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Assessing Corporate Governance Practices of Mauritian Companies

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Abstract

The aim of this study is to assess the CG practices of companies listed on the Stock Exchange of Mauritius (SEM) and non-listed banks. The Mauritius Code of Corporate Governance (MCCG) is used as a basis to collect both primary and secondary data. Survey questionnaires have been used to detect and analyse the extent to which the different sectors comply to CG as well as the assessment of the CG practices. The factors affecting CG practices as well as the importance of good CG have been identified. The data collected have been analysed using SPSS. Accordingly, the results have showed that there is a sectorial difference in the level of compliance and it has also been noted that varying results have been obtained with respect to variables including board of directors, committees, disclosure, social responsibilities, stakeholders as well as the importance of CG. However, the three main factors that affect CG practices include the governance framework, reporting and conduct and rewards.

Keywords: Corporate Governance, Mauritius, SEM, Non-listed Banks, Factor Analysis

1. Introduction

Corporate Governance (CG), a concept which exists for years has now become a mainstream concern of many academics, shareholders and regulators including policy makers. Vallabhaneni (2013) defined it as *"a method by which a firm is being governed, directed, administered, or controlled and to the goals for which it is being governed."* Alternatively, quoting from Bloomfield (2013), *"CG is the governing structure and processes [procedural governance] in an organisation that exist to oversee the means by which limited resources are efficiently directed to competing purposes for the use of the organisation and its stakeholders including maintenance of the organisation and its long run sustainability [behavioural governance], set and measures against a framework of ethics [structural governance] and backed by regulation and laws [systemic governance]."*

Thus, it is observed that CG is an essential feature for the survival of companies and it is a keystone used by these organisations to achieve their goals. The concept of CG covers such a vast area so that there is not a single definition entailing all facets but each definition reflects a different aspect of the concept. In short, CG is a set of processes, customs, rules and regulations which determines the running of an organisation towards its objective. Hence, CG looks at the determinants in managing a firm to generate profit and wealth so that each group associated to it is treated in the best way.

The debate over CG being fuelled by the recent scandals, has heated up during the past few years. Globalization, deregulation and the integration of capital markets as well as the recent high profile scandals including Enron, WorldCom, Adelphia, and Parmalat have intensified the existing debate on the effectiveness of CG principles and have weakened confidence of CG within the financial markets as a whole. Scandals such as the oil spill disaster in the Gulf of Mexico, the European Sovereign Debt crisis as well as the global financial crisis has repetitively drawn attention to the importance of good CG.

1.1 Corporate Governance in Mauritius

Mauritius is repeatedly referred to for its economic success story due to the spectacular transformation of the country from a poor monocrop economy into a well-diversified one, though there have been various unfavourable worldwide economic turbulences. The country has taken the lead in providing institutional assistance to CG.

In 2001, measures were introduced and designed to align the corporate practices of Mauritius with best worldwide practices. These measures recommended the introduction of a new Companies Act, International Accounting Standards, listing rules for companies listed on SEM and the set up of a National Committee on Corporate Governance (NCCG) (Report of CG for Mauritius, 2004). The NCCG was established under the aegis of the Financial Reporting Act 2004 which in turn created the Mauritius Institute of Directors (MIoD). The Mauritius Code of Corporate Governance (MCCG) requires all public interest entities including banks, non-bank financial institutions and listed companies to ensure compliance and if they have not abide to the *'Code'*, an explanation is needed. Banks are also required to comply with the *'Guideline on CG'* issued by the BoM. The SEM through the listing rules also adds to the requirement of CG (Report of CG for Mauritius, 2004).

Mauritius also has been victims of corporate scandals where there have been cases of malpractices and fraud involving the financial sector such as the case of BCCI, Mauritius Cooperative Central Bank (MCCB) Delphis Bank, MCB/ NPF fraud. Other scandals relating to CG in Mauritius includes the Infinity BPO, Medpoint Saga and the recent flash flood of March 2013. An investigation of these scandals would confirm that these malpractices are related to CG.

Thus, the presence of CG is a vital aspect of both the companies listed on the SEM and the banks because they need to be managed with great care as a significant number of stakeholders are affiliated to them. Banking is also based on trust and if banks fail, the whole Mauritian economy may collapse.

The CG framework has helped to generate a stable environment that made Mauritius one of the best places in the world to do business. For countries like Mauritius, the importance of good CG is to create a sound economy and enhanced reputation which will enable future generations to enjoy. CG is the key to financial governance in the region that will ensure that Mauritius becomes the leader geographically and terms of business leadership also.

1.2 Problem Statement

Coyle (2010) stated that good CG is needed to prevent the exploitation of shareholders by managers and to ensure the efficient management of a company. While examining firms listed on the Karachi Stock Exchange, Khatab *et al.*, (2011) concluded that no matter whether firms have good CG practices, they will perform well that is CG practices do not have any impact on a firm's performance. On the other hand, Sheikh and Wang (2012) found that board size, outside directors, and ownership concentration are positively related with both measures of capital structure and CG plays a vital role in explaining the financing behaviours of the companies listed on Karachi Stock Exchange operating in Pakistan.

According to Namoga (2011), there is limited literature on the knowledge of CG practices in developing economies. Researchers have been mainly focusing on developed economies such as UK, US and other European countries along with New Zealand. Thus research on CG practices in developing countries is scarce. In Mauritius, scandals have been at the forefront due to poor CG. Subsequently, this makes the subject an important area of study (Padachi and Khaitoo, 2011). Although, Mauritius has various bodies to monitor and safeguard the financial system, yet the country has not been spared from major financial scandals. Recently, through the White Dot and Sunkai Case[1], the governance strategies of the Financial Services Commission (FSC) were questioned.

As a result, it is worth investigating on the CG practices in Mauritius due to these malpractices and scams which involved the financial sector and as there is a huge gap between developed and developing countries, there is high probability that the findings differ

[1] Ponzi Scheme, where hundreds of customers, victims of this scam, have deposited sums ranging from Rs10,000 to Rs 3 million in return for exceptional rates of return. The case involved a transfer of approximately Rs 700 million to a Suisse bank.

as these results may not be applicable to the Mauritian context. This study therefore attempts to bridge the gap and to contribute towards the growing literature in this field along with helping to raise the proper awareness about the contribution of good CG for the economy.

1.3 Aims and Study Objectives

As CG is becoming an important aspect of the businesses operating in Mauritius, the ultimate aim of this study is to assess the CG practices of non-listed banks and companies officially listed on the SEM. It aims at analysing the impact of CG practices on these firms. In addition, this research will allow these firms to review their CG strategies to be more competitive in this globalised world resulting to profit maximisation and thus leading to higher returns to shareholders.

Hence, the objectives of this study are to:

- Detect and analyse the extent to which the different sectors comply to CG
- Assess the CG practices of companies listed on the SEM and non-listed banks
- Appraise the importance of good CG and to identify the factors affecting CG practices

The rest of the paper is structured as follows. Section 2 reviews the relevant literature, covering the concept of CG, evolution of CG, theoretical perspectives, determinants and need for CG. The research methodology is elaborated under section 3 and it gives support for the research instrument. Section 4 analyses and discusses the survey results and section 5 concludes on the study.

2. Literature Review

2.1 Theoretical Perspective of Corporate Governance

Neuman (2006) defines a theory as a system of interconnected ideas that condense and organise knowledge about the world. CG is becoming more and more important in today's business and it is vital to monitor the role of the board due to past scandals which have occurred.

2.1.1 Agency Theory (Shareholder Theory)

With reference to Roche (2009), shareholders, board members and top management also referred to as the three key stakeholders of CG. In 1976, Jensen and Meckling defined the agency relationship as a *'contract'* under which one party (principal) engages another party (agent) to perform some service on their behalf while Abdullah and Valentine (2009) refined the definition as being "*the relationship between the principals, such as shareholders and agents such as the company executives and managers"* In other words, this theory refers to a situation where the owners (shareholders) of a firm also known as the principal appoints directors or managers who are the agents to perform the activities of the firm and to take decisions on their behalf. Brink (2011) further added that the agency theory also known as the principal-agent theory deals with a challenging relationship arising from the separation of ownership and control.

However, this relationship is disadvantageous relating to the speculation or self-interest of the agents that is agents might misuse their power in order to take financial or non-financial advantages without taking any risks in favour of the principal. Mallin (2004) corroborated that there is asymmetric information whereby the agents hold more information than the principal which normally happens in reality.

2.1.2 Stakeholder Theory

Under the stakeholder theory, companies operate not only in the interest of its shareholders but also in the interest of all its stakeholders that is; corporations hold relationships with various groups or individuals who can affect or is affected by the company while achieving its objectives (Freeman 1984; Abdullah and Valentine 2009). Related to the above discussion, Baker and Anderson (2010) theorised that organisations are heavily reliant on the stakeholders' resources so that they are able to add value to the firm as well as considering the different stakeholders interest in order to operate on the market while creating value-added activities

However, Sundaram and Inkpen (2004) added that stakeholder theory tries to deal with specific stakeholders who deserve and require management's attention. They argued that this theory focuses on managerial decision making and interests of all stakeholders have intrinsic values and no sets of interests are assumed to dominate the others.

Therefore, the objective of the stakeholder theory is to tighten the relationship between the stakeholders and the firm. Emphasis should be put on various stakeholders on whom the company relies on. It is also assumed that managers have a duty towards all stakeholders including shareholders. On the other hand, the stakeholder theory is often criticized as it is not applicable in practice and there are little empirical evidences supporting it with corporate performance. Instead, there are favourable arguments to promote the stakeholders interest (Fernando, 2006). The differences between the shareholder and stakeholder theories can be summarized in the following table.

Table 2.1: Shareholder View versus Stakeholder View

Area of Focus	Shareholder View	Stakeholder View
Emphasis on	Profitability over responsibility	Responsibility over profitability
Organizations seen as	Means to maximize profits	Socio-economic system
Organizational purpose	To serve owners	To serve all parties involved
Long-term objectives	Maximize shareholder value	Sustainability/viability of long-term development and survival

Major difficulty	Getting agent to pursue principal's Interests	Balancing interests of various Stakeholders
CG through	Independent outside directors with Shares	Stakeholder representation
Stakeholder Management	Means	End and means
Social responsibility	Individual, not organizational matter	Both individual and organizational
Society best served by	Pursuing self-interest (economic efficiency)	Pursuing joint-interests (economic Symbiosis)

Source: Bhasa (2004); De Wit and Meyer (2004)

2.1.3 Stewardship Theory

Davis *et al.*, (1997) defined the stewardship theory as "*a steward protects and maximises shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximised*". This theory stems from psychology and sociology and in this particular outlook, stewards refer to company executives and managers who are working in the interest of shareholders that is maximising profit for the owners of the companies. According to Fernando (2006), the theory is based on the assumption that managers are trustworthy and are focused to their reputation. The latter also added that the stewardship theory can be summarized in specific basics where it defined circumstances where the manager's motives are linked with the purposes of their principles and their actions will not deviate from the interests of his company. In other words, when organisational success is achieved, the managers also known as stewards are satisfied and thus resulting in motivation and managers will act responsibly on their own as they control the assets.

The three central theories to CG (i.e., agency, stewardship and stakeholder theories) subsequently recognise that CG involves a number of inter-related and mutually supportive components. While differences exist between these theories, it is apparent that all three focuses on the need for CG to centre on creating transparency, responsibility and accountability (Clarke 2004; Kiel and Nicholson, 2003). All these theories are fundamentally concerned with ensuring that CG promotes the long term viability of organisations through the enforcement of perceived *'best practice'* methods (Clarke 2004).

2.2 Determinants of CG

Under CG, there are two main mechanisms with the objective to reduce conflicts between shareholders, managers and other stakeholders.

2.2.1 Internal Mechanism

- Ownership Structure

In CG, ownership concentration is one of the key characteristics and its relation has been a fundamental issue. The ownership structure which is another facet of ownership concentration refers to the ownership by different group of stakeholders. Empirical studies resulting from the relationship between ownership concentration and performance provided mixed results (Lappalainen and Niskanen, 2012). According to the agency theory, insider ownership leads to a reduction of agency problems as there are large shareholders thus resulting in a better performance of firms (Jensen and Meckling, 1976).

Past researchers suggested that managerial ownership which is also a form of insider ownership affects firm performance negatively at higher levels of ownership and positively at lower levels of ownership (Morck *et al.*, 1988; Hermalin and Weissbach, 1991; McConnell and Servaes, 1990). Omran, *et al.*, (2008) argued that in developing countries, the ownership is likely to be highly concentrated opposing the view of La Porta *et al.,* (2000) who stated that compared to the US, ownership in Canada and continental Europe is more concentrated. The latter's studies found that 80 percent of Canadian firms have a concentrated ownership structure. Thus, it is argued that shareholders have a greater control on the organisation and thus decrease the relevance of the other components of governance mechanism.

- Board of Directors

Voordeckers *et al.*, (2007) stressed on the fact that most studies related to the boards concentrate on the board practices of large listed companies where directors ensure that the activities of the firms are in the best interest of the stockholders. According to Monks and Minow (2004), the main duties of the board includes monitoring and controlling managers, providing information and counsel to managers as well as monitoring compliance with applicable laws and regulations while Ruigrok *et al.*, (2006) added that the well-functioning of the board also includes the duty to design and implement strategy and thus encouraging the relationships between firms and their external environment.

The effectiveness of the board also depends on other factors consisting of board size, board gender, CEO duality, board educational qualification and board diversity (Ujunwa, 2012). As directors act on behalf of shareholders, Kumar and Singh (2013) advocated that the board size that is the number of directors is an important aspect of CG. While assessing the relationship between CG in terms of board of directors and the return on assets (ROA) of 52 banks, Praptiningsih (2009) concluded that board of directors does not affect bank performance.

In simple terms, it is observed that the different elements which form an effective board of directors are inter connected and these different elements attempt to address and meet the short comings of the various CG theories. The board of directors play a central role in the CG mechanism and it is responsible to ensure that the shareholders rights are protected, transparency and disclosure, and keeps the interests of the company and those of all shareholders aligned. While boards lead to effective CG from a theoretical perspective, it can be concluded that in practice their value is less clear because of inconclusive empirical evidence.

2.2.2 External Mechanism

- Market for Corporate Control

Also known as the takeover market or the mergers and acquisitions, it is a composition of individual and companies that buy a particular undervalued firm either partly or completely with the objective to either create a new division in a well performing organisation or merge completely separated firms. In other words, market for corporate control arises with the objective to replace company's executives, who are responsible for the poor performance of the company that is where the company's resources are inefficiently used, the market for corporate control acts as a tool to hand over control of the company's assets to more competent managers or executives. Clarke (2009) argued that the market for corporate control was not effective to control incompetent management during the banking crisis as there were no opportunities to acquire banks cheaply and thus concluded that the weakness of this mechanism was exposed during the financial crisis and required greater regulation.

- Product Market Competition

Whilst, the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory concentrates on the role of board directors in providing access to resources needed by the firm. Shleifer and Vishny (1997) argued that *"product market competition is probably the most powerful force towards economic efficiency in the world"* while Abeysekera (2010) argued that the resource dependency theory views the entire board as a mechanism that manages to reduce external uncertainties and also affirmed that compared to small boards, larger boards should be more effective as they can make better collective decisions. Armstrong *et al.*, (2012) discussed that the product market competition reduces agency conflicts by facilitating relative performance evaluation of managers but with the number of scandals such as Enron and WorldCom, there are some doubt about this mechanism and Chhaochharia *et al.*, (2009) further added that companies in less competitive activities experienced significantly larger increases in efficiency and also found that firms in less competitive industries were more likely to be associated with financial restatements and insider trading during that period than firms in more competitive industries.

With the objective to identify the issues delaying effective CG development in Nigeria, Okpara (2011) used a combination of research instruments including questionnaires as well as interviews. Using a sample of 296 individuals selected 20 firms, his study revealed that constraints including weak law enforcement mechanisms, abuse of shareholders' rights, lack of commitment on the part of boards of directors, lack of adherence to the regulator was interrupting the implementation of CG in Nigeria. Following a Factor analysis, six factors with a variance of 54.55% consisting shareholders' rights, regulatory framework, enforcement, ownership concentration, transparency and disclosure, and board of directors were identified

2.3 Need for Corporate Governance

Recent accounting scandals in international companies such as Enron and Worldcom appear to have shaken the confidence of investors. In the wake of these scandals, many of these companies saw their equity values dropped and experienced a decline in their ratings. Thus, there is the need for CG. Murthy (2006) contended that good CG helps to increase the value of the shareholders legally, ethically and on a sustainable basis while ensuring equity and transparency to the stakeholder. Thus, CG ensures that the organization fits the best interests of all. In the same perspective, Lipman and Lipman (2006) theorised that good CG helps to achieve better fairness, transparency and detects fraud. They also added that good CG promotes goodwill and a good market reputation along with a strong customer relationship leading to public confidence.

Also, good CG provides a better guidance to directors and other shareholders and it protects shareholders' rights alongside protecting the long-term strategic goals of the organization. The findings of Sabri (2007) found that well-governed companies have better financial accountability and higher profit margins. Additionally, Andersen (2011) revealed that good CG attract foreign investments much easier leading to a better reputation and for economies like Mauritius, the value of good CG is generating a sound economy and improved reputation that will be enjoyed for future generations. In other words, good CG is a key step in enhancing market confidence and to encourage more investment flows and it also improves firms' performance while assuring the assuring long-term firm survival. The effects of good CG is summarised in the following figure.

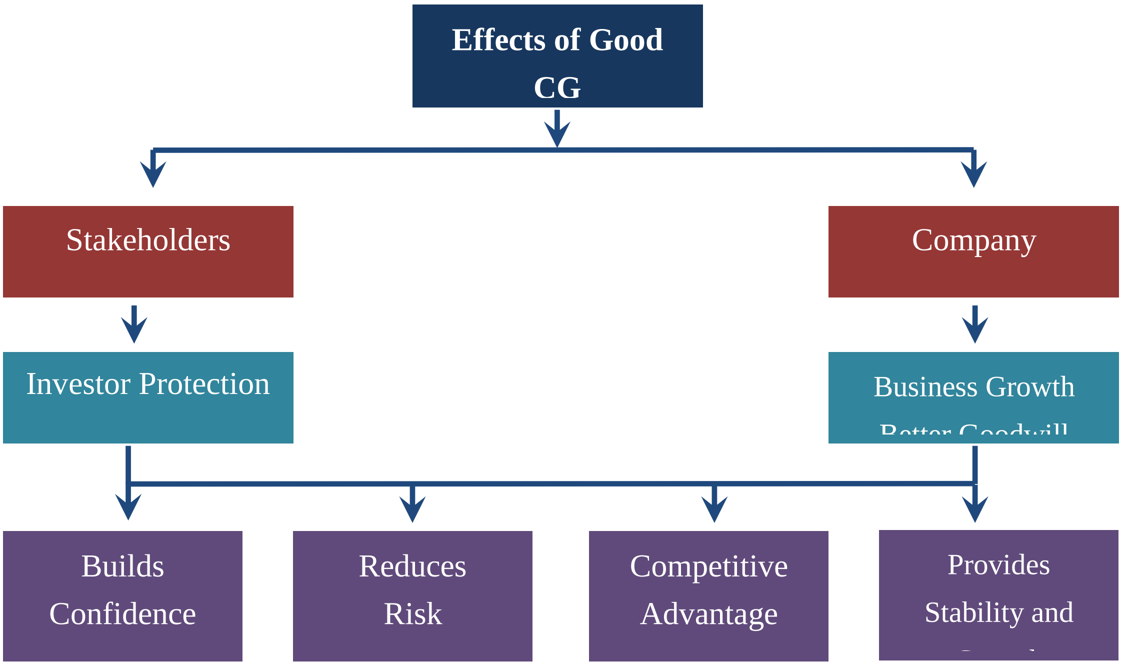

Figure 2.2: Effects of Good CG

Adapted from: CG in Indian Banks- A Case Study of SBI

Kulkarni and Kamble (2011)

3. Research Methodology

This study aims at analysing CG practices for a sample of Mauritian companies. More precisely, it attempts to generate a conceptual framework for CG practices to assist towards the establishment of a governance score and to assess the relationship or differences in the CG practices with respect to companies listed on the SEM and non-listed banks based on the different components of CG. In addition, this research tries to detect and analyse the extent to which the different sectors comply to CG as well as appraising the importance of good CG and to identify the factors affecting CG practices.

The targeted population for this study encompasses companies listed on the SEM which consist of 42 companies as at March 2013 and 21 banks. The respondents are mainly the staffs directly related to the CG practices of the company. This targeted population was chosen because according to the MCCG, companies listed on the official list of the SEM and banks are statutorily required to include a CG report in their annual report and thus a better assessment of the CG practices would be obtained. Cohen *et al.*, (2007) pointed out that for very small populations (50 or less); almost the entire population is needed in order to achieve accuracy.

Based on the review of previous studies and reports, the main research instrument used in gathering primary data was the questionnaire. In line with Okpara (2011), questionnaire as a research instrument has been described by researchers as methodological pluralism and have been used in conducting research in CG related to developing countries. In that respect, the questionnaire was used as it has proved its efficiency, reliability, consistency and usefulness in the past. The questionnaire is divided into three different sections each having a specific purpose which is linked to the initial study objectives.

Data was collected using multiple channels. With the objective to be ecological and environmental friendly, the questionnaire was administered online on Google Docs as well as in PDF formats using Adobe Reader (Version 9.0 Pro). From the total sample size, 79% of the respondents were companies listed on the SEM while 21% represented non-listed banks that is out of 63 listed companies only 30 positively responded to the survey while only 8 out of 17 non- listed banks responded. The low response rate for commercial banks was due to the confidentiality of information.

Cohen *et al.,* (2007) highlighted that a minimum of 30 responses is needed in order to perform statistical test. The Statistical Package for the Social Science (SPSS) version 20.0 was used for the analysis part. Barkemeyer (2011) pointed out that non-parametric test are carried out when the size of the sample is relatively small. As a result the Mann-Whitney U tests and Kruskal-Wallis tests were used to address the study objectives.

4. Data Analysis

4.1 Descriptive

The overall response rate is out of 63 listed companies only 30 positively responded to the survey while only 8 out of 17 non- listed banks responded. Further, for better analysis of the results, the Sugar and Investments sectors have been merged together because the sugar industry consists of only two companies namely ENL Land Ltd and Omnicane Ltd. ENL Land Ltd operates under the ENL Group and the latter operates under the investments sector as well. In addition, the Leisure and Hotels sector has been amalgamated to Transport which consists of Air Mauritius Ltd only. The Leisure and Hotels sector and the Transport sector are more or less dependent on each other as Air Mauritius Ltd offers the carrier to bring tourists in the country while on the other hand hotels accommodate these tourists. Thus, these two sectors are inter-related.

The majority of the respondents, with 39% represents the Banks, Insurance and other Finance sector. It is obvious that this particular sector is in the first position as it comprises of both non-listed banks as well as some of the companies listed on the official list of the SEM. The Investments and Sugar sectors hold 26% followed by Commerce and Industry sectors with 24% and Leisure, Hotels and Transport with only 11%. No response has been obtained from the Debt, Property Development and Foreign sectors.

It is observed that the board composition of all the companies surveyed is comprised of both executive and non-executive directors. Both the listed companies and non-listed banks have an effective internal control system as 100% of them have written CG guidelines that describe the responsibilities of the board and the latter as well as the sub committees have clearly defined roles. Regarding the board size, it is observed that only 3% and 5% of the companies surveyed have a board size of less than 5 and more than 20 directors respectively.

However, 50% of the companies surveyed have a board size of 11-20 directors followed by 42% which have 5-10 directors on their board. The results confirmed past studies as some academics have argued that a group of eleven to twenty members is the optimal size for decision making

The results are consistent with the literature review, where it was highlighted that non-executive and independent directors are important as they help the board to take better decisions in the best interest of the stakeholders. The OECD principles of CG (2004) stressed on having a mix of executive and independent directors on board allow firm to have an appropriate mechanism and Huse and Solberg (2006) added that the board diversity improves organisational value and performance. However, the board size differs from companies to companies due to their differences in their organisational structure.

The research finding revealed that all the companies surveyed have an audit committee. In addition, 95% of the companies surveyed have a CG committee followed by 84% having a risk management committee, 68% having a remuneration committee, 53% and 47 % having a nomination and executive committee respectively. In fact, while scanning different annual reports, it was observed that the companies surveyed regrouped different committees. For example, some companies merged the remuneration committee, nomination and executive to the CG committees. Besides the committees identified by the MCCG, it was also observed that companies had other committees such as investment committees.

Sundaram and Inkpen (2004) theorised that the stakeholder theory tries to deal with specific stakeholders who deserve and require management’s attention that is the theory is to tighten the relationship between the stakeholders and the firm and thus emphasis should be put on various stakeholders on whom the company relies on. 97% of the companies surveyed aim at acknowledging their CG practices towards customers. It is obvious that out of all these stakeholders, customers have the highest rating since customers are imperative for each and every organisation irrespective of the sector in which they operate as these individuals create sales which ultimately lead to the survival of the firm. In addition, 84% of the respondents address their CG practices to the shareholders, 74% to employees, 71% to competitors and 55% to the local communities. Finally, 42 % address their CG practices towards the regulatory bodies and suppliers respectively and only 29% to industry associations.

Shareholders and customers with mean value of 4.50 and 4.42 respectively are among the most important stakeholders for the companies surveyed followed by the regulatory bodies and government (mean score 4.05). Additionally, all the stakeholders including employees, competitors as well as the local communities are relatively important to the respondents as their mean values vary between 3.76 and 3.92. Industry Association is the least important stakeholders to the firms. An overall analysis reveals that most of the stakeholders are important to the organisations as most of their Median varies are 4 and 5 except for industry associations. Based on the results, it can be observed that the importance of the stakeholders are skewed to the right.

It is obvious that out of all these stakeholders, shareholders are the most important stakeholders to the companies since they are empowered to elect the board of directors at annual general meetings (AGM) so that the company can be managed. The results are in line with the literature review as Abdullah and Valentine (2009) argued that the shareholders (owners) of a firm appoints directors to perform the activities of the firm and to take decisions on their behalf. Also, customers are important since they are imperative for each and every organisation irrespective of the sector in which they operate as these individuals create sales which ultimately lead to the survival of the firm. As, the companies surveyed are either listed companies or non-listed banks, they have to abide to the regulations of different bodies including the SEM, BoM and the FSC. This explains the importance of these bodies to the companies surveyed as they need to abide and follow to the rule and regulations imposed in order to operate. Employees also are important as they are the ones who create the output to be sold to the customers.

Shil (2008) documented that good CG is a mandatory requirement in today's corporate world by every stakeholder groups. Complying with CG is more important as it enhances public confidence (Mean: 4.53) followed by projecting a better corporate image (Mean: 4.50). The relatively high importance of these 2 advantages are aligned with the literature review where Lipman and Lipman (2006) suggested that good CG promotes goodwill and good market reputation plus a strong customer relationship leading to public confidence. Also, good CG also provides a better guidance to directors and other shareholders. For example, in Mauritius, there is the MCCG which provides guidelines to directors to manage the companies in the best interest of the whole organisation while simultaneously guiding other stakeholders about the performance and other factors pertaining to the company.

With a mean of 4.29, improving protection of all stakeholders is another importance of good CG. As pointed out by Murthy (2006), good CG practices helps to maximize the value of the shareholders legally, ethically and on a sustainable basis, while ensuring equity and transparency to each stakeholder including the company's customers, employees, investors, supplier, regulatory bodies and government as well as the community. This can be explained by the fact that CG ensures that the organization fits the best interests of all. Additionally, the above figure also shows that good CG is important as it enhances company's profit supported by the findings of Sabri (2007) who found that well-governed companies have better financial accountability and higher profit margins. Nevertheless, though the facility to raise finance displays a lesser advantage (Mean: 3.82) when compared to the other benefits, but it is still crucial. As both companies listed on SEM and non-listed banks are financed by shareholders or other entities, they have to be well managed so that they are easily funded.

4.2 Compliance to Corporate Governance framework

The non-parametric test, a Kruskal Wallis Test was carried out to determine whether there are any sectorial differences while complying with CG. The different sectors are Industry & Commerce, Investments & Sugar, Leisure, Hotels & Transport and Bank, Insurance and other Finance.

H_0: There is no sectorial difference in the extent of complying to CG framework

H_1: There is a sectorial difference in the extent of complying to CG framework

<<Insert Table 4.2>>

Based on the *p-value* (0.018) there is a significant difference in the extent firms operating in the different sectors comply with CG frameworks. As a result, $\mathbf{H_0}$ is rejected in favour of $\mathbf{H_1}$**.** The results are consistent with the findings of Lamport *et al.*, (2011) where they found that a significant proportion of their sample ensures compliance with the CG principles while the others have a minimal compliance with CG provisions. While observing the mean ranks, Banks, Insurance and other financial institutions (mean 25.60) are much more compliant to CG frameworks compared to the other sectors. The high compliance level of the Banks, Insurance and other finance sector is justified due to the various compliance requirements imposed by the different bodies as a result of the global financial crisis and other scandals involving this particular sector. The companies operating within banking and financial sector need to be heavily compliant to CG as the *'banking business'* is mainly based on trust due to the fact that these organisations mainly use depositors money and a single financial shock caused due to non-compliance can lead to an economic crash just like for the case of Enron. The relatively low Mean of the other sectors is because these sectors are only subjected to the requirements of the MCCG and the rules of the SEM and most of them comply with CG just to avoid non-compliance costs. Soobaroyen and Mahadeo (2008) added that some Mauritian listed companies may have adopted the CG selectively and symbolically while seeking to express an image of 'good' compliance with the code.

4.3 Differences in the roles of Board

In order to determine any differences in the roles of the board, the Kruskal Wallis Test has been carried

$\mathbf{H_0}$**:** There are no differences in the roles of the board across the different sectors.

$\mathbf{H_1}$**:** There are differences in the roles of the board across the different sectors.

<<Insert Table 4.3>>

It is noted that all the probabilities of the different roles of the board apart from the identification of key risk areas and performance indicators of the business in order to generate profit exceed the level of significance 0.05 that is they are not significant. Hence, $\mathbf{H_1}$ is rejected in favour of $\mathbf{H_0}$ stipulating that there are no differences in the roles of the board across the different sectors. The results are obvious since in Mauritius it is a mandatory requirement that directors should be in fit and proper one to exercise its duty and a due diligence must be performed on the directors. Daniel (2011) contended that transparency is also a key factor to a good CG system since transparency inspires shareholder confidence in the firm while Ruigrok *et al.*, (2007) added that the well-functioning of the board also includes the duty to design and implement strategy and thus encouraging the relationships between firms and their external environment. In other words, the insignificant probabilities of the role of the boards reveal that all the companies are meeting the requirements. They are validating the definition of the Business Round Table (2012) where it is said that an effective system of CG provides the framework within which the board address its respective responsibilities and regularly evaluate its governance framework and practices to assess whether they continue to be appropriate.

On the other hand, there is a statistical significance where the board identifies key risk areas and performance indicators of the business in order to generate profit. However, this result is not much desired because one of the fundamental roles of the board is to identify key risk areas and performance indicators of the business in order to generate profit because they have been appointed by shareholders with the objective to identify risks and indicators so that they can maximise the shareholders' returns.

4.4 Differences in the functions of the Remuneration Committee

While analysing CG mechanism, the Mann Whitney U test has been used as a statistical hypothesis to determine whether there are differences in the variables associated within the functions of the remuneration committee between the companies listed on the SEM and the non-listed banks.

$\mathbf{H_0}$**:** There are no differences between companies listed on the SEM and non-listed banks in the functioning of their remuneration committees.

$\mathbf{H_1}$**:** There are differences between companies listed on the SEM and non-listed banks in the functioning of their remuneration committees.

<<Insert Table 4.4>>

3 out of the 4 functions listed are significant. Therefore, $\mathbf{H_0}$ is rejected in favour of $\mathbf{H_1}$ for disclosure of directors' remunerations, setting of directors' remuneration by the remuneration committee and procedures for developing policy on executive remuneration with *p-values* 0.029, 0.006 and 0.016 respectively. In other words, there are significant differences in the roles and functions of the remuneration committee between the two units of analysis. It is also worthwhile to note that setting of directors' remuneration by the remuneration committee is highly significant.

However, *'a priori'* the results should have been in favour of $\mathbf{H_0}$ that is there should not have been any differences between listed companies and non-listed banks because both groups are subject to the MCCG where it is clearly stipulated that companies should report a transparent *"Statement of Remuneration Philosophy"*. The statement should also include the criteria used for remunerating executive directors and remuneration or CG committee should decide on the remuneration the CG Committee. The findings are reasonable because listed companies are bound to issue annual reports so that shareholders (also known as the owners) have all information pertaining to board's policy and motivation in determining remuneration for directors including details of remuneration paid to each director on an individual basis such as salaries, fees, severance payments, share options and any other benefits whether received from or in respect of the company, or from or in respect of any subsidiary of the company, or any company on which the director serves as a representative of the company. Not all non-listed banks publish annual reports but they rather publish mainly their financial statements.

On the other hand, there are no differences between listed companies and non-listed banks relating to the evaluation of the firm's performance by the board or Remuneration

Committee. Thus, H_0 is accepted by rejecting H_1. The outcome is relatively obvious as it is the responsibility of the board and its committees to evaluate the performance of the business as they have been duly appointed by shareholders to manage and the business.

4.5 Differences in the social responsibilities

The Kruskal Wallis Test was carried out in order to determine if there are any possible differences in the social responsibilities across sectors. According to Padachi and Urdhin (2012), social responsibility is a form of self-regulation integrated in business models that describes the role and responsibilities of organisations towards stakeholders.

H_0: There are no sectorial differences relating to social responsibilities

H_1 There are sectorial differences relating to social responsibilities

<<Insert Table 4.5>>

It is observed that the probability for focusing on eco-friendly projects is statistically significant. Thus, **H_0** is rejected in favour of **H_1** meaning that there is a significant sectorial difference in dealing with eco-friendly projects. An in-depth analysis of the mean rank shows that the Leisure, Hotels & Transport sectors is more focussed on eco-friendly projects. The result confirms the findings of Ragodoo (2012) who reported that the hotels in Mauritius are greatly dedicated to their social and environmental responsibilities and are taking these very seriously even in the difficult economic situation. For example, the Transport sectors, one of the most eco-friendly initiative projects of Air Mauritius Limited (Ltd) is to plant one tree for each take off.

On the other hand, the results find no significant difference between the variables of interest, that is the Formal code of conduct defining the standards towards community and development policy and the CSR programmes. The findings are plausible because in Mauritius, organisations irrespective of the sector in which they operate are legally bound to contribute 2% of their book profit towards CSR. In addition, there are no differences in the code and standards as there is the Eradication of Absolute Poverty (EAP) programme which was created by the government in collaboration with the private sector.

4.6 Differences in stakeholders' importance

Mann Whitney U test, a non-parametric test is used to compare two unpaired groups within the sample. The latter has been used as a statistical hypothesis to determine whether there differences in the importance of stakeholders between the two groups namely listed companies and non-listed banks.

H_0: There are no differences in stakeholders' importance between companies listed on the SEM and non-listed banks.

H_1: There are differences in stakeholders' importance between companies listed on the SEM and non-listed banks.

<<Insert Table 4.6>>

Based on the results we may conclude that there is no difference in the importance of stakeholders between companies listed on the SEM and non-listed banks. Therefore, $\mathbf{H_1}$ is rejected in favour of $\mathbf{H_0}$ for stakeholders such as customers, industry associations, employees, competitors, local communities as well as regulatory bodies and government. These results are consistent with Baker and Anderson (2010). According to them organisations are heavily reliant on the stakeholders' resources so that they are able to add value to the firm as well as considering the different stakeholders interest in order to operate on the market while creating value-added activities. It can be concluded that all these stakeholders are important to the companies irrespective of whether they are listed companies or non-listed banks.

Though there are no significant differences, a deeper analysis of the mean ranks reveals that customers, industry associations, regulatory bodies and government are much more important to non-listed banks rather than companies listed on SEM. This is due to the fact that banks are largely dependent on customers. These financial institutions act as intermediaries and use the funds deposited by the customers (depositors) and lend the same funds as loan to other customers (borrowers). In both ways, different customers are linked to the activities of the banks and therefore customers are important for banks. The insignificant difference ($\mathbf{H_0}$) is also justified due to the fact that companies listed on the SEM also include banks and other financial institutions which act as financial intermediaries. Regarding the local communities, there are no differences because customers are subsets of the whole community. The banking and financial system of Mauritius is heavy regulated by a twin peak regulatory system which justifies that regulatory bodies are much more important to banks. Concerning factors such as industry associations and employees their importance is more or less the same for both listed companies and non-listed banks. Employees also are important as they are the ones who create the output to be sold to the customers.

On the other hand, there is a significant difference in the importance of shareholders between the companies listed on SEM and the non-listed banks. Through the mean ranks, it is clearly seen that shareholders are much more important to listed companies rather than non-listed banks. It is obvious that out of all these stakeholders, shareholders are the most important stakeholders to the listed companies since they are the owners and they have the duty to elect the board of directors at AGM. The results are in line with the literature review where Abdullah and Valentine (2009) argued that the shareholders (owners) of a firm appoint directors to perform the activities of the firm and to take decisions on their behalf.

4.7 Differences in the importance of Good CG

Good CG is an important step in building market confidence and encouraging more stable, long-term international investment flows. In order to serve this wealth creating function, companies must operate within a framework that keeps them focused on their objectives and accountable for their actions. Thus, to test the differences in the importance of good CG between listed companies and non-listed banks, a Mann Whitney test has been conducted.

$\mathbf{H_0}$**:** There are no differences in the importance of good CG between listed companies and non-listed banks.

H_1: There are differences in the importance of good CG between listed companies and non-listed banks.

<<Insert Table 4.7>>

All probabilities of variables used insignificant that is the asymptotic significance (*P-value*) is greater than the 0.05. Hence, **H_1** is rejected in favour the **null hypothesis**. The results signify that statistically there are no significant differences between the listed companies and non-listed banks in the importance of good CG. Though the probabilities are insignificant, compared to non-listed banks, companies listed on the SEM found that complying with good CG is more important. The mean ranks of the companies listed on SEM are higher than that of non-listed banks except for the projection of a better image where the mean rank of non-listed banks (21.56) is higher than that of listed companies (18.95). Since '*banking business'* is based on *'trust'*, it is extremely important for non-listed banks to project a better image of the organisation. In other words, unlike normal businesses which are largely financed by shareholders, banks raise funds from depositors that is from the public. Therefore, projecting a good image is vital because if a bank's image is tarnished, it can lead to bank runs thus causing banking crises.

The statistically insignificant *P-values* are relevant as they create a parallelism with Lipman and Lipman (2006) who argued that good CG helps to achieve better fairness, transparency and discourage fraud. A commitment to good CG in terms of a solid control environment, high levels of transparency and disclosure, an empowered board of directors make a company both more attractive to investors and lenders, and more profitable (Shil, 2008).

On the contrary, there is a significant difference in the importance of good CG in terms of better guidance to directors and other stakeholders and improved protection of the interests of shareholders, employees and other stakeholders. This can be justified due to the fact that the directors of the listed companies should be well guided as they have to work in the best interest of the shareholders and as the shareholders are the owners of the listed companies, it is imperative to protect the interest of stakeholders specially shareholders.

4.8 Factors affecting Corporate Governance Practices

A factor analysis was performed on 13 variables Respondents were asked to rate on a 5 point Likert scale CG factors and the different statements taken into consideration were grouped into 3 components namely benefits, concerns, external pressures and legal using the PCA techniques as shown Table 4.8.

Following the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test, it was found that the KMO value 0.725 and a value close to 1 indicates that the patterns of correlations are relatively compact. Therefore, the factor analysis should yield distinct and reliable factors. Correspondingly, the value is good as it falls into the range and thus the factor analysis is appropriate to the variables in the following table. Cronbach's alpha reliability coefficient checks the internal consistency of the items in the scale. It is observed that most Cronbach's Alpha are greater than 0.5 apart from the legal component which is 0.398. It is notable that reliability of the Governance framework component (0.872) is good, Reporting component

(0.673) is acceptable while for Conduct & Rewards components (0.502) are poor.

Moreover, Bartlett's test of Sphericity tests the null hypothesis and is an indicator of the strength of relationship among variables. For the above variables, the Bartlett's Test was 205.911 with a significance of 0.000. As the KMO is highly significant, the strength of relationship among variable is strong and therefore we can proceed with a factor analysis for the data and it means that the correlation matrix is not an identity matrix.

The final factor solution reduced the into 3 distinct components and the factor grouping with loading lesser than 0.400 were suppressed. Table 4.8 shows the results of the PCA with an octagonal rotation for the 13 variables used in determining the CG factors.

Table 4.8: Factors affecting Corporate Governance Practices

	Component			Communalities H
	Governance Framework	**Reporting**	**Conduct & Rewards**	
Board of directors minutes are minuted (recorded)		.617		.469
The company has a clear list of the share owned by members of the Board of directors		.551		.607
The Board of directors actively monitors the results of the monthly business	.745			.597
The Board of directors is responsible to the vision and mission, business plan and strategic plan	.723			.598
The firm publishes and distributes its financial results and management analysis	.790			.643
The firm provides equal access to information for shareholders and investment analysts	.660			.581

The Board of Directors has regular meetings	.673			.636
The firm posts its financial results and management analysis on the internet	.580			.556
he firm regularly holds self-assessment of good corporate governance	.642			.619
The firm track changes in its ownership structure so that any and all voting shareholders are known	.554			.540
Bonus is dependent on performance			.876	.768
The firm has well written Corporate Governance Policies; e.g. which covers specification on Board of directors' duties, disclosure rules, and shareholders rights etc.		.897		.805
There are any potential conflicts of interest between the firm and the member of its board of directors			.668	.535
Eigenvalues (%)	3.786	2.353	1.815	
% of variance explained	29.121	18.098	13.960	
Cronbach's Alpha	0.872	.673	0.502	
Total of % of variance explained	61.179			
Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy			0.725	

Bartlett's Test of Sphericity	Approx. Chi-Square	205.911
	df	78
	Significance	0.000
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

5. Conclusions and Recommendations

Under this study, a broad understanding of the concept of CG was reviewed and in order to empirically test the relationship between the CG practices and the performance of the companies listed on the SEM and non-listed banks, primary data were used. The study revealed that there is a sectorial difference in the extent of complying with CG framework and Banks, Insurance and other Finance sector were more compliant to CG.

With varying significance levels, it was found that there are no differences in the roles of the board across the different sectors but however, a significant sectorial difference is noted where the board has to identify the key risk areas and performance indicators of the business in order to generate profit. Also, significant differences are found in the functions of the remuneration committee between the companies listed on the SEM and the non-listed banks apart from evaluating the firm's performance.

Stakeholders are one of the most influential factors towards an organisation and this study has attempted to identify and assess the importance of stakeholders between non-listed banks and companies listed on the SEM and it was noted that there are no differences in the importance of stakeholders between companies listed on the SEM and non-listed banks expect for shareholders. Also, no sectorial differences relating to social responsibilities were identified but companies especially in the Leisure, Hotels and Transport were more focussed on eco-friendly projects. The factors affecting CG practices were also regrouped in 3 different components namely governance framework, reporting and conduct and rewards.

To sum up, the findings are in line with past literatures. The results show an overall satisfactory level of CG in place and adherence to the MCCG principles. This is mainly due to the fact that the companies surveyed view CG as a mere procedural compliance while others comply in form not in substance. The sectorial difference in the extent of complying with CG framework clearly shows the sectors apply CG practices just for the sake of meeting the regulatory obligations so that they do not have to incur regulatory costs or they have adopted the MCCG selectively and figuratively while pursuing to convey an image of *'good'* compliance with the code.

The relatively high compliance level of the Banking, Insurance and other Finance sector is justified since these financial organisations are subject to the various compliance requirements imposed by the different bodies such as the BoM and the FSC. To encourage or even the other sectors to adopt CG practices, there should be a proper coordination and alignment between the code and the laws. In addition, there should be a balance in the regulatory requirements so that all the companies can adopt CG codes uniformly and each company must assign a chartered secretary as a watchdog who overlooks at the different governance mechanism that are in place. To inspire and encourage private companies to make greater efforts to implement the MCCG, the introduction a special award to those private companies adhering fully to the code might increase the willingness to abide to such codes.

Additionally, another significant element of good CG is to have directors in different fields of expertise and skills but in Mauritius, there is a lack of skilled directors and thus the capability of the independent directors can be questioned. The good governance framework is important but the ultimate success of the company lies in the hands of competent people. Thus, detrimental behaviour patterns for employment at the high level must be changed. A proper and organised training including mentoring directors with the essential knowledge and experience to enhance their competence level so that they are kept informed about changes in legal, financial and corporate affairs should be established. It is recommended that the board ensures that the interests and roles of the stakeholders are respected to serve the often conflicting interest of all stakeholders even though profitability of the company is at stake.

Though the MCCG requires companies to disclose specific information in its annual report, not all of them publish these facts required while some simply do not publish the annual report at all. Also, there are significant differences within the functions of the remuneration committee among the companies surveyed and there are huge differences in the information disclosed and some companies even don't have published annual reports. Thus, the disclosure of how companies have applied/not applied the Code to be reconsidered and readapted to the new and evolving business environment. There should be the establishment of a mechanism to receive, process and act on complaints received regarding non-implementation of the code by companies and thus facilitating the effective and efficient implementation and enforcement of the MCCG.

As a concluding note, the various illustration of a *'disconnect'* between the *'reality'* and the *'appearance'* of CG compliance do inform of the prevailing attitudes in Mauritius that is companies do adopt the code but do not implement it in the way it was supposed to be. There is ambiguity implying that, be it board of directors or transparency and disclosure and thus numerous improvements along with the recommendations provided need to be done and to reconsider the approach to CG.

Limitations of the Study and Proposals for Future Research

This section highlights the limitations of this particular study as well as some suggestions for future research. This study sets out to explore the CG practices for companies listed on the SEM and non-listed banks. The groups surveyed are companies with high turnovers and are considered to be large organisations. It might be complex to generalize the findings for all companies in Mauritius. As a result, a recommendation would be to analyse the CG practices of companies listed on the DEM as well as small and medium enterprises (SMEs) because in Mauritius there is a growing importance of these relatively small companies as their contribution towards the Mauritian economy are becoming more and more significant.

In addition, most studies related to CG practices focused on developed countries and only a few studies on CG which involved Mauritius. Therefore, it is important to carry out future research to complement and validate this project while going more in depth to issues pertaining to CG. Also, the composition of the governance score can be extended by including other factors mentioned in the NCCG and the performance of the firms should be assessed using a panel data in order to have a consistency on the evolution of the relationship.

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Table 4.2: Differences in complying to CG framework

Compliance to Corporate Governance				
	Sector of Operation			
	Commerce & Industry	Investments & Sugar	Leisure, Hotels & Transport	Banks, Insurance & Other Finance
Mean	12.44	17.80	16.75	25.60
Chi-Square	10.091			
Asymptotic Significance (2-tailed) - *P Value*	0.018			
df= 3				

Table 4.3: Differences in the roles of the board

Roles of the Board				
	Sector of Operation			
	Commerce & Industry	Investments & Sugar	Leisure, Hotels & Transport	Banks, Insurance & Other Finance
All the board members are of integrity to the company				

Mean	22.50	17.90	21.50	18.23
Chi-Square	1.522			
Asymptotic Significance (2-tailed) - *P-value*	0.6772			
Election of board members are held annually				
Mean	23.50	17.10	18.00	19.10
Chi-Square	2.280			
Asymptotic Significance (2-tailed) - *P-value*	0.516			
There is a transparent procedure for election of directors				
Mean	20.50	20.90	16.00	18.90
Chi-Square	0.791			
Asymptotic Significance (2-tailed) - *P-value*	0.852			
The board is responsible for the performance of the company				
Mean	18.33	21.90	28.50	16.20
Chi-Square	5.553			
Asymptotic Significance (2-tailed) - *P-value*	0.135			
The board identifies key risk areas and performance indicators of the business in order to generate profit				
Mean	24.17	19.50	29.50	14.03
Chi-Square	10.062			
Asymptotic Significance (2-tailed) - *P-value*	0.018			
The board contributes fully in developing and sustaining the enterprise culture				

Table Continues…

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Mean	21.17	22.15	25.25	15.20
Chi-Square	4.959			
Asymptotic Significance (2-tailed) - *P-value*	0.175			
df= 3				

Table 4.4: Differences in the functions of the Remuneration Committee

Functions of the Remuneration Committee		
	Listed on SEM	**Non-listed banks**
The remuneration for the directors is disclosed by the company		
Mean Rank	21.37	12.50
Z	-2.186	
Asymptotic Significance (2-tailed) - *P-value*	.029	
The remuneration of the directors is set by the Remuneration Committee		
Mean Rank	21.83	10.75
Z	-2.761	
Asymptotic Significance (2-tailed) - *P-value*	.006	
There is a formal and transparent procedure for developing policy on executive remuneration		
Mean Rank	21.57	11.75
Z	-2.398	

Asymptotic Significance (2-tailed) - *P-value*	.016	
The board or Remuneration Committee formally evaluate firm's performance		
Mean Rank	21.37	12.35
Z	-2.205	
Asymptotic Significance (2-tailed) - *P-value*	.294	

Table 4.5: Sectorial difference in Social Responsibilities

Social Responsibilities				
	Sector of Operation			
	Commerce & Industry	Investments & Sugar	Leisure, Hotels & Transport	Banks, Insurance & Other Finance
Formal code of conduct defining the standards towards community and development policy				
Mean	20.89	19.75	23.25	17.50
Chi-Square	1.419			
Asymptotic Significance (2-tailed) - *P-value*	0.701			
The company focuses on eco-friendly projects				
Mean	13.28	22.3	29.5	18.7
Chi-Square	8.635			

Asymptotic Significance (2-tailed) - *P-value*	0.035			
The CSR programmes are often reviewed				
Mean	16.33	20.4	15.13	21.97
Chi-Square	2.329			
Asymptotic Significance (2-tailed) - *P-value*	0.507			
df= 3				

Table 4.6: Stakeholders' importance between companies listed on SEM and non-listed banks

Importance of Stakeholders		
	Listed on SEM	**Non-listed banks**
Shareholders		
Mean	21.08	13.56
Z	-1.987	
Asymptotic Significance (2-tailed) - *P-value*	.047	
Customers		
Mean	18.13	24.63
Z	-1.641	
Asymptotic Significance (2-tailed) - *P-value*	.101	
Industry Association		
Mean Rank	18.58	22.94

Z	-1.038	
Asymptotic Significance (2-tailed) - *P-value*	.299	
Employees		
Mean Rank	19.90	18.00
Z	-0.463	
Asymptotic Significance (2-tailed) - *P-value*	.644	
Competitors		
Mean Rank	20.02	17.56
Z	-0.602	
Asymptotic Significance (2-tailed) - *P-value*	.547	
Local Communities		
Mean Rank	19.10	21.00
Z	-0.457	
Asymptotic Significance (2-tailed) - *P-value*	.648	
Regulatory Bodies and Government		
Mean Rank	18.77	22.25
Z	-0.851	
Asymptotic Significance (2-tailed) - *P-value*	.395	

Table 4.7: Differences in the importance of Good CG

Good Corporate Governance

	Listed on SEM	Non-listed banks
Facility to raise finance		
Mean Rank	20.68	15.06
Z	-1.344	
Asymptotic Significance (2-tailed) - *P-value*	.179	
Projecting a better corporate image		
Mean Rank	18.95	21.56
Z	-0.675	
Asymptotic Significance (2-tailed) - *P-value*	.449	
Enhancing public confidence		
Mean Rank	19.98	17.69
Z	-0.597	
Asymptotic Significance (2-tailed) - *P-value*	.551	
Better guidance to directors and other stakeholders		
Mean Rank	21.9	10.50
Z	-2.919	
Asymptotic Significance (2-tailed) - *P-value*	.004	
Improved protection of the interests of shareholders, employees and other stakeholders		
Mean Rank	21.52	11.94
Z	-2.372	

Asymptotic Significance (2-tailed) - *P-value*	.018	
Enhancing profits		
Mean Rank	19.57	19.25
Z	-0.076	
Asymptotic Significance (2-tailed) - *P-value*	.939	