

Perception of Employees Regarding Implementation of Corporate Governance: A study of Textile Industry, Lahore (Pakistan).

M. Khyzer Bin Dost, Dr. Zulfiqar Ahmed, Mubashra Mumtaz, Fatima Bushra,

Hailey College of Commerce, University of the Punjab, Pakistan

Abstract

This study explores the perception of employees working at managerial level of textile industry of Lahore (Pakistan) about corporate governance as whole and also about its some major elements separately, namely Ownership Structure, Accountability, Director's Remuneration, Risk Management and Internal Audit. For this purpose questionnaires were used as data collection tool. Listed Textile Companies of Lahore were chosen as population, which were 38 in numbers. 5 companies were selected as sample using simple random number table. 35 questionnaires were distributed to managerial level employees, out of which 25 questionnaires were returned as response rate of the study was 71%. SPSS 17.0 had been used for analyses purpose. Findings of the study lead to conclude that according to the employees' perceptions, corporate governance as whole and also some of its major elements separately, namely ownership structure, accountability, director's remuneration, risk management and internal audit are being implemented in the textile industry of Lahore (Pakistan).

Key words: Corporate Governance, Ownership Structure, Accountability, Director's Remuneration, Risk Management, Internal Audit, Textile, Pakistan

INTRODUCTION

The Cadbury report (1992) defined corporate governance as a system which controls and directs companies. The security and exchange commission of Pakistan defined corporate governance as "A mechanism by which the agency problems of corporation stakeholders, including the shareholders, creditors, management, employees, consumers and the public at large are framed and sought to be resolved".

At the end of 20th century the concept of corporate governance derived the attention of the world and became a burning issue. Arising of corporate scandals, globalization and environmental issues were the main reasons that compelled people and shareholders to know the system by which companies are governed. Current international corporate scandals such as Enron in October 2001 and WorldCom in 21st July 2002 in the US, the Maxwell saga in 1991 in the UK, Parmalat in 2003 in Italy, Leisure Net in 2001 and Regal Bank in June 2001 in South Africa, Daewoo in Korea in the year of 1999, Asian financial crises in 1997, Ansett Australia in

March 2001 highlighted the growing need of good corporate governance practices. McKinsey and company (2000) conducted a survey to determine the value of corporate governance. The results concluded that people were ready to pay more premiums in corporations which were applying Code of Corporate Governance.

Ownership structure, Accountability, Internal Audit, Remuneration, Risk Management were the main focus of our current study. These elements assure the good performance of company and consequently increase the worth of company. Globally several stock exchanges and regulators are striving for setting standards or best codes for corporate governance in order to catch the attention of local and foreign investors in the country. The New York Stock Exchange (NYSE), The Organization for Economic Cooperation and Development, Sarbanes-Oxley Act (2002), The World Bank, NASDAQ, International Finance Cooperation and The U.S Commerce and State Departments are the examples of such regulators. These regulators and organizations are persuading governmental and private institutes to accept and execute the practices of good corporate governance. In Pakistan Government has always tried to improve the standards of corporate governance and the efforts started from 1998 when Institute of Chartered Accountant of Pakistan (ICAP) established an agenda of good governance in Pakistan. In 1999, SECP acquired Corporate Law Authority and started efforts to make Pakistan to be compatible with changing requirements of international business environment by promoting good corporate governance practices in business. After long discussions with stakeholders, SECP completed and issued a code of corporate governance on March 28, 2002, and made it mandatory for all the corporations to implement it. The main purpose of this code is improve the performance of this company, discourage abuse of power inside of company, having check and balance on management behavior to guarantee accountability, put emphasis on transparency and to safeguard the interest of stakeholders. In August 2002, SECP made partnership with United Nations Development Programs (UNDP) which resulted in SEC-UNDP plan on corporate governance. UNDP agreed to grant financial assistance to SECP for development of corporate governance. The main task of the project was to implement code of corporate governance in Pakistan. To increase the awareness of CG a Corporate Governance Cell was also launched. SECP also established Pakistan Institute of Corporate Governance in 2004, the objective of this institute was to inform stakeholders about their roles and responsibilities. Pakistan Corporate Governance Project (PCGP) was introduced by International Finance Corporation in 2006 with the objective of improving standards of corporate governance in Pakistan. In 2007, ACCA Pakistan conducted a survey with the help of International Finance Corporation to find out to up to what level practices of corporate governance have been applied in Pakistan. Seminars and workshops are being conducted at different times by ACCA to improve the level of understanding regarding corporate governance.

LITERATURE REVIEW

The general concept of corporate governance can be viewed as “the system by which companies are directed and controlled” (Cadbury, 1992). One of the most comprehensive and detailed definition of corporate governance is given by OECD: “corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (OECD, 1999, p. 11). Corporate governance connects different stake holders e.g. executives, managers, workers and shareholders for shaping the line of action and performance of companies (Monks & Minow, 1995).

Abdo and Fisher (2007) stated that the background history of corporate governance started from the moment when management of firm and its ownership being separated. In this scenario it became essential for the shareholders to introduce and execute a system that scrutinize the managerial activities. According to Vishny and Shleifer (1997) an efficient system of corporate governance helps to balance the rights of both managers and owners and induce the management to make investment in the projects and schemes that beneficial for overall business.

Many researchers have studied corporate governance by segregating it into different elements. For example, Kakabadse and Korac-Kakabadse (2002) mentioned seven elements of corporate governance which had been identified by King Committee report of South Africa in 2002. These elements include: discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. Abdo and Fisher (2007) used seven components of corporate governance in their study. These components were: board effectiveness, remuneration of directors, accounting and auditing, internal audit, risk management, sustainability and ethics. Bradley, (2004) discussed four main elements of corporate governance which had been identified by Standard & Poor’s in 1997 when they developed a company corporate governance score: ownership structure and influence, shareholder rights & stakeholder relations, financial transparency and information disclosure, and board structure and process. We are conducting this research by analyzing corporate governance under five components. These components are ownership structure, accountability, remuneration of directors, risk management and internal audit.

2.1 Ownership Structure

The ownership structure can be defined as “not only the allocation of equity on the bases of votes and investment but also the identity of the shareholders or equity owners”. The ownership structure of a corporate has got substantial interest in corporate governance because it decides the incentive of the people working on managerial posts and thus the financial or economic efficiency of the company they are managing. Ownership structures play significant role for resolving the agency problem and determining the responsibilities and functions of board of directors. John & subnet (1998) Stated that both internal and external mechanisms such as corporate board of directors play vital role in complications and conflicts arising from agency

problems. Tsui and Gull (2000) stated that most of the problems in financial reporting arise because of agency theory which leads to the clash between the interest of shareholders and managers. Managers have engaged in many immoral activities such as manipulation of accounts, unethical financial reporting etc. But still corporate governance does not leave us helpless and provide several internal and external mechanisms such as composition of board, management ownership of equity, to deal with such problems.

2.2 Accountability

Shulock (2010) defines accountability as an open presentation and communication of evidence available to common people about performance of the corporation with regard to goals and objectives that reveal a public agenda.” Transparency and accountability are terms that were closely used in early amplification of corporate governance concept. At present these are coupled with provisions like disclosure, competence, financial system, effectiveness and efficiency. Luo (2005) stated that accountability mainly consist of disclosure and transparency of financial reporting and strategic decisions and founded that corporate accountability positively effects firms’ performance, reducing the monitoring cost, resolving agency problem and improving market functions. Kim and Joe (2008) discussed that outcomes of socially accountable revelation are improved performance of the corporation and reduction in immoral activities such as earning exploitation.

2.3 Director’s Remuneration

Dutra (2002) presented a comprehensive definition of remuneration. “Remuneration is the economic and/or financial counterpart of a job performed by the individual”. Director’s remuneration has been a central part of discussion on the subject of corporate governance. Latest literature contains the factors of corporate governance. Such as Conyon (1997) took account of mannequin factors in order to examine existence of remuneration committee and question about the chairmanship of the CEO. Then Conyon and Peck (1998) discovered the position of compensation and remuneration committee. It may be divided into direct and indirect remuneration”.

2.4 Risk Management

Holton (2004) defined, risk as “exposure to a proposition of which one is uncertain”. And process of managing risk is called Risk Management; it is step by step process Wyk, et al. (2004) presented a comprehensive framework for managing risk properly. The framework consists of 3 constituents: 1- Type of risks: political, economic, financial and operational, 2- Impact on business firm: reduce investor confidence, increase uncertainty, regulation and cost, 3- Managerial response to risk impacts: policy toward corruption, financial instrument, shareholders vs. stakeholder’s interest, lobbying and intelligence and mode of entry. They also specified that framework can be altered according to country and firms environmental conditions.

2.5 Internal Audit

Institute of Internal Auditors (IIA) defined internal audit as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes". According to Choen et al., (2002) efficiency and effectiveness of internal audit department is function of corporate governance. The reason they present for their conclusion is that compliance with corporate governance practices result in high quality audit, improved monitoring and low earning management cost and vice versa. And Paul A. Griffen et al., (2008) investigated the relationship between audit fee and corporate governance. Audit is a mechanism which protects the investor's interest by solving the agency problem and corporate governance is also is portfolio that controls the conflict of interest between managers and investors.

Research Methodology

This study explores the perception of employees working at managerial level of Textile Industry of Lahore, Pakistan about implementation of Corporate Governance as whole and also about its some major elements separately, namely Ownership Structure, Accountability, Director's Remuneration, Risk Management and Internal Audit. For this purpose questionnaires were used as data collection tool. Listed Textile Companies of Lahore were chosen as population, which were 38 in numbers. 5 companies were selected as sample using simple random number table. 35 questionnaires were distributed to managerial level employees, out of which 25 questionnaires were returned as response rate of the study was 71%. To cover all important aspects of corporate governance, self-administrated questionnaire was used. The overall reliability of the questionnaire was estimated to be 0.75. Then, data was analyzed using SPSS 17.0.

Findings of the Study

Table-1 describes perception of employees about ownership structure of their respective organizations. The findings showed that 48% of employees were agreeing that board is being informed about all the significant matters, 32% were strongly agreed with this statement whereas only 4% of the respondent said that all significant matters are not brought to the attention of the board. No respondent showed strongly disagree behavior. When respondents were asked about commitment of board with corporate governance practices, 40% were agreed that board is committed, 16% were strongly agreed, and 44% remained neutral. None of the respondent disagreed or strongly disagreed with this statement. Findings revealed that 48% respondents were strongly agreed that there is clearly defined management structure, 32% were agreed while 20% showed neutral behavior. None of the respondent disagreed or strongly disagreed with this statement. Findings showed that 12% respondents were strongly agreed that functions of the CEO/chairman are clearly defined by the board of directors, 24% were agreeing and 24% were neutral. 16% respondents were disagreed with this approach while 24% showed strongly

disagreed behavior. Respondents were also asked whether their chairman and chief executive are same or not. 24% respondents were strongly agreed that their CEO and chairman are same, 52% were agreed and 16% were neutral. Only 8% respondents were disagreed this statement.

Table -1 Ownership Structure

		Frequency	Percentage
All significant matters are brought to the attention of the board	Strongly Agree	8	32.0
	Agree	12	48.0
	Neutral	4	16.0
	Disagree	1	4.0
	Strongly Disagree		
Board is committed to corporate governance practices.	Strongly Agree	4	16.0
	Agree	10	40.0
	Neutral	11	44.0
	Disagree	4	16.0
	Strongly Disagree		
There is Clearly defined management structure.	Strongly Agree	12	48.0
	Agree	8	32.0
	Neutral	5	20.0
	Disagree		
	Strongly Disagree		
Functions of Chairman/CEO are clearly defined by the Board of Directors	Strongly Agree	3	12.0
	Agree	6	24.0
	Neutral	6	24.0
	Disagree	4	16.0
	Strongly Disagree	6	24.0
Chairman and Chief Executive is same	Strongly Agree	6	24.0
	Agree	13	52.0
	Neutral	4	16.0
	Disagree	2	8.0
	Strongly Disagree		

Table-2 discussed what employees think about the remuneration of their directors. The study found that 16% of respondents strongly agreed that BOD decides remuneration of non-executive directors. A high no. of respondents i.e. 44% were agreed with this statement and 33% were neutral. Only 8% were disagreed that remuneration of non-executive directors is decided by the BOD. Findings showed that majority of the respondents thought that CEO's compensation package is based on financial performance of the corporation, i.e. 28% respondents were strongly agreed and 44% were agreed. 28% showed neutral behavior. No respondent disagreed or strongly disagreed with the statement. Findings revealed that 24% respondents said that they are strongly agreed that reward received by members of board is based on their contribution to the efficiency of the company. 44% were agreed and 32% don't give any opinion. No respondent disagreed or strongly disagreed with the statement.

Table-2 Director's Remuneration

BOD decides remuneration of non-executive directors		Frequency	Percentage
	Strongly Agree	4	16.0
CEO's compensation package is based on financial performance of the corporation	Agree	11	44.0
	Neutral	8	32.0
	Disagree	2	8.0
	Strongly Disagree		
	Strongly Agree	7	28.0
Reward received by members of board is based on their contribution to the efficiency of the company.	Agree	11	44.0
	Neutral	7	28.0
	Disagree		
	Strongly Disagree		
	Strongly Agree	6	24.0
	Agree	11	44.0
	Neutral	8	32.0
	Disagree		
	Strongly Disagree		
	Strongly Agree		

Table-3 discusses the opinion of respondents about internal audit. When respondents were inquired whether internal audit is being reviewed by external audit or not, 40% were strongly agreed that internal audit is being reviewed by external audit, 36% were agreed and 20% were neutral. Only 4% were disagreed and thought that internal audit is not reviewed by external audit. Questions were asked from the respondents regarding the existence of audit committee in their respective companies. 24% were strongly agreed and 40% were agreed that there is audit committee in their companies. 28% were neutral where as only 8% were disagreed that there is

audit committee in their company. 20% of the respondents were strongly agreed and 25% were agreed that there is an independent internal audit function. 24% gave neutral responses whereas 4% respondents disagree that there is an independent internal audit function. 36% respondents were strongly agreed and 40% were agreed that there are controls to ensure the accuracy of financial information held within the internal audit department. 24% respondents were neutral. None of the respondent disagreed or strongly disagreed the statement.

Table-3 Internal Audit

		Frequency	Percentage
Internal audit is being reviewed by external audit.	Strongly Agree	10	40.0
	Agree	9	36.0
	Neutral	5	20.0
	Disagree	1	4.0
	Strongly Disagree		
There is an audit committee.	Strongly Agree	6	24.0
	Agree	10	40.0
	Neutral	7	28.0
	Disagree	2	8.0
	Strongly Disagree		
There is an independent internal audit function.	Strongly Agree	5	20.0
	Agree	13	52.0
	Neutral	6	24.0
	Disagree	1	4.0
	Strongly Disagree		
There are controls to ensure the accuracy of financial information held within the internal audit department.	Strongly Agree	9	36.0
	Agree	10	40.0
	Neutral	6	24.0
	Disagree		
	Strongly Disagree		

Table-4 shows perception of respondents about risk management. Findings showed that 28% respondents strongly agree and 48% were agreed that there is embedded risk management process in their respective companies. 20% showed neutral responses and only 4% was disagreed and thought there is not embedded risk management process. No respondent was strongly disagreed with the statement. 32% respondents were strongly agreed and 52% were agreed that staff receives appropriate training on managing risks whereas 16% respondents were neutral.

None of the respondent disagreed or strongly disagreed with the statement that staff receives appropriate training on managing risks. 28% respondents were strongly agreed and 36% were agreed that managers are accountable for managing their risks. 28% respondents were neutral whereas 8% were disagreed and thought that managers are not accountable for managing their risks. None of the respondent showed strongly disagree behavior. Questions were also asked from the respondents regarding impact of risk management on organizational performance. 20% respondents were strongly agreed and 52% were agreed and thought that managing risks have impact on performance of the organization. 24% were neutral and only 4% were disagreed with the statement. Only 8% respondents were strongly agreed that risk assessments are undertaken before the commencement of major projects. 36% were agreed with the statement. Huge number of respondents showed neutral responses i.e. 52%. Only 4% were disagreed and no respondent exhibited strongly disagreed behavior.

Table-4 Risk Management

		Frequency	Percentage
There is embedded risk management process.	Strongly Agree	7	28.0
	Agree	12	48.0
	Neutral	5	20.0
	Disagree	1	4.0
	Strongly Disagree		0
Staff receives appropriate training on managing risks.	Strongly Agree	8	32.0
	Agree	13	52.0
	Neutral	4	16.0
	Disagree		0
	Strongly Disagree		0
Managers are accountable for managing their risks.	Strongly Agree	7	28.0
	Agree	9	36.0
	Neutral	7	28.0
	Disagree	2	8.0
	Strongly Disagree		0
impact of risk on management organizational performance	Strongly Agree	5	20.0
	Agree	13	52.0
	Neutral	6	24.0
	Disagree	1	4.0
	Strongly Disagree		0
Risk assessments are	Strongly Agree	2	8.0

undertaken before the commencement of major projects.	Agree	9	36.0
	Neutral	13	52.0
	Disagree	1	4.0
	Strongly Disagree		

Table-5 presents perception of respondents about accountability. Findings revealed that 28% respondents were strongly agreed and 48% were agreed that there are clearly defined policies and procedures for the both financial and non-financial system. 20% respondents were neutral and only 4% were disagreed and thought that there are not clearly defined policies. No respondent exhibited strongly disagreed behavior. 24% respondents strongly agreed and 32% were agreed that policies are communicated to departmental staff. 44% respondents were neutral and no respondent showed disagreed or strongly disagreed behavior. 16% respondents were strongly agreed and 36% were agreed that corporation discloses the remuneration policy in annual report. 36% respondents showed neutral responses and 12% were disagreed and thought that corporation does not disclose the remuneration policy in annual report. No respondent exhibited strongly disagreed behavior. 20% respondents were strongly agreed and 56% were agreed that company fairly presents its financial performance including accounting practices. 20% respondents were neutral whereas only 4% were disagreed and thought that company does not fairly presents its financial performance including accounting practices. No strongly disagree response was recorded.

Table-5 Accountability

		Frequency	Percentage
Clearly defined policies and procedures for the both financial and non-financial system.	Strongly Agree	7	28.0
	Agree	12	48.0
	Neutral	5	20.0
	Disagree	1	4.0
	Strongly Disagree		
Policies are communicated to departmental staff.	Strongly Agree	6	24.0
	Agree	8	32.0
	Neutral	11	44.0
	Disagree		
	Strongly Disagree		
Corporation discloses the remuneration policy in annual report.	Strongly Agree	4	16.0
	Agree	9	36.0
	Neutral	9	36.0
	Disagree	3	12.0

	Strongly Disagree		
Company fairly presents its financial performance including accounting practices	Strongly Agree	5	20.0
	Agree	14	56.0
	Neutral	5	20.0
	Disagree	1	4.0
	Strongly Disagree		

Table-6 presents perception of respondents about overall corporate governance. Findings showed that 40% respondents were strongly agreed and 44% were agreed that company is implementing a documented corporate governance policy. Only 4% respondents were neutral whereas none of the respondents showed disagree or strongly disagreed behavior. When asked about the understanding of board for its responsibilities, 12% respondents strongly agreed and 64% were agreed and thought that the board has a good understanding of its responsibilities for good corporate governance. 24% respondents were neutral and no respondent disagree or strongly disagree with the statement. 28% respondents were strongly agreed and 52% were agreed that there is a process for continual improvement of corporate governance in their companies. 16% respondents were neutral and 4% were disagreed and thought that there is no process for continual improvement of corporate governance. No strongly disagree response was recorded. 16% respondents were strongly agreed and 40% were agreed that implementation of the code of governance contributed to improvement in financial as well as operational efficiency. 44% respondents showed neutral responses. No disagree or strongly disagree response was recorded.

Table-6 Overall Corporate Governance

Organization is implementing a documented corporate governance policy.		Frequency	Percentage
	Strongly Agree	10	40.0
	Agree	11	44.0
	Neutral	4	16.0
	Disagree		
The board have a good understanding of its responsibilities for good corporate Governance.	Strongly Disagree		
	Strongly Agree	3	12.0
	Agree	16	64.0
	Neutral	6	24.0
	Disagree		
There is a process for	Strongly Disagree		
	Strongly Agree	7	28.0

continual improvement of corporate governance.	Agree	13	52.0
	Neutral	4	16.0
	Disagree	1	4.0
	Strongly Disagree		
Implementation of the code of governance contributed to improvement in financial as well as operational efficiency	Strongly Agree	4	16.0
	Agree	10	40.0
	Neutral	11	44.0
	Disagree		
	Strongly Disagree		

Conclusion

This study was established with an aim to identify the perception of employees working at managerial level of textile industry of Lahore (Pakistan) about implementation of code of corporate governance as whole and also about its some major elements separately, namely ownership structure, accountability, director's remuneration, risk management and internal audit. Employees perceptions regarding ownership structure shows that majority of the employees were agreeing that; board is being informed about all the significant matters, there is clearly defined management structure, functions of the CEO/chairman are clearly defined by the board of directors, and their chairman and chief executive are same. Furthermore, mostly employees were silent about commitment of board with corporate governance practices. Findings illustrate that major number of respondents were agreeing that; board of directors decides remuneration of non-executive directors, CEO's compensation package is based on financial performance of the corporation and reward received by members of board is based on their contribution to the efficiency of the company. Results revealed that most of the employees agreed that; there is audit committee in their companies, internal audit is being reviewed by external audit, there is an independent internal audit function, and there are controls to ensure the accuracy of financial information held within the internal audit department. Similarly, a large number of respondents thought that; there is embedded risk management process in their respective companies, staff receives appropriate training on managing risks, managers are accountable for managing their risks and managing risks have impact on performance of the organization. Findings also reveal that majority of the employees were neutral regarding risk assessments are undertaken before the commencement of major projects or not. Findings disclose that majority of the employees were those who were agreeing that; there are clearly defined policies and procedures for the both financial and non-financial system and are communicated to departmental staff, corporation discloses the remuneration policy in annual report, and company fairly presents its financial performance including accounting practices. Results show that high number of respondents believes that; company is implementing a documented corporate governance policy, board has a

good understanding of its responsibilities for good corporate governance, there is a process for continual improvement of corporate governance in their companies, and implementation of the code of corporate governance contributed to improvement in financial as well as operational efficiency. All these findings lead to conclude that according to the employees' perceptions, Corporate Governance as whole and also some of its major elements separately, namely ownership structure, accountability, director's remuneration, risk management and internal audit are being implemented in the textile industry of Lahore (Pakistan).

References

Bradley N. 2004. Corporate governance scoring and the link between corporate governance and

Cadbury, A., 1992 *The Financial Aspects of Corporate Governance*, Gee and Co. Ltd., London, UK. p. 14

Cohen, J., Krishnamoorthy, S. & Wright, A. M. (2002). Corporate Governance and Audit Process. *Contemporary Accounting Research*, 19(4), 573-594.

Canyon M.J. 1997. "Corporate Governance and Executive Compensation", *International Journal of Industrial Organisation*, 15:493-509.

Canyon, M.J. and Peck, S. I. 1998. "Board Control, Remuneration Committees, and Top Management Compensation", *Academy of Management Journal*, 41:146-157.

Director

Dutra, J. S. 2002. *Gestão de pessoas*, Atlas, São Paulo

Griffin, P. A., Lont, D. H. & Sun, Y. (2008). Corporate Governance and Audit Fees: Evidence of Countervailing Relations. *Journal of Contemporary Accounting & Economics*, 4(1), 18-49.

Holton, G.A. (2004). Defining risk. *Financial Analysts Journal*, 60(6), 19–25.

Jo, H. & Kim, Y. (2008). Ethics and Disclosure : A Study of the Financial Performance of Firms in the Seasond Equity Offerings Market. *Journal of Business Ethics*, 80, 855-878.

John, K. & Senbet, L. W. (1998). Corporate governance and boad effectiveness. *Journal of Banking & Finance*, 22, 371-403.

Kakabadse A and Korac-Kakabadse N. 2002. Corporate governance in South Africa: Evaluation of

Luo, Y. (2005). Corporate governance and accountability in multinational enterprises: Concepts and agenda. *Journal of International Management*, 11, 1-18.

Monks and Minow. (1995). Corporate Governance. New York: Wiley

OECD, 1999, *OECD Principles of Corporate Governance*, OECD Publications Service, France, viewed 17 May.

performance indicators: In search of the Holy Grail. *Corporate Governance: An International Review*, 12(8).

Shleifer A. & Vishny R. (1997). A survey of corporate governance. *Journal of Finance*, 52, 737-83.

Shulock, N. (2010). Principles for Effective Statewide Accountability. California State University, Sacramento.

the King II Report, *Journal of Change Management*, 2, 305–317.

Tsui, J. & Gul, F.A. (2000). Corporate Governance and Financial Transparencies in Hong Kong

Special Administrative Region of the People's Republic of China. Retrieved on Oct, 13.

2010, from www.oecd.org/dataoecd/6/8/1930913.pdf

Wyk, J. V., Dahmer, W. & Custy, M. C. (2004). Risk management and the business environment in South Africa. *Long Range Planning*, 37, 259-276.