

THE PERCEPTION OF CORPORATE SERVICES DIRECTORATE IN A METROPOLITAN MUNICIPALITY ON KING III GOOD GOVERNANCE COMPLIANCE IN BUSINESS AND PROJECTS

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Abstract

Good governance has been and is a growing phenomenon for many business organisations regardless of size, profit margins and purpose for existence. The South African Metropolitan municipality Metropolitan Municipality is one such organisation that has adopted good governance models to business practices. The challenge was how to effectively and efficiently implement governance issues around projects and business organisations. A number of people, committees and institutions have developed different governance frameworks that can be adopted by organisations as a guide to good governance. This research is based on King III guide to good governance. The objective was to establish the perceptions of the corporate services directorate in the South African Metropolitan municipality on King III good governance compliance by interviewing some employees orally and through a questionnaire. The responses were captured and analysed using IBM SPSS software. Problems were identified in governance training and understanding in general. Another major finding was poor communication internally and externally. To overcome these shortfalls recommendations were made. Communication models, communication plan, governance models and training were recommended. The major challenges facing the South African Metropolitan municipality Metropolitan Municipality are poor effective governance communication and lack of governance training.

Key Words: Corporate Service Directorate, Good Governance, South African Metropolitan Municipality

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1. Introduction

The Cadbury Committee triggered a change in the way businesses are supposed to operate. It shifted the focus from maximisation of profits using any means possible to maximisation of profits through smart partnership, caring for the environment, honest business dealings, no business conflict of interest, audit controls and many more. This is what business organisations are now battling to implement and maintain and the South African Metropolitan municipality Metropolitan Municipality is not an exception.

1.1 Background to the Research

The research was conducted at the South African Metropolitan Municipality in the Corporate Services directorate. In preparation of this research, the researcher carried out a participative preliminary research into the handling of business and projects within this organisation. The issues around the Nelson Mandela Municipality, Makana Municipality

in the Eastern Cape and Mantsopa Municipality all point to a lack of good corporate. There had been many service delivery strikes and demonstrations in South Africa and they all relate to maladministration and poor governance. According to the Institute for Security Studies (2005), many reasons for these protests are offered. The primary reason appears to be dissatisfaction with the delivery of basic municipal services such as running water, roads, electricity, toilets and houses. Professor Nico Le Roux from the school of Public Management and Administration at the University of Pretoria in his article 'The Reason behind Service Delivery Protest in South Africa' pointed out that all leads to poor governance

Other reasons that tie to poor governance include rampant corruption and nepotism within local government structure. The then Minister for Cooperative Governance and Traditional Affairs, Sicelo Shiceka, speaking to the South African Local Government Association in East London on Wednesday 22 April 2009, admitted that "many of our municipalities are in a state of paralysis and dysfunction" (Institute for Security Studies, 2009).

According to the Minister Shiceka, local governments are perceived to be incompetent, disorganised and 'riddled with corruption and maladministration', (Institute for Security Studies, 2009). The general public have a perception that municipalities because of their nature do not practise good governance in their day-to-day business operations.

The King III guide is a new offering into ethics and governance and is influenced by the Cadbury Committee report in the United Kingdom in 1992. After that the King Committee on Corporate Governance was formed in 1993 under the auspices of the Institute of Directors.

Corporate governance was institutionalised in South Africa in 1994 after the first King Report on Corporate Governance was published in November 1994. The basis of Corporate Governance is good financial, social, ethical and environmental practice. Corporate governance advocates an integrated approach to good governance in the interest of a wide range of stakeholders. The King I report formalised the need for companies to recognise that they no longer act independently from the society and environment in which they operate.

From its inception the Committee published three reports, i.e. King I -1994; King II – 2002 and King III – 2009.

1.2 Statement of research problem

The nature of municipalities is complex; they have to provide a wide range of services, water, sanitation, housing, education services, electricity and many others. Coordinating and managing all these is a big challenge since all cut across many different department and other private stakeholders. The public perceives municipalities as practising corruption, nepotism, deploying ANC 'comrades' without qualification and skills to manage and governance effectively (Institute for Security Studies, 2009)

1.3. Research objectives

The general objective of this research was to determine the perception of employees in the Corporate Services directorate within the South African Metropolitan Municipality on good governance issues as stipulated by the King III framework on governance issues.

The objectives of this research are stated below:

1. Establish the extent to which management and the general workforce within the South African Metropolitan Municipality Corporate Services directorate perceive the corporate governance guidelines and good practice as stipulated by King III.
2. Determine which governance model(s) is (are) used by the South African Metropolitan Municipality Corporate Services directorate and to

what extent they are being adhered to in projects and business governance.

3. To make some recommendations if necessary regarding the governance models used by the South African Metropolitan Municipality Corporate Services directorate.

1.4 Data analysis methods

Data was collected via survey questionnaires. Data collected from survey was analysed in terms of a descriptive analysis. Participants in this research have given the researcher informed consent and privacy of information will be respected.

1.5 Delineation of the research

The research was limited to the Corporate Services directorate of the South African Metropolitan Municipality located in the Western Cape.

2. Literature review

Much research has been undertaken to try and establish what the challenges really are that Municipalities face in pursuing good corporate governance. Municipalities across the globe tend to have similar challenges because of their nature. Provision of services to the public is a major problem, given the operational dynamics, resource limitations, skill shortage, lack of focus, the large number of clients to service; this coupled with the lack of wisdom and willingness to serve people becomes a disaster (Kaselowski E, 2008).

The level of corruption and nepotism in municipalities is very high; hence the ever increasing number of service delivery protests in the Republic of South Africa and the world over. Given the high number of researchers who have spent valuable time making recommendations to municipalities, it remains a mystery why municipalities do not change their governance approach to provide a better service to the community.

2.1 The Cadbury Report

The Cadbury Committee was set up in May 1991 by the Financial Reporting Council, the London Stock Exchange and the accountancy profession to address financial aspects of corporate governance, (Cadbury Report, 1992). Adrian Cadbury was appointed Chairman of the Committee. The purpose of the Cadbury Committee was justified for the following reason:

- The economy of the country depended on the drive and efficiency of its companies. Thus the effectiveness with which their boards discharged their responsibilities would determine Britain's competitive position.

- At the heart of the Committee's recommendation was a Code of Best Practice designed to achieve the necessary high standards of corporate behaviour. The London Stock Exchange intended to require all listed companies in the United Kingdom to abide by the code.
- By adhering to the code, listed companies would strengthen both their control over business and their public accountability. This would strike a balance between meeting the standards of corporate governance then expected of them and retaining the essential spirit of enterprise.
- Bringing greater clarity to the respective responsibilities of directors, shareholders and auditors would also strengthen trust in the corporate system.
- To strengthen the unitary board system and increase its effectiveness. All directors were responsible for the stewardship of the company's assets.

The Cadbury Committee made a number of recommendations on the following:

1. The board – the role of the board, the structure of the board, the role of the chairman, directorship i.e. executive and non-executive directorship, remunerations, audit committees and internal controls
2. Auditing – professional objectivity of auditing, appointment of auditors and rotation of auditors, internal controls, fraud and illegal acts, auditors' liability and confidence
3. Shareholders – accountability and responsibility, communication and influence.

2.2. Corporate and project governance

Corporate governance can be defined as the system by which an organisation or company is directed and controlled in order to achieve its objectives. (CPA Audit, 2007)

Project governance is a process of structuring and managing all of the relationships/interactions between all stakeholders who are party to the project

This system provides the mechanics for the organisation to operate effectively and efficiently towards its predefined organisational objectives. It also provides the foundation and structures on which organisational rules and policies are developed, which conduct is acceptable and what is not acceptable and how the organisational performance and compliance is monitored and measured (Kaselowski, E. 2008). The Queensland Government (2002) stated that corporate governance is the "glue" between the organisation and its objective (Kaselowski E, 2008). Without good corporate governance there is very little assurance that the organisation will function properly, efficiently and effectively as it will have planned.

Poor corporate governance can have extremely negative effects on the organisation (Tarimo,

J.2006).The lack of sound corporate governance principles in organisations such as Parmalat, WorldCom, LeisureNet and others has been stated as the major cause for accounting fraud and poor organisational performance (Ramaswamy, V. 2005).

2.3 Importance of good governance

Sound corporate governance is vital for organisations to remain competitive (Centre for Business Research, 2004). Corporate governance addresses more than just disclosure and compliance. Other issues such as effectiveness and efficiency of operations and the safeguarding of assets also form part of effective corporate governance strategies (CPA Audits, 2007).The main objective of corporate governance is to enhance the well-being of any organisation providing it with the four key governance aspects (Kurkure, A P. 2006).

Some of the benefits to be derived from good governance models and practice will include improved trust and good working relationships among stakeholders, improved transparency, improved accountability, increased profit margins, better decision-making processes and increased end-user productivity. On the other hand good governance practices encourage environmentally friendly practices, increase social responsibility and improve business effectiveness and efficiency. The general economies of scale are also going to improve (OECD, 2007). If an organisation achieves all the above improvements, then the greater public is going to benefit. Hence there will be a reduction in the number of service delivery protests.

2.4 Introduction to King I, II and King III

In 1993 the King Committee on corporate governance was formed here in South Africa under the auspices of the Institute of Directors. This was a direct response to the Cadbury Committee report into the financial aspects of corporate governance in the United Kingdom. The purpose of the King Committee was to look at corporate governance in the context of the Republic of South Africa. Of interest were the social and political transformation and the readmission of South Africa into the international community. The first report (King I report) was published in November 1994 and this led to the institutionalisation of corporate governance in South Africa.

The King I Report advocates an integrated approach to good corporate governance in the interest of a wide range of stakeholders. It embraced the fundamental principle of good financial, social, ethical and environmental practice (Ernst & Young, 2003).In adopting a participative corporate governance system of enterprise and integrity, the King Committee in 1994 formalised the need for

companies to recognise that they no longer act independently from the society and environment in which they operate (IOD, 1994). Since the publication of the Cadbury Report it has become fashionable to refer to corporate governance as “the system by which companies are directed and controlled” (Smerdon, R. 1998:1).

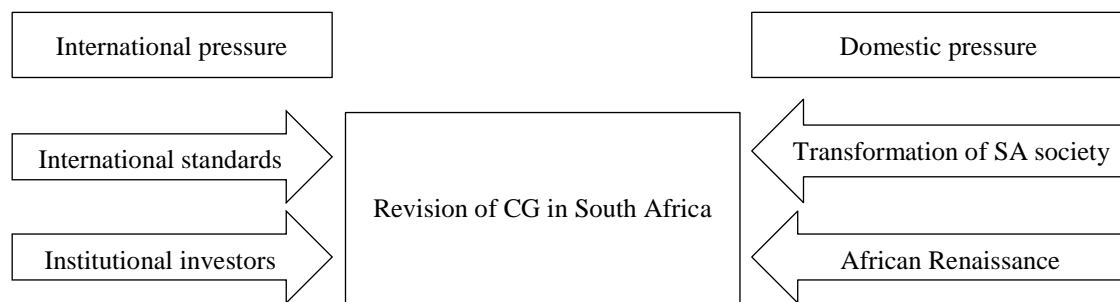
2.4.1 King I - 1994

The emphasis in King I Report was on:

- Advocating an inclusive approach
- Separating ownership and management
- Moving to the triple Bottom Line, i.e. Environment, Profit & Revenue and Social Responsibility.

The King I report was very critical. South Africa was going through a number of social, political and economic transformations (IOD Report, 2002). Of particular interest are the Labour Relations Act (No. 75 of 1997), Employment Equity Act (No. 55 of 1998), Basic Conditions of Employment Act (No 75 of 1997), National Environment Management Act (No. 107 of 1998), Companies Act (No. 61 of 1973), Insider Trading Act (No. 135 of 1998) and the Public Finance Management Act (No. 1 of 1999). The above legislation led to the review of the King I Report of 1994. This was followed by the publication of the King II Report of 2002.

Figure 1. Factors influencing a review of King I



2.4.2 King II – 2002

The development of the King II report was in partnership with a number of organisations including the JSE, Deloitte & Touche, KPMG, Anderson, SASOL, ESKOM, Transnet and others (IOD Report, 2002). King II is an improvement of King I and the following are critical:

- 1 Characteristics of good corporate governance
 - Discipline; transparency; independence; accountability
 - Responsibility; fairness; social responsibility (Malan D, Rassouw G, Van Der Watt A, 2009)
- 2 Critical issues in King II
 - Board of Directors – the most critical factor in sound corporate governance
 - Risk management – there is need for adequate disclosure of risk
 - Internal audit
 - Integrated sustainability
 - Accounting and auditing
 - Compliance and enforcement
 - Communication (Malan D, Rassouw G, Van Der Watt A, 2009)

The above is applicable to all companies on JSE, banks, finance and insurance entities and of importance to public sector enterprises and agencies that fall under the Public Finance Management Act and the Local Government, Municipal Finance

Management Act. The researched South African Metropolitan Municipality falls under the last three; hence it is also governed by the recommendations of King II (Institute of Directors, 2002).

2.4.3 King III – 2009

The need for King III is seen in the context of:

- The Companies Act, which was to become effective in 2010
 - The King Committee and its sub-committees being prepared to complete the Report, without any remuneration.
 - A growing emphasis on the need for comprehensive reporting (Summary of report on Governance for South Africa 2009, South African Institute of Chartered Accountants)
- Legislation which governs companies falls under many headings. Amongst such statutes are the following:
- The Companies Act
 - The Public Finance Management Act
 - The Municipal Finance Management Act
- The Public Finance Management Act and the Municipal Finance Management Act relate directly to the South African Metropolitan Municipality.

This framework applies to all entities, regardless of the manner and form of incorporation or establishment (IOD, 2009). According to King III (IOD, 2009) “the terms ‘company’, ‘board’ and ‘directors’ refer to the functional responsibility of

those charged with governance in any entity and should be adapted as appropriate". The effects and recommendations of King III to the public sector organisations should be read in conjunction with the Public Finance Management Act (PricewaterhouseCoopers Report, 2009). Of particular interest is that, while King II stated "may", King III states "must". The King III Report has key principles and the Report places great emphasis on:

- Leadership, sustainability; and corporate Citizenship(Summary of report on Governance for South Africa 2009, South African Institute of Chartered Accountants)

3 Research design

According to Leedy (2001:102) there are two research design approaches, namely:

3.1 Qualitative or Phenomenological

Involves the use of words to describe and explain a phenomenon. It is informative and can be conducted on a small sample using data collection methods such as observations and interviews.

3.2 Quantitative or Positivistic

Involves the use of numbers to explain and predict a phenomenon. It is representative and can be conducted on a large sample. In this research, the researcher made use of both qualitative and quantitative research design methods.

Welman and Kruger (2000:191) defined case study research as the research method that requires the researcher to conduct fieldwork when investigating a group or organisation. In this research, the researcher will conduct case study research at South African Metropolitan Municipality. One of the reasons for selecting case study research for this research project is that it uses multiple methods of data collection, which may be qualitative and quantitative (Yin 1994:89). Hussey, R. and Hussey, J. (1997:66) described the types of case study research, as follows:

In the instance of this research study, existing theories for corporate governance within business and projects was used for the South African Metropolitan Municipality. For the purpose of this research a mixture of approaches was adopted. The descriptive and explanatory approaches were adopted for the bulk of the research and the illustrative approach will be used toward the end of the research.

3.3 Data collection

To collect the necessary information for this research the researcher developed a questionnaire that was distributed to the Corporate Services directorate in the South African Metropolitan Municipality. In addition

to the questionnaire oral interviews were conducted with employees in the Corporate Services directorate within the South African Metropolitan Municipality.

3.4 Audience

Thirty four (34) employees in the Corporate Services directorate within the South African Metropolitan Municipality were targeted as the respondents. The majority of the employees who were selected deal directly with projects while some deal with the project office indirectly.

Five out of the thirty-four (34) respondents were also targeted for oral face to face interviews to get a deeper understanding and to cover issues that might have been difficult to address through a questionnaire.

3.5 Oral Interview

Oral interview were conducted with five employees in the Corporate Services directorate of the South African Metropolitan Municipality.

All five employees agreed that the South African Metropolitan Municipality understand the importance of good corporate governance in business and projects. However, they all agreed implementation was a big challenge since the Council does not have a proper governance model of its own. The Council relies of general governance frameworks making it difficult to follow and implement on exceptional issues that relate specifically to the Councils operations but not covered by the general framework

The researcher recorded the interview proceedings as supplementary notes that were used to augment the responses from the questionnaire. Out of the total population of 34 in the Corporate Services directorate of the South African Metropolitan Municipality 28 questionnaires were collected, some fully completed while others were partially completed. The responses were captured in a statistical analysis package (IBM SPSS)

4 Results, Findings and Analysis

Data was collected through a questionnaire that targeted a population of 34 participants. 28 completed questionnaires were returned, representing an 82% response rate. The collected data was analysed using IBM SPSS version 2.0. The data collected, when put into the statistical analysis programme, gives varied outputs which can be interpreted in various ways, one being the belief that municipal governance in the South African Metropolitan Municipality(and of course other municipalities) is poor because of a number of factors.

4.1. Understanding governance issues

All of the 28 respondents work with projects, more than 32% having done so for more than 10 years, as illustrated in Table 1.

Number of years working with projects

Table 1. Number of years working with projects

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	1 - 3 years	5	17.9	17.9	17.9
	4 - 6 years	6	21.4	21.4	39.3
	7 - 10 years	8	28.6	28.6	67.9
	More than 10 years	9	32.1	32.1	100.0
	Total	28	100.0	100.0	

More than 60% of the respondents had been working on projects for more than seven years. One expected this to translate into a vast wealth of

experience and, in turn, into effective and efficient project management through lessons learnt. Of importance to note is the response from management.

Table 2. Management Level * Number of years working with projects (Cross tabulation)

		Number of years working with projects				Total
		1 - 3 years	4 - 6 years	7 - 10 years	More than 10 years	
Management Level	Lower	5	3	4	2	14
	Middle	0	2	3	4	9
	Top	0	0	1	2	3
	Knowledge staff	0	0	0	1	1
Total		5	5	8	9	27

It is encouraging to note that the bulk of middle and top management had been with the South African Metropolitan Municipality for a long time, hence their expertise can be utilised fully by the lower level management.

The researcher noted that employees with more than 10 years are still at the lower management level. This shows a lack of progression and career development.

Table 3. Rate your understanding of governance

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Not Familiar	6	21.4	21.4	21.4
	Rough Idea	9	32.1	32.1	53.6
	Moderate	8	28.6	28.6	82.1
	Very Clear	5	17.9	17.9	100.0
	Total	28	100.0	100.0	

The relationship between the numbers of respondents with a very clear understanding of governance seems not to tally with the number of years respondents had been involved with the planning and implementation of projects. This suggests that very little is learnt during and after the

implementation of projects. This weak relationship is further shown by the fact that issues of governance do not often arise during meetings yet they should form the backbone of the implementation of projects. The number of respondents in management is shown in Table 4 below.

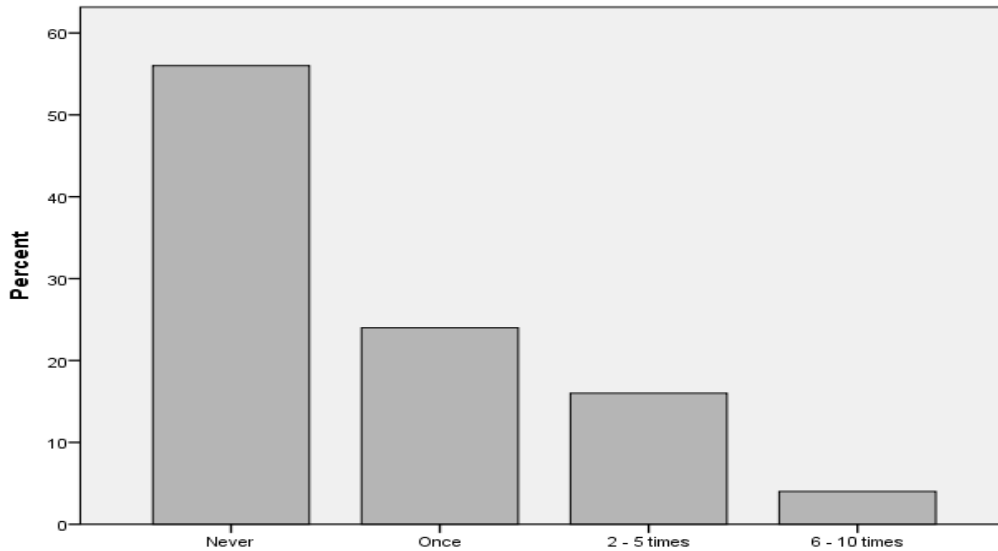
Table 4. Management Level * Rate the general understanding of governance within your team or department (Cross tabulation)

		Rate the general understanding of governance within your team or department				Total
		Not Familiar	Rough idea	Moderate	Very Clear	
Management Level	Lower	4	7	2	1	14
	Middle	0	3	4	2	9
	Top	0	1	2	0	3
	Knowledge staff	0	0	1	0	1
Total		4	11	9	3	27

Of importance to note here is that top management does not have a clear understanding of governance issues. The almost 20% who indicated “Most of the time” might also be those who said they understand governance issues very clearly. Hence

they can recognise issues of governance when they arise. Of importance to note is that issues of governance had stopped the execution of projects as depicted by Figure 2 below.

Figure 2. How many times did issues of governance stop the execution of projects?



This definitely should have made the South African Metropolitan Municipality relook at governance issues and arrange training to capacitate the respondents with a general understanding in a bid to effectively and efficiently manage governance issues.

4.2.3 Governance Model

Participants tend not to understand whether there is a model or not within the South African Metropolitan Municipality Corporate Services directorate. The responses to this critical question are given in Table 5 and Table 6 below.

Table 5. Does the South African Town Metropolitan Municipality have a governance model?

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Yes	9	32.1	36.0	36.0
	No	16	57.1	64.0	100.0
	Total	25	89.3	100.0	
Missing	System	3	10.7		
Total		28	100.0		

Table 6. Management Level * Does the South African Metropolitan Municipality have a governance model? (Cross tabulation)

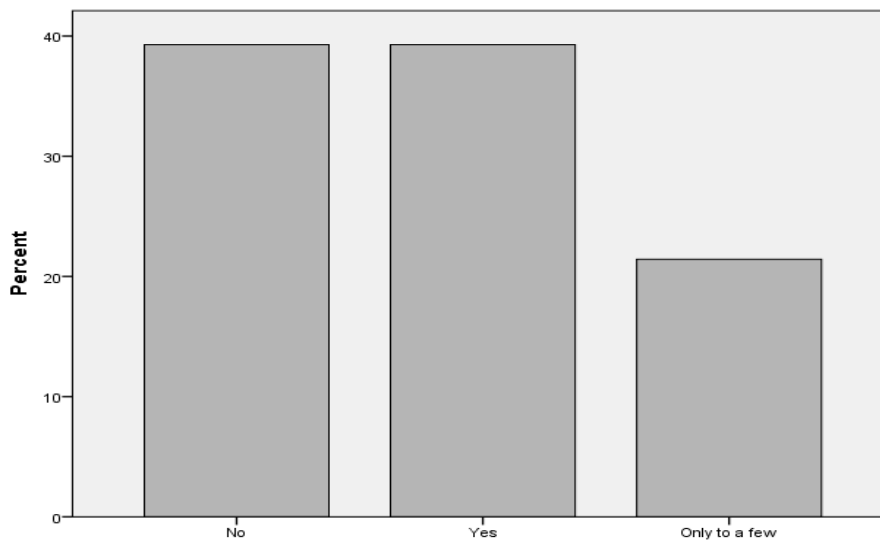
		Does the South African Metropolitan Municipality have a governance model?		Total
		Yes	No	
Management Level	Lower	4	9	13
	Middle	4	4	8
	Top	1	2	3
Total		9	15	24

Out of a population of 34 employees only 9 responses were positive (32%); the bulk of the participants gave a negative response. Those in management positions are also not clear whether the South African Metropolitan Municipality has a governance model.

4.2.4 Effective communication - internal

Of importance to note is that the governance model that exists within the organisation has 38% availability to all with 20% saying it is available only to a selected few.

Figure 3. Is the organisation’s governance guide available to all employees



4.2.5 Application of and adherence to the model

32% of the participants indicated that the South African Metropolitan Municipality has a governance

model while 38% indicated it is available to all. But is it being adhered to? This question is answered in Table 7 below:

Table 7. Do you think the South African Metropolitan Municipality is abiding by the models, based on your experience?

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Legislation dictates to the South African Metropolitan Municipality in many instances (Finance - MFMA; System Act) what can be done and what not	1	3.6	3.6	3.6
	No	3	10.7	10.7	14.3
	No idea	1	3.6	3.6	17.9
	Not all the time	1	3.6	3.6	21.4
	Not applicable	2	7.1	7.1	28.6
	Not sure	1	3.6	3.6	32.1
	Prefer not to say	13	46.4	46.4	78.6
	Sometimes they do	1	3.6	3.6	82.1
	Yes	5	17.9	17.9	100.0
	Total	28	100.0	100.0	

18% of the participants agreed that the South African Metropolitan Municipality Corporate Services directorate is abiding by the governance model they have in place, while 10% indicated otherwise. Of importance is the number of participants that prefer not to say anything (46.4%). This implies either fear of victimisation or being entangled in organisational politics that might hamper promotion opportunities and progress. It might also affect employment security.

4.2.6 Training

Only 17% of the participants indicated that they have a very clear understanding of governance issues while 100% indicated they are working on projects. More than 60% have more than 5 years working with projects. This shows that there is a big gap between the knowledge level required for effective implementation of projects and the actual expertise available.

The rate at which the South African Metropolitan Municipality Corporate Services directorate conducts governance training is very low, as depicted by both Tables below.

Table 8. How frequently does management conduct governance training workshops?

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Never	19	67.9	70.4	70.4
	Once in a year	4	14.3	14.8	85.2
	Once in a while	4	14.3	14.8	100.0
	Total	27	96.4	100.0	
Missing	System	1	3.6		
Total		28	100.0		

The table shows almost 68% of the participants say the South African Metropolitan Municipality has never conducted governance training workshops. This automatically shows there is a gap that needs to be filled. Some of the participants in that 68% are employees who have been with the South African Metropolitan Municipality Corporate Services directorate for more than 10 years. The fact that they have never had governance training workshop despite working with projects every day is cause for alarm.

If participants (employees) are not aware of governance issues, the possibility of overlooking them when they occur is very high. Management was not very clear when issues of governance arise during the execution of projects. The conflicting statistics are clear on all levels of management.

The responses given by the participants differ greatly for almost every question, signifying a huge deviation from the norm. This might be as a result of poor communication within the Corporate Services directorate in the South African Metropolitan Municipality. Another important factor that might cause a huge variation is the knowledge level. Where there is effective communication, continuous training, a high level of knowledge and people are pulling in the same direction, the deviation is small.

5. Recommendations

The responses to the questionnaire highlighted a number of areas of weakness and strength. The weaknesses can easily be converted to strengths, thereby improving service delivery through better project management and administration. The recommendations are going to be based on critical

factors that affect the organisation in terms of good governance. The factors are going to be derived from the weak points highlighted by the results.

5.1 Communication

Communication is vital for the survival of any business organisation. However effective communication is critical for profit maximisation and growth. The South African Metropolitan Municipality is a very large organisation in terms of number of employees, suppliers, debtors, functions etc., hence both internal and external communications become very important. Though internal communication is the bloodline of functionality within the organisation, external communication is very important, given the size of the South African Metropolitan Municipality in terms of functions and people

A proper External Communication Plan needs to be drafted that can be used as a guide to all communications emanating from the South African Metropolitan Municipality.

Having a communication model would definitely help the South African Metropolitan Municipality to clearly define communication channels and improve both internal and external communication. This would directly impact positively by improving governance in projects and in the business organisation. The ultimate benefit would be improved service delivery, the beneficiary being the greater population of the South African Metropolitan

5.2. Training

Training is the act of up-skilling people. When employees are well trained they will improve productivity and increase profits. Within the South African Metropolitan Municipality training would definitely improve governance and service delivery. Training should be an on-going process within any business organisation. In modern and complex environments governance training is vital if employees have to cope with the dynamics relating to successful project implementation. The South African Metropolitan Municipality needs to include training in its strategic plans. Training needs a high priority.

The Corporate Services directorate in the South African Metropolitan Municipality seems not regard training as a key factor to successful implementation of projects as far as project governance is concerned, as depicted by Table 8

5.3 Governance model

It is not very clear whether the Corporate Services directorate in the South African Metropolitan Municipality has a governance model. There are poor training initiatives that will directly affect skills; this might even lead to employees not realising that they have or that they do not have governance model. This confusion is depicted by Table 4.2.3.1.

While 57.1% of the population said there was no governance model, 32.1% said it existed. Those who said it does not exist might be linked to those who need training in governance issues. For the governance guide to be useful it needs to be available to all employees. Effective communication requires that all documentation of this nature, Quality Policy, IT Policy and frameworks, Health & Safety manuals, Company performance documents etc., should be available to all employees. This enhances effective communication and helps to educate employees about their own organisation.

The Corporate Services directorate in the South African Metropolitan Municipality needs to start by defining factors for enforcement of processes and procedures.

Project governance is built up of many elements. Project governance needs to take into consideration the quality aspect of the project, the nature of the project itself, project specifications, the business case and the project management plan. All these impact on the project success in terms of governance.

The Corporate Services directorate in the South African Metropolitan Municipality could improve its processes and procedures by implementing some of the recommendations given above.

Conclusion

There are mixed perceptions from the participants within the South African Metropolitan Municipality. A lot of work had been done in terms of understanding governance trends and incorporating certain components within their day to day and project operations.

Having a proper governance model is critical for project governance success. Most organisations develop governance models that will help them to provide a general framework for implementing and managing projects. It becomes much easier to manage and implement projects if one has a framework as a guidance pillar.

Research developments in the field of governance have resulted in the recommendation of different frameworks for different industries. Frameworks like the King I, II and III for general business governance issues and ITIL and COBIT for the information technology management and governance have been developed to help organisations manage governance issues more effectively. The South African Metropolitan Municipality had adopted some components of the frameworks e.g. it uses ITIL and COBIT components.

On the quality management side different ISO standards have been developed that will assist in the enforcement of quality standards. ISO standards will require organisations to define and follow specific processes and procedures for compliance certification. The South African Metropolitan Municipality and adopted some ISO standards to quality assure their work.

Poor project governance and poor governance in general in business organisations have a very severe impact on the organisation itself, the stakeholders and the environment. Poor governance within the South African Metropolitan Municipality Corporate Services directorate will affect service delivery.

When governance structures are not in place it becomes difficult to control and manage the tender process, internal business operations, conflict resolution and other issues that underpin good governance practices.

The South African Metropolitan Municipality Corporate Services directorate tends to not consider training critical to successful project implementation. This needs to change since it will eventually affect service delivery. Training is integral to the continual development of staff in order to improve productivity and effectiveness.

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