

https://dspace.org/

The importance of corporate governance in the financial sector: a comparative analysis between Botswana and South Africa

Isaacs, Pulafela Floyd

2024
University of the Witwatersrand, Johannesburg
https://hdl.handle.net/10539/43637
Isaacs, Pulafela Floyd . (2024). The importance of corporate governance in the financial sector: a comparative analysis between Botswana and South Africa [Master's dissertation, University of the Witwatersrand, Johannesburg].WireDSpace.

Downloaded from a DSpace repository. https://dspace.org/

THE IMPORTANCE OF CORPORATE GOVERNANCE IN THE FINANCIAL SECTOR: A COMPARATIVE ANALYSIS BETWEEN BOTSWANA AND SOUTH AFRICA

Pulafela Floyd Isaacs

2648144

2648144@wits.students.com

+267 72 900 115

A study submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2024

ABSTRACT

Corporate Governance is key to the integrity of financial markets and by extension the attraction of foreign direct investment (FDI) flows. It is a result of the split between owners and managers of businesses due to clashes in the interests of the parties. This is called the 'agency' problem. Problems and mechanisms of governance are different across countries, with governance issues in more developed countries finding their expression in wide shareholder bases while developing economies have smaller and more concentrated structures. Corporates have collapsed in the past due to poor Corporate Governance practices. Examples include Enron, WorldCom, Steinhoff and African Bank Investments Limited (ABIL).

The study was motivated by recent reports of corporate governance scandals in Botswana including in relation to board composition, the integrity of financial information and related party transactions. The study is qualitative and seeks to compare corporate governance practices between financial services companies listed on the Botswana Stock Exchange (BSE) and the Johannesburg Stock Exchange (JSE), as well as the level of compliance with recommended practices.
A review of literature was carried out in the study where theoretical frameworks including the agency, stakeholder, stewardship, and resource dependence theories were explored. The study examined empirical frameworks, discussing Corporate Governance developments in Botswana (local), South Africa (regional) and the United Kingdom (global).

Secondary data sources were used to collect data, specifically integrated reports. After analysing the data collected, recommendations were made based on the findings. These include improvements in solvency disclosures, material matters disclosure, materiality determination process disclosure, approval of integrated reports by the board, and disclosure requirements around succession planning. A further recommendation is to institutionalise Corporate Governance and make it part of the listing requirements.

TABLE OF CONTENTS

ABSTRACT ..... **I**

ACKNOWLEDGEMENTS ..... **IV**

TERMS & ACRONYMS ..... **V**

CHAPTER 1: INTRODUCTION **1**

1.1 Background and Introduction 1
1.2 Problem Statement 4
1.3 Statement of Purpose 7
1.4 Rationale for the Study 7
1.5 Research Objectives 8
1.6 Limitations 8
1.7 Definition of Terms 9
1.8 Research Methodology 9
1.9 Assumptions 11

CHAPTER 2: LITERATURE REVIEW **12**

2.1 Introduction 12
2.2 Theoretical Frameworks 13
2.2.1 Agency Theory *13*
2.2.2 Stakeholder Theory *16*
2.2.3 Stewardship Theory *17*
2.2.4 Resource Dependency Theory *17*
2.2.5 Summary of Theories *17*
2.3 Empirical Frameworks 18
2.3.1 Corporate Governance in Botswana *18*
2.3.2 Corporate governance in South Africa *21*
2.3.3 Corporate Governance developments in the Global World *23*
2.4 SUMMARY 25

CHAPTER 3: RESEARCH METHODOLOGY **27**

3.1 Research Approach 27
3.2 Research Design 28
3.3 Data Collection Methods 28
3.4 Population and Sample 29
3.4.1 Population *29*
3.4.2 Sample and sampling method *29*
3.5 Research instrument 29
3.6 Procedure for data collection 30
3.7 Data Analysis strategies and interpretation 30
3.8 Limitations and challenges of the study 31
3.9 Quality Assurance 31
3.10 Ethical Considerations 31

CHAPTER 4: DATA ANALYSIS **33**

4.1 Introduction 33
4.2 Analysis and interpretation of data 33
4.2.1 Principle 1 ..... *33*
4.2.2 Principle 2 ..... *34*

4.2.3 Principle 3 ..... *36*
4.2.4 Principle 4 ..... *36*
4.2.5 Principle 5 ..... *37*
4.2.6 Principle 6 ..... *38*
4.2.7 Principle 7 ..... *39*
4.2.8 Principle 8 ..... *40*
4.2.9 Principle 9 ..... *41*
4.2.10 Principle 10 ..... *41*
4.2.11 Principle 11 ..... *42*
4.2.12 Principle 12 ..... *42*
4.2.13 Principle 13 ..... *43*
4.2.14 Principle 14 ..... *43*
4.2.15 Principle 15 ..... *44*
4.2.16 Principle 16 ..... *44*
4.2.17 Principle 17 ..... *45*
4.3 Discussion of Findings 45
4.4 Summary 47

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS 50

5.1 Summary of the study 50
5.2 Summary of Findings 51
5.3 LIMITATIONS 52
5.4 Conclusion 53
5.5 Recommendations 55
5.6 Areas of further research 55

REFERENCES 56

ACKNOWLEDGEMENTS

My most sincere gratitude goes to God the Almighty for his grace and mercy, my late father, Mr Henry Thebe Isaacs, to whom I shall forever be grateful for his love and counsel, and my dearest mother, Mrs Patricia Samotho Isaacs, for her unwavering love and support.

I also want to thank my older brothers, Sello Isaacs and Aobakwe Isaacs, big sister Dr Senwelo Isaacs and my dearest little sister and baby of the family Pulane Kgoadi, for always believing in me.

I also want to thank in a distinct way my dearest niece, Lentle "Lele" Kgoadi, who constantly checked up on me during this journey, especially when I was in South Africa for my classes. I also wish to appreciate my team at Letlole La Rona Limited (LLR), Malebogo "Lebi" Montshiwa (she made sure that my department was in order when I was in class), Kabona Kgosidialwa and Dean Madigele for all stepping up and supporting me at work during my absence when I was attending classes in South Africa. Lastly, I would like to thank Dr Jacques Totowa, the Wits MBA Programme team, colleagues in my MBA cohort and all the lecturers who taught in the programme for their contribution.

Ke a leboga. ***Pula!!!***

TERMS & ACRONYMS

AGM	Annual General Meeting
BAOA	Botswana Accountancy Oversight Authority
BEE	Black Economic Empowerment
BSE	Botswana Stock Exchange
BSM	Botswana Share Market
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPA	Companies and Intellectual Property Authority
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FDI	Foreign Direct Investment
FSB	Financial Services Board
IOD	Institute of Directors
ICSA	Institute of Chartered Secretaries and Administrators
JSE	Johannesburg Stock Exchange
Market Cap	Market Capitalisation
MFED	Ministry of Finance and Economic Development
MITI	Ministry of Trade and Industry
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NCR	National Credit Regulator
SAICA	South African Institute of Chartered Accountants

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND AND INTRODUCTION

Corporate Governance emanates from the split between management of a company and suppliers of capital or owners of the same company (Okeahalam & Akinboade, 2003). This is because of the clashes in interests of providers of capital and management, resulting in what is called the principal-agent problem (Okeahalam & Akinboade, 2003). Corporate Governance arises from the agency problem, which in turn is caused by conflicts between different organisational member groups (Okeahalam & Akinboade, 2003). These member groups include owners, who are also providers of capital, executives, managers, and workers (Hart, 1995). Hart (1995) further states that listed companies are comprised of many small owners or minorities. This can also give rise to the agency problem. Another problem is that there can be many shareholders who are dispersed, and this leads to lack of monitoring, primarily on the back of "free riding" by shareholders who believe that monitoring is being done in some way (Hart, 1995).

The segregation of ownership and control can lead to executives and/or managers pursuing their goals to the detriment of shareholders. This could be through paying themselves excessive salaries and agreeing to extravagant rewards and making unprofitable but power-enhancing investments (Hart, 1995). Because of the existence of such risks to the business and shareholders, checks and balances need to be put in place to manage executive behaviour.

It has become evident that the problems and mechanisms of governance are different across countries and are embedded in their own national systems (Armitage, Hou, Sarkar, & Talaulicar, 2017). Governance issues in more developed economies find their roots in the large and dispersed shareholder base. Developing economies on the other hand are made up of concentrated structures.

Several large companies have collapsed since the 1980s. Enron collapsed in 2001 after adjusting its accounts, which contributed to problems for Arthur Anderson auditing (Mudashiru, Ibrahim, Babatunde, & Omah, 2014). Other companies that have collapsed include WorldCom, Global Crossing and Rank Xerox who all experienced similar challenges.

Steinhoff experienced financial distress in 2017 after the resignation of its Chief Executive Officer, with warning signs having been evident even before his departure (Rossouw & Styan, 2018). According to Rossouw and Styan (2018), reports of tax evasion in Germany and challenges with complex ownership structures were ignored by the company's executives. Rossouw and Styan (2018) further state that concerns raised included off-balance sheet items. Given its size and market capitalisation before the collapse, the shares of Steinhoff were bought by several investment managers and unit trusts. The reality is that there were serious negative consequences for many South Africans who had investments in pension funds and unit trusts that included Steinhoff.

A classic example of a corporate collapse in South Africa was African Bank Investments Limited (ABIL) which saw its market capitalisation decline from R13.6 billion on April 30 2014 to R340 million on August 8 2014 (Dzomira, 2014). The National Credit Regulator (NCR) carried out an investigation which asserted that there had been irresponsible lending practices in the bank (Dzomira, 2014). Other claims that emerged from the investigation include a risky business model, laxity in underwriting standards, and inadequate risk management standards (Dzomira, 2014).

Botswana has not been spared such Corporate Governance scandals either. Media reports surfaced in 2018 that the CEO of Choppies had been involved in misappropriation of funds, accounting irregularities and unfair related party transactions (Sedimo & Mmolainyane, 2020). The Company failed to publish its financial statements, contravening the BSE listing requirements (section 3.21(b)).

It was subsequently suspended from trading, and this led to a significant drop in share price (from P1.25 to P0.40) (Sedimo & Mmolainyane, 2020).

Various definitions exist for Corporate Governance. According to (Okeahalam & Akinboade, 2003). Corporate Governance is a way of ensuring that investors are able to maximise their value by protecting against exploitation by management or the deployment of capital to non-value accretive investments (Lu & Battern, 2001).

Corporate Governance in developed economies is more advanced than in emerging economies and the market structures and corporate ownership structures are different between the two types of economies (Vaughn & Ryan, 2006). Despite that, there have been significant improvements in Corporate Governance practices in emerging economies, with some emerging economies being more advanced than others, providing an opportunity for economies to learn from each other.

Before independence in 1994, South Africa had experienced many trade sanctions as a consequence of its implementation of apartheid government. This meant that international companies could not invest and operate in South Africa, and only local companies were operating in the country because of the sanctions.

Subsequent to the advent of the democratic dispensation, South Africa went through a major transformation and certain reforms were implemented. This led to increased interest from foreign investors who previously had been critical of the Johannesburg Stock Exchange (JSE) listed companies due their inefficient structures and systems (Mans-Kemp, Erasmus, & Viviers, 2016). South Africa responded to this by developing Corporate Governance guidelines for JSE-listed companies (Mans-Kemp, Erasmus, & Viviers, 2016) and putting critical reforms in place.

Botswana is a close neighbour of South Africa, and the two countries have long-standing trade relations and interdependencies. Work is currently under way with the Botswana Accountancy Oversight Authority (BAOA) to develop the Botswana Corporate Governance Code titled the “Pula Code”. The new code was developed

in response to some of the gaps identified in consideration of corporate collapses elsewhere. The development of capital markets in Botswana is still at an early stage. Reports of bad corporate governance practices by some companies call for the assessment of practices. The benefits of good Corporate Governance practices are extensive and contribute significantly to facilitating much needed FDI and economic development (Rhodgers & Edmond).

1.2 PROBLEM STATEMENT

FDI is a main driver of economic development for most emerging economies, and its development is at the core of economic planning and policy formulation (Chiwira & Kambeu, 2016). Botswana has prioritised the attraction of FDI, and this has been seen as a key objective in its structural adjustment programmes (Chiwira & Kambeu, 2016).

FDI is perceived to have many benefits which include transfers of technology and skills, access to markets, process efficiencies, poverty eradication and overall economic growth (Chiwira & Kambeu, 2016). Siphambe (2006) asserts that the biggest challenge facing Botswana is the diversification of the economy from diamonds, and that this has been the basis for driving FDI attraction. Diamonds are not infinite resources and cannot continue to sustain higher growth, thus contributing to the focus on improving FDI in order to close the gap (Siphambe, 2006). FDI is a more stable capital base as it has no pro-cyclical behaviour and is a much-needed resource in developing economies like Botswana (Chiwira & Kambeu, 2016).

The recent past has seen reports of some corporate governance scandals in Botswana, ranging from board composition to the accuracy of financial information and related party transactions being called into question. According to Sedimo and Mmolainyane (2020), Choppies, which is a retail listed entity in Botswana, failed to hold an Annual General Meeting in 2018. This was later followed by press reports of mismanagement and unauthorised related party transactions (Sedimo & Mmolainyane, 2020). The company further failed to submit its Annual Financial

Statements, again breaching the BSE listing requirements. This was followed by a significant drop in the company's share price from P1.25 to P0.40 and led to the suspension of the company from trading on the BSE.

In 2021 the Sunday Standard Newspaper reported another Corporate Governance failure where Turnstar Holdings (a listed property company in Botswana) purchased a property in Dubai in 2017 for P85million and where its value was inflated by more than 50% at the time (Sunday Standard, 2021). This meant that the value of the property was overstated by P50million. The leases that supported the valuation were non-existent, thereby falsifying the rate of return and an inflated valuation (Sunday Standard, 2021).

Countries with good corporate governance structures stand a better chance of attracting FDI as they have protection mechanisms for their investors and shareholders (Kayalvizhi & Thenmozhi, 2018). Investors need to have trust in financial reports produced by companies. They also need to develop confidence in the reports produced and this can be achieved through an assurance process.

In addition to the need to drive FDI, Botswana has seen significant growth in the pension fund industry, which holds minority stakes in listed companies through different Asset Managers. According to NBFIRA (2022), the assets under management by institutional investors amounted to P60 billion in 2022. These institutional investors have high technical skills and carry out Corporate Governance compliance assessments as part of their investment due diligence. Prudential Fund Rules currently permit pension funds to invest a maximum of 50% of their assets under management offshore in line with the new prudential fund rules, so in cases where local companies fail to meet the required Corporate Governance standards, institutional investors can nonetheless make their investments in offshore markets where Corporate Governance principles are being adhered to.

South Africa is Botswana's immediate neighbour to the south and is Botswana's biggest trading partner in the SADC region. While South Africa is classified as a developing economy like Botswana, its financial markets are bigger and more sophisticated. South Africa has made considerable progress in terms of Corporate Governance frameworks, and this dates back to almost 30 years when the country gained independence and produced its first code of practice, the King I report. Various iterations of the report have since been released, the most recent of which is King IV and each version has sought to improve and close the gaps in promoting good practice standards. For this reason, South Africa will be used a benchmark. The study is meant to investigate where the country is as regards its adherence to Corporate Governance principles in the financial sector and identifying areas where listed companies are not complying with Corporate Governance practices. This follows the Corporate Governance scandals that have been reported in the country and which could undermine investor confidence in the country.

1.3 STATEMENT OF PURPOSE

The research is a qualitative study to investigate corporate governance practices in the financial sector of the BSE relative to its counterpart in the JSE.

1.4 RATIONALE FOR THE STUDY

Corporate Governance is a critical phenomenon in the world economies as it protects the rights of minority shareholders and therefore promotes confidence and growth in the financial markets, leading to sustainable economic growth through capital attraction. There is abundant literature on Corporate Governance in developed economies, but more work needs to be done in developing economies, bearing in mind that those developing economies are at different stages of their development in relation to Corporate Governance (Okpara, 2010). Much of the research work and literature on Corporate Governance primarily draws on the Western economy and to a lesser extent emerging economies, especially in the African region.

For national economies to be successful there is a need for corporations operating in those economies to be run in a transparent manner with proper governance structures in place. Globalisation and trade interdependencies between economies, coupled with heightened shareholder activism, necessitate the need for enhanced Corporate Governance for the economy to be competitive and attract FDI (Okeahalam & Akinboade, 2003). For developing economies, FDI is a critical component of economic development. Corporate Governance within an economy has a major influence on the sustainability, profitability and growth of companies as well as their access to funding and cost of funding (Okeahalam & Akinboade, 2003).

As discussed above, good Corporate Governance is a fundamental requirement for FDI, and it is important that economies promote and uphold equitable and fair conduct in their business activities. It has also been noted in the introduction that

there is minimal studies on the subject in developing markets and Botswana is no exception as noted by (Josiah, Themba, & Matenge, 2016).

1.5 RESEARCH OBJECTIVES

The research objectives of this study are:

- To investigate and compare Corporate Governance practices between Botswana and South African listed entities.
- To investigate the status of compliance or adherence with Corporate Governance principles between an equal number of BSE-listed and JSE-listed companies relative to existing Frameworks like the King IV Code.

1.6 LIMITATIONS

Corporate Governance is an international phenomenon which traces its origins from the developed world countries. This study was, however, limited to the financial sector of the BSE and JSE. The study is focused on the current *status quo* of adherence to good Corporate Governance practices. South Africa is Botswana's major trading partner, and some of the large capitalisation companies listed on the BSE have their parents in South Africa. South Africa is also highly developed and operates large and sophisticated financial markets and this provides an opportunity for Botswana to benchmark.

The study assessed corporate governance practices from Integrated Reports of BSE and JSE financial sector companies. Integrated Reports are an important stakeholder communication tool produced by companies, also because these are sanctioned by the Board of Directors and filed with the regulators (Stock Exchanges, Central Banks, amongst others).

Other limitations and challenges include the level of disclosure by companies making up the sample. In addition to that, some companies had not fully adopted and embedded integrated reporting which may have limited the amount of

information available in the public domain, resulting in the possibility of some principles being complied with but not fully disclosed.

1.7 DEFINITION OF TERMS

- **Corporate Governance:** According to Okeahalam & Akinboade (2003), Corporate Governance refers to the promotion of balance between individuals and entity goals. It is a way of ensuring that shareholder value is maximised and exploitation by managers is prevented (Lu & Battern, 2001).
- **Principals:** According to Yusoff & Alhaji (2002), these refer to the owners of the organisation or shareholders. The board provides oversight. In the context of this paper, Principals shall refer to the owners of the entity.
- **Agents:** Agents refer to managers of entities (Yusoff & Alhaji, 2002). These are managers who are employed by principals for the daily operations of the organisation.

1.8 RESEARCH METHODOLOGY

The study adopted two main approaches. In the first part, the research explored literature on Corporate Governance, origins, current trends and practices, and governance frameworks in Botswana and will also consider South Africa and the global world as the two jurisdictions have made significant developments in Corporate Governance. From there a checklist was developed for analysing content. The second part consisted of the application of the checklist to the empirical evidence. The checklist covered the following main governance principles:

- The Board and Directors
- Internal Audit
- Audit Committee
- Risk Governance
- IT Governance Framework
- Stakeholder Relations
- Integrated Reporting.

1.9 ASSUMPTIONS

It is assumed that information contained in Annual or Integrated Reports is sanctioned by the Board and is accurate.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Corporate Governance is a result of the agency theory, which is defined as the misalignment of interests between shareholders and managers of corporations (Lu & Battern, 2001). It deals with ways in which providers of capital to businesses satisfy themselves that their investment in the business is safe. The Cadbury Report defines Corporate Governance as "the system by which organisations are directed and controlled" and further implies that it is the responsibility of the board (Mans-Kemp, Erasmus, & Viviers, 2016). The Organisation of Economic Co-operation and Development (OECD) on the other hand emphasizes the relationship between the board, management, and stakeholders in its definition of Corporate Governance and emphasizes the need to focus on stakeholders' interests and not just profit maximisation (Mans-Kemp, Erasmus, & Viviers, 2016).

Empirical investigations have indicated that Corporate Governance was recommended as a solution, in response to corporate failures during the 1980s. The UK Cadbury Code (1992) was among the first codes to be developed, followed by the Turnbull Report in 1999 and various others, including Treadway and Bosch (Lu & Battern, 2001). More guidelines have since come to be developed adopted internationally, the main aim being to safeguard the interests of all stakeholders. Most of the governance codes are based on two main principles: disclosure, and checks and balances. Corporate Governance codes are not statutory, but rather are guidelines for best practice; as such companies may choose not to comply (Mans-Kemp, Erasmus, & Viviers, 2016).

Corporate Governance is important for transitioning and developing economies and directors and corporate managers have become aware of the benefits attached to a good Corporate Governance structure (Mc Gee, 2010). Merits of good Corporate Governance include positive share price performance as investors have confidence

in the company. It also assists in raising capital from international investors, and that is where the issue of foreign direct investment comes in. Investors depend on the financial information provided in annual reports for making investment decisions (Mc Gee, 2010). Where there is lack of transparency and assurance, it becomes difficult to build an investment case. Good Corporate Governance attributes include transparency, risk management, access to capital markets, strong leadership with an independent board chairperson and accountability (Mc Gee, 2010).

The above is not exhaustive, and both the developed and developing economies experience the same issues. However, developing economies encounter challenges which are almost unique to them. According to Adekoya (2011), these challenges include institutionalised corruption, weak regulatory frameworks, high unemployment and widespread poverty, weak judicial systems, and underdeveloped monitoring systems.

Following South Africa's independence in 1994, the country went through a period of transformation that saw extensive regulatory reform. The first King report was published in 1994 (Erasmus & Viviers 2016). In 2002 the King II report was published and focused on board composition, management of risk, remuneration and sustainability, later followed by King III which had an increased emphasis on Integrated Reporting.

2.2 THEORETICAL FRAMEWORKS

2.2.1 Agency Theory

The agency theory emanates from the separation of ownership and management. It is defined as the relationship between the principals and agents (Abdullah & Valentine, 2009). The principals in this case are shareholders and agents are executives or managers. In the agency theory, principals employ agents to run the business with delegated authority (Abdullah & Valentine, 2009). Yusoff and Alhaji

(2002) describe a firm as being made up of contracts between individual factors of production and that these need to be brought into equilibrium through contracts.

The objective of the contracts is to reduce agency costs. The board of directors play their agency role through their governance function where they ratify decisions by executives and management (Yusoff & Alhaji, 2002). This calls for an emphasis on the role of accounting in reducing the agency cost in the business, through contracts tied to the organisation's accounting system, as a critical part of the governance structure. Agency costs are associated with monitoring and compliance and are borne by the principal to prevent harm to the organisation (Yusoff & Alhaji, 2002).

In their review of the agency theory, Panda and Leepsa (2017) discussed the theorical aspects of the agency theory as well as ways of reducing agency costs with the aim of enlightening stakeholders and promoting their understanding of the agency problem as well as understanding ways in which the agency problem can be mitigated.

According to Panda and Leepsa (2017), ownership in a listed company is dispersed and in the hands of individuals and institutions (principals) and these delegate authority to management (agents).

The agency problem is a product of differences in risk tolerance between parties that make up the organisation. Because of these differences in risk appetite, the actions of participants may differ (Panda & Leepsa, 2017). The agency relationship is perceived as a contract between principals and agents where both work towards fulfilling self-interest which leads to conflict (Panda & Leepsa, 2017).

Risk divergence between principals and agents necessitates a trade-off in the form of a proper payment and incentive structure (Panda & Leepsa, 2017). Panda and Leepsa (2017) further assert that the incentive structure is affected by the agent's risk appetite and the quality of information at the disposal of the principals.

The agency problem can be classified into three types (Panda & Leepsa, 2017). The first type occurs between the principals and agents and is on the back of information imbalances and variations in risk appetite. Principals assign work to agents with the expectation that they will work for the benefit of the organisation and its principals (Panda & Leepsa, 2017). Agents are more interested in their compensation and its maximisation which is aligned to the rationality of human behaviour (Boshkoska, 2015). This misalignment gives rise to the principal-agent problem.

The second kind of agency conflict is the principal-principal problem which, according to Panda and Leepsa (2017), occurs amongst shareholders, mainly because of differences in voting power. With the power imbalances, major shareholders have higher leverage and can make decisions that benefit themselves but compromise minor shareholders (Boshkoska, 2015).

The third type of conflict arises between owners and creditors. Shareholders may undertake risky investments where they expect a higher return. According to Panda and Leepsa (2017), if these are successful shareholders enjoy huge profits but if they fail then creditors carry a share of the losses.

Some of the causes of the agency problem include separation of ownership and control, risk appetite, contract term, mediocre performance, decision-making and retention of earnings (Boshkoska, 2015). Solutions to some of these include the issue of share options to management, periodic compensation reviews for executives, board independence, and embedding a risk and control structure (Panda & Leepsa, 2017).

There are some costs associated with the agency problems, referred to as agency costs, and defined as internal costs that result from the misalignment of interests between principals and agents (Panda & Leepsa, 2017). These costs are classified as follows: monitoring costs, bonding costs, and residual loss (Panda & Leepsa, 2017).

2.2.2 Stakeholder Theory

The stakeholder theory is premised on building strong relationships with a wide range of stakeholder networks. Unlike the agency theory, which tends to focus on a single set of stakeholders being shareholders, the stakeholder theory focuses on a wide range of stakeholders (Freeman, Phillips, & Sisodia, 2018). Modern organisations focus on wealth maximisation and at the same time give attention to stakeholder needs (Freeman, Phillips, & Sisodia, 2018). This makes the theory dominant because of its integrated approach (Freeman, Phillips, & Sisodia, 2018).

Because the operations of an entity have a significant impact on the environment, the stakeholder theory has gained much prominence (Yusoff & Alhaji, 2002). This has called for more accountability to a wider audience. Yusoff and Alhaji (2002) classified stakeholder groups into three: consubstantial stakeholders (strategic partners and human capital), contractual stakeholders (financiers, suppliers, and customers) and contextual shareholders (social and natural systems).

The stakeholder theory is premised on the value creation process. Businesses create value for stakeholders, but in the process value for other stakeholders can also be destroyed. The stakeholder theory is premised on the value creation process and takes an integrated view. It considers not just economic profit as is common practice, but the interconnectedness with others (Freeman, Phillips, & Sisodia, 2018). The focus on value creation for investors is a myopic view for building a sustainable company (Freeman, Phillips, & Sisodia, 2018). This is because it does not adopt an integrated approach. In the 21st century, executives need to have a deep understanding of systems thinking, interdependencies and interconnectedness and appreciate shared value and purpose, sustainability, and agility. The stakeholder theory seeks to address such challenges, the first being whether profit is enough as a measure of performance (Freeman, Phillips, & Sisodia, 2018). The theory proposes that over and above profit, there should be measures on value created for customers, employees, suppliers, community, and financiers.

The second major challenge is on accounting and that accounting systems are targeted at creating value for shareholders and not necessarily the wider stakeholder base. This calls for the need to have narrative reporting on the business and not merely transactional reporting (Freeman, Phillips, & Sisodia, 2018). The third and more challenging matter is the fact that stakeholders are human and not economic, and there is therefore a need to examine the stakeholder behaviour in situations that may result in dire consequences.

Strong stakeholder relationships can act as a competitive advantage (Freeman, Phillips, & Sisodia, 2018). According to the stakeholder theory, Environmental, Social and Governance (ESG) activities are consolidated into an entity's performance and can drive the performance of that entity and resolve conflicts that may arise between management and stakeholders (Peng & Isa, 2020).

2.2.3 Stewardship Theory

The stewardship theory presents executives as good stewards of the corporate entity and preserve value for providers of capital (Yusoff & Alhaji, 2002). The stewardship theory recognises the importance of value creation and protection by stewards. Yusoff and Alhaji (2002) suggest that because of the alignment of stewards and shareholders, the business tends to be more successful.

2.2.4 Resource Dependency Theory

Yusoff and Alhaji (2002) assert that directors create the linkages between the corporate entity and its environment. They do this by bringing in resources like information and skills into the business by appointing board members with different skills and experiences that can benefit the organisation.

2.2.5 Summary of Theories

The discussion of different theories has provided different perspectives. The agency theory emphasizes conflicting interests between principals and agents while the

stakeholder theory explores interests of different stakeholder groups. The resource dependency theory focuses on the importance of linking the organisation to external resources that are necessary for the success of the business. The political theory is concerned with developing voting support from shareholders. From the theories discussed, the agency theory stood out as the most popular. Corporate Governance principles, guides and standards were premised on the agency theory. Shareholders appoint boards of directors to monitor and control decision making to protect shareholder value. This monitoring is expected to be done by the board.

2.3 EMPIRICAL FRAMEWORKS

This section provides an overview of Corporate Governance in Botswana, South Africa, and the Global World. South Africa was selected because it is a major trading partner to Botswana. South Africa has also advanced in terms of the development of its capital markets which offers an opportunity for key learnings. Additionally, South Africa experienced a major corporate failure in 2017, involving Steinhoff. This significant governance failure provides valuable insights which could be of immense benefit to Botswana.

2.3.1 Corporate Governance in Botswana

The Botswana Stock Exchange (BSE) was formed in 1989 (BSE, 2021). There were only five companies listed and only one stockbroker firm, which was responsible for enabling trading on the exchange. In 1994, Parliament enacted legislation to form the BSE through the transformation of the BSM (BSE, 2021). The BSE was historically owned by its members and the Botswana Government (BSE, 2021). In 2015, the BSE started a demutualization process which was completed in 2018.

There are thirty-one companies listed on the BSE with twenty-three on the main board, seven on the foreign board and one on the over-the-counter board (OTC). The main board is comprised of companies that are incorporated in Botswana while companies listed on the foreign board are incorporated outside Botswana (BSE, 2021). The OTC is a registration on the BSE and not a listing and it is meant to help

with liquidity of the registered counter. The BSE consists of three-member stockbroking firms, namely Motswedi Securities, Stockbrokers Botswana, and Imara Capital Securities (BSE, 2021).

The BSE is regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), the Companies Act and the Securities Act. For regulating members, the BSE uses the member listing rules while security issuers are regulated through the BSE listing requirements which cover both pre- and post-listing (BSE, 2021).

NBFIRA was established by the NBFIRA Act of 2006 with the aim of setting up an independent Non-Bank Financial Institutions (NBFI) regulator which will enforce compliance of NBFIs to promote the fairness, stability, and efficiency of the non-bank financial sector. Its regulatory portfolio includes Insurance, Pension Funds, Asset Managers, Microlenders, and Custodians, amongst others.

Apart from the Companies and Securities Acts, the BSE has several regulations whose aim is to protect shareholders rights. These include the BSE Listing requirements, Guidance for Listed Companies, and the BSE Code of Best Practice on Corporate Governance (Sedimo & Mmolainyane, 2020). In the process of developing the BSE Code of Best Practice, reference was made to the King Report, therefore some of the principles covered have some alignment with South Africa's Corporate Governance environment. The code requires that every listed entity should have an effective board whose responsibility is to lead and drive the company and that should meet at least quarterly (IOD, 2016). The board needs to drive a sound business strategy, build an effective management team, ensure succession planning and provide a robust control environment (IOD, 2016).

The code also requires that the Chairperson be responsible for running the board and facilitating the effective discharge of the board's duties and that the roles of Chairperson and Chief Executive Officer should be distinctly different and independent. The code further requires a balance of executive and non-executive

directors to avoid dominance by any group of individuals (IOD, 2016). In addition, the code notes that most non-executive directors should be independent.

The code stipulates a transparent process on appointments to the board, and that the board should present a balanced assessment to interim reports as well as all regulatory reports (IOD, 2016). It expects that directors will issue a report that contains declarations around regulatory compliance, that the business is a going concern, and that they have conducted a review of internal controls (IOD, 2016).

Botswana is working on developing its own Corporate Governance code, named the Pula Code, and it will replace the BSE code of best practice which listed companies have historically used as a yardstick for Corporate Governance (Josiah, Themba, & Matenge, 2016). The new code, the Pula Code, closed for comment in December 2022. This code is aligned to the requirements of Financial Reporting (Amendment) Act of 2020. The BSE intends to adopt this code as part of the listing requirements (Josiah, Themba, & Matenge, 2016).

The Pula Code is applicable to all public interest entities, which are defined as entities that have issued share capital or debt securities for subscription by the public, entities regulated by the Central Bank (banks), and entities supervised by NBFIRA as well as entities that are a partly or wholly funded public body (BAOA, 2022). The Code takes a pragmatic and principles-based approach that is flexible and can be adopted under different scenarios. This fits well in areas of culture, technology, and risk. The code takes an "apply and explain" approach as it is important to comply with the principles identified. These principles are applied on a discretionary basis.

As with other African or developing countries, the country's Corporate Governance code was benchmarked and developed in line with 'international best practice' (Josiah, Themba, & Matenge, 2016). It covers the OECD principles, the King Report, and the Commonwealth guidelines on Corporate Governance. The items addressed in the code are mainly beneficial to equity stakeholders and does not

place extensive emphasis on the wider community and environment that the company operates in (Josiah, Themba, & Matenge, 2016).

2.3.2 Corporate governance in South Africa

According to Vaughn and Ryan (2006), South Africa's success and economic development is attributable to its leadership in Corporate Governance. During the apartheid period, South Africa struggled to attract foreign investment because of the trade sanctions that were put in place by the international community (Vaughn & Ryan, 2006).

The country now stands out among its emerging markets counterparts in Corporate Governance reform and provides a classic case of how Corporate Governance reforms can unfold (Vaughn & Ryan, 2006). As one of Africa's largest and most complex economies, its financial markets and institutions are more advanced than those of other emerging markets (Andreasson, 2011). As a result, South Africa has seen large capital flows into the country.

The success of South Africa started post the 1994 democratic dispensation with the implementation of some important reforms which allowed the country to re-integrate with the global economy. South African businesses were forced to improve their corporate governance practices which included control structures. The demands from providers of capital put pressure on the need for reforms that would ensure that high-quality practices are adhered to. Some of the main reforms that were put in place include the King Report on Corporate Governance, the Insider Trading Act of 1998, and the Revised Listing Requirements.

As explained above, the Cadbury Report was the foundation of Corporate Governance. As such, it became the major reference point around the world. In formulating the King Report, South Africa followed the Cadbury Report model (Mongalo, 2003) but also addressed issues that were pertinent to the country given its unique circumstances such as the prevailing human rights issues. During the

apartheid era, the socio-economic environment was governed by discriminatory legislation. The King I Report recognised such discrimination and dedicated a chapter to address issues of affirmative action and the recognition of black economic empowerment (BEE) as a good Corporate Governance practice (Mongalo, 2003).

In South Africa, the King Code is a tool used for driving and promoting good Corporate Governance practices. The Institute of Directors (IOD) appointed the King Committee with support from the South African Institute of Chartered Accountants (SAICA), and the Institute of Chartered Secretaries and Administrators (ICSA) (Armstrong, 1995). The King Report followed the Cadbury model but diverged on some elements to address issues peculiar to the country such as affirmative action and codes of ethics. At an elevated level, it addresses the following elements: the need for an independent chairperson of the board, directors' duties and responsibilities, remuneration, board committees, assurance and reporting, and stakeholder communication.

The revision of Corporate Governance principles and guidelines is a continuous process. While the first two King Reports provided some flexibility by adopting a 'comply-or-explain' approach, the King III Report focused on the application of principles in practice. A major difference between the King II and King III reports is that King III required companies to report both their financial and non-financial information through an Integrated Report (Mans-Kemp, Erasmus, & Viviers, 2016). The first compulsory Integrated Reporting period in South Africa was applied in 2011.

The King IV report was used as a foundation and benchmark for Corporate Governance as applicable to South Africa. The Report is an iteration of the first three reports, being King I, II and III. The King IV report on Corporate Governance presents the following principles (IOD, 2016) as listed in Table 1 below.

Table 1: Principles of the King IV Report

Principle 1	An organisation should be led by an ethical board
Principle 2	The board should promote ethical culture within the organisation
Principle 3	The board should ensure that the organisation is a responsible citizen
Principle 4	The board should recognise interdependencies in the organisation's purpose, risks, strategy, and performance in the value creation process
Principle 5	The board is responsible for ensuring that all reports issued by the company help the stakeholders make informed decisions
Principle 6	The board is the focal point for corporate governance
Principle 7	The board should have a balance of skill, experience, and independence to discharge its duties effectively
Principle 8	The board should ensure that there are structures in place for delegation of authority within its structures to promote independence and effective discharge of its duties
Principle 9	The board should ensure that there is a process for the evaluation of its own performance
Principle 10	The board should appoint executive management and delegate and authority and responsibilities to them
Principle 11	The board should oversee risk management in a way that supports organisational objectives
Principle 12	The board should govern information technology in a way that supports achieving organisational objectives
Principle 13	The board should have oversight of compliance to all applicable laws, adopted codes and standards that support ethical behaviour
Principle 14	The board should ensure that the organisation has a fair, responsible and transparent remuneration policy
Principle 15	The board should promote a tight control environment underpinned by strong assurance to support the integrity of information for both internal and external reports
Principle 16	The board should adopt a stakeholder inclusive approach that balances the needs and expectations of key stakeholders
Principle 17	The board of an institutional investor should promote responsible investing

Institute of Directors South Africa, 2016

2.3.3 Corporate Governance developments in the Global World

In the United Kingdom several Corporate Governance Reports were developed. The most notable of these is the Cadbury Report (1992). The United Kingdom Cadbury Report came into being after the failure of Coloroll and Polly Peck and was published by the Committee on the Financial Aspects of Corporate Governance in 1992 (Elgar, 2006). The report set the foundation for systems of best practice in the United Kingdom and later in other parts of the world.

There had been a tendency to favour institutional investors who have power and influence and are expected to take the activist approach and take the lead in the

intervention for non-performing investee companies. The report required independent directors to exercise their independent judgement on matters of performance, strategy, key appointments, assurance process, remuneration and standards of conduct (Elgar, 2006). There have been several reports expanding on the recommendations of the Cadbury Report.

According to Elgar (2006), the Greenbury Report of 1995 issued recommendations on the disclosure of directors' remuneration packages. The Hampel Report was published in 1995 and endorsed the recommendations of the Greenbury Report. It also emphasised the role that institutional investors play in driving good corporate governance practices (Elgar, 2006).

In 1998, the Combined Code integrated the recommendations of the Cadbury, Greenbury and Hampel Reports and adopted the 'comply-and-explain' approach. A major addition was the requirement for the review of and assessment of internal controls for their effectiveness and to report on that component in the annual report (Elgar, 2006). This was followed by the Turnbull Report in 1999, which emphasised that the responsibility of ensuring the organisation has sound and effective systems of internal controls lies with the board (Elgar, 2006).

In 2003 the Higgs Report enhanced the Combined Code, adding disclosures on the number of meetings. Other enhancements included the requirement that the chief executive officer should not be the board chairman, non-executive directors should meet as a group at least once a year, and succession planning for the most important positions should be in place (Elgar, 2006). Most of these recommendations were integrated into the Revised Combined Code. In 2003, the Smith Report emphasised the importance of the Audit Committee whose role is to ensure that shareholder interests are protected with respect to financial reporting (Elgar, 2006). The Revised Combined Code has built on earlier reports and added recommendations from the Turnbull, Higgs, and Smith reports. It recommended the following: the separation of the roles of chief executive officer and chairperson, and the establishment of audit, remuneration, and nominations committees.

There has been a notable change in share ownership in the United Kingdom. Many companies are now owned by pension funds and insurance companies through investment managers. This has rendered this group of stakeholders more influential, and this influence is not limited to the United Kingdom as they typically diversify their portfolios geographically.

2.4 SUMMARY

The chapter discussed the theories of Corporate Governance, being the agency theory, stakeholder theory, stewardship theory, and resource dependency theory. In the discussion of the agency theory, it became evident that agency problems exist because of the separation of ownership and management as principals employ agents to run businesses on their behalf. The stakeholder theory focused on matters affecting different stakeholders and emphasises the importance of meeting stakeholder needs across the entire spectrum of stakeholders. The stewardship theory on the other hand focused on wealth maximisation, the need for alignment between managers, and the success of a business entity. The resource dependency theory addressed the role played by boards owing to their diversity of skills and experience.

The emphasis of the chapter was, however, on the two main theories of Corporate Governance, being the agency theory and the stakeholder theory. For the agency theory the report considered what gives rise to the theory, being the misalignment of interests between principals and agents. The types of agency problems were examined, being principals-agents, principals-principals, and owners-creditors. For principals-agents, one of the main corporate governance principles or objectives that can be affected is that of executive remuneration and how it should be approached to ensure fairness and sustainability. The principals-principals problems relates to principles or objectives around related party transactions and board composition, while the Corporate Governance principle that results from owners-creditors could be that of risk management.

Causes of agency problems were investigated. Some of the potential solutions to these problems were identified as the introduction of share options, periodic executive compensation, appointment of independent members and embedding a risk and control structure.

The stakeholder theory is concerned with building sustainable relationships with stakeholders and focuses on the value creation process. It also considers issues of sustainability and integrated reporting, which is broad-based and considers principles of integrated reporting. All these are principles and practices in Corporate Governance. For the purposes of this research these two theories are combined to form the basis for this research framework. This is because the two complement each other and holistically address the issues and challenges posed by poor Corporate Governance practices. The approach developed and populated a Corporate Governance checklist to capture the scoring and results of each of the principles identified for all the companies that comprise the sample. These results were then analysed on graphs and conclusions and recommendations drawn.

The chapter further addressed the evolution of Corporate Governance in relation to Botswana, South Africa, and the developed world, noting that extensive work had been done as evidenced by the different Corporate Governance reports including the Cadbury Report, Greenbury Report, and Hampel Report, amongst others. In addition, South Africa has seen significant Corporate Governance developments post-apartheid. These include the development of the King I, King II, King III, and King IV Reports. The development of Corporate Governance was benchmarked on the framework utilised in the United Kingdom, and as a result, most of the principles are the same, with some deviations to address the particularities of the country.

The development of Corporate Governance in Botswana is similarly benchmarked against the South African King Reports. The development of Corporate Governance in Botswana requires further refinement and the BAOA is in the process of developing the country's own code, namely the Pula Code.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 RESEARCH APPROACH

This study took a qualitative form to addressing the objectives of the research. It applied the secondary sources of data collected from existing literature and official documents (Annual or Integrated Reports) from company websites as well as legal and regulatory documents, newspaper articles, journal articles and unpublished scholarly works including dissertations. The two main methods used in this research are literature review and document analysis. Literature review was applied in the first part of the research, in chapters one and two. Literature review has the following advantages:

- It provides documented literature, which ensures that there is no duplication of a previous study.
- It allows for the exploration of recent theories and developments on the subject being researched.
- It provides current findings on the area of research.
- It helps the researcher to identify the most appropriate research instrument.

Document analysis was applied in the final stage of the research, specifically chapter four. Document analysis assists in identifying answers to the research questions (Bowen, 2009). Documents analysed included integrated and/or annual reports of BSE and selected JSE companies. Document analysis was used to validate and reach conclusions on certain phenomena, and this was premised on the fact that texts exist with valuable information about a particular phenomenon. As with qualitative content analysis, it involves assessing and analysing context in sorting information into related groups (Kleinheksel, Rockich-Winston, Tawfik, & Wyatt, 2020).

A Corporate Governance checklist was developed and was used to analyse the contents of annual reports in the sample. The checklist covered different

perspectives of the Corporate Governance principles and a “Yes” response indicated adherence while a “No” response indicated non-adherence.

Advantages of document analysis include the following:

- It is an economic and efficient method and saves time and money.
- Documents are available in the public domain.
- It allows for the assessment of communication using text.

Document analysis has the following disadvantages:

- There may be insufficient detail in the documents being analysed.
- Access to documents may be limited.

3.2 RESEARCH DESIGN

The research took the form of a survey with the aid of a checklist, which was also the research instrument. The checklist was developed drawing on the foundation provided by the King IV Corporate Governance principles and applied to both BSE and JSE listed companies.

3.3 DATA COLLECTION METHODS

Data was collected through document analysis. Document analysis is an analytical method used in qualitative research. It is iterative in nature (Bowen, 2009). Data was collected through the analysis of Corporate Integrated Reports. The following steps were followed to collect data on Corporate Governance practices in the BSE and JSE financial sector listed companies:

- Integrated Reports for the year 2022 for BSE listed companies were downloaded from the company websites.
- The Governance section of the Integrated Reports was analysed.
- The Governance section of the Integrated Reports was reviewed and analysed against the checklist which had been prepared and coded in accordance with the selected Corporate Governance principles.

- Where there was adherence to a selected principle the item would be denoted as “Yes” (Y).
- Where there was non-adherence to a selected principle the item would be denoted a “No” (N).

- The data on the tabulated checklists was summarised and analysed.

3.4 POPULATION AND SAMPLE

3.4.1 Population

The population comprises six financial services companies listed in the main board of the BSE in 2022 and six financial services companies listed on the JSE. In terms of size as measured by market capitalisation, these companies range from a market capitalisation of P1.4 billion to P11.9 million and represent the largest companies operating in the financial sector. They collectively account for about 60% of the DCI market capitalisation and their performance has a significant influence on the performance of the BSE DCI.

3.4.2 Sample and sampling method

Given that the population is small and limited by the number of companies listed on the BSE, which is a smaller exchange, the sample is the same as the population, namely six financial services companies listed on the BSE and the same number of companies on the JSE financial services sector.

3.5 RESEARCH INSTRUMENT

The main instrument used in this research is a checklist. This checklist was constructed based on the selected Corporate Governance principles. It comprises a set of questions which aim to measure the level of compliance with selected principles. The responses to these questions were then analysed to assess corporate governance practices in Botswana and South Africa and inherently address the research objectives.

Unlike rating scales which provide a continuum of responses to the questions, checklists only permit dichotomous responses. As such the level of detail provided by checklists is limited.

3.6 PROCEDURE FOR DATA COLLECTION

The following were the steps used to collect data on Corporate Governance practices in BSE and JSE listed companies:

- Integrated Reports for the year 2022 for BSE and JSE listed companies were downloaded from the company websites.
- The relevant sections of the Integrated Reports were reviewed and analysed against the checklist which was prepared in accordance with the selected Corporate Governance principles.
    - Where there was compliance with a selected principle the item would be scored a “Yes” (Y).
    - Where there was no compliance with a selected principle the item would be scored a “No” (N).
- The data on the scored checklists would be summarised and analysed.

3.7 DATA ANALYSIS STRATEGIES AND INTERPRETATION

The data was prepared for analysis by capturing it to an Excel spreadsheet in a tabular format with columns representing companies and rows representing Corporate Governance principles. The analysis of data involved two stages. In the first stage, the level of adherence to Corporate Governance principles was calculated as a proportion of the total sample, for each of the identified principles or recommended practices. This was then presented in a tabular or graphical form for ease of interpretation. This was done for each sample, namelyBSE listed and JSE listed companies.

In the second stage of the analysis, a comparative analysis of adherence to Corporate Governance principles was done in the first stage for each of the

companies in the first sample of companies with the corresponding level of adherence to Corporate Governance principles in the second sample of companies.

3.8 LIMITATIONS AND CHALLENGES OF THE STUDY

Limitations and challenges as alluded to in chapter 1 include the level of disclosure by companies making up the sample. In addition to that, some companies had not fully adopted and embedded integrated reporting which may have limited the amount of information available in the public domain, resulting in the possibility of some principles being complied with but not fully disclosed.

3.9 QUALITY ASSURANCE

Quality assurance is measured by reliability and validity. Reliability measures the consistency and accuracy of results of a study (Golafshani, 2003). It builds on the consistency with which test items result in similar outcomes, sometimes referred to as stability (Golafshani, 2003). Validity on the other hand measures the extent to which the research meets its aims and objectives (Golafshani, 2003). To ensure validity and reliability, a checklist was developed in line with the research problem. This covered Corporate Governance dimensions like board structure, board independence, audit committee independence, and executive remuneration. The checklist was evaluated with an identified subject matter expert on Corporate Governance to ensure it addresses all the important dimensions of Corporate Governance that need to be investigated.

3.10 ETHICAL CONSIDERATIONS

Data for this research was collected from Corporate Integrated Reports. These were downloaded from the websites of the various companies or at their respective offices. As a result, there were no ethical considerations to apply during the collection of data. The list of companies was obtained from the market reports of the respective stock exchanges, the BSE and JSE, and the Annual or Integrated

Reports were publicly available. Despite the use of publicly available information, ethics clearance was sought before the commencement of work.

CHAPTER 4: DATA ANALYSIS

4.1 INTRODUCTION

This chapter utilises graphs and charts to analyse the data collected and come up with findings of the study. It does this by analysing the main disclosure requirements and/or recommended practices for each of the Corporate Governance practices as contained in the King IV report. The King IV report has a total of eighteen principles which guide best practice but for purposes of this study only seventeen of the eighteen principles were analysed as the other principle is more relevant to institutional investors as opposed to normal or ordinary companies listed on the stock exchange.

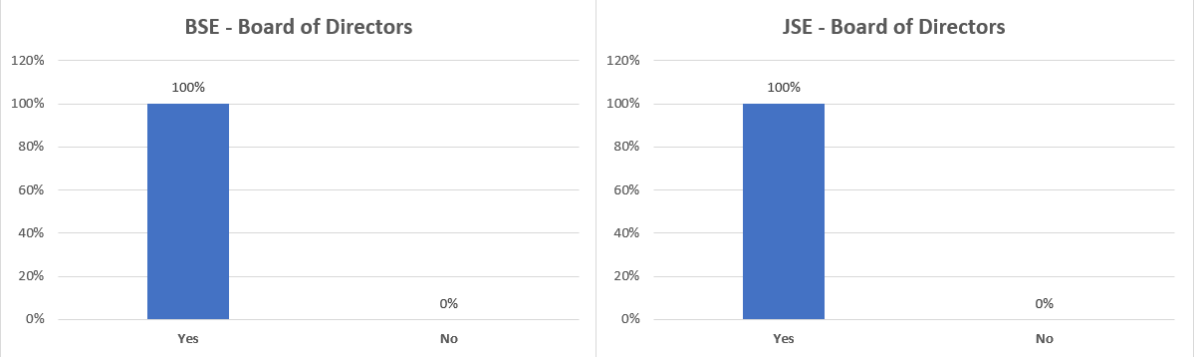
Charts were used in areas where the principle requires fewer disclosures while graphs were used for principles that require several disclosures. Each principle was discussed, and its disclosure requirements identified and then assessed for the level of compliance by both BSE and JSE listed companies that make up the sample. The level of compliance between the two countries as represented by their stock exchange listed companies is measured in percentage terms. This allows for comparison between the two jurisdictions.

4.2 ANALYSIS AND INTERPRETATION OF DATA

4.2.1 Principle 1

The first principle stipulates that a company be led by an ethical board. It explains the characteristics required of the members of the board as well as measures that should be in place to ensure that the board is held accountable for its fiduciary responsibilities, including the evaluation of their own performance. The results show that companies in both the BSE and JSE comply with the requirement of there being a governing body to oversee the affairs of the company. All the companies that made up the sample had a section on their integrated reports that covered

governance and disclosed the individual directors. The assumption made is that the individual directors are people with integrity and therefore oversee the affairs of the board in an effective and ethical manner. This is premised on the fact that banking and/or financial services in general is a highly regulated industry and there is extensive screening and vetting that takes place prior to their appointments to the board. The findings therefore show that financial services companies listed on the BSE and JSE equally comply with the recommended practices of principle 1 of the King IV code of Corporate Governance, hence the practices between the two countries are aligned.



4.2.2 Principle 2

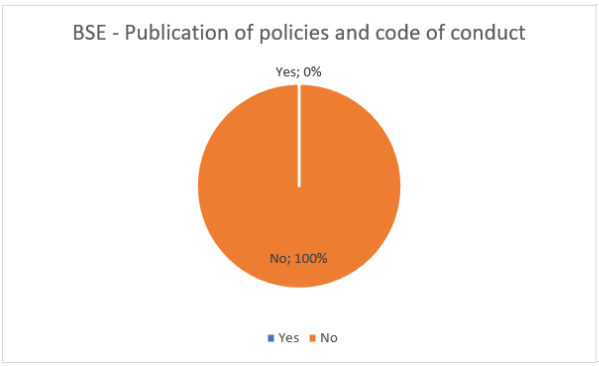
The second principle of the King IV Code requires governing bodies to manage the character of the organisation to support an ethical culture in the organisation. The disclosure requirements for this principle include an overview of arrangements in place to manage ethics, focus areas for the reporting period and measures to manage ethics and focus area for the future as well as the publication of policies and codes of conduct. In the analysis of the data as contained in the integrated reports, it was evident that both companies in the BSE and JSE have measures in place to build an ethical culture. This was evidenced by the disclosure of principles or values that govern the organisation, means of reporting unethical behaviour such as a whistleblowing process or provision, and reference to the existence of codes of conduct which the Board reviews periodically. From the data collected, companies

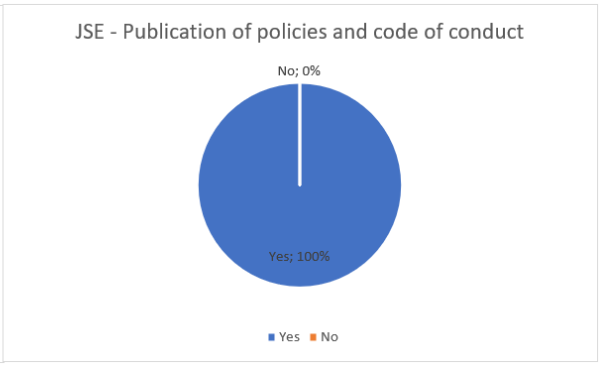
in the BSE and the JSE fully complied with the requirement in respect of ethics disclosure.





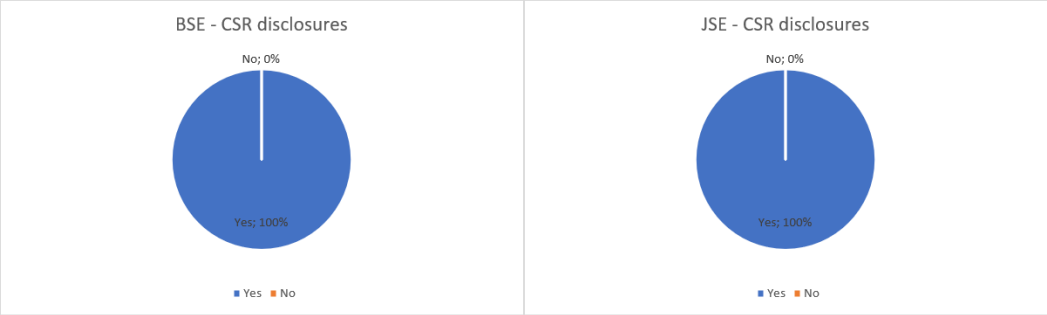
Regarding the publication of policies and codes of conduct, BSE companies were non-compliant as they scored 100% for non-compliance while JSE companies scored 100% for compliance. While policies and codes of conduct may exist based on inferences made, there were no disclosures made. However, for JSE companies these disclosures were made through other reporting platforms like company websites where, for example, ESG and Sustainability policies and reports were made available on the company websites. What was not evident in respect of both BSE and JSE companies was their areas of focus for the future.





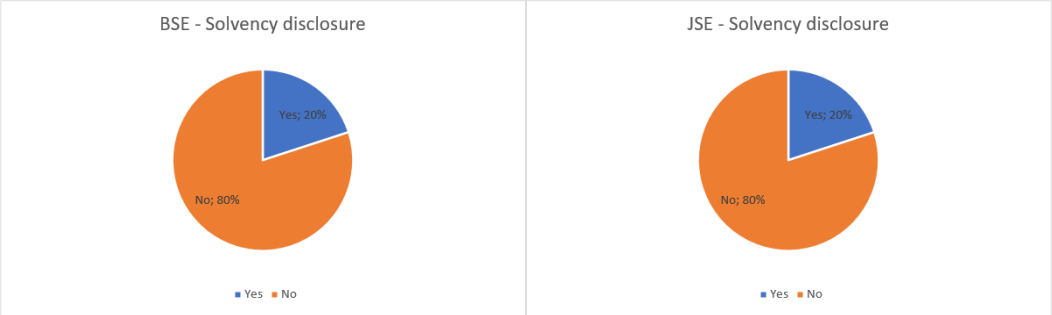
4.2.3 Principle 3

The third principle requires the board to ensure that the organisation practices responsible citizenship with regard to both conduct in practice as well as the perceptions emanating from that. From the analysis of data, it is evident that both BSE and JSE companies have a clear corporate citizenship agenda with both sets of companies scoring 100% in the disclosure requirements for the principle. Companies disclosed information on their activities for the reporting period including the budget spent as well as plans to enhance their responsible corporate citizen citizenship agenda.



4.2.4 Principle 4

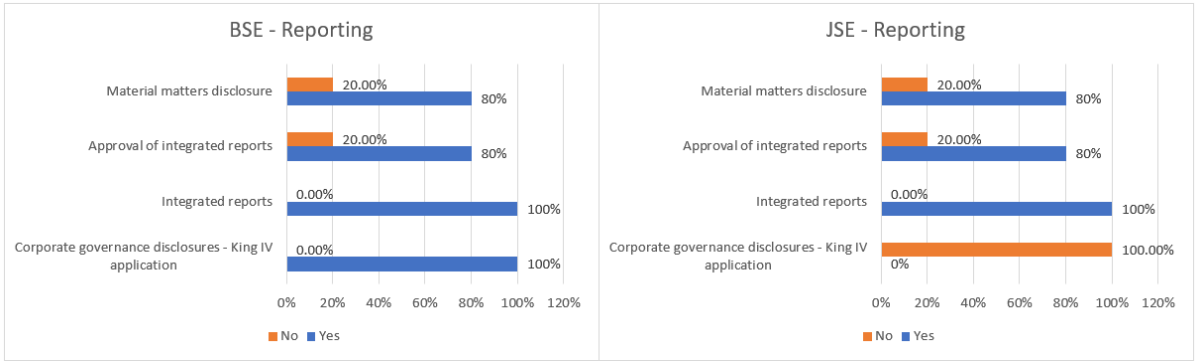
Principle 4 is concerned with the Board's responsibility as drivers of the organisation's purpose and strategy for the achievement of objectives, in line with the delegated authority matrix. This is meant to ensure that the business meets its purpose and stays afloat. While all the Integrated Reports for both BSE and JSE listed companies had sections that clearly outline and articulate the strategy and the Board's stewardship responsibility as well as management's responsibility for the day-to-day implementation, there is a recommended practice to disclose the company's solvency. In analysing the data, it was noted that only 20% of the companies on both the BSE and JSE disclosed their solvency statements. It was interesting to note that it was only insurance companies in both BSE and JSE that disclosed their solvency.



4.2.5 Principle 5

The Principle disclosure requirements include the issuance of an integrated report, directors' responsibility for the assurance of external reports issued by the company, approval and issuance of integrated reports, material matters disclosure and corporate governance disclosure in accordance with the King IV application.

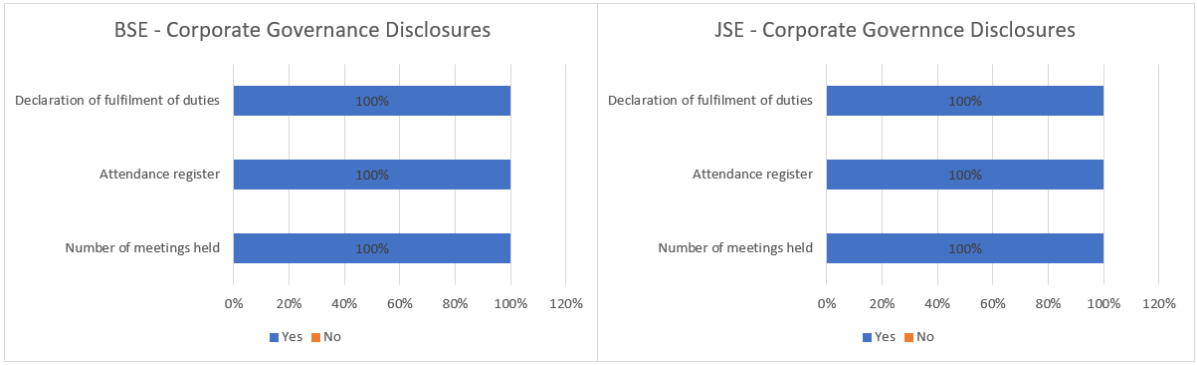
With regard to the approval of integrated reports, the data collected shows that companies in both the BSE and JSE are not fully compliant with the requirement of the approval of integrated reports by directors before issuance. The results indicate that 80% of the sample had their integrated reports approved by the board in both BSE and JSE companies. This approval was done through a section at the beginning of the integrated reports where, in some cases, the chairperson of the board or in other cases, the entire board signs off the approval of the integrated reports. With regard to issuance of integrated reports and not merely an annual report, all companies have complied with the requirement of the principle with results showing 100% compliance for both BSE and JSE. This suggests that companies have moved away from annual reports which focused on the financial performance of an entity to integrated reports which take a comprehensive approach to reporting on the entity's performance looking at both financial and non-financial metrices.



In relation to material matters, BSE and JSE companies are fully compliant with the results showing 100% compliance. Companies on both the BSE and JSE reported a detailed process of material matters determination as well as detailed reporting on material matters that affect the respective companies. On Corporate Governance disclosures and the application of the King IV register, only the BSE companies complied fully, with the results showing 100% for BSE listed companies and 0% for JSE listed companies.

4.2.6 Principle 6

This principle is concerned with the board's role as the custodian of Corporate Governance and its disclosure requirements include the declaration on the fulfilment of duties by directors, the attendance register for all the Board and committee meetings as well as the number of meetings held. The data collected shows that BSE and JSE companies are aligned in complying with the requirements of the principle, with the results showing 100% compliance on both the BSE and JSE listed companies.



4.2.7 Principle 7

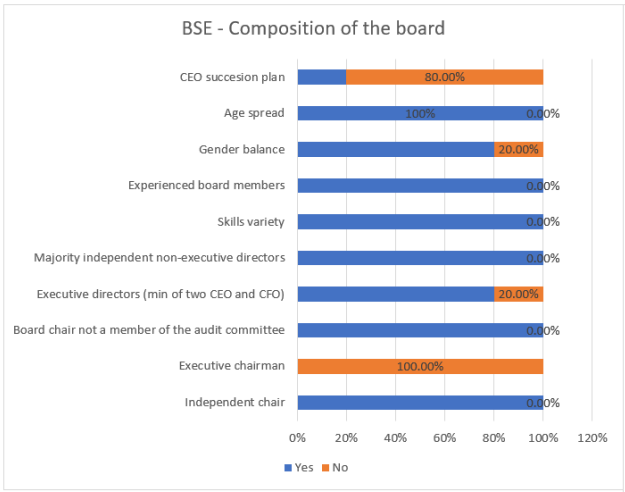
The graphs below seek to analyse the compliance with disclosure requirements of Principle 7, which covers the composition of the board, skills mix, independence and diversity, among other things. For this principle, there are several disclosure requirements, and each one was analysed.

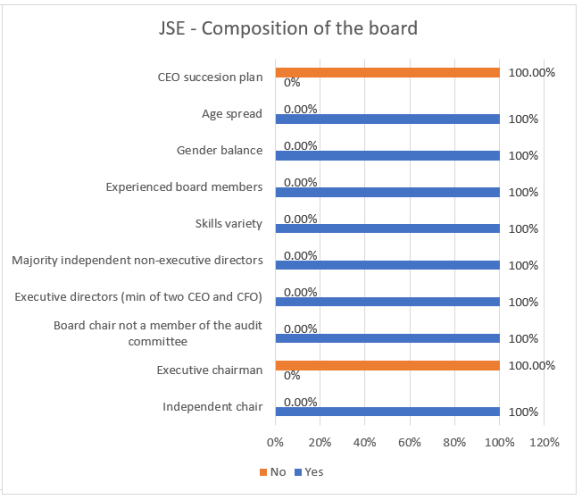
In succession planning, specifically for the chief executive officer, there was little disclosure by companies in the BSE and JSE. BSE companies scored 80% for non-compliance and only 20% for compliance. JSE companies did not comply with the requirement at all, being rated 100% for non-compliance. It appeared that companies were only making mention of succession in relation to the board's succession planning and not to key positions.

Regarding the age spread both BSE and JSE listed companies showed full compliance with the requirement as the age continuum represented a good spread. Gender balance on the board for BSE listed companies was high with 80% of the companies showing gender balance while 20% showed no gender balance. For most of the boards on the BSE, females accounted for between 20% and 25%. JSE listed companies achieved a higher score of gender balance at 100% versus 80% scored by BSE listed companies. Regarding the ratio of females on the Board, JSE listed companies scored higher than BSE listed companies with females accounting for between 23% and 33%.

Board members for BSE and JSE listed companies were experienced individuals with a wide array of skills and experience which spans across different industries. The skills on the boards include accounting, strategy, economics, marketing, banking, law, treasury, governance, audit, and human resources, amongst others. From the analysis, it was noted that the JSE listed companies seemed to have a more diverse skill set than their counterparts on the BSE, owing to the bigger size of their Boards. The Boards on both the BSE and JSE listed companies were independent. The position of chairperson was also independent in both sets of companies. In addition, in both companies, there were no executive chairpersons which validates

the finding that the position of chairperson was independent. Again, in both the companies, the chairperson was not a member of the audit committee. Principle 7 also requires that a minimum of two senior executives be appointed to the Board, normally the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). In analysing the data, it was noted that BSE companies were at 80% compliance while JSE listed companies scored 100% for compliance with this requirement.





4.2.8 Principle 8

Principle 8 requires the board to ensure delegation to its structures to promote independent judgement in order to effectively discharge its duties. This calls for the board to delegate some of its responsibilities to committees and executive management within a delegated authority matrix. The requirement is therefore for the board to establish the following committees: audit, risk, nominations, remuneration, and social and ethics committees. In analysing the data, it was noted that both BSE and JSE listed companies have the audit, risk, nominations and remuneration committees within their structures in accordance with the requirements of the King IV Code. However, only 20% of BSE companies had the social and ethics committee in place whereas 100% of the JSE listed companies had ethics and social committees.

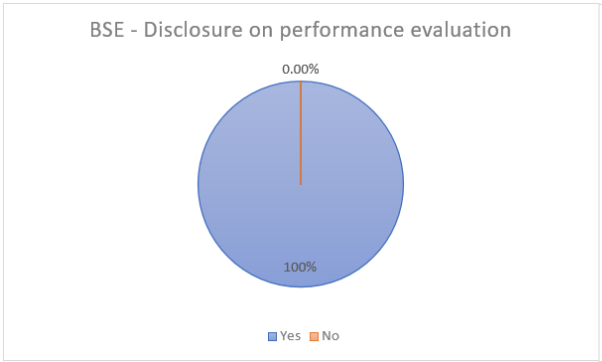
Over and above the existence of the audit committee, the principle requires that there be certain disclosures made. These include the tenure of the audit committee, changes in key audit partners and the tenure of the audit firm. For both BSE and JSE listed companies, these disclosures were not made.

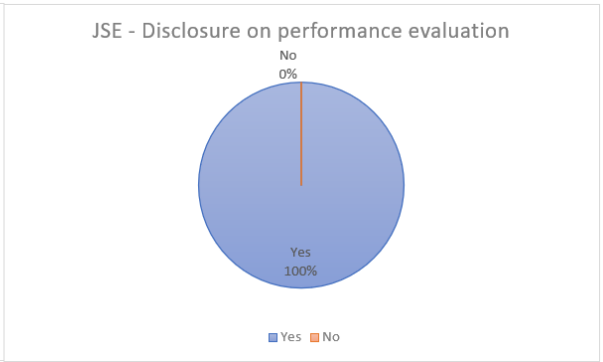




4.2.9 Principle 9

Principle 9 requires Boards to carry out an assessment of its performance as well as that of its delegated structures (committees). This assessment should be measured against targets set and what has been achieved. The data collected showed that Boards do indeed carry out these assessments for both the BSE and JSE listed companies. This disclosure was in the governance section of the various Integrated Reports.

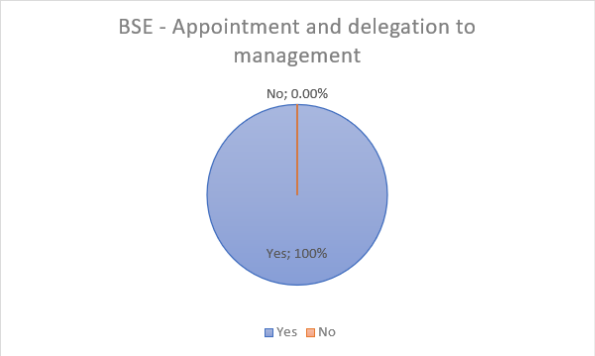


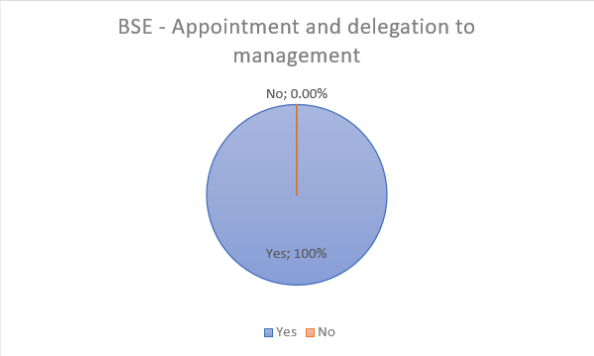


4.2.10 Principle 10

Principle 10 requires the Board to appoint and delegate to management the roles and responsibilities of running with the day-to-day affairs of the business within a

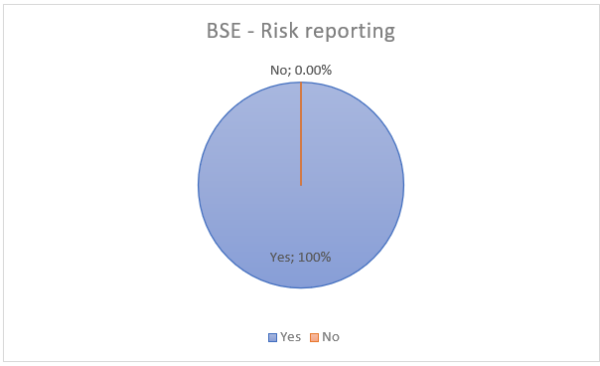
delegated authority matrix, with the CEO reporting to the Board. In analysing the data, this was noted as standard practice for both BSE and JSE listed companies.

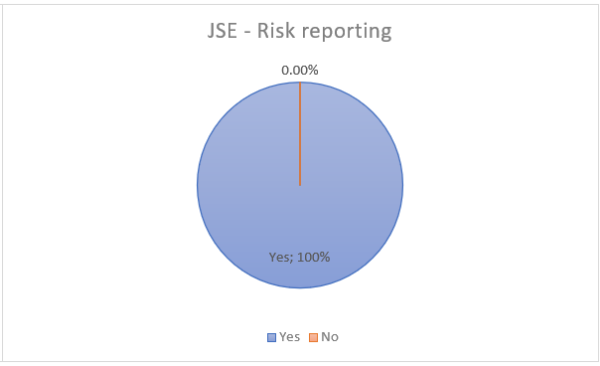




4.2.11 Principle 11

This principle requires the Board to have oversight over risk management and ensure governance structures for managing and reporting risks. For both BSE and JSE listed companies, the respective Boards had a risk committee that is responsible for risk governance and oversight as discussed under Principle 8. Integrated reports of the respective companies had a section that covered the risk register with an emphasis on the strategic risks.

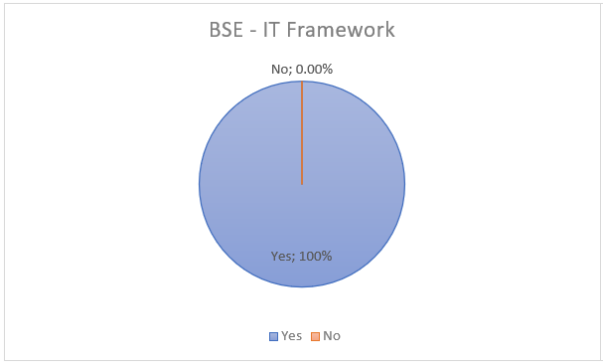


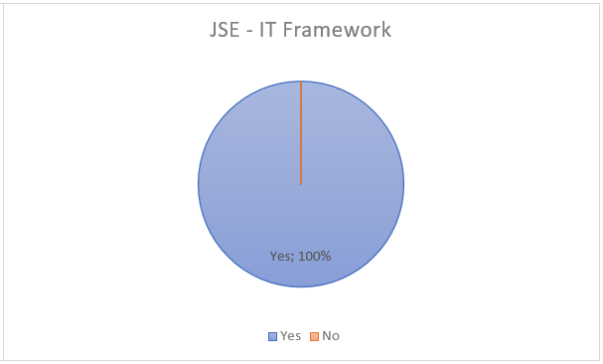


4.2.12 Principle 12

Principle 12 requires that organisations have in place a framework though which they govern Information Technology to support the strategic and operational objectives of the organisation. In analysing the respective Integrated Reports, it was

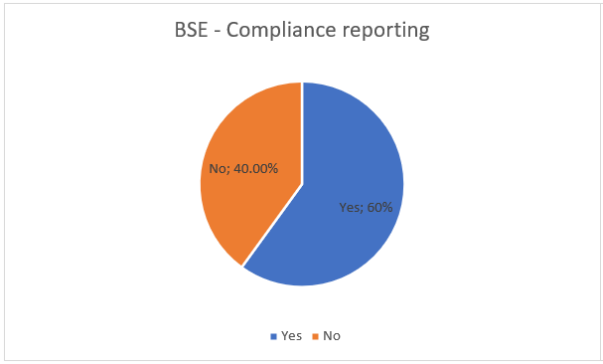
evident that both BSE and JSE listed companies have IT frameworks and various policies that support the IT environment.

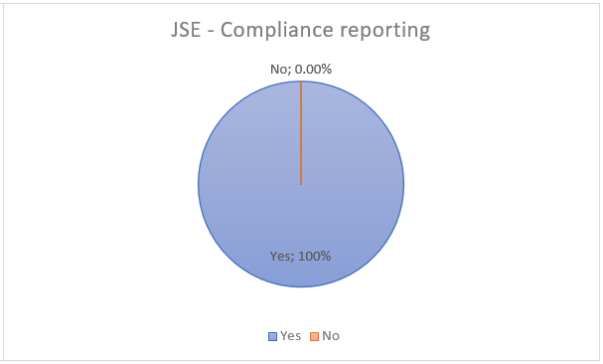




4.2.13 Principle 13

Compliance reporting is a requirement which, according to the data collected, 40% of the BSE companies were not complying with, while 60% of the companies were compliant. For JSE listed companies, 100% of the companies complied with the requirement for compliance reporting.

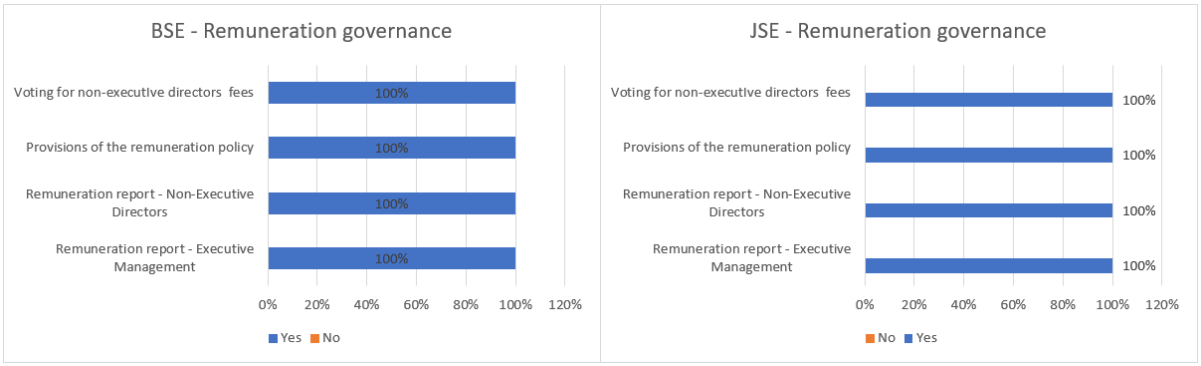




4.2.14 Principle 14

This principle is concerned with remuneration governance and requires organisations to have fair and equitable remuneration policies to promote the achievement of objectives in a sustainable manner. The principle has recommended practices as depictured in the figure below. In respect of voting for non-executive directors' fees, companies in both the BSE and JSE had this as one of the agenda

items in the proxy forms for their annual general meetings where shareholders are expected to vote. Companies also disclosed key provisions of their remuneration policies in their remuneration section of their Integrated Reports, which also clarified fees earned by non-executive directors as well as executive management.



4.2.15 Principle 15

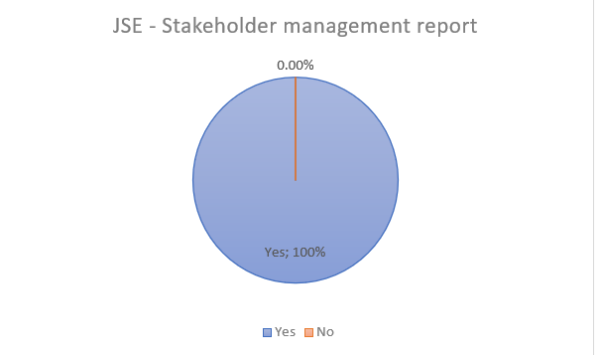
The principle requires that there be an internal audit function that reports to the Board, in addition to the assurance services of external auditors. Both BSE and JSE listed companies have internal functions as depicted in the figure below.



4.2.16 Principle 16

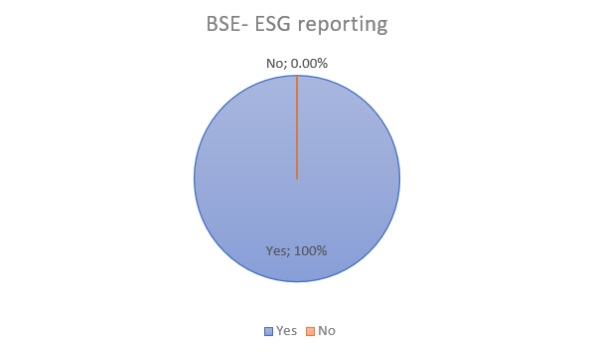
This principle requires that companies have a stakeholder report and both companies in the BSE and JSE included a section in their Integrated Reports where they report on their stakeholder management activities.

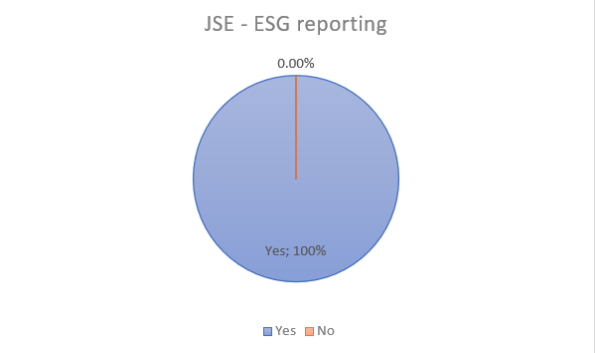




4.2.17 Principle 17

Principle 17 is concerned with ESG reporting. All companies in the BSE and JSE had a section in the Integrated Reports or as a separate report where they report on their ESG activities.





4.3 DISCUSSION OF FINDINGS

Principle 1 of the King IV Code requires that companies be led by an effective and ethical board (IOD, 2016) as discussed in chapter 2. The findings of the study revealed that both the BSE and JSE listed companies were compliant. This is in accordance with the requirements of the BSE Code of Best Practice on Corporate Governance. With regard to principle 2, boards are required to ensure an ethical culture in the organisation (IOD, 2016). The findings reflected that there was ethical disclosure which suggests that there are measures in place – such as whistleblowing provision - to guard against unethical behaviour. Ethical culture is a way of managing the agency problems as discussed in section 2.2.1. For principle 3, both

BSE and JSE listed companies showed good corporate citizenship as outlined in their corporate social responsibility reports as required by the King Code. This also ties to the stakeholder theory as discussed in section 2.2.2. Stakeholders include shareholders, communities, financiers, customers, suppliers, and communities (Freeman, Phillips, & Sisodia, 2018).

One of the critical requirements of principle 4 is that companies should have solvency disclosures, and this is intended to promote a risk-aware culture. From the data analysis it emerged that both BSE and JSE companies are not in compliance with the recommended practice, except for insurance companies. Principle 5 requires companies to issue reports that assist stakeholders to make informed decisions (IOD, 2016). This ties to the stakeholder theory discussed in section 2.2.2 which takes an integrated approach. From the data collected, companies in both the BSE and JSE issued integrated reports which covered both financial and non-financial performance, thus providing enhanced information for stakeholders to make informed decisions. On principle 6, companies are required to make certain corporate governance disclosures like provision of attendance registers for board and committee meetings, the frequency of meetings held and the declaration of fulfilment of directors' fiduciary duties (IOD, 2016). Principle 7 covers the board composition, skills set, independence and diversity (IOD, 2016). The Cadbury Report, as discussed in section 2.3.3, also requires that the board be independent and its composition is diverse in terms of skills, experience and age. Overall, companies in the BSE and JSE complied with the requirements with the exception of insufficient disclosure on the succession planning for chief executive officers.

Principle 8 was complied with regarding audit, risk, and nominations committees of the board. These are recommended practices from the King Code. The Cadbury Report and the Combined Code as discussed in section 2.3.3 require, among others, an audit committee. However, regarding the social and ethics committee, compliance was higher in the JSE companies than in BSE companies. Principle 9 requires the board to carry out an assessment of its performance, while principle 10

requires the board to appoint and delegate authority to management for the daily operations of the business (IOD, 2016).

Principles 11 and 12 require the board to have oversight of risk management and information technology management, respectively (IOD, 2016). From the data collected, all companies have complied with the requirements. The Cadbury Report, Combined Code and the Turnbull Report also have the same requirements.

Principle 13 requires companies to do compliance reporting (IOD, 2016) and from the data collected the level of compliance for BSE companies was low relative to JSE companies.

For principle 14 the level of compliance was high for both BSE and JSE companies. The requirements for the principle include the voting for directors' remuneration, remuneration policy and report (IOD, 2016). The Greenbury Report emphasises the need for companies to disclose directors' remuneration. The data collected suggested that companies in both the BSE and JSE had an internal audit function and issue stakeholder reports, either as part of their integrated report or separate stakeholder reports. These are requirements of Principles 15 and 16 of the King IV Code (IOD, 2016) while Principle 17 is concerned with ESG reporting which both the BSE and JSE companies have done.

4.4 SUMMARY

The chapter focused on a detailed analysis of findings of the study, explaining how the data collected was analysed through a governance checklist derived from the Corporate Governance principles of the King IV Report on Corporate Governance. The checklist was applied against each company that formed part of the sample on both the BSE and the JSE with the intention of checking how each company on either exchange has performed in seeking to comply with the recommended practices of the principle.

The information was tabulated for each company and each principle populated and a total score for the principle for each sample (i.e. BSE and JSE companies) was then determined. This enabled the comparison of the companies on the BSE and JSE for each principle out of an overall score of 100%, where 100% denoted full compliance with the recommended practices and anything below 100% denoted partial or non-compliance (in the case of 0%).

From the analysis of the data, it emerged that financial companies on both the BSE and JSE followed the recommended practices of the King IV report on Corporate Governance. Comparatively, there was a marginal difference between BSE and JSE listed companies, with JSE companies taking the lead. Areas where there was partial or non-compliance include principles four, five, seven, eight and thirteen. On principle four, it emerged that companies on the BSE and JSE do not fully comply with the disclosure requirements of the principle as far as the solvency disclosure is concerned. Only 20% of the companies on both the BSE and JSE made the disclosure, and what was of interest is that it was only insurance companies. On principle seven, only 20% of the companies listed on the BSE disclosed their succession plans for the role of CEO, with no disclosure on the JSE listed companies.

With regard to principle five, there was partial compliance with respect to the disclosure of material matters, and approval of the integrated reports by the Board where only 80% of companies on both the BSE and JSE complied with the recommended practices of the principle. On principle seven, there was very minimal disclosure and no disclosure at all on the question of disclosure of succession planning of the CEO role on the BSE and JSE companies, respectively. Regarding the same principle, there was partial compliance on BSE listed companies with regard to gender balance where 80% of the companies complied while JSE companies complied fully. What was of interest is that while there was gender balance in both, the ratio of females was lower on the BSE listed companies than on JSE listed companies. Regarding executive directors on the Board, BSE companies complied partially with 80% of the companies complying while JSE

companies complied fully. In all cases where companies complied, the CEO and CFO were executive directors on the Board. In terms of age, skills diversity, and independence of the role of chairperson, all companies complied.

On principle eight, companies in both the BSE and JSE failed to comply with some of the recommended practices. These include the disclosure of the tenure of audit firms and changes in key audit personnel. In addition to that, it was revealed that BSE companies do not have ethics committees, unlike their JSE counterparts. Both BSE and JSE companies had audit, risk, and nominations committees in accordance with recommended practices. For principle thirteen, the BSE companies complied partially with only 60% of companies doing compliance reporting while JSE companies fully complied with the recommended practice.

Comparisons with previous studies specifically on financial services proved to be difficult, mainly owing to limited literature. What was clear however, was that from a principles perspective the financial sector follows international best practice as noted by (Josiah, Themba, & Matenge, 2016). Corporate Governance practices are aligned to the requirements of the King Code on Corporate Governance.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF THE STUDY

The study was conducted in the context of the agency problem, how it comes about and its implications for an organisation. It provided background to Corporate Governance and corporate failures that have resulted from poor Corporate Governance. These failures include Enron in 2001, Steinhoff in 2017 and ABIL in 2014. The problem statement of the study is based on numerous reports of Corporate Governance scandals in Botswana, which could potentially negatively impact the country's diversification efforts away from the present reliance on the diamond industry. The integrity of the financial sector plays a significant role in seeking to promote FDI flows, and as such the financial sector will inherently be used a barometer for the attractiveness of FDI destinations. It is for this reason that the study focused on the financial services sector in Botswana relative to South Africa. The objectives of the study were to investigate corporate governance practices in listed financial services companies in Botswana and South Africa, and to investigate the status of compliance with corporate governance principles between an equal number of listed BSE and JSE listed companies, in relation to the King IV Codes of Corporate Governance.

The study examined the theoretical frameworks where the agency theory was discussed in detail alongside other theories like the stakeholder theory, stewardship theory, and resource dependency theory. The study further discussed the empirical frameworks where Corporate Governance developments in Botswana were investigated. This was followed by a discussion of developments on South Africa on the trajectory of the King reports, as well as the development of corporate governance in the global context.

The study primarily drew on secondary data sources, with data collected from integrated reports as well as company websites and used two main methods, namely literature review and document analysis. Literature review was applied in chapters one and two, while document analysis was applied in the latter part of the study.

The study was designed in the form of a survey with the aid of a Corporate Governance checklist. Data was collected through a document analysis from integrated reports. Given that the population size is small, all the six financial services companies on the BSE were taken as the sample against an equal number of JSE companies.

5.2 SUMMARY OF FINDINGS

The data was analysed in chapter four with the aid of graphs and pie charts to present the findings of the study. This analysis was based on seventeen of the eighteen Corporate Governance principles and their recommended practices as stipulated in the King IV report. From the data, it was evident that financial companies listed on the BSE and JSE comply with the recommended practices of the King IV report. This confirms that the reforms that were put in place in South Africa post-1994 as asserted by Vaughn and Ryan have been successful (Vaughn & Ryan, 2006).

Areas of non-compliance include principles four, five, seven, eight and thirteen. On principle four, areas of improvement include solvency disclosure by both BSE and JSE companies. This will give investors greater confidence on the sustainability of the business. An area of improvement relates to principle five where there is a requirement that companies disclose their material matters and materiality determination process. This relates to both BSE and JSE listed companies. On principle seven there was limited disclosure on succession planning on BSE companies and no disclosure on JSE companies. There was also partial compliance on the BSE companies with regard to gender balance, while JSE companies fully complied. While there was gender diversity in both BSE and JSE companies, the ratio of females in the BSE was lower than that of the JSE.

The data indicated that BSE companies were not fully compliant with the recommended practice of having at least two executive directors on the board while the JSE fully complied, and in cases where companies complied, the CEO and CFO formed part of the board. On principle eight, all companies did not disclose the

tenure of the audit firms, changes in key audit personnel and BSE companies did not have ethics committees. Finally, on principle thirteen some BSE companies failed to provide compliance reporting while all companies on the JSE did their compliance reporting.

The problem statement of the study was premised on the need to have good Corporate Governance practices for Botswana to attract FDI. It is evident that financial sector companies' Corporate Governance practices are aligned in Botswana and South Africa. These accord with the requirements and recommended practices of the King IV codes. The financial sector comprises over 70% of the DCI on the BSE (BSE, 2023), and with a high degree of similarity in Corporate Governance practices between BSE and JSE listed companies as well as a high level of compliance to the King IV codes. It is evident that the country's efforts to improve governance over the years like setting up a formal stock exchange (BSE), implementing listings and member rules, BSE Code of Best Practice, Securities Act (2014), Companies Act (2003), the establishment of CIPA, and more recently, the establishment of the country's code of Corporate Governance (Pula Code) has led to significant improvements in Corporate Governance practices.

The financial sector is a large part of the BSE DCI. With this elevated level of compliance, the country is in a position where foreign investors have assurances when seeking to make investments in the country knowing that their rights as minority shareholders are protected and their investments are safeguarded by the governance structures. In reviewing the literature, it was evident that Corporate Governance scandals that were referred to in the problem statement are in the non-financial sector. Most of the companies in the non-financial sector are domestic companies which do not have the foundation of a parent company in South Africa, and thus may lack centres of excellence. Most of them are owner-managed and so matters of Corporate Governance are not taken as seriously as companies which have the backing of a parent company in a more developed market like the JSE.

5.3 LIMITATIONS

Limitations and challenges of the study as already alluded to in Chapters 1 and 3 include the level of disclosure by companies making up the sample. In addition to that, some companies had not fully adopted and embedded integrated reporting which may have limited the amount of information available in the public domain, resulting in the possibility of some principles being complied with but not fully disclosed.

5.4 CONCLUSION

In conclusion, the study demonstrated that the Corporate Governance practices in Botswana and South Africa are aligned. South Africa has adopted the King IV report on Corporate Governance and companies comply with the recommended practices of King IV. As explaind, Botswana is in the process of developing its own code called the Pula Code, which will replace the BSE Code of Best Practice (Josiah, Themba, & Matenge, 2016). Both the BSE Code of Best Practice and the Pula Code were premised on international best practice and King Reports on Corporate Governance as well Commonwealth guidelines on Corporate Governance. It is for this reason that the principles and practices in both Botswana and South Africa are aligned, with an elevated level of compliance.

The other explanation for this similarity could be that some of the companies that are listed on BSE have their parent companies in South Africa so the tone for Corporate Governance is set at the holding company level in South Africa and applied across all the markets that the company operates in outside South Africa. The reforms that were implemented in South Africa post the apartheid era to re-integrate the country with the global economy so as to attract FDI flows has seen significant improvements in the Corporate Governance frameworks like the various King Reports on Corporate Governance which have become useful benchmarks for other countries in the region, including Botswana.

The study also revealed a high level of compliance to the King Code of Corporate Governance in most principles as outlined in the code. The study further highlighted some areas of improvement by both BSE and JSE listed companies. These include

solvency disclosures, material matters disclosure, materiality determination process, approval of integrated reports by the Board, tenure of the audit firm, changes in key audit personnel and succession planning in both BSE and JSE companies. Furthermore, the BSE companies need to establish ethics committees, and enhance gender and skills diversity.

5.5 RECOMMENDATIONS

One recommendation from the study is a call for enhanced compliance with the recommended practices on solvency disclosures, material matters disclosure, materiality determination process, approval of integrated reports by the Board, tenure of the audit firm, changes in key audit personnel and succession planning in both BSE and JSE companies, as well as establishing ethics committees and enhancing gender and skills diversity for BSE companies.

A further recommendation is to adopt the code of Corporate Governance as part of the listing requirements and make it compulsory for listed companies to provide attestations of compliance with the recommended practices. This will be a significant step in promoting good Corporate Governance, boosting investor confidence, and attracting more FDI.

5.6 AREAS OF FURTHER RESEARCH

The study focused on a comparative analysis of financial services companies listed on the BSE and JSE. While the financial sector comprises approximately 70% of the domestic companies' index and is therefore significant, the universe is also small. The financial sector is highly regulated and will inherently comply with principles of best practice as evidenced by the elevated levels of compliance. Financial services companies in Botswana also have their parent companies in South Africa, and the tone for Corporate Governance is set at the holding company level. That could be the reason there are similarities between BSE and JSE listed companies. The research therefore needs to be extended to cover other sectors of the BSE and JSE to include companies that do not have holding companies in South Africa and assess whether the findings will be the same.

REFERENCES

Abdullah, H., & Valentine, B. (2009). Fundamental and Ethics Theories of Corporate Governance. *Middle Easten Finance and Economics*, 88-95.

Adekoya, A. (2011). Corporate Governance Reforms in Nigeria: Challenges and Suggested Solutions. *Journal of Business Systems*, 39-51.

Africa, I. O. (2016). *Report on Corporate Governance for South Africa.* Johannesburg: Institute of Directors in Southern Africa.

Andreasson, S. (2011). Understanding Corporate Governance Reform in South Africa: Anglo American Divergence, the King Reports, and Hybridization. *Business and Society*, 647-673.

Armitage, S., Hou, W., Sarkar, S., & Talaulicar, T. (2017). Corporate Governance Challenges in Emerging Economies. *Corporate Governance*, 148-154.

Armstrong, P. (1995). The King Report on Corporate Governance. *Juta's Business Law*, 65-70.

BAOA. (2022). *The Pula Code of Corporate Governance.* Gaborone: Botswana Accountancy Oversight Authority.

Batra, S. (n.d.). *African Bak goes under central bank's curatorship amidst mounting credit losses.* National University of Singapore.

Boshkoska, M. (2015). Agency problem; Measures for its Overcoming. *International Journal of Business and Management*, 204-209.

Bowen, G. (2009). Document Analysis as a Qualitative Research Method. *Qualitative Research Journal*, 27-40.

BSE. (2021). *Botswana Stock Exchange Annual Report 2021.* Gaborone: Botswana Stock Exchange.

BSE. (2023). *Botswana Stock Exchange Market Performance 1 Jan - 31 Mar 2023.* Gaborone: Botswana Stock Exchange.

Chiwira, O., & Kambeu, E. (2016). Foreign Direct Investment and Economic Growth in Botswana: A Dynamic Causality Test. *British Journal of Economics, Management and Trade*, 1-8.

Dzomira, S. (2014). Analysis of bank failures during financial tumult in Africa - Zimbabwe: A historical review. *Journal of Governance and Regulation*, 75-80.

Elgar, E. (2006). *Handbook on International Corporate Governance, Country Analysis.* Cheltenham: Edward Elgar Publishing Limited.

Freeman, E., Phillips, R., & Sisodia, R. (2018). Tensions in Stakeholder Theory. *Business and Society*, 213-231.

Golafshani, N. (2003). *Understanding Reliability and Validity in Qualitative Research.* Nova Southeastern University.

Hart, O. (1995). Corporate Governance: Some Theory and Implications. *The Economic Journal*, 678-689.

IOD. (2016). *Report on Corporate Governance for South Africa.* Johannesburg: Institute of Directors, Southern Africa.

Josiah, J., Themba, G., & Matenge, T. (2016). Corporate Governance in Botswana: Exploring Developments and Compliance. *Botswana Journal of Business*, 1-20.

Kayalvizhi, P., & Thenmozhi, M. (2018). *Does quality of innovation, culture and governance drive FDI? Evidence from emerging markets.* India: Elsevier.

Kleinheksel, A. J., Rockich-Winston, N., Tawfik, H., & Wyatt, T. (2020). Qualitative Research in Pharmacy Education - Demystifying Content Analysis. *American Journal of Pharmaceutical Education*, 127-137.

Lu, J., & Battern, J. (2001). The Implementation of OECD corporate governance principles in post-crisis Asia. 47-62.

Mans-Kemp, N., Erasmus, P., & Viviers, S. (2016). Advances in corporate governance practices of Johannesburg Stock Exchange. *Southern African Business Review*, 71-93.

Mc Gee, R. (2010). *Corporate Governance in Transitioning and Developing Economies: A case for the Phillipines.*

Mongalo, T. (2003). The emergence of corporate governance as a fundamental research topic in South Africa. *South African Law Journal*, 173-191.

Mudashiru, A., Ibrahim, B., Babatunde, Y., & Omah, I. (2014). Good Corporate Governance and Organisational Performance: An Empirical Analysis. *International Journal of Humanities and Social Science*, 170-178.

NBFIRA. (2022). *Non-Bank Financial Institutions Regulatory Authority (NBFIRA) Annual Report.* Gaborone: NBFIRA.

Okeahalam, C. C., & Akinboade, O. A. (2003). *A Review of Corporate Governance in Africa: Literature, Issues and Challenges.*

Okeahalam, C., & Akinboade, O. (2003). A review of Corporate Governance in Africa: Literature, Issues and Challenges. *Global Corporate Governance Forum.*

Okpara, J. O. (2010). Perspectives on Corporate Governance Challenges in a Sub-Saharan African Economy. *Journal of Business & Policy Research*, 110-122.

Panda, B., & Leepsa, N. M. (2017). Agency Theory: Review of Theory and Evidence on Problems and Perspectives. *Indian Journal of Corporate Governance*, 74-95.

Peng, L., & Isa, M. (2020). Environmental, Social and Governace Practices and Performance in Shariah Forms: Agency or Stakeholder Theory? *Asian Academy of Management Journal of Accounting and Finance*, 1-34.

Rhodgers, H., & Edmond, S. (n.d.). *Corporate Governance: A case for Botswana.*

Rossouw, J., & Styan, J. (2018). Steinhoff collapse: a failure of corporate governance. *International Review of Applied Economics*, 163-174.

Sedimo, R., & Mmolainyane, K. (2020, March). *Ordinary Shareholders' Protection in Botswana.* Gaborone: Botswana Institute of Development Policy Analysis.

Siphambe, H. K. (2006). Foreign Direct Investment in Africa; Botswana Case Study. *African Economic Research Consortium*, 57-74.

Starbuck, W. H. (2014). Why corporate governance deserves serious and creative thought. *The Academy of Management Perspectives*, 15-21.

Sunday Standard. (2021). Pensioners/stockholders fleeced in Turnstar Holdings Dubai shady deal. 30 November. *Sunday Standard*.

Vaughn, M., & Ryan, L. V. (2006). *Corporate Governance in South Africa: A bellwether for the continent?* Oxford: Blackwell Publishing Ltd.

Yusoff, W., & Alhaji, I. (2002). Insight of Corporate Governance Theories. *Journal of Business and Management*, 52-63.