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A PERCEPTUAL STUDY REGARDING THE GOVERNANCE AND SUSTAINABILITY OF ORGANISATIONS IN SOUTH AFRICA

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ABSTRACT

This article sets out to examine the perceptions of managers regarding the governance and sustainability of organizations within the Nelson Mandela Bay region in South Africa, involved in aspects of corporate governance and sustainability issues. A comprehensive literature study was conducted which formed the theoretical framework for collecting the primary data. During the empirical investigation, a survey was conducted by means of 200 self-administered questionnaires being distributed to the designated population. A total of 20 null-hypotheses were formulated and tested as to investigate the relationship between the two dependent variables (perceptions regarding governance and sustainability) and 10 independent variables (demographical data). Some significant relationships were found between these variables. The integration of economic, social and environmental performance seem to be an obstacle to many organizations, hence more effective governance systems are needed. Governance for sustainability needs to be embedded in the strategic plans of organizations and resides on the board to ensure good governance principles. Practical guidelines are provided to assist organizations in dealing with governance and sustainability issues.

Key words: *governance; sustainability; triple bottom line*

"… sustainability must become a mainstream imperative, not an afterthought … governance will not be successful unless environmental issues, social justice and quality of life are included … using sustainable development as a baseline for its agenda, government can significantly enhance chances for long-term improvements … bring a better balance between economic, environmental and social benefits." (Flint 2013:303)

1 Introduction

This article focuses on two buzz words used in corporate circles and investigated in strategic management literature these days, namely *governance* and *sustainability*. Khan (2011:1) is of the understanding that corporate governance describes the processes, customs, processes policies and laws that direct the organisation in a manner that they act and control their operations. Farinha (2003:107) viewed corporate governance, linked to the agency problem – where the interests of managers diverge from those of the shareholders. Kates, Parris and Leiserowitz (2005:4) on the other hand define sustainability as humanity having the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs. Millar and Russell (2011:512) is of the opinion that sustainability is fast becoming a major business imperative that is shaping the competitive landscape for many enterprises. This has led to the integration of an integrated assessment in terms of economic, social and environmental impacts (Jones, Shan & Goodrum 2010:971). Sethi (2002:20) concludes that corporate governance is aimed at creating a balance between economic, social and environmental goals (triple bottom line), which is also the domain of sustainability literature. It is argued that profit is a major priority for most organisations, but the relationship that exist among organisations and its stakeholders, the economic system and the communities within which they operate, are of equal importance (Werther & Chandler 2006: 8). This relationship should be nurtured and properly governed, which places sustainability in the domain of good governance.

There is growing evidence (see for example Fauzi, Svensson & Rahman 2010:1345; Mitchell, Curtis & Davidson 2007:270 and Stenzel 2010:1) that many organisations see their purpose more widely than simply profit-seeking and that there is a challenge to include the needs of both the society and the environment in strategic decision-making and corporate governance efforts. Focht (2008:131) further claims that the focus has shifted to sustainability governance which is supported by Aras and Crowther (2008:433) who also attempted to investigate the link between governance and sustainability and founded that the relationship between the two concepts is blurred due to a lack of clarity regarding sustainability.

The first part of this article provides a brief introduction and highlights the problem statement and objectives. This is followed by a literature overview of corporate governance and sustainability and the stated hypotheses of the study. Thereafter, the research methodology is discussed and the empirical results presented. The last section covers the main conclusions and recommendations of the study.

2. Problem statement

Aras and Crowther (2008:433) concede that with the increased responsibility and accountability of organisations to its stakeholders, there is a need to develop a code of corporate governance as to guide them towards appropriate stakeholder relations. West (2006:433) on the other hand claims that although corporate governance in South Africa aspires to an inclusive approach, there is little discussion of the theoretical foundations and assumptions implicit in this approach. This notion is supported by Okeahalam (2004:359) who concurs that there has been little academic research and few public documents on corporate governance in Africa. It also appears that although abundant international literature exists on corporate governance, limited studies have been conducted within South African organisations.

According to Johnston, Everard, Santillo and Robert (2007:60), the concept of sustainable development has suffered from a proliferation of definitions – meaning many things to different people. Faber, Jorna and Van Engelen (2005:1) concur that the new challenge for organisations is to deal with the complex issue of sustainability however confusion surrounding it hinders implementation. While some businesses are leaders in sustainable practices, others lack the sort of strategic thinking which views changes in the business environment as opportunities. Pfahl (2005:80) on the other hand further indicates that there is a clear link between sustainable development and good governance principles. Elkington (2006:522) concurs that there are cross-connects between governance agenda and wider social concerns and sustainability that need to be further explored. Kolk (2004:51) states that although the number of organisations that has started publishing information on its environmental and social sustainable policies has increased lately, there is still a long way to go. It appears that there are substantial differences with regard to the motivation for and implementation of corporate sustainability (Hahn and Scheermesser 2006:150). Hubbard (2006:177) has found that organisations are grappling with sustainability reporting and that there is no consensus on a common reporting standard. Further, the reporting on sustainability issues in South Africa has increased but still lacks behind international levels (Africa and Visser 2002:79). Figge, Hahn, Schaltegger and Wagner (2002:2) concede that the integration of economic, social and environmental performance seem to be a major obstacle to organisations, hence more effective governance systems are needed. Fagoonee (2011:1) concurs that governance for sustainability needs to be embedded in the strategic plans of organisations and resides on the board and its fortitude to ensure good governance principles.

Against this background, the main research question to be addressed in this study is: *What are the perceptions of managers, as impacted by demographical characteristics, regarding corporate governance and sustainability issues within selected organisations in Nelson Mandela Bay of South Africa?*

3. Research objectives

The primary objective of this article is to assess the perceptions of respondents regarding corporate governance and sustainability issues within selected organisations in Nelson Mandela Bay.

To help achieve this primary objective, the following secondary goals are identified:

- To conceptualise the concepts of corporate governance and sustainability.
- To provide a theoretical framework of corporate governance and sustainability.
- To empirically assess the perceptions of managers regarding corporate governance and sustainability in organisations within Nelson Mandela Bay.
- To provide general guidelines to organisations regarding corporate governance and sustainability issues.

4. Theoretical overview of corporate governance and sustainability

4.1 Concept clarification

Aguilera, Filatotchev, Gospel and Jackson (2007:475) define *corporate governance* as "mechanisms to ensure that executives respect the rights and interests of stakeholders, as well as making those stakeholders accountable for acting responsibly with regard to the protection, generation and distribution of wealth." Kim and Nofsinger (2004) state that *corporate governance* originate as a result of corporate ownership and control being divided between two parties, namely stakeholders and management. Dresner (2002:30) defines *sustainability* as the amalgamation of conservation and development to ensure that reformations and alterations to the planet secure the survival and well-being of all people. McGraw-Hill Science and Technology Dictionary (2011:Internet) concurs that *sustainability* pertains to achieving human development in a way that sustains resources of the earth, based on the recognition that human consumption is occurring at a rate that is beyond earth's capacity to support it.

4.2 Brief overview of corporate governance

Various researchers (see for example Filatotchev & Boyd 2009:257; Hambrick, Werder & Zajac 2008:381 and Shipilov, Greve & Rowley 2010:846) attempted to investigate various aspects of corporate governance. Brajesh (2010) argues that corporate governance practices include a set of structural arrangements that align the management of organisations with the interests of stakeholders. Ireland, Hoskisson and Hitt (2009:252) assume that the separation and specialisation of ownership (risk bearing) and managerial control (decision-making) should lead to the highest return for its owners. However, often there is conflict between the objectives of the organisation and those who act as custodians of the organisation's assets and undertakings, namely the directors and senior executives. This is known as the principal agent problem or agency problem – shareholders are the principals and the managers are the agents (Seal 2006:389). Hough, Thompson, Strickland and Gamble (2011:324) agree that this separation of ownership and control often leads to a conflict of interests. However, the duty of loyalty to the organisation and its shareholders requires undivided and unselfish loyalty and there should be no conflict between duty and self-interest. If managers follow an exclusive approach to governance they do not always act in the best interest of shareholders (Kanda & Milhaupt 2003:887). The rule of law forms the foundation of good governance which refers to the application of legal frameworks in a fair and impartial manner. Figure 1 outlines the five corner stones or building blocks of a governance philosophy.

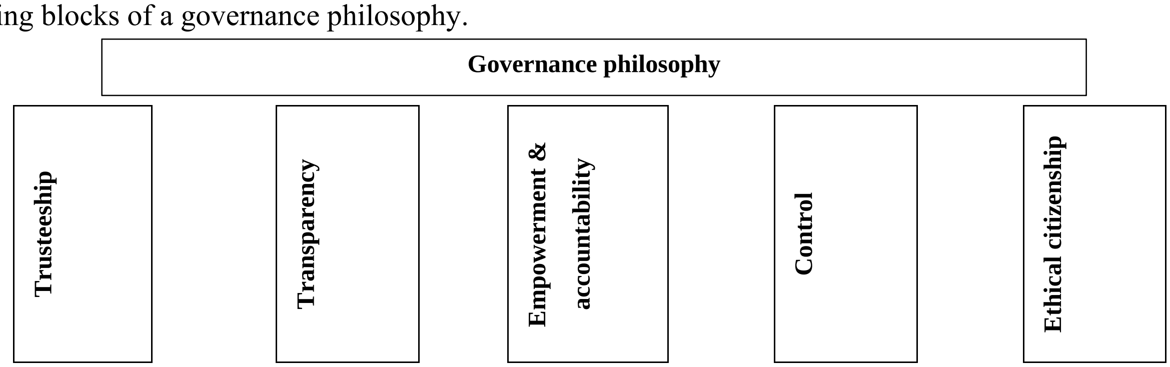

Figure 1: Building blocks of a governance philosophy

Source: Adapted from Fernando (2006:108)

Corporate governance practices, policies and procedures should thus ensure that it covers these five critical areas which in essence capture the real nature of corporate governance. A result of good governance is that disclosure of information related to the organisation's financial-, social- and environmental performance is provided to all relevant stakeholders (Zahra, Gedajlovic, Neubaum & Shulman 2009:519).

It is further important that meaningful disclosure related to the organisation's activities is given to all stakeholders (Hess 2008). There is thus a definite shift from reporting only on financial matters to also include reporting on the organisation's social responsibility efforts and initiatives to preserve the environment. Kooiman and Jentoft (2009:818) assert that in all governance practices there should be transparency and principles that underlie a code of conduct which is based on ethical and equitable values. Appropriate checks and balances should thus be put in place as not to constrain operations and activities but to ensure good and effective governance of an organisation (Pirson & Turnbull 2011:459).

The nature of corporate governance and reporting has evolved tremendously over the past few years, especially with the inception of the King III Report in 2010 (Next Generation 2012: Internet). The following seven primary characteristics of good governance had been identified: discipline; transparency; independence; accountability; responsibility; fairness and social responsibility. Various authors (see for example Malin 2011:390; Maritz, Pretorius & Plant 2010; Marx & Els 2009:5 and Rossouw 2011:327) have identified the important role of good governance principles in an organisation, which should be based on the principles of the King III Report.

4.3 Brief overview of sustainability

Sustainability refers to economic development that generates wealth and meets the needs of the current generation while saving the environment so that future generations' needs are met as well (Daft 2008:154). According to KPMG (2010:Internet), customers are key influencers in respect of how and why enterprises are addressing sustainability and that waste and energy are the main environmental areas currently being addressed by enterprises. Kiewiet and Vos (2007:1) allege that making sustainability operational requires dealing with three questions: what, which attribute and who, thus needing a tailor-made interpretation of the concept. Triple bottom line reports reflect this broader process by finding meaningful ways of weighing short term tangible economic factors with these more elusive factors, such as human rights and environmental sustainability concepts.

The goal of sustainability is that the organisation takes responsibility for their social, environmental and economic impacts (Paramasivan 2010: Internet). It was further noted that organisations must make a profit, but that they are required to take into account the interest of their stakeholders such as employees, customers, society and investors. Both Diesendorf (2000:19) and Ikerd (2005:116) argues that managing for a triple bottom line suggests managing the balance among the economic, ecological and social dimensions of organisational performance, rather than maximising profits or growth. This theory suggests that true sustainability must consider not just the financial bottom line of prosperity and profit, but also other bottom lines such as environmental quality and social equity. In order to integrate these social concepts with the profit issues, a link need to be established in the corporate decision making process that illustrates the significance or materiality of social and environmental issues (Nolan, 2007). Table 1 below indicates how the adoption of the triple bottom line should be viewed as a process of transition from an old to a new paradigm.

Table 1

Seven areas of transition to the triple bottom line

Dimension	**Old paradigm**	**New paradigm**
Markets	Compliance	Competition
Values	Hard economic figures	Soft additional values
Communication	Closed (internal)	Open (wider stakeholder analysis)
Partnerships	Subvention	Symbiosis (win-win)
Life cycle technology	Focused on products	Focused on functions
Time	Wide	Longer
Corporate governance	Exclusive	Inclusive

Source: Mark-Herbert, Rotter and Pakseresht (2010)

Organisations adopting the triple bottom line thus need to affect changes in these seven areas as indicated in Table 1 above as to ensure sustainability of the organisation. As indicated in the King III Report, sustainable integrated reporting forms an integral part of good governance. This is also substantiated by authors such as Aras and Crowther (2008:279); Brown, de Jong and Lessidrenska (2009: 182); Jensen and Berg (2011:299) and Kolk (2008:1). It refers to a reliable, comprehensive and holistic overview of the organisation, from both a financial and non-financial perspective. Organisations should thus outline the impact of their business in three spheres: economic, social and environmental (also known as the triple bottom line) as indicated in Figure 2.

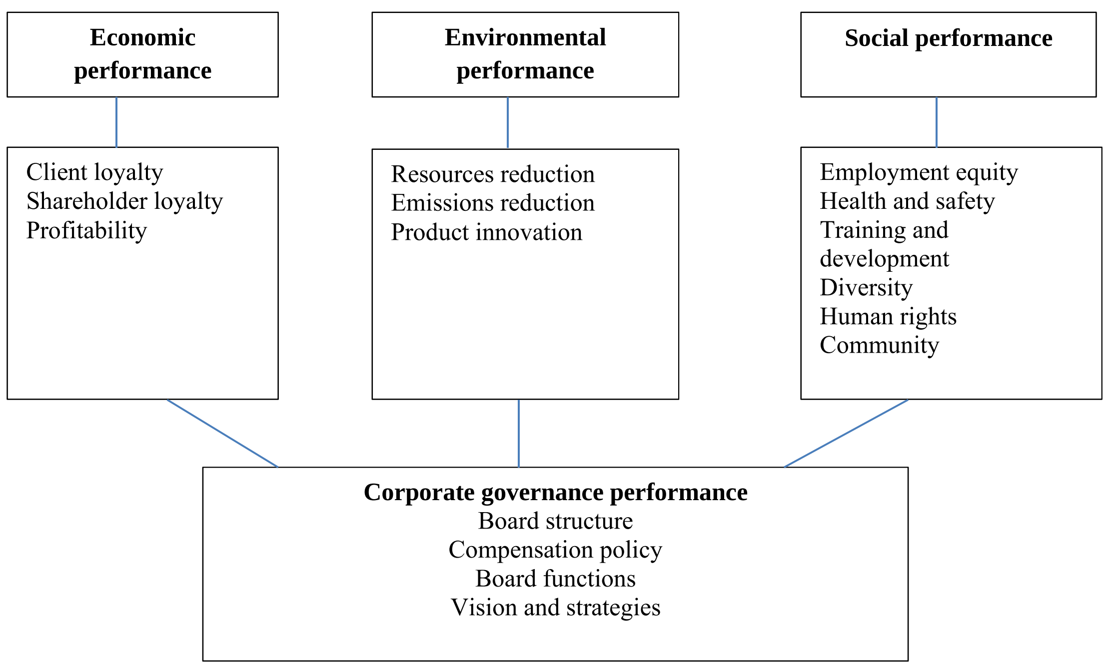

Figure 2: Overall performance linked to corporate governance

Source: Adapted from Kocmanová, Hřebiček and Dočekalová (2011:546)

Various authors (see for example Norman & McDonald 2004:243; Patten 2002:763 and Wagner 2004:105) investigated aspects of the environmental performance of organisations. This indicates the relationship between the organisation and the environment, reflecting environmental effects of resources consumed, the impact of organisational processes and environmental impacts of products and services. Both Orlitzky (2000:5-6) and Simerly (2003:1) focused on social performance as a configuration of principles of social responsibility, processes of social responsiveness, and policies, programs as they relate to societal relationships. Reddy (2007:5) concurs that measuring and reporting on social performance is a key way for triple bottom line organisations to define the social value they create, while holding themselves accountable for the goals articulated in their mission. Accenture (2011:Internet) has identified six drivers of sustainability that are both redefining the manner in which businesses and governments operate as well as redefining the value they deliver, as depicted in Figure 3.

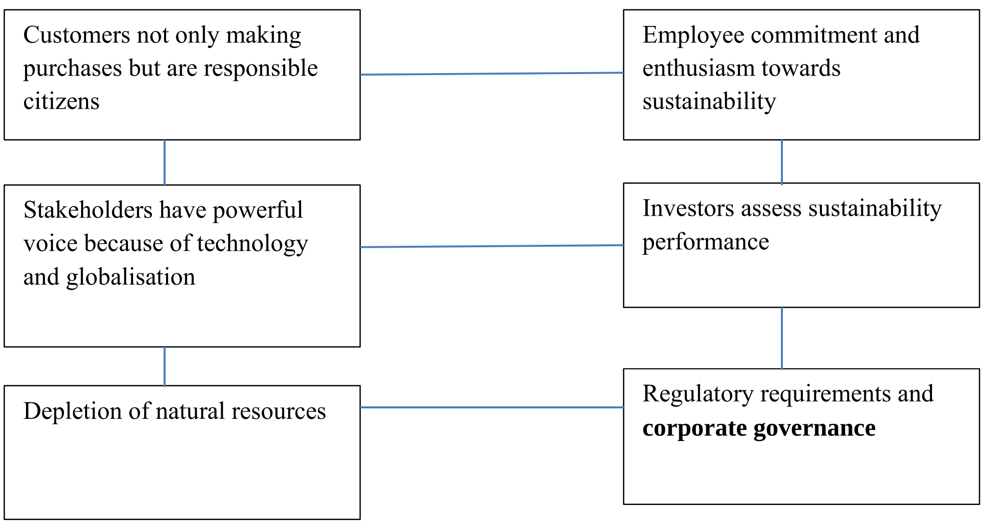

Figure 3: Drivers of sustainability

It is clear from Figure 3 above and the discussion thus far that there is a direct and clear link between the governance of organisations and ensuring sustainability.

5. Influence of demographics on governance and sustainability

Chappell (2011:191) highlights how demographics are changing the global economy and the world. McDonald and Oates (2006:157) allege that various studies regarding the environment and society, focussing on demographics, have been conducted with mix and often contradicting results. Newport, Chesnes and Lindner (2003:357) also states that while there are various spins on sustainability it does not appears to be a unifying theme that is understood and communicate by disparate demographics. Various researchers (see for example Amran & Haniffa 2011:141; Kiel & Nicholson 2003:189 and Caird & Roy 2006:407) however attempted to investigate the influence of certain demographical factors on sustainability and governance.

Based on the abovementioned reasoning, 20 null-hypotheses were originally formulated as to test the relationship between the two dependent variables/factors (corporate governance and sustainability) and the 10 independent variables (classification data). Only the seven hypotheses that indicate a significant relationship between the dependent and independent variables are reported here.

$H0_1$: There is no relationship between the perceptions regarding *corporate governance* and the *gender* classification of respondents.

$H0_2$: There is no relationship between the perceptions regarding *corporate governance* and the highest *educational qualification level* of respondents.

$H0_3$: There is no relationship between the perceptions regarding *corporate governance* and the *ethnic classification* of respondents.

$H0_4$: There is no relationship between the perceptions regarding *corporate governance* and the *type of industry* within which respondents are employed.

$H0_5$: There is no relationship between the perceptions regarding *sustainability* of organisations and the *gender* classification of respondents.

$H0_6$: There is no relationship between the perceptions regarding *sustainability* of organisations and the *ethnic classification* of respondents.

$H0_7$: There is no relationship between the perceptions regarding *sustainability* of organisations and *the type of industry* within which respondents are employed.

6. Research methodology

The following section provides an outline of the research methodology followed in this study.

6.1 Research approach

The quantitative research method is used in this study. It is a form of conclusive research which involves a large representative sample and structured data collection procedures are used. The quantitative research approaches used, are exploratory research and descriptive research (describe perceptions regarding corporate governance and sustainability).

6.2 Population

For the purpose of this research project, the target population consists of all organisations in the Nelson Mandela Bay region of South Africa, involved in aspects of corporate governance and sustainability issues.

6.3 Sampling procedure

A convenient non-probability sample of 200 organisations was selected from the designated region.

6.4 Data collection

The type of information required (data specification decisions) for the study can be classified as follows:

- *Type of data* – research data are numeric and non-verbal (questionnaires).
- *Sources of data* – both secondary and primary data (survey) were collected.
- *Nature of data* – data was collected at a single point in time (cross-sectional study).
- *Form of data* – non-overt data by means of questionnaires.

Both secondary and primary data was collected. During the literature study, various text books, journals and the Internet was consulted. During the empirical study, 200 self-administered questionnaires were distributed to respondents in the designated region. A total of 185 correct completed questionnaires were received. The effective response rate of this study was thus 93%.

6.5 Questionnaire design

Based on the size of the sample (200), a survey by means of self-administered questionnaires was best suited to this project. The questionnaire consists of two sections:

- Section A assessed the perceptions of respondents regarding aspects of corporate governance and sustainability in their respective organisations. A total of 25 statements were used. The type of ordinal scale used is a five-point Likert-type scale.
- Section B provides classification data (demographic characteristics) of respondents and contains a nominal scale of measurement, using categorical variables. Ten classification data variables were tested.

6.6 Pilot study

As the questionnaire has never been used previously, it was issued to 10 participants in the population. The questionnaire was also given to academics in the field of management, ethics and statistics. Some problem areas were identified and suggestions for improvement provided to ensure face validity of the questionnaire.

6.7 Data processing and analysis

Returned questionnaires were inspected, edited, coded and data transferred to an Excel spread sheet and analysed by means of the SPSS computer package. The following are examples of techniques used during the data analysis stage of the research project: descriptive statistics, frequency distributions, reliability testing, correlation coefficients and analysis of variance.

7. Empirical results

7.1 Biographical information of the respondents

Table 2 provides a demographic profile of the respondents.

Table 2

Demographic profile of respondents

Characteristic	Category	%
Gender	Male	52
	Female	48
Highest educational level	Grade 12 or equivalent	20
	Diploma or National Certificate	28
	Bachelor's degree	24
	Postgraduate degree/diploma	27
	Other	1
Ethnic classification	Black	26
	Coloured	23
	White	41
	Asian	10
Position in organisation	CEO	10
	Manager	71
	Other	19
Period of current employment	1-5 years	42
	6-10 years	24
	11-15 years	21
	More than 15 years	13
Size of organisation	Medium (employing 51-200 employees)	46
	Large (employing more than 200 employees)	54
Sector	Public	34
	Private	66
Industry type employed	Manufacturing	15
	Retail/Wholesale	27
	Financial, insurance, real estate	22
	Architecture	1
	Agriculture, forestry, fishing	1
	Catering and accommodation	5
	Construction and engineering	3
	Mining	0
	Transport and travelling	5
	Communication	6
	Medical	2
	Leisure and entertainment	2
	Other	11
Form of ownership	Sole trader	7
	Partnership	7
	Close corporation	16
	Private company	36
	Public company	29
	Other	5
Customer offering	Products	16
	Services	25
	Products and services	59

Table 2 clearly indicates that the majority of the respondents were males (52%) and 48% females. Fifty one per cent of the respondents have a bachelor or post graduate degree/diploma. The majority of the respondents (41%) were of the white ethnic group and 26% and 23% black and coloured respectively. It also appears that most of the respondents (71%) are in a managerial position, employed for between six and 15 years (43%) in large organisations (54%). The majority of the respondents (66%) are also employed in the private sector within the retail/wholesale industry (27%), financial, insurance and real estate industries (22%) and manufacturing (15%). In terms of form of ownership, 65% of the respondents are employed in private/public companies and 16% in close corporations. Fifty-nine per cent of these organisations offer both products and services to customers.

7.2 Descriptive statistics

Table 3 highlights the descriptive statistics for Section A of the questionnaire.

Table 3

Descriptive statistics

Items/ Variable	Factor	Mean	Standard Deviation
A1-A13	Corporate governance	4.02	0.58
A14-A25	Sustainability	4.00	0.61

In analysing the mean values in Table 3, it appears that most of these values cluster around point four (agree) on the five-point Likert scale. None of the mean values lies on the disagreement side of the scale (points one and two) for these factors. The standard deviation scores also indicate that there is not much variability around the mean scores (low scores less than one).

7.3 Reliability and validity of the measuring instrument

External validity refers to the generalisation of research results to other population groups and is ensured by means of a proper and sound sampling procedure. Clear guidance was given to field workers regarding the place, time and conditions in which the research was to be conducted. Internal validity of the instrument’s scores is ensured through both face and content validity. Expert judgement and a pilot study were undertaken to assist in this regard. Internal reliability was ensured by means of calculating Cronbach’s alpha values. The statistical software package, SPSS, was used to determine the Cronbach’s alpha values for the two predetermined factors of Section A to confirm internal reliability (refer to Table 4).

Table 4

Cronbach’s alpha values for Section A of the questionnaire

Items/ Variable	Factor	Cronbach’s alpha
A1-A13	Corporate governance	0.84
A14-25	Sustainability	0.88

To confirm the internal reliability of these factors, Cronbach’s alpha values were calculated. It is clearly shown that the reliability coefficients of Cronbach’s alpha for the various factors are all above 0.7, indicating internal reliability of these factors.

7.4 Correlation

Regarding the correlation between the variables which constitute each factor, an inter-item correlation exercise was conducted using the Pearson product-moment *r*-correlation coefficient. It appears that all the variables in each factor show positive relationships with each other. The full correlation matrix of these variables is not presented here as it falls beyond the scope of this article. None of the variables showed a negative/reverse relationship. All variables indicated strong inter-item correlation. The variable A23 (information is provided to investors and shareholders regarding future prospects and risks) had the highest positive *r*-value (strongest positive relationship) and was found in the sustainability factor (0.6703). The variable A6 (performance evaluation of board of directors is conducted by an independent service provider) with the lowest positive *r*-value (weakest positive relationship) were found in the corporate governance factor (0.0824). It is thus reflected that the 25 items constituting these two factors are correlated.

7.5 ANOVA

A total of 20 null-hypotheses were formulated and tested as to investigate the relationship between the two dependent variables (general perceptions regarding corporate governance and sustainability) and 10 independent variables (demographical data). The ANOVA results are reported in Table 5 below.

Table 5

ANOVA results of the hypotheses testing

Dependent variables	Independent Variables	H0	F-test	P-value
Corporate governance	Gender	$H0_1$	7.667	0.001
	Highest educational level	$H0_2$	6.274	0.000
	Ethnic classification	$H0_3$	4.895	0.000
	Type of industry employed	$H0_4$	3.028	0.001
Sustainability	Gender	$H0_5$	12.675	0.000
	Ethnic classification	$H0_6$	4.023	0.002
	Type of industry employed	$H0_7$	2.926	0.001

($p<0.01$)

Table 5 shows that the null hypotheses ($H0_1$ to $H0_7$) can in all cases been rejected (p value > 0.01). This indicates that there is a highly significant relationship between the perceptions regarding corporate governance and the following data classification variables: gender, highest educational level, ethnic classification and industry type. The alternative hypotheses, H_1 to H_4 could thus be accepted. In terms of perceptions regarding sustainability, highly significant relationships exist with the following demographic variables: gender, ethnic classification and type of industry. The alternative hypotheses, H_5 to H_7 could thus be accepted. The other 13 null-hypotheses originally formulated could not be rejected, showing no relationships between the dependent and independent variables and are thus not reported here.

8. Conclusions and recommendations

It appears that sustainability is fast becoming a major business imperative that is shaping the competitive landscape for many enterprises. This has led to the integration of an integrated assessment in terms of economic, social and environmental impacts. A shift to sustainability governance is inevitable linking the two concepts. With the increased responsibility and accountability of organisations to its stakeholders, there is a need to develop a code of corporate governance as to guide them towards appropriate stakeholder relations. However, organisations are grappling with sustainability reporting and there is no consensus on a common reporting standard. Although the reporting on sustainability issues in South Africa has increased, it still lacks behind international levels. The integration of economic, social and environmental performance seem to be a major obstacle to organisations, hence more effective governance systems are needed.

Based on the analysis of variance results, the following conclusions and recommendations can be identified:

- There appears to be a significant relationship between the perceptions regarding corporate governance and sustainability issues in organisations and the gender of respondents ($H0_1$ and $H0_5$ rejected). Males and females have thus different views regarding aspects of governance and sustainability issues in an organisation. Women serving on the board of directors therefore do not always have the same views regarding aspects of governance as their male counterparts (which often still dominate representation on boards). These differences may arise because of various reasons such as personality, leadership style, and orientation toward control. Organisations need therefore to ensure that board decisions and policies reflect the views of all members and not only that of the majority.
- Perceptions regarding corporate governance and sustainability and the educational level of respondents appear to be significantly related (HO_2 rejected). Respondents with higher educational levels differ in their perceptions regarding aspects of corporate governance, as compared to respondents with lower levels of education. Organisations should thus endeavour to ensure that all employees, regardless of educational level, are being exposed and properly educated regarding aspects of corporate governance.
- A significant relationship was found between the perceptions regarding corporate governance and sustainability and the ethnic classification of respondents ($H0_3$ and $H0_6$ rejected). It appears that respondents from different ethnic groupings view governance and sustainability differently. It is thus suggested that organisations should be sensitive towards different ethnic groups when dealing with governance and sustainability issues and thus not just enforcing or imposing it onto them. That is why wide consultation is required when dealing with these issues in the organisation. It also accounts for board representation in terms of ethnic classification. Representation from various ethnic groupings can therefore bring rich and diverse viewpoints to the table.
- There also appears to be a significant relationship between the perceptions regarding corporate governance and sustainability and the type of industry in which respondents are employed ($H0_4$ and $H0_7$ rejected). Respondents in different industries thus have diverse viewpoints regarding issues about governance and sustainability. The financial industry, for example, is more regulated and controlled through governance practices as compared to retail and wholesale industries. This however does not imply that other industries need not to comply with good governance practices. Each industry therefore need to develop their own and unique governance practices which will ensure long-term sustainability for the industry.

Table 6 provide some general guidelines regarding corporate governance and sustainability, based on the statements used in the measuring instrument.

Table 6

General guidelines in dealing with corporate governance and sustainability issues in organisations

	Corporate governance guidelines
1	The Code and best-practice recommendation of the King III report should be applied and be reflected by a postive statenent to all stakeholders.
2	Statutory financial and sustainability information should be provided in an integrated annual report.
3	The audit committee should monitor the combined assurance of all role players that significant risks facing the organisation are adequately addressed.
4	Effective steps should be taken to ensure appropriate governance of information technology.
5	The board of directors with the assitance of the remuneration committee should put forward a policy of remuneration to shareholders for approval.
6	The Board of directors' performance evaluation should be professionnaly conducted by an indepenent service provider.
7	The Board of Directors should address governance in business rescue proceedings when the organisation is financially distressed.
8	There should be alternative dispute resolutions such as conciliation, mediation or abitration to resolve disputes.
9	In terms of fundamental affected transactions, directors should disclose any conflicts or potential conflict of interest.
10	Written asessment of finacial controls should be provided to the adudit committee.
11	The theme of responsible corporate citizenship should be seen as an imperative.
12	Rational busienss decisions should be based on all facts with no personal financial interests (no breach of duty of care).
13	The rule of law should be followed by which legal frameworks is applied in a fair and impartial manner.
	Sustainability guidelines
1	There should be a significant focus on the measurement of intangible assets and the reputation of the organisation.
2	The triple bottom line should be adpoted in which financial, social and environmental performance is measured and reported.
3	Information should be provided to investors and shareholders regarding future prospects, opportunities and risks that maybe important to the competitive performance of the organisation.
4	A proactive approach to governance should be adpoted that promotes the creation of future value.
5	There should be a harness of corporate greed for the greater good of the community in which we operates.
6	A focus on social and environmental aspects should enhance the organisation's standing as a good corporate citizen.
7	There should be an emphasis on effective occupational health and safety, environmental management and development of human capital.
8	Risks should be managed proactively and on an ongoing basis by recognising the opportunities and downside aspects of risk.
9	Threats to the longevity of the organisation should be identified and factored it into its planning activities.
10	The concept of sustainable development should be aimed at meeting the needs of the present while minimising the cost to future generations.

Limitations of the study

- A convenience sample was drawn from the target population, mainly in Nelson Mandela Bay region, which could have impacted on the representativeness of the sample.
- As only perceptions were tested it do not imply that is reflects reality and could thus be removed from real-life experiences.

The following extract seems appropriate to conclude this article with:

"Governance approaches that are flexible, collaborative and learning- based may be better able to cope with the challenges of integrating environmental and social development … such adaptive governance approaches are well placed to address complex inter-linkages … facilitate the transition to a sustainable society …" (Gitay, Chambers & Baste 2007).

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