An Investigation into the Effect of Board Members’ Remuneration on the Performance of Public Enterprises in Namibia

Nikodemus Angula and Africa Makasi

University of Namibia, Windhoek, Namibia, Namibia Business School
E-mail: chcangula@gmail.com; angulan@unam.edu.na; africa.makasi@yahoo.com

Abstract. The study focused on the effects of the board the members’ remuneration on the performance of public enterprises in Namibia. The main objective of this study was to investigate the interrelationship between board members’ remuneration and the performance of the public enterprises in Namibia. The study used quantitative methods as a research strategy. The research study used secondary data from the Ministry of public enterprises database and primary data was gathered through structured questionnaires that were distributed to different public enterprises’ Chief executive officers in Namibia. The study focused on board members’ remuneration as representatives of the board members for each of the 97 state-owned enterprises in Namibia. The researcher used Excel to do the regression analysis. The researcher tested for correlation between a firm’s performance and annual salary and sitting allowance and miscellaneous allowance. Public enterprises are divided into four tiers. The researcher made use of the average revenue for each tier to represent the firm’s performance. A total of 75% of the respondents do not agree that there is a relationship between the board members’ remuneration and the firms’ performance, and 17% agree that there is a relationship between the board members’ remuneration and the firms’ performance. The study recommended that the MPE/PEs should implement motivational strategies to improve board members’ performance hence improving the firm’s performance.

Keywords: Effect of board members, Remuneration on performance, Public enterprises in Namibia, Board members.

BACKGROUND AND CONTEXT OF THE STUDY

For the last couple of years, directors’ remuneration has become a contentious issue, and the debate around this issue has often been exacerbated during times of economic hardships in Namibia or everywhere in the world (Aslam et al., 2019). Aslam et al. (2019) state that in the aftermath of the recent global crisis, general public attention was drawn towards the issue of the remuneration for board members and directors in some firms in the United States of America. Similarly, Mohd et al.(2018) have revealed that there is a relationship between directors’ remunerations and firms’ financial performance in Malaysia. Furthermore, these authors assert that directors’ remunerations have become a controversial issue. After researching CEO remuneration in UK property businesses, Eichholtz et al. (2008) discovered that long-term compensation is mostly affected by absolute and relative share performance. In the United Kingdom, statistical data shows that the influence of board member salary on business performance is equivalent to $4.88 billion of median market capitalization, but the mean total compensation for top five executives is $1.17 million, notwithstanding board members’ poor performance. Furthermore, Stathopoulos et al. (2005) discovered three degrees of connections between compensation and performance for three distinct performance levels using a sample of 698 CEOs and 2,609 other executives from 1995 to 2000. Their findings show that executives of very well-performing businesses are paid more than executives of mid-performing firms, who are paid more than executives of poorly performing firms. These researchers have concentrated on CEO authority and the board of directors in an attempt to crack the “black box” of what influences executive salary choices (Mousa et al., 2017). One of the arguments presented is that CEOs have a unique opportunity to establish their own salary based on their ability to influence board behaviour. Previous study reveals that a number
of factors may be associated to CEO power. CEO tenure, CEO ownership, board size, business size, and board ownership are among these determinants (Bhasin, 2015). The study discovered that only monetary bonuses had a substantial favourable influence on business performance. Tee and Ab Razak (2014), on the other hand, studied a sample of government-linked businesses (GLCs) between 2001 and 2006 and observed a negative relationship between director remuneration and company performance (measured by lagged return on equity). Dogan and Smyth (2002) and Abdullah (2006), on the other hand, found little evidence that director compensation had an effect on business performance. Similarly, Core et al (1999) discovered that exorbitant CEO remuneration correlated negatively with stock returns and operations success.

STATEMENT OF THE PROBLEM

Over the years in Namibia, the government initiated different measures to boost the performance of board members in the country through the provision of financial resources, amendments and enactments of new laws (Limbo, 2019). With over ninety-seven (97) state-owned enterprises under the stewardship of the Ministry of Public Enterprises, the performance of the enterprises has seen erratic statistics on poor performance despite high board members’ perks. This is despite government efforts to drive growth by offering above market board members’ remuneration.

As a result, the ensuing debate has been on board members’ remuneration which has not been empirically investigated to establish the link between high remuneration and enterprise performance (Mohd et al., 2018). The poor performance of some public enterprises with highly remunerated executives begs the question of whether remuneration can be used to spur the growth of public enterprises in Namibia. Therefore, the purpose of the current study was to investigate the interrelationship between board members’ remuneration and the performance of the enterprise they are mandated to direct.

MAIN RESEARCH OBJECTIVE AND SUB-OBJECTIVES

- The main objective of the study was to investigate the relationship between board members’ remuneration and the performance of public enterprises in Namibia.

The study’s specific objectives were as follows:

- To determine the effects of board members’ annual pay and the effect on the performance of Namibian public enterprises;
- To evaluate the effects of sitting allowances on the performance of Namibian public enterprises; and
- To examine the effects of miscellaneous allowances on the performance of Namibian public enterprises

RESEARCH QUESTIONS/HYPOTHESES

In line with the above objectives, the three hypotheses of this study were:

H0: There is no relationship between board members’ annual pay and the performance of public enterprises in Namibia.

HA1: There is a relationship between board members’ annual pay and the performance of public enterprises in Namibia.

H0: There is no relationship between sitting allowances allocated to board members and the performance of public enterprises in Namibia.

HA2: There is a relationship between sitting allowances allocated to board members and the performance of public enterprises in Namibia.

H0: There is no relationship between miscellaneous allowances offered and the performance of public enterprises in Namibia.

HA3: There is a relationship between miscellaneous allowances offered and the performance of public enterprises in Namibia.

THE STUDY RESEARCH MODEL

The research model for this study was represented by the simple linear regression model:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3; \]

where \( Y \) = Firm performance, \( X_1 \) = annual salary; \( X_2 \) = sitting allowances; \( X_3 \) = miscellaneous allowances; \( \beta \) = gradient of the slope; \( \beta_0 \) = intercept of the graph on the y-axis; \( Y \) is the outcome variable and from \( X_1 \) to \( X_3 \) represents the independent variables.

RESEARCH JUSTIFICATION/SIGNIFICANCE OF THE STUDY

The study practically contributes significantly towards resolving the protracted problem about the board members who get remunerated without linkages to their performance. This research has a strong scholarly significance in that it contributes to the body of literature on board members’ remuneration and enterprise remuneration in Namibia. Besides, future researchers may find the results of the present study helpful in stimulating further research.

DELIMITATIONS

The research was conducted in Windhoek alone. The study focussed on CEOs’ remuneration as representatives of the
board members for each of the 97 public enterprises. A study by Alqatan, Chbib, and Hussainey (2019) also used the CEO as a representative of board members and as such, the CEO was used as a proxy of all board members in the current study as well.

**METHODOLOGY**

**Research Design**

The study used quantitative methods as a research strategy. Quantitative approaches were chosen because they allowed the research to comprehend and explain phenomena based on numerical data that was analysed using mathematically based methodologies, particularly statistics (Yilmaz, 2013). The study employed a cross-sectional survey design primarily because this enabled the study to deal with information about different individuals (or aggregates such as Public Enterprises’ performance and board members’ remuneration) at the same point of time or during the same period, in this case secondary data that was collected at the Ministry of Public Enterprises’ database.

The study used cross-sectional survey design as an overall strategy that the research study chose to integrate using the different components of the study coherently and logically, thereby ensuring that the research study has effectively addressed the research problem. Furthermore, the research design is the overarching strategy for connecting conceptual research concerns to relevant empirical research (Van Wyk, 2015).

Besides, cross-sectional survey design was used to guide what data is needed, what techniques will be utilised to gather and analyse this data, and how all of this will answer the study research questions, that is, both data and methods, and how they were designed in the research project. Research design paves way for philosophical assumptions, strategies for inquiry and specific methods (Abdullah Kamal, 2019).

**Population**

Namibia has many public enterprises, totalling 97 at the present. This study covered all public enterprises in Namibia as captured in the Ministry of Public Enterprises’ database. The population therefore for this study consisted of all the board member’s as captured by the Ministry of Public Enterprises.

The study population was selected because this enabled the study to engage the entire group of people, events or things of interest that the researcher wishes to investigate in this case the effect of board members’ remuneration on the performance of public enterprises in Namibia (Bougic, 2013). For this study, researcher ensured that the population selected was of those to whom the research question applies to (Blanche et al., 2006).

The study defined the population, allowing the researcher to comprehend a big group of people or items that were the primary focus of a scientific inquiry (Asiamah et al., 2017). The broad population of the study was most likely what was widely recognised and defined by researchers, albeit it makes little sense unless it is specified with the target and accessible group (Asiamah et al., 2017).

**Sample**

The study sample size was drawn based on, Krejcie and Morgan (1970) table which enabled the study to select 97 public enterprises as an effective method of determining sample size.

The study used systematic sampling since both secondary and primary data was used in this study. Systematic sampling was used because it enabled the researcher to choose the first element in the sample at random, then the next elements were chosen at random.

The study sampling was described as allowing the researcher to identify a group of people, objects, or items taken from a broad population for measurement and should be representative of the population to guarantee that the research sample’s findings may be extrapolated to the population as a whole. The act, process, or method of selecting a suitable sample or a representative section of a population in order to discover parameters or characteristics of the entire population is known as sampling. (Mujere, 2016).

**Research Instruments**

The study employed a structured questionnaire to gather quantitative data from the Ministry of Public Enterprises. A structured questionnaire was used largely to represent a group of standardised questions with a predetermined strategy for acquiring information from respondents. The research study employed the data collection method of using secondary data from the MPE database and primary data was gathered through structured questionnaires that were distributed to different public enterprises’ CEOs in Namibia. The secondary data captured by the Ministry of Public Enterprises was used and primary data was also gathered through structured questionnaires that were distributed to different public enterprises’ CEOs in Namibia.

The data within this thesis consists of secondary data gathered from the database of the MPE and data collected from the questionnaire that was filled by CEOs of the public enterprises. Secondary data analysis is the re-analysis of previously acquired and analysed data, and it is one of the most often utilised data gathering procedures in social science research (Vartanian, 2011). Secondary data is data collected by other researchers for a different reason. According to Vartanian (2011), it is the reanalysis of previously obtained and analysed data. Secondary data analysis
is the examination of data by researchers who were not present when the data was gathered (Vartanian, 2011).

**Procedure**

Quantitative data was collected through distributing Google form link which was shared with the Ministry of Public Enterprises and different Public Enterprises target participants. Due to Covid-19 online structured questionnaires were distributed to the participants through an online platform.

The researcher explained the purpose and nature of the study to the participants prior to their participation. As stated in the research design section, the research was carried out at the Ministry of Public Enterprises in Namibia and at every public enterprise in Namibia. Research clearance was sought from the Ministry of Public.

Enterprises to access secondary data. The study was conducted in order to solve existing difficulties in the workplace and to develop new information in a specific area (Bist, 2015). These new boundaries of knowledge gained via study are important for analysing and verifying current societal occurrences. Knowledge utilised to construct a theory helps to formulate policies, assist decision-making, and solve issues.

**Data Analysis**

The data analysis was done using statistical data analysis tools such as SPSS and Excel. The regression analysis was used to model the relationship between board members’ remuneration and firm performance. The effects of dependent variables which were annual salary, sitting allowances and miscellaneous allowances, and how they interact with each other were explored based on the hypothesised relationships. The research model for this study was represented by the simple linear regression model:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3; \]

where \( Y \) = Firm performance, \( X_1 \) = annual salary; \( X_2 \) = sitting allowances; \( X_3 \) = miscellaneous allowances; \( \beta \) = gradient of the slope; \( \beta_0 \) = intercept of the graph on the y-axis; \( Y \) is the outcome variable and from \( X_1 \) to \( X_3 \) represents the independent variables.

For the purpose of this study, data were analysed based on the above research model which enabled the study to follow the data analysis step by gathering data and statistically analysed the data to see if the hypotheses that were generated have been supported (Bougie, 2013). The research guaranteed that the process of data cleansing, transformation, and modelling was completed in order to identify usable information for corporate decision-making. The purpose of data analysis is to extract useful information from data and make decisions based on that knowledge. Data analysis comprises investigating, categorising, and summarising information in order to establish meaning and preserve evidence (Schoenbach, 2014). According to Schoenbach (2014), the analysis process is handled by organising, summarising, and analysing data. To analyse quantitative data, the SPSS Software was used. This method was chosen since it is a study standardised method that includes stages on how the data obtained should be analysed.

**Research Ethics**

Permission to conduct the study was sought from the Ministry of Public Enterprises and the University of Namibia to ensure professional and ethical behaviour as well as the protection of respondents. Data was stored/kept confidential and used for the study and publications only. Data will be destroyed after 5 years through formatting the encrypted USB where data gathered is kept.

The study ensured that no person’s rights were violated in any manner during the research study. Explanations about the nature of the study were highlighted to the participants before participation. Anonymity and confidentiality were treated in absolute confidence during the research study process.

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**LITERATURE REVIEW**

**The Effects of Board Members’ Annual Pay on a Firm’s Performance**

Several empirical research have discovered a substantial uplifting association between executive salary and business performance (Lewellen et al., 1992; Carpenter and Wade, 2002; Leonard, 1990). According to Lewellen et al. (1992), there is a positive association between CEO salary and business performance. They came to the conclusion that organisations that pay more will perform better. There is some evidence to suggest that greater compensation levels are related to executive human capital (Carpenter and Sanders, 2002). According to Hogan and Mc Pheters (1980), corporations that obtained higher levels of executive talent demanded higher remuneration in labour markets. Michaud and Gai (2009) argued that directors with greater
remuneration, such as CEOs, work more and succeed in improving the firm’s financial performance.

Shao et al. (2012) discovered that when there is a shift in fair value, there is a positive association to the board of directors’ salary (CFV). The research was carried out in China. Similarly, Hallock et al. (2010) discovered that low-conditional-wage CEOs may not be as beneficial for the business in the United States. Furthermore, Brick et al. (2006) discovered a modest positive association between (Directors and CEOs) salary and performance in Crony-ism. Girma et al. (2007) and Haron (2018) discovered a poor link between compensation and performance in the United Kingdom and Malaysia, respectively. Furthermore, Fernandes (2008) did a research in Portuguese and discovered that executive director salary had a negligible link with corporate success. Scholtz and Smit (2012) discovered that executive director compensation with performance sensitivity is greater for equity-based remuneration rather to cash-based payment.

The Effects of Sitting Allowances on Firm’s Performance

According to a research conducted by Hendry and Kiel (2004), CEO/board director salary is positively associated to business performance in several firms in the United States. Similarly, Gregory-Smith (2012) asserts that stewardship theory is important in the selection of board compensation to improve business performance. Furthermore, the stewardship structure encourages lower-level boardroom employees to strive harder towards the position of CEO, as well as the associated salary packages, as a reward. According to Zhang, Bartol, Smith, Pfarrer, and Khanin (2008), CEO incentives with risk-taking behaviour improve business operational performance. Similarly, Conyon and Sadler (2001) discovered a poor link between executive director remuneration and performance in their UK investigations because enterprises experienced serious issues at the time.

The Effects of Miscellaneous Allowances on Firm’s Performance

Murphy (1985) studied 72 U.S. corporations from 1964 to 1981 and discovered a substantial positive link between CEO salary and firm success (as assessed by shareholder return and realised sales growth). According to Jensen and Murphy (2004), the tangibility and immediacy of cash prizes can be more motivating than uncertain paper profits in stock programmes. According to Bruck, Liu, and Skovoroda (2008), executive remuneration is favourably related to previous and current corporate financial success. Kutum (2015), on the other hand, discovered no meaningful association between CEO salary and bank performance in Canadian banks, with the exception of a weak positive relationship with return on assets (ROA). In Malaysia, there is likewise a lack of consistency and variable results. Furthermore, all of these research concentrated on non-financial enterprises. Jaafar et al. (2012) discovered that director compensation had a favourable link with company performance in family-owned businesses. Syaiful et al. (2012) discovered that directors’ salary substantially influences board motivation in enhancing business performance in Malaysian family enterprises. Directors’ remuneration being significantly related to ROA have been supported by (Yatim, 2012). Furthermore, Hassan et al. (2003) discovered a modest positive association between director compensation and business performance prior to and during the Asian financial crisis (i.e., 1996–1998).

Sheikh et al. (2018) discovered a favourable relationship between CEO and board of directors salary and business performance. Similarly, Conyon and Sadler (2001) discovered a poor association between executive director salary and performance in their research conducted in the United Kingdom. According to Jensen et al. (2004), executive incentives tend to ameliorate the agency problem and improve business performance. According to Doucouliagos et al. (2007), the pay-for-performance model significantly supports the agency theory approach, in which the board of directors and CEOs are rewarded based on past level business performance. Similarly, Scholtz and Smit (2012) discovered that the performance-pay framework only weakly supports the notions of stewardship and tournament theory, in which the board of directors and CEOs perform better in the future based on historical amounts and payment package structure.

Board Member’s Remuneration and Firm Performance

The remuneration paid to the board of directors represents their rewards which usually includes: salaries, fees, defined contributions and benefits in kind. Erick et al. (2014) note that these rewards could be in the form of financial, non-financial and psychological payments that an organisation provides for its board of directors. These incentives are meant to recruit new employees, encourage high job performance, and keep employees committed to the organisation. Direct remuneration is that which directors get on a regular basis (monthly) in the form of a basic salary, overtime allowance, commission, merit pay, leave allowance, bonuses, and business profit-sharing. Indirect compensation, often known as benefits-in-kind, might include health and life insurance, retirement and pension plans, a corporate car, health care, health club memberships, a mobile phone, subsidised meals, and subsidised entertainment (Koala Consulting and Training, 2008). Directors’ compensation is inextricably tied to the topic of corporate governance. Excessive payments to directors should be limited by good and strong corporate governance, and remuneration should be primarily decided by the firm’s success. Nonetheless,
neither corporate governance principles nor best practises prescribe how to decide director remuneration (Miyienda et al., 2013). Rather, the board should develop a remuneration package through the remuneration committee that is capable of recruiting and keeping executive directors of high calibre. Executive compensation is a major issue in the global financial industry, with many investors, shareholders, and the general public growing vocal over the amounts of remuneration of directors (Olurotimi, 2019). Companies that reveal poor performance yet continue to pay exorbitant payment to CEOs, as well as terminated board members who earn huge severance payouts, are particularly in the focus (Dommiss, 2011).

**DISCUSSION OF RESULTS**

**Response Rate**

**Test for instrument reliability**

The study used Cronbach’s alpha test to enable the researcher measuring the Internal consistency or dependability of numerous objects, measures, or ratings. The Cronbach’s alpha test was primarily used in this study because it is typically used to assess the consistency and stability of questionnaires that measure latent variables as a score to be between 0.7 and 1 (Taber, 2018).

The researcher made use of the MPE database to collect data and primary data was gathered through structured questionnaires that were distributed to different public enterprises’ CEOs in Namibia. This was secondary data and primary data. The researcher checked if the documents had been checked and signed off as passed hence they are valid. The database and structured questionnaires were checked by auditors and they were signed off as passed hence making the information collected from the database valid. The data collected was the same hence it was found to be reliable to be used.

**Test for sample adequacy**

The researcher made use of the Kaiser-Meyer-Olkin test to test for sampling adequacy. The KMO value was 0.85 which indicated that the sampling was adequate.

The p-value 0.201528 is greater than the significant level 0.05 which means that these variables are statistically insignificant. The adjusted R square 0.878 means that 88% of dependent variable y can be explained by the entire set of independent variables annual salary, sitting allowance and miscellaneous allowance. Since the p-value is greater than the significant value, it becomes useless to go on and interpret the singular p values and the coefficients. We may reasonably accept the null hypothesis, which states that there is no association between business performance and yearly pay, sitting allowance, and miscellaneous allowance.

**Test for normality**

The normality test was done and the significance was 0.15 and from this significance, we can safely conclude that the sample is normally distributed.

### Table 1. Summary output.

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<td>1.49E + 17</td>
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<th>t Stat</th>
<th>P-value</th>
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<th>Upper 95%</th>
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<td>1.040621</td>
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<td>Sitting and</td>
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<td>412144.4</td>
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</tr>
</tbody>
</table>

miscellaneous allowance
Summary of Findings

Demographic characteristics

Out of the CEOs from the 97 public enterprises that were the participants for the research, 58 were male and 12 were female. This data revealed that most of the executive members of the public enterprises in Namibia are men. The bar graph below was used to present this data.

The ages of the participants were as follows.

Out of the 70 participants, 7 were between the ages of 26–35, 22 were in between the ages of 36–45 and 41 were above 46. Most of the participants were above 45 years old. This revealed that mature and older CEOs are employed in public enterprises.

The participants were asked to indicate if there is a relationship between board members’ remuneration and the firms’ performance and their responses were as follows.

A total of 75% of the respondents do not agree that there is a relationship between the board members’ remuneration and the firms’ performance, though 17% agree that there is a relationship between the board members’ remuneration and the firms’ performance.

What are the factors that influence board members’ annual pay which further affect the performance of Namibian public enterprises?

The respondents were asked to state the factors that influence board members’ annual pay which further affect the performance of public enterprises and their responses are presented below.

Based on the findings, it can be revealed that board members’ annual pay is affected by the size of the firm, Return on assets (ROA), and Return on investments (ROI). However, most of the respondents indicated that the board member’s annual pay is influenced by the return on investments. If the return on investment is high, it means that the income levels of board members are increased.

What are the effects of sitting allowances on the performance of Namibian public enterprises?

The respondents were asked to indicate the effects of sitting allowances on the performance of public enterprises and their responses are presented below. The respondents indicated that sitting allowance has a negative impact on performance. They argued that it slows down the
operations of the government. When board members are given allowances for attending meetings and training programmes, they will divert their focus from their duties to attending training programmes hence slowing down the operations of the business. Because of the incentive one gets from attending a meeting or training programme, wrong people are sent to attend these meetings. Sometimes a meeting might require a lower level worker or manager but because of the incentive attached to the meeting the board members might go themselves instead hence the wrong person receives the training and this affects the performance of the business.

Sitting allowances creates unnecessary pressure and opportunities for fraud. Board members can become fraudulent because of this incentive which then affects the smooth running of the organisation. The intrinsic motivation of board members is reduced hence individual performance is reduced thereby affecting the performance of the organisation.

The study sought to test the following hypothesis:

- H0: There is no relationship between board members’ annual pay and the performance of public enterprises in Namibia.
- HA1: There is a relationship between board members’ annual pay and the performance of public enterprises in Namibia.
- H0: There is no relationship between sitting allowances allocated to board members and the performance of public enterprises in Namibia.
- HA2: There is a relationship between sitting allowances allocated to board members and the performance of public enterprises in Namibia.
- H0: There is no relationship between miscellaneous allowances offered and the performance of public enterprises in Namibia.
- HA3: There is a relationship between miscellaneous allowances offered and the performance of public enterprises in Namibia.

The table below provides a summary of the findings:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Findings</th>
<th>Decision (Accept/Reject)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>The present study found that there is no relationship between a firm’s performance and the board member’s annual salary, sitting allowance and miscellaneous allowance.</td>
<td>Accept</td>
</tr>
<tr>
<td>H2</td>
<td>The present study found that the effects of miscellaneous allowances on the firm’s performance have a positive effect on the firm’s performance.</td>
<td>Accept</td>
</tr>
<tr>
<td>H3</td>
<td>The present study found that miscellaneous allowances have a negative impact on the performance of public enterprises.</td>
<td>Reject</td>
</tr>
</tbody>
</table>

CONCLUSION

From the presented data it was revealed that there is no relationship between a firm’s performance and the board member’s annual salary, sitting allowance and miscellaneous allowance. These independent variables have no influence at all on the performance of a firm. A firm can perform very well regardless of the board member’s remuneration. Board members can receive high salaries and allowances but the firm might not perform well. There are other factors other than the board member’s salary, sitting and miscellaneous allowance that cause a change in the firm’s performance. The study findings revealed that out of the CEOs from the 97 public enterprises that were the participants for the research, 58 were male and 12 were female. This data revealed that most of the executive members of the public enterprises in Namibia are men.

Furthermore, the study finds that a total of 75% of the respondents do not agree that there is a relationship between the board members’ remuneration and the firms’ performance, though 17% agree that there is a relationship between the board members’ remuneration and the firms’ performance. The respondents indicated that sitting allowance has a negative impact on performance. They argued that it slows down the operations of the government. When board members are given allowances for attending meetings and training programmes, they will divert their focus from their duties to attending training programmes hence slowing down the operations of the business. The study findings also indicated that the respondents were asked to indicate the effects of miscellaneous allowances on the firm’s performance and the findings revealed that the researcher can safely conclude that miscellaneous allowances have a positive effect on the firm’s performance. Miscellaneous allowance motivates board members to improve their performance which in turn improves the performance of the organisation. However, some of the respondents revealed that miscellaneous allowances have a negative impact on the performance of public enterprises. The study findings further indicated that the respondents were asked to fill in the Likert scale. The respondents revealed that they are not sure if the increase in board members’ remuneration motivates board members hence improving the performance of an organisation.

REFERENCES


