in Pietermaritzburg. The university is using a college model and has four colleges which are: Health Sciences; Law and Management; Humanities; and Agriculture, Engineering and Science. The student population is estimated to be 44 000 and is made up of both local and international students. The majority of the UKZN students are from within KZN Province. The university offers undergraduate and postgraduate studies. The staff population is estimated to be 3 500 and is made up of both academic staff and support staff (administrative staff).

The sampling frame for this study was UKZN staff. A sample frame is defined as a set of people that have a chance of being selected given the approach that will be employed in selecting them. The sample frame is characterized by comprehensives, which is how completely it covers the population (Fowler, 2009). The selected population is the support staff at various levels of management at the university. A population is described as an all-inclusive group that is being studied (Berg and Latin, 2004).

The population was acquired by running a support staff report of all employees at various levels of management at the university. The total was 100, which is the population size of the study. The total of 100 comprises of all support staff at various levels of management across all colleges and all campuses. The study was done on all 100 support staff members. The study was conducted at UKZN because of easy access to information.

3.6 Research and Design Methods

3.6.1 Descriptive Research

A descriptive design was adopted for this study. A descriptive study generally involves identifying characteristics of an observed phenomenon or exploring possible correlation among two or more phenomenon (Haines, 2012).

A survey strategy was followed. A survey design described by Leedy and Ormrod, as cited in Haines (2012) is a study that involves acquiring information from individuals representing one or more groups by asking them questions and tabulating their responses (Haines, 2012). The survey design was suitable because the information about all support staff members at various levels of management was gathered. A questionnaire was constructed and emailed to respondents through the online system.

The other options for study design are exploratory and casual. Exploratory is used when not much information is known about the situation under scrutiny. Casual is where one or more factors will be demarcated (Sekaran and Bougie, 2013). These two designs were used for this study because they do not include identifying characteristics of the sampled population. Also with the research strategies, more strategies can be applied to conduct a particular study. They include experiments, observations, case studies and more (Sekaran and Bougie, 2013). However, the strategies were not suitable for this study.

3.6.2 Quantitative Data Collection

For this study, the self-completion questionnaires method was used. The self-completion method was considered suitable because it is one of the quantitative data collection methods. The other method would be observation Hair et al. (2011). However, it is not suitable for this study. A questionnaire is pre-formulated written set of questions which respondents complete, either at their own convenience or under controlled circumstances in a group (Sekaran and Bougie, 2013). The questionnaire was inserted on software called Question Pro. This program created a uniform resource locator (URL) link which was emailed to all participants. Included in the questionnaire were the instructions on answering the questions and the letter explaining the purpose of the

study. Participants were assured of the confidentiality of the survey and were informed that completing the questionnaire was voluntary.

A URL link was forwarded to all support staff members at various levels of management at the university on 27 March 2015. URL is a reference source that specifies the location of a resource in a computer. Staff members were requested to open the URL link which would direct them to the questionnaire document. The Question Pro software allows the researcher to view the activity of the respondents. Since this was a self-administered questionnaire, email reminders were sent to respondents to encourage them to complete the questionnaire after the realization that respondents were viewing the questionnaire but were not answering it.

The self-completed questionnaire method was considered suitable for this study because it is efficient in terms of convenience, measurement of variables, administration and economical. It is also advantageous in that there is no researcher intervention which might influence the respondents. Some of the challenges associated with self-administered questionnaires include poor response rate, the inability to identify respondents and the inability to provide clarity on, or explanations of, questions (Sekaran and Bougie, 2013). After the data was collected, it was analysed using the Statistical Package for the Social Science (SPSS). The data analysis will be discussed in this chapter.

3.7 Recruitment of Study Participants

3.7.1 Population

To determine the population total, the record of support staff at various levels of management was obtained from UKZN records. The records revealed that the number of support staff members at various levels of management were 100. The population figure was not sampled. The study was done on all 90 support staff members.

3.7.2 Sampling Frame

The sampling frame is a comprehensive list of all sampling elements in the target population (Brink et al., 2012). A convenient sampling method was adopted. This meant that information was collected from the members of the population who were conveniently available to participate in the study (Sekaran and Bougie, 2013). The total population size was 100. Due to

the fact that a representative sample would have been too small and had the potential to present the source of error, the total population size (100%) was approached for participation. Every effort was made to get 100% participation.

3.8 The Research Instrument

The research instrument consisted of 33 items, with a level of measurement at nominal and an ordinal level. The questionnaire was divided into five sections. Section A gathered respondents' biographical information, while sections B to E measured overall respondents' perceptions of the dimensions of the questionnaire.

3.9 Reliability and Validity of the Instrument

Reliability and validity are fundamental to the measurement of an instrument to ensure that the findings are credible and trustworthy. Reliability refers to the degree to which the instrument can be depended upon to yield consistent results if used repeatedly over time on the same person or if used by two different researchers (Brink et al., 2012). Reliability is very much part of validity in that an instrument that does not yield results cannot be considered valid. It is therefore important to determine both reliability and validity of the questionnaire designed for data collection. On the other hand, validity refers to whether or not the instrument measures what it is supposed to measure (Brink et al., 2012).

3.9.1 Reliability

There are various methods to test the reliability of data collection. A pilot study, which is sometimes used to test the questionnaires for the main study, was not undertaken in this particular study due to the small population size. A Cronbach's Alpha Score was examined for all the items that constituted the questionnaire. A reliability of coefficient of 0.70 or higher was considered "acceptable".

3.9.2 Validity

In order to ensure the quality of the quantitative instrument, the researcher should ensure that it actually measures the things it is supposed to measure, otherwise the research cannot be certain what the results mean (Brink et al., 2012). In this study, the researcher developed an instrument

based on an in-depth literature review. This review revealed the essential aspects of the variable and relevant themes/dimensions that should be included in the content. After development, the instrument was presented to the supervisor who is an expert in the field of corporate governance for input before finalization. The supervisor evaluated each item on the instrument in terms of its degree of representation of the variable to be tested as well appropriateness for use. Suggestions made were incorporated into the questionnaire before finalization.

3.10 Data Analysis

For data analysis, quantitative data analysis tool was used. Statistical techniques were utilized the data using SPSS. These statistical techniques included ANOVA; Independent sampled *t* tests; cross tabulation; Chi Square and descriptive analysis.

3.11 Conclusion

This was descriptive study on the effectiveness and efficiency of UKZN's corporate governance structures. The primary data collection instrument was a questionnaire that was developed and administered to conveniently available support staff members at various levels of management to participate in the study. The following chapter presents the results that emerged from the analysis using the SPSS, conclusions are then drawn from the results.

CHAPTER FOUR

PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results of the study according to the methodology discussed in the previous chapter. Various graphics from the SPSS was used to analyse the data. The approach used to present the data is that each question under the objective will be presented and a summary will be provided.

To restate the objectives of the study, they are as follows:

- i. To assess the effectiveness of corporate governance structures at the University of KwaZulu-Natal (UKZN).
- ii. To ascertain whether the university has adequate policies and procedures to address issues relating to enterprise risk (strategic; financial; operational; compliance and reputational).
- iii. To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at the university.

4.2 Response Rate

A URL link was emailed to 100 participants. Out of the 100 targeted participants, 60% complete responses were received. It should be noted that according to the research methodology discussed in the previous chapter, 100 was the total number of support staff at the various levels of management. However, when the results were received and analysed, there were 5 participants which were non-managerial. This could be caused by the possibility that they could be performing jobs at non-managerial levels but categorized under a certain level of management because when they were recruited they were captured into the system using inaccurate grades. The 5 participants did not affect the outcomes of the study as this was considered a statistically insignificant number.

4.3 Reliability Analysis

Table 4-1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.765	.728	33

Table 4-1 present the Cronbach alpha co-efficient of 0.765 generated based on the items in the scale. According to Tredoux and Durheim (2002:216), reliability co-efficient of 0.70 to 0.90 are considered adequate for research instruments.

4.4 Demographics of participants

4.4.1 Population size

Table 4-2: Composition of population size

Biographical Variables		Frequency	Percentage	Mean	Standard Deviation	Variance
Age	Under 20 years	0	0.00%			
	20 – 35 years	10	17.24%			
	36 – 50 years	29	50.00%			
	51 – 65 years	19	32.76%			
	Over 65 years	0	0.00%			
	Total	58	100%	3.16	0.70	0.48
Gender	Male	32	55.17%			
	Female	26	44.83%			
	Total	58	100%	1.55	0.50	0.25
Length of service	<1	0	0%			
	1	5	8.62%			
	2	4	6.90%			
	3	12	20.69%			

	4	14	24.14%			
	5	5	8.62%			
	>5	18	31.03%			
	Total	58	100%	5.10	1.62	2.62
Education	Post-Doctoral Degree	1	1.72%			
	Doctoral Degree	10	17.24%			
	Master's Degree	17	29.31%			
	Honour's Degree	16	27.59%			
	Bachelor's Degree	14	24.14%			
	National Diploma	0	0%			
	Total	58	100%	3.55	1.10	1.20
Job category	Top Management	11	18.97%			
	Middle Management	30	51.72%			
	First level supervisor	12	20.68%			
	Non-Managerial	5	8.62%			
	Total	58	100%	2.19	0.85	0.72

Table 4-2 shows evidence that the majority of respondents were males (N = 32; 55.17%); comprising of 36 – 50 age group (N = 29; 50%) with an average tenure of above 5 years (N = 18; 31.03). The majority of respondents hold a master's degree (N = 17; 29.31%) followed by those with honour's degree (N = 14; 27.59%). The respondents at a middle management level were the majority (N = 30: 51.72%); followed by first level supervisor (N = 17; 29.31%); top management (N = 11; 18.97%); and non-managerial (N = 5; 8.62%).

4.4.2 Age of respondents

Figure 4-1: Composition of respondents by Age

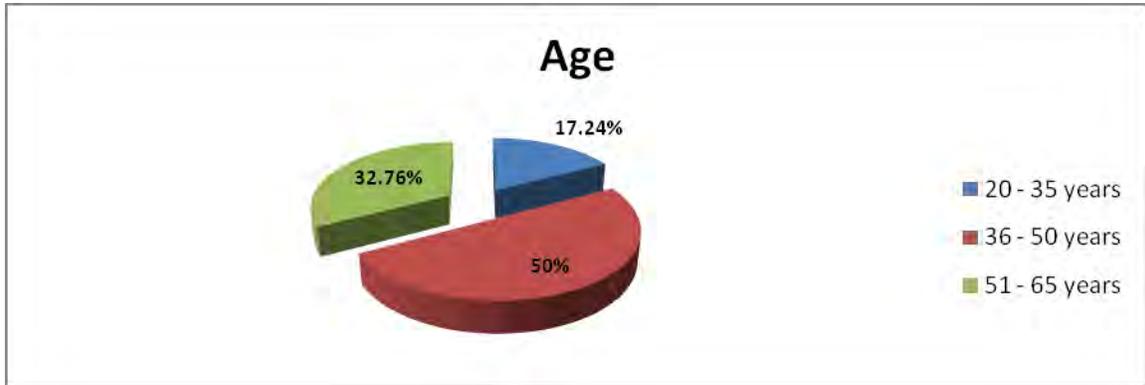


Figure 4-1 indicates that the majority of the population are in the ages 36 – 50 years (N = 29; 50%) followed by those who are 51 – 65 years (N = 19; 32.76%) and the least presented were ages 20 – 35 years (N = 10; 17.24%).

4.4.3 Length of service

Figure 4-2 Composition of respondents by Tenure

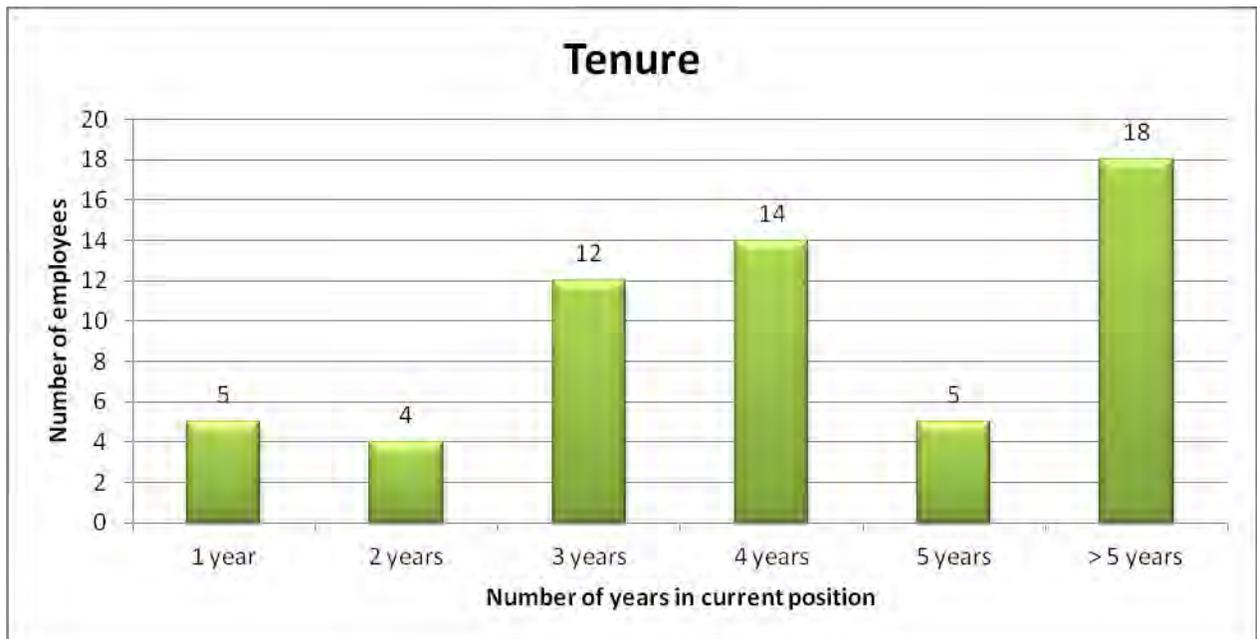


Figure 4-2 is evidence that the majority of respondents had a tenure of above 5 years (N = 18; 31.03%) followed by those who are working in the institution for a period of 4 years (N = 14; 24.14%) and those who have been employed for a period of 3 years (N = 12; 20.69%). The least represented respondents in terms of number years in the current position were those with 5 years' experience (N = 5; 8.62%); 1 years' experience (N = 5; 8.62%) and those with only 2 years' experience (N = 4; 6.90%). The composition of respondents in the study under review is adequate as the large numbers are found from employees with 3 to above 5 years' experience in the current jobs (N = 49; 84.48%).

4.4.4 Gender

Figure 4-3: Composition of respondents by Gender

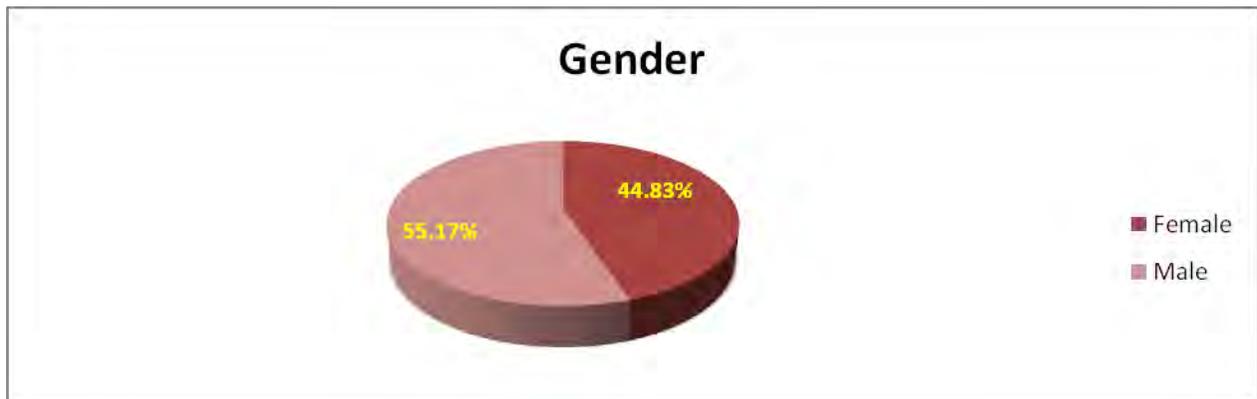


Figure 4-3 reflects that for the study, there were more males (N = 32; 55.17%) than females (N = 26; 44.83%) in the population. However, the representation of females against males is almost equal with a small variation (N = 6; 10.34%). This is adequate to produce nearly well balanced results for the study under review.

4.4.5 Level of education

Figure 4-4: Composition of respondents by level of education

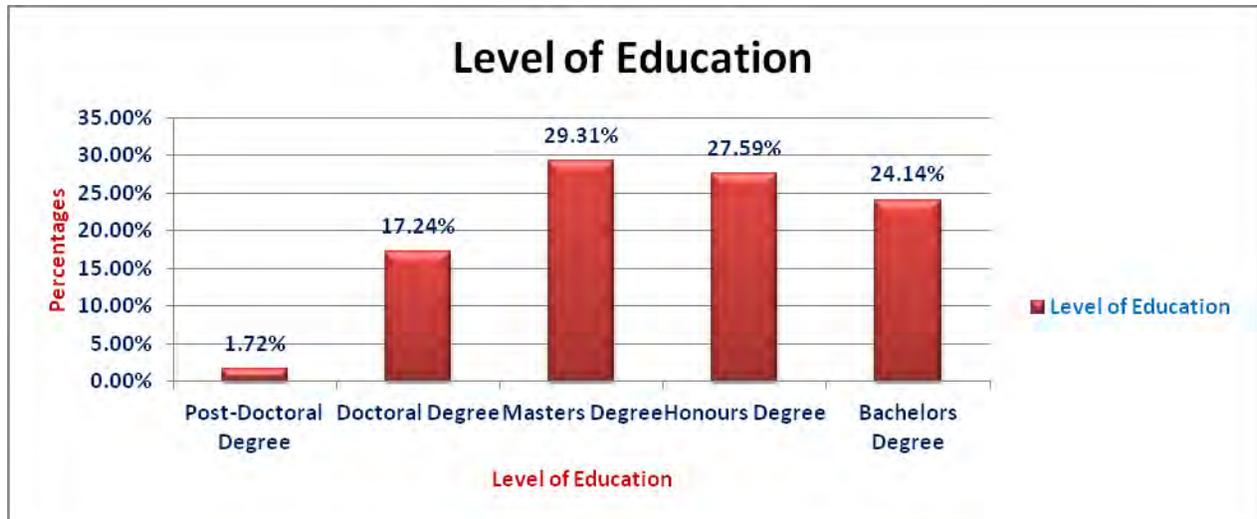


Figure 4-4 demonstrates that the majority of respondents' holds Master's Degree (N = 17; 29.31%), they were followed by those who have Honour's Degree (N = 16; 27.59%); bachelor's degree (N = 14; 24.14%); doctoral degree (N = 10; 17.24%) and post-doctoral degree (N = 1; 1.72%).

4.4.6 Job category

Figure 4-5: Composition of respondents by job category

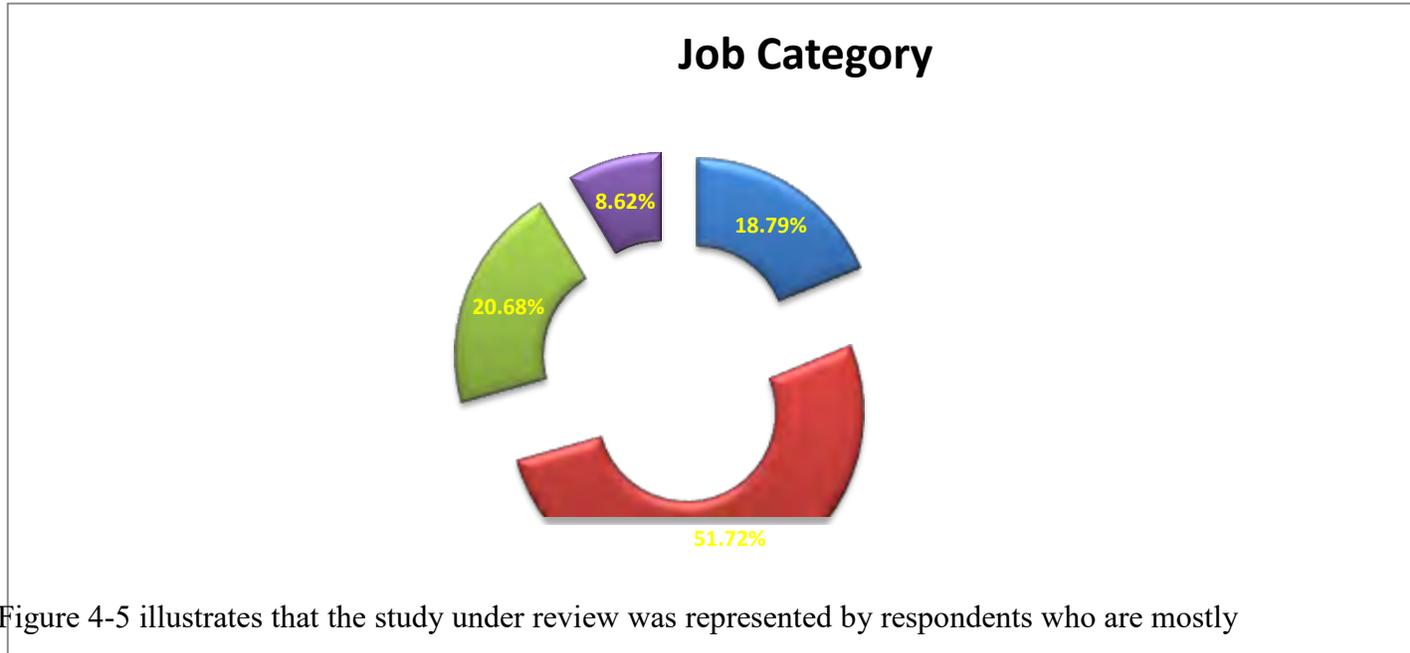


Figure 4-5 illustrates that the study under review was represented by respondents who are mostly in middle management (N = 30; 51.72%) followed by the representation of respondents who are first level supervisors (N = 12; 20.68%); top management (N = 11; 18.79%) and non-managerial representation (N = 5; 8.62%).

4.5 The questions for Objective 1 and Objective 3

- i. Does the university have effective and efficient corporate governance structure?
- ii. What is the level of understanding of effective and efficient corporate governance within various levels of management at the university?

4.5.1 Corporate Governance Rating

Table 4-3: Descriptive Statistics on Corporate Governance Rating

	N	Minimum	Maximum	Mean	Std. Deviation
Corp. governance	54	6.00	14.00	10.6667	2.27372
Valid N (listwise)	54				

Table 4-3 presents descriptive statistics where a corporate governance rating (totaling a score of 15) was generated in the research instrument. The results in the table show that participants gave a mean of rating of 10.6 (indicating a rating of 70%) for functioning of corporate governance in an effective and efficient way at UKZN.

4.5.2 Establishing differences in Levels of Rating between Employees at various Levels of management

Table 4-4: Descriptive analysis on differences in Levels of Rating between Employees at various Levels of Management

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Top Management	10	10.2000	2.74064	.86667	8.2395	12.1605	6.00	14.00
Middle Management	27	10.8519	1.95534	.37631	10.0783	11.6254	7.00	14.00
First-level supervisor	12	11.0833	2.74552	.79256	9.3389	12.8278	6.00	14.00
Non Managerial	5	9.6000	1.81659	.81240	7.3444	11.8556	8.00	12.00
Total	54	10.6667	2.27372	.30941	10.0461	11.2873	6.00	14.00

Table 4-4 presents descriptive analysis of a One Way Anova Test that was performed to establish the differences in rating of effective and efficient corporate governance. The table presents the outcome that the mean score for participants at various hierarchies of positions at UKZN regarding their rating of corporate governance. Middle management had the most sampled participants (N=27), whilst First Level Supervisors gave the highest rating score (Mean =11,0833).

Table 4-5: Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.945	3	50	.426

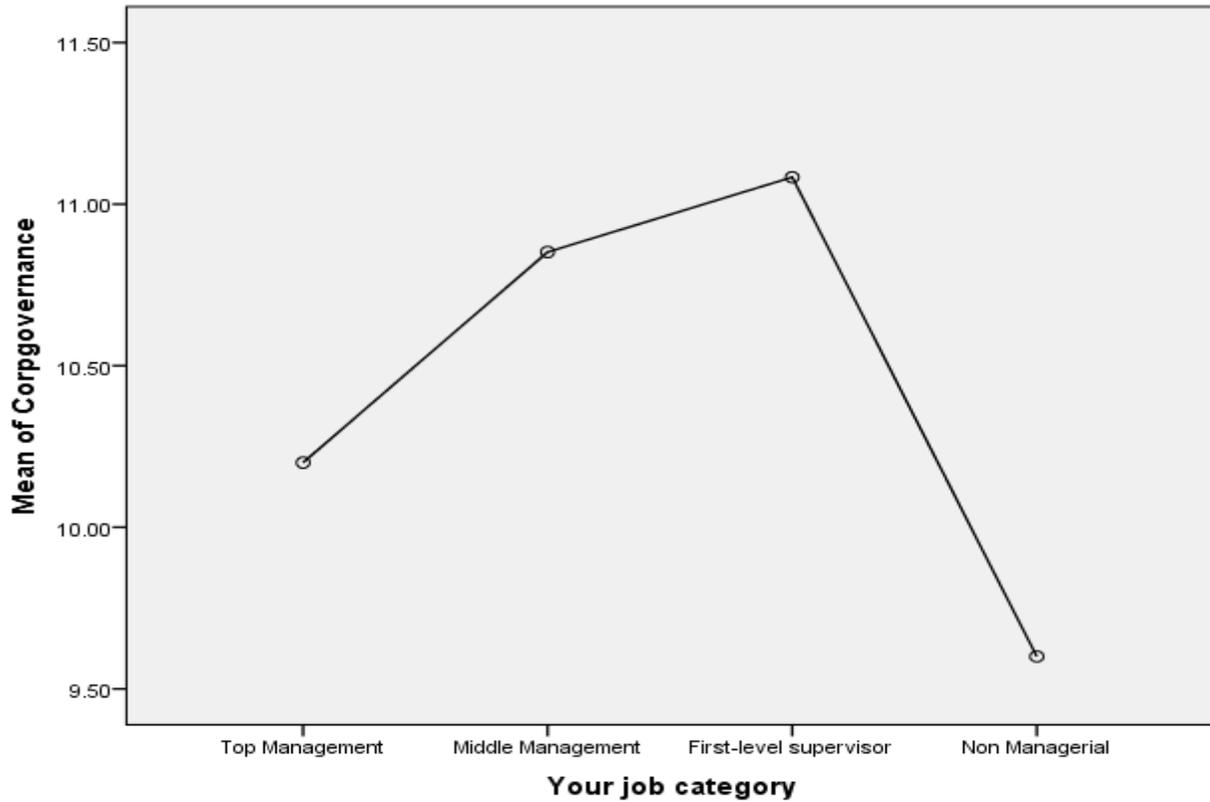
Table 4-5 presents Levene's test of homogeneity that reported a statistic of 0.426 which is more than the alpha level of 0.05 indicating that the assumption of homogeneity of variances was not violated for this test.

Table 4-6: Anova Test

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.876	3	3.625	.689	.563
Within Groups	263.124	50	5.262		
Total	274.000	53			

Table 4-6 presents Anova test showing that Sig. = 0,563 which is greater than the alpha level of 0.05. This indicates that there were no significant differences in the rating of corporate governance between employees of UKZN of different hierarchies. The descriptive data presented in Table 4-4 and the means graph (Figure 4-6) as shown below, supports this conclusion.

Figure 4-6: Graphical illustration of Mean of Corporate Governance at UKZN



4.5.3 Establishing differences in Rating Levels between the different Genders

Table 4-7: Group Statistics

	Gender of Participants	N	Mean	Std. Deviation	Std. Error Mean
Corp Governance	Female	24	10.1667	2.29682	.46884
	Male	30	11.0667	2.21178	.40381

Table 4-7 presents a very minimal discrepancy which occurred in the mean scores between the different genders when group statistics were run. The group statistics enabled the researcher to perform an Independent Samples T Test (shown in table 4-8 below) aimed at establishing whether rating scores for corporate governance differed among the different genders.

Table 4-8: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Corp governance	Equal variances assumed	.075	.785	-1.461	52	.150	-.90000	.61613	-2.13635	.33635
	Equal variances not assumed			-1.455	48.579	.152	-.90000	.61877	-2.14373	.34373

Table 4-8 presents an Independent Samples Test of which two things are concluded. Levene’s statistic obtained (0.785) illustrates that the assumption of homogeneity of variances was not violated for this test since this is above our significance level of 0.05; and that the differences in how the different genders rated for efficient and effective corporate governance was not statistically significant.

4.6 Objective 3 - What policies and procedures are in place to deal with enterprise risk?

4.6.1 Risk and Control Rating

In order to establish whether UKZN has adequate policies and procedures that address issues relating to enterprise risk (strategic, financial, operational, compliance and reputational), a Risk and Control rating (totaling a score of 75) was generated in the research instrument and results presented in table 4-9 below.

Table 4-9: Descriptive Statistics on Risk and Control Rating

	N	Minimum	Maximum	Mean	Std. Deviation
Risk and Control	46	28.00	75.00	54.8913	8.65956
Valid N (per the list)	46				

Table 4-9 shows that participants gave a mean of rating of 54.89 (indicating a rating of 72%) for effective Risk and Control functioning at UKZN. The change in the N (that is, number of participants in this scale versus the previous scale on Table 4-3 and Table 4-4 is due to that certain participants did not respond to all items on the scale). Therefore only participants who completed all 15 items in the scale were accounted for in the table.

4.6.2 Establishing differences in levels of Rating between employees at various Levels of management

Table 4-10: Descriptive analysis on differences in Levels of Rating between Employees at various Levels of Management

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Top Management	8	52.0000	10.65029	3.76544	43.0961	60.9039	28.00	63.00
Middle Management	28	54.3929	7.13541	1.34847	51.6260	57.1597	42.00	75.00
First-level supervisor	8	61.1250	9.99196	3.53269	52.7715	69.4785	41.00	70.00
Non Managerial	2	48.5000	6.36396	4.50000	-8.6779	105.6779	44.00	53.00
Total	46	54.8913	8.65956	1.27678	52.3197	57.4629	28.00	75.00

Table 4-10 presents descriptive analysis of a One Way Anova Test that was performed to establish whether any significant differences occurred between employees at various levels in ratings regarding to whether UKZN has adequate policies and procedures that address issues relating to enterprise risk. The table above shows favourable ratings for First Level Supervisors

(Mean = 61,12 which is a 81% rating). Non Managerial participants, of which only two were sampled had provided (Mean = 48,50 giving rise to 64% rating) being the lowest rating obtained.

Table 4-11: Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.333	3	42	.802

Table 4-11 presents Levene’s test of homogeneity that reported a statistic of 0.802 which is more than the alpha level of 0.05 indicating that the assumption of homogeneity of variances was not violated for this test.

Table 4-12: Anova test

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	466.403	3	155.468	2.245	.097
Within Groups	2908.054	42	69.239		
Total	3374.457	45			

Table 4-12 presents Anova test showing that Sig = 0,09 which is greater than the alpha level of 0.05. This indicates that there were no significant differences in the rating of Risk and Control between employees of UKZN of different hierarchies. This conclusion is supported by the descriptive analysis in Table 4-10 and Figure 4-7 (shown below) illustrating the means graph also agree with this conclusion.

Figure 4-7: Graphical illustration of Mean of Risk and Control at UKZN

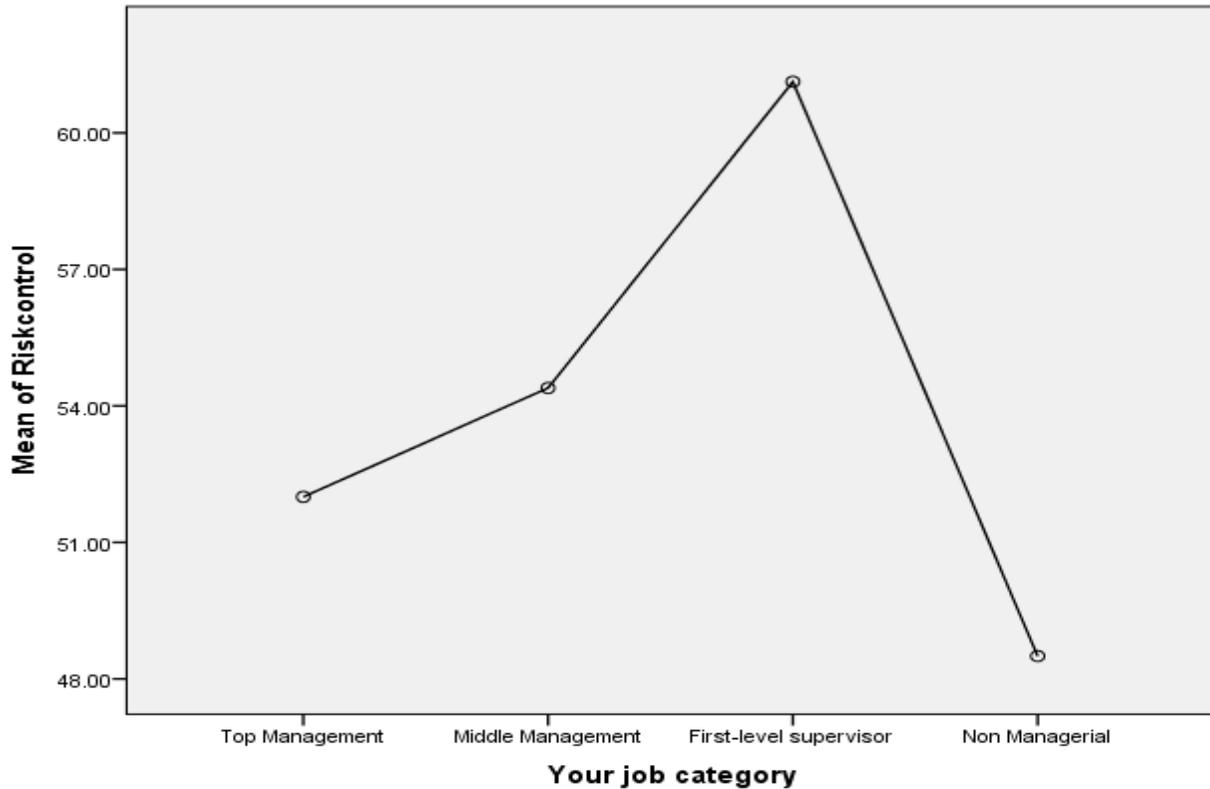


Figure 4-7 illustrates the graphical mean of risk and control. It can be noted that there is an observable difference in the mean rating between scores of First Level Supervisors and Non Managerial employees. However, SPSS did not take this difference to be statistically significant. This could be due to the low number of people sampled at Non Managerial Level.

4.6.3 Establishing differences in Rating Levels between the different Genders

Table 4-13: Group Statistics

	Gender of Participants	N	Mean	Std. Deviation	Std. Error Mean
Risk and control	Female	19	55.0526	9.03987	2.07389
	Male	27	54.7778	8.55450	1.64631

Table 4-13 presents a very minimal discrepancy which occurred in the mean scores between the different genders when group statistics was run.

Table 4-14: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Risk and control	Equal variances assumed	.948	.335	.105	44	.917	.27485	2.62205	-5.00955	5.55926
	Equal variances not assumed			.104	37.519	.918	.27485	2.64790	-5.08779	5.63750

Table 4-14 presents an Independent Samples T Test which was run to establish whether rating scores for Risk and Control differed among the different genders. This test concluded that Levene’s statistic obtained (0.335) illustrates that the assumption of homogeneity of variances was not violated for this test since this is above the significance level of 0.05. Another conclusion is that differences in how the different genders rated risk and control was not statistically significant since the value obtained for sig. was 0.917 which is above the alpha level of 0.05.

4.7 Corporate Governance Compliance

This section focused on participant’s response regarding corporate governance compliance. A series of general and specific to the UKZN context were posed to participants regarding corporate governance compliance. The section attempted to investigate whether an association occurred in various aspects of corporate governance (general or specific to UKZN). In other words, did managers of different hierarchies have different views among each other regarding corporate governance compliance? The data is presented in the form of cross tabulations. Where differences in opinion existed, ChiSquare statistics were performed to test for any associations.

4.7.1 Effective Decision Making

Table 4-15: Cross Tabulation of Effective Decision Making

		Does good governance supports effective decision making?	
		Yes	Total
Job category	Top Management	11	11
	Middle Management	28	28
	First-level supervisor	12	12
	Non Managerial	5	5
Total		56	56

Table 4-15 presents the cross tabulation showing that there was unanimous agreement between participants of all employment levels about good governance being linked to effective decision making.

4.7.2 Adequate Policies and procedures to address Risk at UKZN

Table 4-16: Cross Tabulation of Adequate Policies and procedures to address Risk at UKZN

		Are there adequate policies and procedures to address strategic risk; financial risk; operational risk and reputational risk?		Total
		Yes	No	
Job category	Top Management	6	5	11
	Middle Management	15	14	29
	First-level supervisor	4	8	12
	Non Managerial	0	5	5
Total		25	32	57

Table 4-16 illustrates differing levels in agreement as to whether UKZN has adequate policies and procedures to address strategic, operational, financial and reputation risk between different managers (of different hierarchies) and non-managerial sampled. The table illustrates an even

split in agreement between Senior Management and Middle Management as to whether UKZN has adequate policies to address Risk. Interestingly, as the hierarchy levels goes down, that is, First Level Supervisor and Non Managerial staff, overwhelming consensus among the participants is that the University does not have adequate policies and procedures to address risks, namely strategic risk; financial risk; operational risk and reputational risk. Due to the small sample, the Chi Square table below does not show this to be of statistically significance (Sig value in Pearson Chi Square Test =0.128) However, this hypothesis would be worth investigating for a bigger study with a larger sample size.

Chi-Square Tests

Value	df	Asymptotic Significance (2-sided)
5.685 ^a	3	.128
7.554	3	.056
4.546	1	.033
57		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 2.19.

4.7.3 Link between organizations with good corporate governance and ability to deliver high services and improvements

Table 4-17: Cross Tabulation on the Link between organizations with good corporate governance and ability to deliver high services and improvements

		Do organizations with good corporate governance have the capacity to maintain high quality services and to deliver improvements?	
		Yes	Total
Job category	Top Management	11	11
	Middle Management	30	30
	First-level supervisor	12	12
	Non Managerial	5	5
Total		58	58

Table 4-17 shows that there was unanimous agreement between participants of all differing levels as to whether organizations with good corporate governance have the capacity to maintain high quality services and deliver improvements.

4.7.4 Link between poor governance creating the climate, structures and processes leading to poor decisions.

Table 4-18: Cross Tabulation on the link between poor governance creating the climate, structures and processes that lead to their poor decisions

		Do poor governance often seen as creating the climate, structures and processes that lead to their poor decisions?		Total
		Yes	No	
Job category	Top Management	11	0	11
	Middle Management	28	1	29
	First-level supervisor	12	0	12
	Non Managerial	4	1	5
Total		55	2	57

Table 4-18 illustrates that majority of the participants agreed that poor governance which arises as a result of creating poor structures and climate lead to poor decisions. The Sig value in Chi Square Test generated (0.183) indicates there is no association in the differing levels of employment and the view (posed as a question above).

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.853 ^a	3	.183
Likelihood Ratio	3.625	3	.305
Linear-by-Linear Association	1.849	1	.174
N of Valid Cases	57		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .18.

4.7.5 Effective and efficient Internal Audit Function at UKZN

Table 4-19: Cross Tabulation of effective and efficient internal audit function

		Is Internal Audit function effective and efficient at UKZN?		Total
		Yes	No	
Job category	Top Management	6	5	11
	Middle Management	16	14	30
	First-level supervisor	7	5	12
	Non Managerial	3	2	5
Total		32	26	58

Table 4-19 interestingly shows an almost even split in view between differing hierarchies of employment in terms of whether the Internal Audit function is effective and efficient at UKZN. Top Management and First Level Supervisor illustrates a majority split, whilst Middle Management and Non Managerial illustrates a majority split suggesting that Internal Audit function is not effective and efficient at UKZN. However, as highlighted above, this split is an extremely minor. This is supported by the Sig value generated Chi Square Test below (0.987) which shows there is no association between differing levels of Management and the view of whether Internal Audit function at UKZN is effective and efficient.

Chi-Square Tests

Value	df	Asymptotic Significance (2-sided)
.138 ^a	3	.987
.139	3	.987
.084	1	.772
58		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 2.24.

4.7.6 Link between Organizations with poor corporate governance and financial failures

Table 4-20: Cross Tabulation on the Link between Organizations with poor corporate governance and financial failures

		Do organizations with poor corporate governance contribute to serious disservice and financial failures?	
		Yes	Total
Job category	Top Management	9	9
	Middle Management	28	28
	First-level supervisor	12	12
	Non Managerial	5	5
Total		54	54

Table 4-20 shows unanimous consensus in participants of different levels of employment that organizations with poor corporate governance contribute to serious and disservice financial failures.

4.7.7 Complying with key and regulatory and legal requirements affecting a business

Table 4-21: Cross Tabulation on Compliance with key regulatory and legal requirements affecting a business

		Is it critical to comply with key regulatory and legal requirements affecting a business?	
		Yes	Total
Job category	Top Management	10	10
	Middle Management	30	30
	First-level supervisor	12	12
	Non Managerial	5	5
Total		57	57

Table 4-21 shows unanimous consensus in participants of different levels of employment that it is critical to comply with key regulatory and legal requirements affecting a business.

4.7.8 Effectiveness of Fraud Investigations at UKZN

Table 4-22: Cross Tabulation on the Effectiveness of Fraud Investigation

		Do fraud investigations assist UKZN operations by establishing the facts and gathering evidence that allow management to take informed decisions in circumstances where fraud and misconduct is suspected?		Total
		Yes	No	
Job category	Top Management	10	1	11
	Middle Management	28	2	30
	First-level supervisor	8	2	10
	Non Managerial	4	1	5
Total		50	6	56

Table 4-22 illustrates that majority of the participants of different hierarchies employment-wise agree that fraud investigations assist UKZN operations by establishing the facts and gathering evidence that allow management to take informed decisions in circumstances where fraud and misconduct is suspected. The Sig value (0.594) on the Chi Square Test below supports the conclusion that no association exists between differing levels of management and view of whether fraud investigations assist UKZN operations to allow management to take informed decisions in cases where fraud and misconduct is suspected.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.896 ^a	3	.594
Likelihood Ratio	1.726	3	.631
Linear-by-Linear Association	1.076	1	.300
N of Valid Cases	56		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .54.

4.8 Conclusion

This chapter was presented data and analysis of the collected data. Critical information was drawn from the data analysis. Reliable statistical tests were used to analyse the results and draw valid conclusions. Having extracted reliable findings, the following chapter interprets these findings in order to address the objectives of the study.

CHAPTER FIVE

DISCUSSION

5.1 Introduction

This chapter discusses the research findings. These are interpreted and explained with the literature. The chapter also addresses the objectives of the study and draws conclusions based on the data.

5.2 Demographics of Participants

The study showed a well-balanced representation with respondents spread evenly within male and female genders; between the ages of 20 to 65 years found in different lengths of service periods between 1 to 5 years in the same jobs. The respondents hold various educational qualifications with its highest being a post-doctoral degree and a lowest being a Bachelor's Degree within different levels of management.

The level of education enhances people's intellectual capacity. The various levels of education represented in the study under review denotes that the respondents are highly literate and they understood what the study under review entailed and their participation in the study under review was their way of vote of confidence regarding effective and efficient corporate governance at university. UKZN is a tertiary education institution and it offers tuition as part of the employment benefits for its employees and their families. As such, the respondents' level of literacy was positive, providing evidence that employees are either utilizing the facility available to them to enhance their existing skills. This could also interpret to the fact that UKZN is inspiring greatness through its recruitment and selection culture of employing or placing people with high literacy at management level positions.

This finding is supported by research conducted by Tadjudin (2003) that higher education is one of the most effective instruments for economic, political, human resources and social development. Similarly, Ogom (2007) argues that higher education not only enables a state to maintain a competitive advantage but it also stimulates scientific research that results into modernisation and social transformation. In a number of developing countries in Africa, education per se is assumed to equalize opportunities among people of different social classes, distribute income more fairly and develop a more employable labour force (Clark, 1983). On this

basis, Ogom (2007) proposes that governments should financially support their institutions of higher education. Altbach (1970) opines that universities are political forces and sources of social mobility while Van den Bor and James (1991) argue that governments should consider universities as symbolic assets in the process of nation building in the same way that national flags or airline carriers are considered symbolic assets.

5.3 Objective 1 - To assess the effectiveness and efficiency of corporate governance structures are at the university.

Objective 3 - To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at the university.

The study discovered that 70% of support staff members at various levels of management confirmed that there is effective and efficient functioning of corporate governance at UKZN.

This finding is in line with what was discovered by previous studies on corporate governance that effective and efficient corporate governance systems encourage firms to create value through innovation, entrepreneurialism, exploration and development, and providing accountability (Shaw, 2007). Effective and efficient corporate governance also creates value to the company by adopting control systems which are commensurate with the risk of the organisation (Shaw, 2007).

There is a general lack of research in corporate governance practices in developing countries, especially countries in the African continent (Oketch, 2004) and (Shleifer and Vishny, 1997). This lack of research can be attributed to the fact that, for a long time, the issue of corporate governance did not receive adequate attention in the developing world. Zandstra (2002) observes that historically the ability of managers to run organizations was never questioned. Consequently, there was little concern for corporate governance or information disclosure and transparency. That situation has changed and the concept of corporate governance is currently acknowledged to play an important role in the management of organizations in developing economies.

Previous research by Gorton and Rosen (2007) found that a fundamental component of corporate governance structure is the establishment of the roles of the board and senior management executives. There are several corporate governance principles which are adopted and applied by various organisations, but some of these principles are similar across all

organisations which incorporate this concept of corporate governance. One of these principles states that there is a fundamental need for integrity among individuals who can influence an organisation's performance or strategy. Another common principle dictates that the board of directors should be independent, experienced and show a balance of skills with regard to the extent and nature of the organisations operations (Gorton and Rosen, 2007).

The top management level has been traditionally known for being responsible for setting goals of the organization; scanning the environment; planning and making decisions as well crafting the strategy of the organization. The middle management on the other hand being responsible for the allocation of resources; developing and implementing policies and procedures and also to ensure that these are effectively implemented by various first line supervisors to enhance internal controls. On the other hand first line supervisors are responsible for day to day running of the organization; execution of policies and procedures; supervisions of employees as well as coordination of activities.

The study discovered that there is an adequate number of support staff employees at various levels of management to ensure effective and efficient functioning of corporate governance at UKZN to ensure that the institution is properly governed and its assets are safeguarded as well as ensuring that the financial information for its integrated reporting is accurate and reliable.

This finding has been supported by McNutt (2010), who argues that the concept of corporate governance has been applied in both economics and law for centuries and it has been understood to mean enforcement of contracts, protection of property rights and collective action. In fact, governance is associated with people operating within organisations. Organisations allow for achieving outcomes beyond the reach of a single person (Scott, 2003). Nevertheless, organisations must be governed properly in order for them to achieve their objectives.

5.4 Objective 2 - To ascertain whether the university has adequate policies and procedures to address issues relating to enterprise risk (that is, strategic; financial; operational; compliance and reputational).

The study discovered that 72% of support staff members at various levels of management agreed that the university has adequate policies and procedures to address issues relating to enterprise risk. The divisional managers are the gatekeepers of all policies and procedures. If they are not

vigilant when executing their day to day operations the policies and procedures developed at top management level may not be adequately serving the desired outcomes – and internal control systems could be compromised giving rise to fraud, corruption, forgery, misrepresentation and misappropriation of funds. This could have negative impact when it comes to external auditors having to give their opinion of fair presentation of financial statements.

This finding is supported by the idea of agency theory attributed to Coase (1937) but the ideas of the theory have only been applied to directors and boards since the 1980's. According to this theory, people are self-interested rather than altruistic and cannot be trusted to act in the best interests of others. On the contrary, people seek to maximize their own utility. The agency theory presents the relationship between directors and shareholders as a contract (Adams, 2002). This implies that the actions of directors, acting as agents of shareholders, must be checked to ensure that they are in the best interests of the shareholders.

This finding is also supported by research done on the stewardship theory suggesting that a firm's board of directors and its CEO, acting as stewards, are more motivated to act in the best interests of the firm rather than for their own selfish interests. This is because, over time, senior executives tend to view a firm as an extension of themselves (Clarke, 2004) and (Wheelen and Hunger, 2002). The stewardship theory also argues that, compared to shareholders, a firm's top management cares more about the firm's long term success (Mallin, 2004).

Properly governed organizations are those that have effective and efficient ethical policies and principles. The adequacy of ethical policies and principles have to be displayed by the way that the employees are conducting themselves regarding good ethical business practices. Examples include but not limited to; compliance with law and regulations; zero tolerance to fraud and corruption; and no acceptance of bribes regarding the award of tenders and contracts.

This finding is supported with research conducted by the Australian Standard (2003) which describes corporate governance as the process by which organisations are directed, controlled and held to account. This implies that corporate governance encompasses the authority, accountability, stewardship, leadership, direction and control exercised in the process of managing organisations (Gregory, 2000). Since this definition recognises the need for checks and balances in the process of managing organisations, it can be considered to be more

comprehensive (Gregory, 2000). Colley et al. (2004) stated that corporate governance is the act or process of governing while Cadbury (2000) defines corporate governance in terms of the systems by which firms are directed and controlled.

According to Beg and Gupta (2014) the term ‘governance’ is a decision-making process in an organisation. It forms basis under which organizations set its policies and objectives to achieve them, and to monitor its progress towards their achievement (Daniela and Georgeta, 2013). The organization’s officials who have been entrusted with the authority and responsibility to develop and implement policies and objectives are held accountable under this mechanism of corporate governance (Ali, 2014).

According to the Minister of Higher Education and Training (2010) Section 30 of the Higher Education Act identifies various functions to different personnel within the public higher education to ensure efficient and effective review in internal financial controls. The personnel range from, Vice-Chancellor and Principal; Accounting Officer; and Senior Management. An assessment of the internal control system requires an in-depth understanding of a firm's business, the risks it faces and the controls it has put in place to treat risk exposure at all relevant organizational levels (Heise et al., 2014). Internal financial control reporting is done by internal and external audit to the audit committee, management and council. Material breakdown in internal control is reported to council by the audit committee. The audit committee is required to conclude and report to stakeholders on an annual basis on the effectiveness of internal financial controls (National Government, 2014).

Specific provisions to the code sets out the key underlying principles that underpin governance within the university system (Afolabi, 2015). These codes include Openness and transparency, Selflessness, Honesty, Leadership, Fairness, Integrity, Independence, Accountability, Objectivity, Efficiency and Effectiveness and Value for money (Coldwell and Joosub, 2014). The principles have been referred to in many subsequent governance codes throughout the HEIs in the world (Brooks and Scanlan, 2015).

5.5 Corporate Governance Compliance

A series of general statements and statements specific to the UKZN context were posed to participants regarding corporate governance compliance. This section attempted to investigate

whether an association occurred in various aspects of corporate governance (general or specific to UKZN). In other words, did managers of different hierarchies have different views among each other regarding corporate governance compliance?

Compliance has become an increasingly important agenda item for many organizations especially listed companies – corporate governance means more than compliance with specific regulations (Hart, 2012). Today’s changing landscape requires greater sensitivity to the need for management and the Board to recognise its unique roles and coordinate with internal and external parties (Bartley, 2011).

To achieve the results, employees were requested to indicate yes or no to the following statements:

- i. Does good governance supports effective decision making?
- ii. Are there adequate policies and procedures to address strategic risk; financial risk; operational risk and reputational risk?
- iii. Do organisations with good governance have the capacity to maintain high quality services and deliver improvements?
- iv. Do poor governance often sees as creating the climate, structures and processes that lead to poor decision?
- v. Is Internal Audit Function effective and efficient at UKZN?
- vi. Do organisations with poor governance contribute to serious disservice and financial failures?
- vii. It is critical to comply with key regulatory and legal requirements affecting a business?
- viii. Do fraud investigation assist UKZN operations by establishing the facts and gathering evidence that allow management to take informed decisions in circumstances where fraud and misconduct is suspected?

The study revealed that the majority of respondents agreed (100%) with all statements which verified their general knowledge of corporate governance as well confirming that UKZN has been knowledgeable in the area of corporate governance compliance.

The finding is supported by the fact that implementation of good governance principles assist those responsible for decision making to identify, assess and manage organizational risk, and to set up sound systems of financial control (Godemann et al., 2014).

With regard to governance and regulation, Locke et al. (2013) recommended that a combination of mixture of community and private involvements is appropriate to enhance conditions of working and ecological principles inside worldwide supply of goods and services. Companies must comply with all applicable laws. Laws should be understood not only in terms of the obligations that they create, but also for the rights and protection that they afford (Locke et al., 2013). The board is responsible for the company's compliance with applicable laws and with those non-binding rules, codes and standards with which the company has elected to comply (Locke et al., 2013) The board has an overall responsibility to monitor the company's compliance with all applicable laws, rules, codes and standards (Locke et al., 2013).

The management of a business is accountable for instituting and sustaining effective internal control systems. These systems include activities, structures and processes which assist the organisation's management to effectively reduce risk associated with achieving the objectives of the organization (Charan, 2006). This responsibility by management is on the behalf of the shareholders of the organisation and management is answerable to an oversight body. This oversight body comprise the body of directors, elected representatives and audit committee.

Regarding the effectiveness and efficiency of internal audit function at UKZN, the study revealed that (55%) of the respondents were in agreement with this statement, whilst (45%) did not agree to the statement.

The role of internal audit is to evaluate and provide reasonable assurance that risk management, control and governance systems are functioning as intended and will enable the organisation's objectives and goals to be met; report risk management issues and internal controls deficiencies identified directly to the audit committee and provides recommendations for improving the organisation's operations, in terms of both effective and efficient performance; evaluates information security and associated risk exposures; evaluates regulatory compliance program with consultation from legal counsel; evaluates the organisation's readiness in case of business and external resources as appropriate; engage in continuous education and staff development and

to provide support to the organisation's anti-fraud programs (Zaid et al., 2013) This finding is supported by research conducted by Shaw (2007) that internal audit is a vital component of the corporate governance structure in an organisation. Corporate governance consists of an oversight activities carried out by the audit committee and board of directors in order to ensure that integrity is observed in the financial reporting process (Shaw, 2007). Three oversight mechanisms have been identified in the structure of corporate governance. These include internal auditing, external auditing and directorships (Shaw, 2007).

It is critical to comply with key regulatory and legal requirement affection a business. The study revealed this statement is (100%) correct.

This finding is supported by research done by Kaplin and Lee (2013) wherein the authors asserted that the circulation of rules and regulations by various tertiary institutions are also a source of postsecondary education law. The rules and regulations are to be followed by all stakeholders of the institutions and the legal requirement that apply to particular institutions must be enforced consistently. The courts may consider other institutional rules to be part of student-institution contract or faculty-institution contract – therefore these rules and regulations will be enforceable contract actions in the courts. Some rules and regulations of the public institutions may also be legally enforceable as administrative regulation of a government agency (Kaplin and Lee, 2013).

5.6 Conclusion

This chapter discussed and interpreted the findings of the study in line with the existing literature. The study revealed that 70% were of the view that corporate governance is effective and efficient at UKZN; and 72% were of the view that there are adequate policies and procedures to address enterprise risk as and when it arises. However, the study found that about 55% respondents agreed that internal audit function is effective and efficient at UKZN, whilst 45% did not agree to this. The study has achieved its objectives. Shortfalls and weaknesses were identified in some aspects of corporate governance at the university. The following chapter presents recommendations to address the weaknesses and shortfalls identified by the study. The chapter will also recommend a corporate governance model based on the high levels of rating regarding corporate governance structure at the university.

CHAPTER SIX

Recommendations and Conclusions

6.1 Introduction

This chapter presents the recommendations as per the findings of the study. Also the summary and conclusion is drawn.

6.2 Has the problem been solved?

The problem of the study originated from the magnitude of the challenges faced by the universities in general as it cannot confront these problems and find solutions to them using traditional methods. Good governance and sound management are desired hope to meet these challenges and mitigate its effects as much as possible.

The problem has been solved. The findings of the study indicate that the university of properly governed and controlled as required by law and other regulatory bodies. Support staff at various levels of management at the university confirmed this. This meant that there is an effective role of corporate governance at the university in order to promote the levels of teaching and learning.

Even though it has been argued by various researchers that the concept of corporate governance is not necessarily the best solution for developing economies, that situation has changed and the concept of corporate governance is currently acknowledged to play an important role in the management of organizations in developing economies.

6.3 Research Implications

The findings of the research study highlighted what seems to be practical and what works for the university when it comes to corporate governance. The following guidelines are recommended for the university to enhance its corporate governance principles and practices to achieve competitive advantage within higher education sector.

6.4 Recommendations to solve the research problem

In order to sustain and improve on the current status of corporate governance at the university, the following figure present the proposed measure to ensure effective and efficient corporate governance at the university.

Figure 6-1: Proposed Measures to Ensure Corporate Governance at UKZN

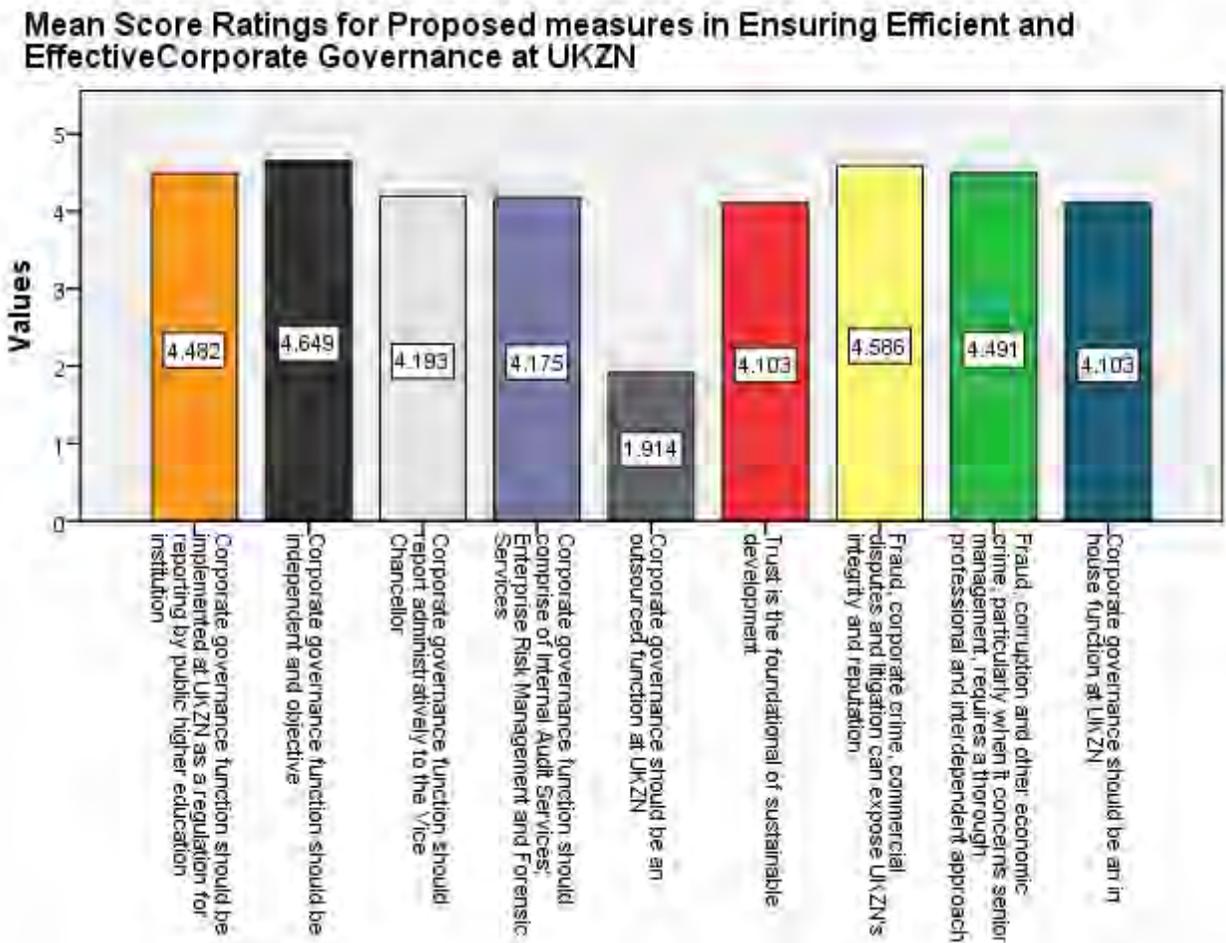


Figure 6-1 presents the measure proposed recommendations to effective and efficient corporate governance. A score rating totaling 5 was created with each item in this particular part of the tool. The graph above illustrates the mean rating of scores with regards to each particular item. The results in the graph illustrate that ensuring independence and objectivity in Corporate Governance (4,649) was the most rated major. The danger of fraud, corporate crime, commercial disputes and litigations which expose UKZN's integrity and reputation were also

highly rated (4,586). In fact, it can be argued that fraud and other forms of corporate crimes were seen as obstacles to ensuring efficient and effective corporate governance. This includes cases involving senior management. Participants also do not agree that Corporate Governance should be an outsourced function at UKZN (Mean rating of: 1,914). From the above data, one can conclude that participants in this study believe that Corporate Governance in UKZN should be an independent and objective process characterized by a rigorous bureaucracy is efficient in being able to ensure auditory mechanisms in handling corporate crimes and ensuring transparency.

This finding is supported by research done on countries that followed civil law (such as France, Germany, Italy and Netherlands). These countries developed corporate governance frameworks that focused on stakeholders. In those countries, the role of corporate governance was to balance the interests of a variety of key groups such as employees, managers, creditors, suppliers, customers and the wider community (Solomon and Solomon, 2004). This approach was known as the insider model of corporate control as it recognized that the greatest control in a firm was held by those who were closest to its actual workings (Department of the Treasury, 1997).

Based on the above proposed measure for corporate governance at the university which is supported by various research and literature, a custom made corporate governance model for the university has also been recommended and presented in the following section. For the proposed measure of corporate governance to be effective, a proposed corporate governance structure for the university has also been further recommended. The proposed corporate governance model (Figure 6-2) and the corporate governance structure (Figure 6-1) were recommended based on findings of the study which is also supported by previous research.

No.	Objective	Recommendation
1 & 3	<p>1. To assess the effectiveness and efficiency of corporate governance structures are at the university.</p> <p>3. To establish whether various levels of management have different preferences regarding effective and efficient corporate governance at the university.</p>	<ul style="list-style-type: none"> ➤ Proposed Corporate Governance structure (see figure 6.1) ➤ Proposed Corporate Governance Model (see figure 6.2) ➤ There has been a solid understanding and employee willingness that corporate governance function should be implemented as regulation for reporting by public higher education institutions. ➤ UKZN should implement this function with immediate effect. ➤ There is strong relationship between establishing corporate governance function at UKZN and having this function in-house. Once established internally, it should comprise of Internal Audit Services; Enterprise Risk Management and Forensic Services and should administratively report to the Vice-Chancellor. ➤ Corporate governance should be strategically positioned to achieve its objectives. ➤ The executive management should ensure that the disputes are resolved as effectively, efficiently and expeditiously as possible. In deciding which dispute resolution method to follow, the executive management should consider time available to resolve the dispute; principle and precedent; business relationships; expert recommendations; confidentiality; rights and interests; as well as empowerment of participation.

<p>2</p>	<p>To ascertain whether the university has adequate policies and procedures to address issues relating to enterprise risk (that is, strategic; financial; operational; compliance and reputational).</p>	<ul style="list-style-type: none"> ➤ The board (Audit and Risk Committee board) should delegate to management the responsibility to design, implement and monitor the risk management plan. ➤ Risk assessments should be performed on a continuous basis taking into account, inter alia: stakeholder risks; reputational risk; compliance risk; ethics risk; sustainability risk; corporate social investment, employee equity, BEE, skills development and retention; strategic risks; operating risks; financial risks; information risks and compliance risk. ➤ The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks. ➤ The board should ensure that management considers and implements appropriate risk responses during risk assessment processes. The board should also ensure that there is continual monitoring by management. ➤ Management should provide assurance to the board that the risk management plan is integrated into daily activities of the institution. ➤ The board should there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosures to stakeholders. ➤ There is a need for and role of internal audit in each and every organisation. The board should ensure that there is an effective risk based internal audit and ensure that this approach s followed in its plan. ➤ Internal audit should provide a written assessment of the effectiveness of the institution’s system of internal control and risk management. The board should be responsible for overseeing internal audit. ➤ The board (Council of the institution) should ensure that the institution complies with applicable laws and considers adherence to non-binding rules, codes and standards. ➤ The board and each member of institution’s management should have a working understanding of the effect of the applicable laws, rules, codes and standards on the institution and its business.
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Table 6-1 provides recommendations which fulfil each objective of the study under review. The recommendations are informed by previous literature done by Shaw (2007) that Internal Audit is a vital component of the corporate governance structure in an organisation. Corporate governance consists of an oversight activities carried out by the audit committee and board of directors in order to ensure that integrity is observed in the financial reporting process. Three oversight mechanisms have been identified in the structure of corporate governance. These include internal auditing, external auditing and directorships (Shaw, 2007).

6.4.1 Proposed Corporate Governance Structure for UKZN

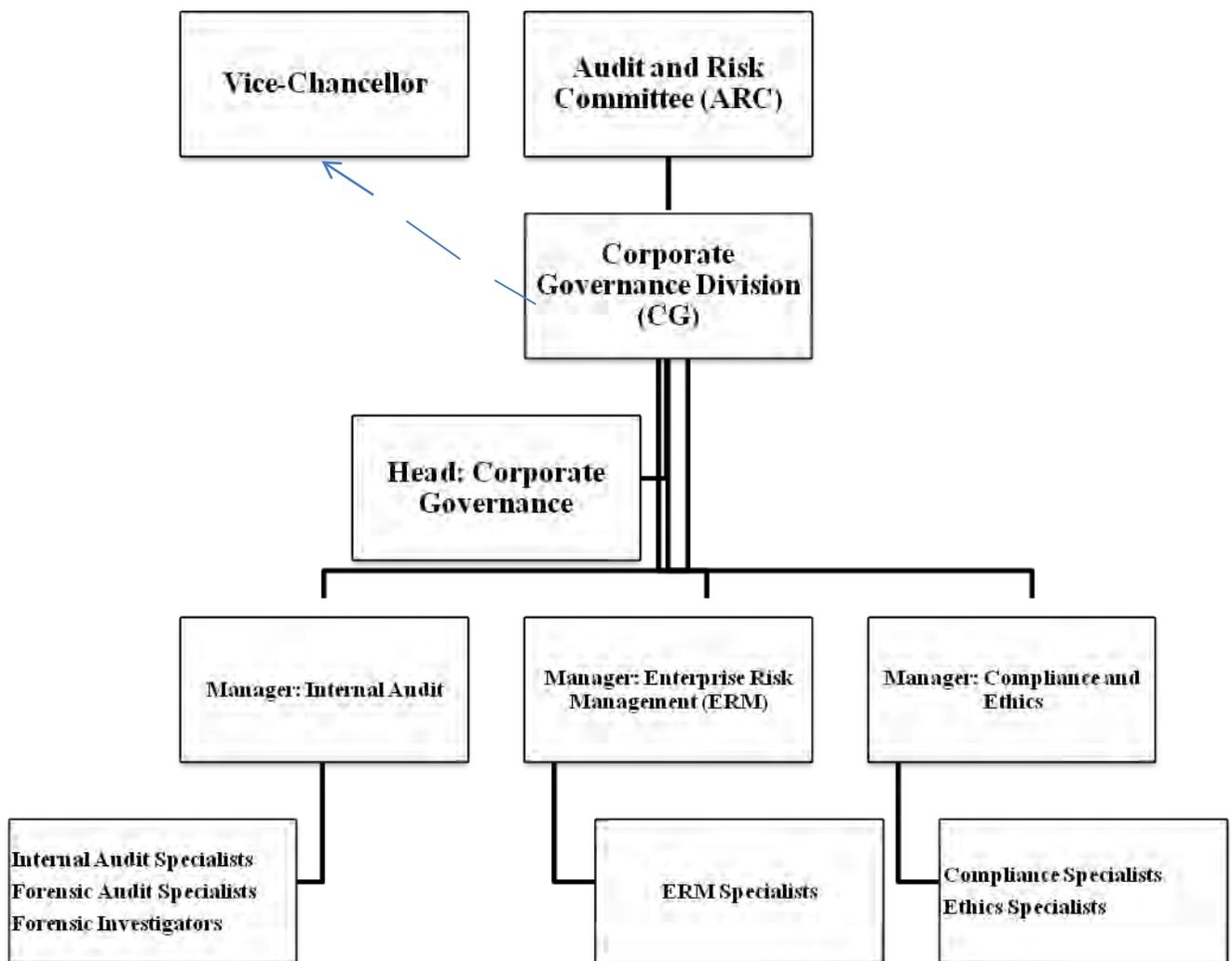
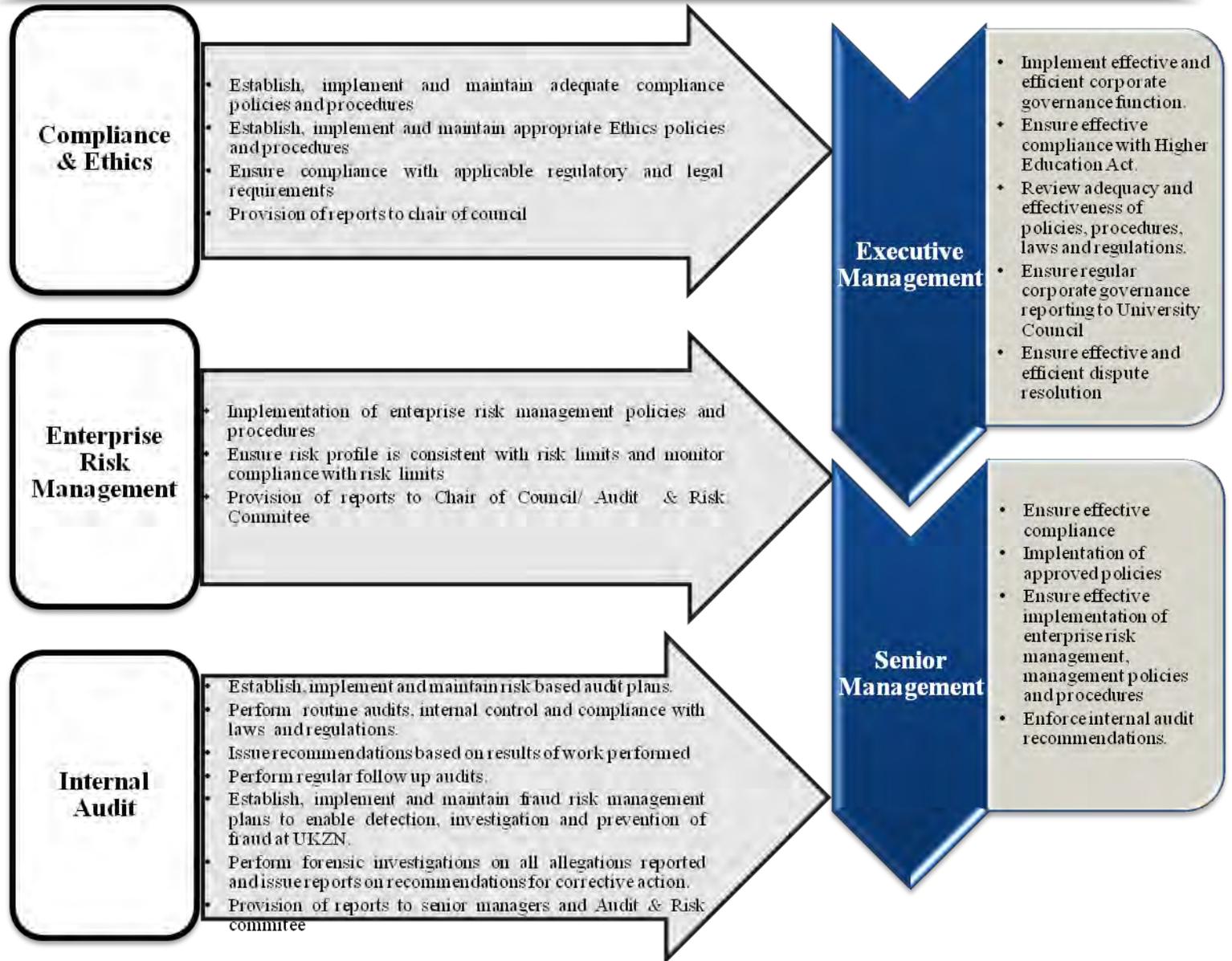


Figure 6-2: Proposed Corporate Governance structure for UKZN

Figure 6-2 demonstrates a recommended custom made corporate governance structure for UKZN. This proposal is in line with the study revealed that corporate governance function should be in-house at UKZN and it should administratively report to the Vice-Chancellor. This finding is supported by the Cadbury Report, which states that good corporate governance must encompass establishing checks and balances in governance structures with no one person having unfettered power; having a well-balanced board team composed of executive and non-executive directors; and ensuring transparency of a board in directing and controlling an organisation.

UKZN Corporate Governance Model (Proposed)



Achievement of UKZN's Strategic Alignment

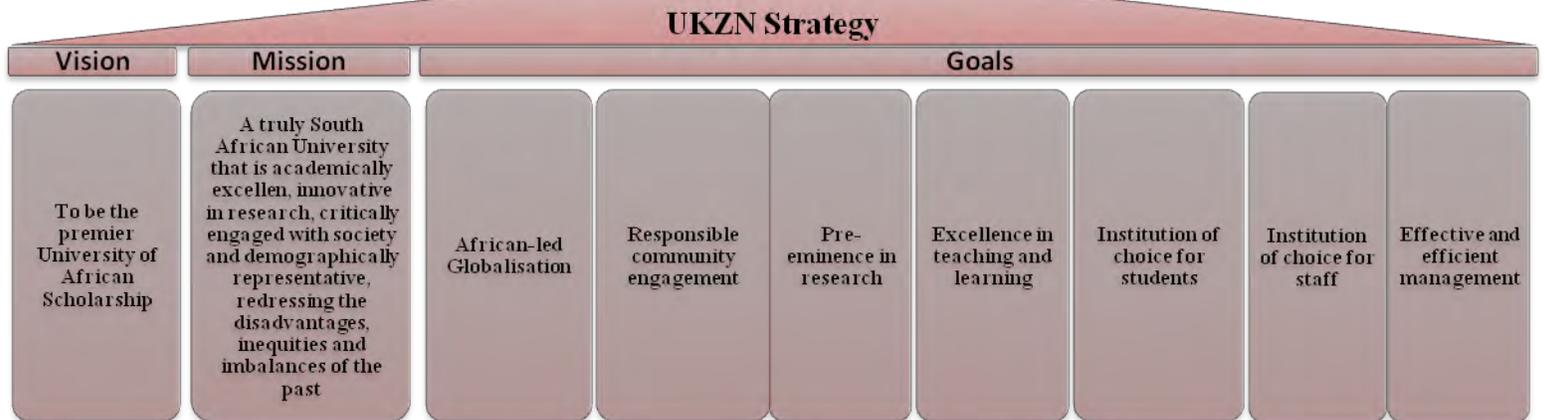


Figure 6-3: Proposed Corporate Governance Model for UKZN

Figure 6-3 presents the proposed corporate governance model for UKZN. In line with the proposed measure illustrated in Figure 6-1, this proposed model is recommended based on the literature reviewed. Some scholars in the reviewed literature stated that corporate governance framework is a process of combined assurance. According to Hough.; et al. (2010), internal assurance providers such as internal audit and external assurance providers (such as external audit) are role-players in providing assurance to the board over risks in an enterprise.

According to Kaptein and Van Tulder (2003), corporations adopt reactive or proactive approaches when integrating stakeholders' concerns in decision making. A corporation adopts a reactive approach when it does not integrate stakeholders into its corporate decision making processes. This results into a misalignment of organizational goals and stakeholder demands (Mackenzie, 2007). A proactive approach is used by corporations that integrate stakeholders' concerns into their decision-making processes and that establish necessary governance structures (de Wit et al., 2006).

6.5 Limitations of the study

While every effort was made to obtain 100% participation in the study, response rate showed that only 60 employees out of 100 were able to participate in the study. There were areas in the questionnaire where respondents did not answer all questions asked.

6.6 Recommendations for Future Studies

Internal audit function has come out as one of the critical components to enhance corporate governance in the organisation. Descriptive future studies evaluating internal audit processes could be crucial.

6.7 Conclusion

This study adopted a descriptive quantitative study which was performed on support staff members at various levels of management at the university. The literature reviewed was able to bring about an understanding of corporate governance concepts around the world and this was supported by review of case studies done around the world. Previous research provided the study with a broader insights on how corporate governance came about and why it was introduced in society. These insights were useful to interpret and discuss the findings of the study. The positive

way in which participants welcomed the study made it easy to achieve the study objectives which were in itself able to address the study problem. The high outcomes on the fact that UKZN has effective and efficient corporate governance was able to provide the study with the opportunity to propose the model and the corporate governance structure that will assist the university in sustaining the current status of corporate governance. Shortfall and weaknesses provided by the study enabled the researcher to recommend actions for implementation by management. The study achieved its objectives.

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4 March 2015

Ms Nokuthula Thina Khoza 209539865
Graduate School of Business and Leadership
Westville Campus

Dear Ms Khoza

Protocol reference number: HSS/0116/015M

Project title: **The Importance and effectiveness of Corporate Governance at a Higher Tertiary Institution, UKZN**

Full Approval – Expedited Application

In response to your application received on 28 February 2015, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Dr Shenuka Singh (Chair)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Dr Abdulla Kader
Cc Academic Leader Research: Dr E Munapo
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

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RESEARCH QUESTIONNAIRE

SECTION A

Please tick the option representing the appropriate responses for you in respect of the following items.

A1 Your age

Under 20		20-35		36-50		51-65		Over 65	
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A2 Your gender

Female		Male	
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A3 Your highest completed level of education

Post-Doctoral Degree	
Doctoral Degree	
Masters Degree	
Honours Degree	
Bachelors Degree	
National Diploma	
Other	

A4 Your job category

Top Management	
Middle Management	
First-level supervisor	

A5 Number of years in the current position

1		2		3		4		5		Over 6	
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SECTION B

Indicate your option on implementation of effective and efficient corporate governance function at the University of KwaZulu-Natal (UKZN).

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
B1	Corporate governance function should be implemented at UKZN as regulation for reporting by public higher education institution.					
B2	Corporate governance function should be independent and objective.					
B3	Corporate governance function should report administratively to the Vice Chancellor.					
B4	Corporate governance function should comprise of Internal Audit Services; Enterprise Risk Management and Forensic Services.					
B5	Corporate governance should be an outsourced function at UKZN.					
B6	Trust is the foundation of sustainable development.					
B7	UKZN is properly governed.					
B8	Fraud, corporate crime, commercial disputes and litigation can expose UKZN's integrity and reputation.					
B9	Fraud, corruption and other economic crime, particularly when it concerns senior management, requires a thorough, professional and independent approach					
B10	Corporate governance should be an in-house function at UKZN.					
B11	Good corporate governance is a culture and a climate of Consistency, Responsibility, Accountability, Fairness, Transparency, and Effectiveness that is deployed throughout UKZN.					
B12	UKZN has ethical policies and practices.					

SECTION C

Indicate with YES or NO on the following questions regarding corporate governance compliance at UKZN.

No.	Question	Yes	No
C1	Does good governance supports effective decision making?		
C2	Are there adequate policies and procedures to address strategic risk; financial risk; operational risk and reputational risk?		
C3	Do organizations with good corporate governance have the capacity to maintain high quality services and to deliver improvements?		
C4	Do poor governance often seen as creating the climate, structures and processes that lead to poor decisions?		
C5	Is Internal Audit function effective and efficient at UKZN?		
C6	Do organizations with poor corporate governance contribute to serious disservice and financial failures?		
C7	Is it critical to comply with key regulatory and legal requirements affecting a business?		
C8	Do fraud investigations assist UKZN operations by establishing the facts and gathering evidence that allow management to take informed decisions in circumstances where fraud and misconduct is suspected?		

SECTION D

Select appropriate response on the following statements regarding risk and control at UKZN

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
D1	Appropriate risk and control policies are established and communicated throughout UKZN.					
D2	Enterprise risk management is an ongoing process and is focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operational areas at UKZN.					
D3	There is a stronger culture of risk instilled within UKZN.					
D4	UKZN has effective Alternative Dispute Resolution system					
D5	Compliance at UKZN is measured through regular reporting against the business goals, internal audit checks and external audit verification.					
D6	Close cooperation between the external and internal auditors ensures adequate and efficient audit reviews of the proper functioning of these key controls.					
D7	UKZN has effective and efficient financial regulations					
D8	Proper risk management and internal control help organizations understand the risks they are exposed to, put controls in place to counter threats, and effectively pursue their objectives.					
D9	The key controls required to ensure the integrity and reliability of financial statements have been identified by the internal auditors.					
D10	The annual audit plan is based on the key financial risks to UKZN.					
D11	UKZN has adequate selection and recruitment policies.					

SECTION E

Indicate your option on frequency of the following processes at UKZN

No.	Statement	Never	Rarely	Sometimes	Often	Always
E1	Internal audit services perform routine checks, internal control and compliance with laws and regulations.					
E2	Enterprise risk management register is updated at UKZN.					
E3	Follow up are performed on issues reported on previous audits.					
E4	Institutional audits are performed by the external party.					
E5	Fraud risk management register is updated at UKZN.					

Thank you for your cooperation!!!

APPENDIX 3

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

MBA Research Project

Researcher: Ms Thina Khoza (031 260 3226)

Supervisor: Dr Abdulla Kader (082 901 0225)

Research Office: Ms P Ximba (031-2603587)

I am Nokuthula Thina Khoza, an MBA student at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled **the importance and effectiveness of Corporate Governance at a Higher Tertiary Institution, UKZN**. The aim of this study is to evaluate the extent of the system of rules, practices and processes by which UKZN is directed and controlled.

Through your participation I hope to understand whether or not corporate governance is effective and efficient at UKZN. The results of the questionnaires are intended to contribute to the enhancement of governance principles and practices at UKZN

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **20 minutes** to complete. I hope you will take the time to complete this survey.

Sincerely

Investigator's signature _____ Date _____

This page is to be retained by participant

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MBA Research Project

Researcher: Ms Thina Khoza (031 260 3226)

Supervisor: Dr Abdulla Kader (082 901 0225)

Research Office: Ms P Ximba 031-2603587

CONSENT

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT

DATE

.....

This page is to be retained by researcher