# The art of shapeshifting: facilitating strategic foresight to independent non-executive directors - a strategic approach to corporate governance in SA

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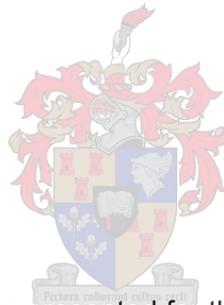
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DECLARATION

By submitting this research report electronically, I, Marianne Engelbrecht, declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

M. Engelbrecht

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ABSTRACT

Corporate governance has become an issue of global significance. The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term performance of countries and corporations. This study suggests that companies wishing to remain profitable and sustainable in the future should take a strategic and anticipatory approach to corporate governance. Anticipatory corporate governance requires companies to change short-term orientated decision-making practices to long-term profitable and sustainable policies with insight, vision and strategic foresight.

The best candidates to shape a strategic and anticipatory approach towards good corporate governance practices are those who are expected to implement it – the board of directors. Taking an anticipatory approach to governance means that the board must co-design the future of their company by making decisions based on informed trends, evidence-based quantitative analyses and the expert opinion, experience and insight by its directors. The independent non-executive director plays a vital role in this process, as he/she provide specialist skills and bring objective reflection, constructive criticism and external judgment on issues of strategy and standards of conduct and evaluation. Strategic foresight has the potential to assist and empower independent non-executive directors in taking an anticipatory and strategic approach to corporate governance as it provides them with the capability to understand, interpret and respond to current challenges, and to conceive and explore as yet unimagined approaches and solutions to these problems to ensure a profitable and sustainable.

The study put forward an instructional intervention – The Art of Shapeshifting – aimed specifically at South African independent non-executive directors by providing them with the skills, knowledge and foresight that will eventually translate into increased personal development awareness of the need for sustainable development and good corporate governance. The basic premise of this intervention is that a change in corporate law and corporate governance recommendations needs to be matched by a change in human behaviour. A new mind-set is required by directors to anticipate and prepare for the future. The researcher proposes a process of "shapeshifting" that requires a futures orientation, with strong strategic foresight capability and capacity, founded on flexible and adaptable systems within an anticipatory governance framework.

Thus, the main aim of the research is to design, develop and implement the shapeshifting framework as an instructional intervention in order to assist South African independent non-executives in taking an anticipatory approach to corporate governance using strategic foresight as core competence. It consequently evaluates whether participation in the intervention would lead to a change in the knowledge, altruism, attitude, values, socially responsible behaviour, skills, behaviour and empowerment of independent non-executive directors with regard to directorial

duties and good corporate governance practice. This in turn would contribute to an increased awareness of sustainable development, and the need for futures-orientated anticipatory approach to corporate governance.

The research results show that the shapeshifting intervention is seen to make an overall positive contribution to improved knowledge, altruism, attitude of independent non-executive directors with regard to sustainable development, their duties and responsibilities, and a more futures-orientated approach. The shapeshifting intervention also has an impact on changing attitudes and values towards sustainable development, corporate citizenship and corporate governance. The results also indicate that the shapeshifting intervention assists in the empowerment of independent non-executive directors through the use of strategic foresight to initiate and sustain good corporate governance in practice.

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LIST OF ACRONYMS AND ABBREVIATIONS

AAL	anticipatory action learning
BEE	black economic empowerment
CLA	causal layered analysis
CO	critical outcome
DD	design and development
GRI	global report initiative
ID	instructional design
IOD	Institute of Directors
KD	knowledge development
KE	knowledge evaluation
LO	learning outcome
NXiD	independent non-executive director
OBE	outcomes-based education
SD	sustainable development
UK	United Kingdom
ECCB	environmentally conscious consumer behaviour
KD	knowledge and development
JSE	Johannesburg Securities Exchange
CSR	corporate social responsibility
ES	environmental scanning

CHAPTER 1
INTRODUCTION AND OVERVIEW

1.1 BACKGROUND

The most important lesson of corporate governance is that success is your greatest challenge. The greatest corporate governance disasters were companies that were hugely successful.

Neil Minow (1996: 7)

The idea of corporate governance and its anticipated benefits has received unprecedented attention since the 1980's and the demise of industry giants such as Enron in 2001 and Lehman Brothers in 2008. The most widely used definition of corporate governance is explained in the Cadbury Report on Corporate Governance as the system by which companies are directed and controlled (ECGI, 1992: 3). The responsibility of corporate governance lies with the board of directors and consists of two main functions: the direction of the company and the control of the company (Rossouw, 2006: 189). It is based upon the premise that modern corporations are not passively shaped by external conditions, but can play an important role in both the successes and failures of the corporation.

The King II Report states that "the company remains a key component of modern society and remains the legitimate and necessary focal point for profit-making activities in market economies" (King II Report, 2002: 8). At the heart of the issue of corporate governance is the tension between achieving the objectives of the organisation and the interests of its stakeholders. These separate interests require some trade-off between the two that should be negotiated openly and within the guidelines of good corporate governance practices, as set out by the King III Report of 2010. Although these values are widely recognised, corporate governance models around the world differ with regard to whose interests the board of directors should serve.

South Africa uses the inclusive model whereby directors are viewed as having responsibilities to all stakeholders of the company as set out by the King III Report. The interests of shareholders are not excluded, but balanced with the interests of other stakeholders. This has resulted in an expansion of the boards' responsibilities with regards to risk, expressed as the shift from singular or financial bottom-line reporting to triple bottom line reporting.

However, the voluntary nature of compliance has resulted in short-sighted companies merely striving to "tick all the boxes". The codes contain an elaborate list of all a business should embrace to comply with corporate governance best practice, but nowhere does it urge companies to apply each and every recommendation and only demands that reasons for non-appliance are explained. The problem is compounded by a corporate legal approach that merely checks whether or not the

King Code boxes have been ticked. Should a tick be absent, companies are required to explain the perceived oversight and given time to rectify the situation without significant legal or monetary repercussions (Engelbrecht, 2009a:1; Naidoo, 2002:9). While the King Codes have been very successful in raising public awareness of corporate governance, it is not clear that it has been widely implemented in practice and full compliance in the market remains an exception (Malherbe & Segal, 2001: 51).

In this study, the researcher will argue that companies wishing to remain profitable and sustainable in the future should take a strategic and anticipatory approach to corporate governance. Anticipatory corporate governance requires companies to change short-term-orientated decision making practices to long term profitable and sustainable policies with insight, vision and strategic foresight. The best candidates to shape a strategic and anticipatory approach towards good corporate governance practices are those who are expected to implement it – the board of directors. Taking an anticipatory approach to governance means that the board must co-design the future of their company by making decisions based on informed trends, evidence-based quantitative analyses and the expert opinion, experience and insight by its directors.

The independent non-executive director plays an important role on the board in this regard due to his/her objectivity, independence and breadth of experiences. The role of the independent non-executive director in strategy formation is to provide a creative and informed contribution and to act as a constructive critic in looking at the objectives of the company. Strategic foresight has the potential to assist and empower independent non-executive directors in taking an anticipatory and strategic approach to corporate governance. It provides them with the capability to understand, interpret and respond to current challenges, and to conceive and explore as yet unimagined approaches and solutions to these problems to ensure a profitable and sustainable future.

The basic premise of this study is that a change in corporate law and corporate governance recommendations need to be matched by a change in human behaviour. A new mind-set is required by directors to anticipate and prepare for the future. This mind-set should embrace co-operation and collaboration between different stakeholders and address and balance social, environmental and economic objectives. The researcher proposes a process of "shapeshifting" that requires a futures orientation, with strong strategic foresight capability and capacity, founded on flexible and adaptable systems within an anticipatory governance framework. The process of shapeshifting will assist directors in willingly complying with corporate governance measures. It is orientated to process rather than structure, value driven, value-adding, and is collaborative and innovative rather than adversarial and derivative (Ratcliffe, 2006: 40).

1.2   JUSTIFICATION FOR THE RESEARCH

Corporate governance and directors' duties are regulated by common law rules, the Amended Companies Act (2010), the listing requirements of the Johannesburg Securities Exchange Act (2010) and the King III report on corporate governance (2010). The Amended Companies Act (2010) asserts that the boards of private, public, state-owned and non-profit companies must consist of both executive and independent non-executive directors and codifies the standards of good corporate governance with regards to board composition and director's duties as recommended by the King III report (Deloitte, 2011:22). The King III Report states that the board should comprise of executive and non-executive directors, with a majority of non-executive directors (King III Report, 2010: 30). This is to ensure that there is an appropriate balance of power and authority on the board. The majority of these non-executive directors should also be independent, as it reduces the possibility of conflicts of interest. In the preamble of the King III report, Mervyn King clearly states that "a lack of available and sufficiently trained directors should not be a reason for boards to seek to constitute the majority of the non-executive directors as independent" King III, 2010:vii). This indicates that there is not only a shortage of experienced independent non-executive directors, but also a lack of relevant and adequate training available for these directors. While independent non-executive directors have the exact same duties of care, skill and diligence as well as fiduciary duties that may lead to personal liability, they also play a significant role in leadership in directing the company towards the future as to achieve continuing survival and prosperity.

The study resulted from concerns voiced at the Institute of Directors King III committee meetings during 2007, that the shortage of adequately trained independent non-executive directors may hinder the development of good corporate governance practices in South Africa. The education, training and empowerment of independent non-executive directors were identified as one of the possible strategies to promote responsible and accountable leadership for the future. An investigation completed by the researcher in 2008 into the training and educational needs of independent non-executive directors revealed that existing programmes used at that stage, had not been effective (Engelbrecht, 2008).

The need to implement an effective directorial programme has been expressed by corporate governance specialists across the globe. A survey by the Institute of Directors in London called *Development of and for the Board* (1990) shows that over 90 per cent of directors had no induction, inclusion or training to become a competent direction giver of their business. A study done by KPMG in 2002 revealed that 30 per cent of board members admitted to needing further training regarding their duties and responsibilities (KPMG, 2002: 8). Consequently, the researcher became aware of the need to design and develop a directorial training programme aimed specifically at the role and responsibilities of the independent non-executive director in South

Africa. It was felt that a meaningful contribution could be made towards promoting good directorship through the education, training and empowerment of independent non-executive directors, as well as the establishment of good corporate governance practices by means of a carefully developed instructional design.

1.3 PROBLEM STATEMENT AND RESEARCH QUESTIONS

The study will argue that the collective aim of futures studies and corporate governance is the well-being of society and can be accelerated and effectively managed by collaboration between the disciplines. Foresight provides directors with the ability to understand, interpret and respond to corporate governance's challenges and to conceive and explore different approaches and solutions to current problems. In this regard, foresight can be used to improve corporate governance practices by engaging individuals as powerful actors who feel empowered to shape their destiny by understanding the interconnectedness and the future implications of their present day actions.

The study will focus its attention on the role of facilitating strategic foresight in South African boardrooms, with special emphasis on the strategic role of the independent non-executive director in achieving effective and sustainable corporate governance practices. It will examine past and current trends within the fields of corporate governance, futures studies and executive education with the following overarching questions guiding the study:

RQ 1: How can strategic foresight assist independent non-executive directors in steering the company towards sustainable corporate governance outcomes?

RQ 2: How can a purposively developed and designed instructional intervention be utilized to facilitate strategic foresight to independent non-executive directors?

RQ 3: What are the reactions to and the effect of the *Art of Shapeshifting* directorial intervention on the knowledge, altruism, attitude, socially responsible behaviour, values, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices?

The three research questions form part of the three aspects of interventionist research par 1.4). - knowledge development (KD), design and development (DD) and knowledge evaluation(KE).

1.4   RESEARCH AIM AND PURPOSE

The main aim of the research is to design, develop and implement the shapeshifting framework as an instructional intervention in order to assist South African independent non-executives in taking an anticipatory approach to corporate governance using strategic foresight as core competence.

This study will evaluate whether participation in the intervention would lead to a change in the knowledge, altruism, attitude, values, skills, socially responsible behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices that in turn would contribute to an increased awareness of sustainable development, and the need for futures-orientated anticipatory approach to corporate governance. It will also evaluate the relevance of the intervention as an instructional design itself and identify areas for refinement and improvement.

The main research objectives, underpinned by the three facets of interventionist research (Figure 1.1) can be summarised as follows. A detailed account of research objectives – also known as embodied conjecturers conjectures in design-based research – is provided in Table 2.1.

RQ 1:   How can strategic foresight assist independent non-executive directors in steering the company towards sustainable corporate governance outcomes?

Knowledge development: The first facet of interventionist research involves learning more about the needs, motivations and behaviour of potential clients and relevant behavioural, social, contextual and environmental conditions (Rothman & Thomas, 1994: 9).

Objectives:

- To identify and analyse key issues and challenges surrounding the current state of corporate governance in South Africa;

- To examine the inter-relationship between business activities and its social and environmental responsibility to the community in which it operates;

- To examine the inter-relationship between business activities and its social and environmental responsibility to the community in which it operates;

- To extend the concept of triple bottom line financial reporting to the inclusion of the interests and needs of the absent stakeholder;

- To identify strategic foresight as the core capability to improve sustainable business practices and initiating an anticipatory corporate governance approach in South Africa;

- To critically examine the important role of the independent non-executive director to use strategic foresight to encourage and initiate a futures-orientated governance approach on the board;

- To identify the current gaps in futures-orientated strategic thinking and need for skills and training specifically aimed at independent non-executive directors in South Africa.

RQ2: How can a purposively developed and designed instructional intervention be utilized to facilitate strategic foresight to independent non-executive directors?

Development and design: The second facet of interventionist research concerns the transformation and conversion of the developed knowledge into application concepts and theories and the development of a new human service technology (Rothman & Thomas, 1994: 12).

Objectives:

- To utilise the information gathering and synthesis in the knowledge and development phase to conceptualise the shapeshifting framework as an intervention;

- To develop an efficient, effective, practical and useful framework based on sound educational principles for independent non-executive directors to acquire strategic foresight;

- To identify the most appropriate learning theory for the instructional design that will lead to personal and professional development of independent non-executive directors;

- To identify the most appropriate intervention model for the design and development of the shapeshifting framework;

- To initiate and conduct the intervention mapping process;

- To develop an intervention programme capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices;

- To determine enabling-, culminating- and critical outcomes of the shapeshifting intervention;

- To design and develop the four phases and eight steps of the shapeshifting framework;

- To design appropriate delivery, teaching and learning strategies for the shapeshifting intervention in practice.

RQ 3:   What are the reactions to and the effect of the *Art of Shapeshifting* directorial intervention on the knowledge, altruism, attitude, socially responsible behaviour, values, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices?

Knowledge Evaluation: The third facet of interventionist research consists of the early development and pilot testing of the human service technology, as well as its evaluation and includes both outcomes-based and process based methods.

- o Outcomes-based assessment objectives:

To determine the effectiveness of the intervention by establishing whether it:

- Contributed to an increased the independent non-executive director's knowledge and understanding of corporate governance and ethics, sustainable development and futures concepts;

- Influenced the level of altruism of independent non-executive directors with regards to concerns about environmental problems, consideration of the harmful effects of commercial activities and an awareness of social responsibility;

- Influenced the attitude of independent non-executive director towards corporate governance and ethics;

- Facilitated a chance in social responsible behaviour and participants' consumer behaviour;

- Caused a change in the organisational values of the participants;

- Developed more effective directorial skills such as leadership, effectiveness as a board members and communication within the boardroom context;

- Empowered independent non-executive directors on micro- interface- and macro levels;

- Contributed and succeeded in facilitating strategic foresight as a core competence to independent non-executive directors towards adopting a futures-oriented anticipatory governance approach.

- o Process-based assessment objectives:

   To determine the effectiveness of the intervention that is concerned with task performance rather than the output and focuses on the processes participants underwent to arrive at these outputs:

- To investigate both positive and negative reactions to the shapeshifting intervention with regard to the general setting, amenities and the quality of delivery;

- To determine the effectiveness of the learning process with regards to the role of the facilitator, the quality of the participant materials, and the opportunities for participation;

- To determine the perceived value, relevance and interest of the intervention to independent non-executive directors;

- To investigate and evaluate the impact of the intervention on the behaviour of the participants in their role as independent non-executive director on the board;

- To understand why and if the intervention is perceived to work and to identify areas for further development and refinement.

1.5 CONCEPTUAL ORIENTATION

The study addresses four major issues, namely corporate governance, strategic foresight, anticipatory corporate governance and the role of the independent non-executive director.

Corporate governance is defined by the King Codes as an integrated and participative approach to good governance in the interests of a wide range of stakeholders, having regard to the fundamental principles of good financial, social, ethical and environmental practices (King II Report, 2002: 5). From an economic perspective, good corporate governance makes good business sense for any company wishing to remain profitable in the 21st century. The major advantage lies in the increased ability of properly managed companies to attract investments and implement sustainable growth (Naidoo, 2002: 3). Good corporate governance practices are especially important in emerging markets as governance can play an important role in improving access for emerging market companies to global portfolio equity (IFC,1992: 1).Empirical evidence also suggests that well-governed companies frequently receive higher market valuations (Klapper & Innessa, 2002: 9).

The King III Report states that all directors, both executive and non- executives, are primarily and ultimately responsible for the governance of the company and are consequently bound by fiduciary duties and duties of care and skill (King III Report, 2010: 16). The South African Amended Companies Act of 2010 does not distinguish between the roles, duties, responsibilities and liabilities of executive and independent non-executive directors (Companies Act, 2010). Every director has a legal duty to act independently, in good faith, with due care and skill and diligence and may collectively and individually be liable.

An independent non-executive director is defined as an individual that is not a representative of a shareowner who has the ability to control or significantly influence management and that has not been employed by the company or the group, or in any executive capacity in the last three years

(King III, 2010:32). The independent non-executive director plays a very important role in governance, as he/she brings an external judgment on issues of strategy, performance, the efficient use of resources and standards of conduct and evaluation of performance to the board. According to the Cadbury Report (1992 as cited in Horn, 2005: 23), independent non-executive directors broaden the strategic view of the board, widen the vision for the future and are able to bring awareness of governance and industry-accepted sustainability practices to board discussions.

Corporate governance literature suggests a set of key qualities that an independent non-executive director should display such as knowledgeable, qualified, competence, independence of mind and the self-confidence to question board activities (Forbes & Milliken, 1999; Renton, 1999; Conger & Lawlor, 2002; Leksell & Lindgren, 1982). As creating the long-term strategic direction of the company is the responsibility of the board of directors, the quality of governance in the company may be supported and enhanced by facilitating strategic foresight to board members (Coulson-Thomas, 1991; Renton, 1991).

Foresight is defined as the universal capacity which allows people to think ahead and consider, model, create and respond to future eventualities (Slaughter, 2007a; Hideg, 2007). Strategy refers to plans and actions with a medium to long-term impact to reach some form of competitive advantage. Strategic foresight is defined as the ability to create and maintain a high-quality, coherent and functional forward view, and to use the insights arising in useful organisational ways. It involves the process of developing a range of views on possible ways that the future could develop, and how an understanding of these trends will enable companies to decide what decisions can be taken today in order to create the best possible and profitable future (Inayatullah, 1997: 2). Strategic foresight enables the organisation to move beyond the traditional short-term view of the future and will assist them in developing a world-view that embraces the uncertainty and reveals different strategic options. The inter-relationship between strategic foresight and corporate governance can consequently be described as anticipatory corporate governance.

Anticipatory governance is defined as the change from short-term oriented decision making processes and practices to long-term policies with vision, foresight; and making decisions based on informed trends, evidence-based decisions, with a future co-designed by professionals and stakeholders (Chi, 2008: 3; Kamensky, 2009: 342). An anticipatory governance approach means that the strategic activities of directors should include both strategic thinking and strategic foresight. Nadler (2004:103) defines this process as the collection analysis, and discussion about the current and future environment of the firm, the nature of competition and business design alternatives.

The study will suggest that, if companies want to establish a new and broader role model in keeping with good corporate governance practices within a changing economic environment,

independent non-executive directors need to experience an internally motivated change or metamorphosis. The word "shapeshifting" will be used to describe this change that encompasses the following characteristics. Firstly, the shapeshifting process requires that the metamorphosis of the mind-set of the director towards corporate governance is voluntary and permanent. Change often provokes resistance in the shapeshifting intervention, as it goes against the grain of strongly held beliefs such as the profit motive and the creation of shareholder value. The goal of the *Art of Shapeshifting* intervention that was consequently developed is to dispel this resistance in order for directors to willingly reinvent and redefine their approach to a futures-orientated corporate governance approach. Secondly, the new form or mind-set of the director within the board in which he/she serves, displays characteristics that uses strategic foresight and futures studies methods as a core competence which forms the educational and theoretical foundation of the shapeshifting intervention.

1.6   FLOW OF EVENTS AND RESEARCH TACTIC

Within the realm of interventionist research the phases, facets and selected activities of intervention design and development according to Rothman and Thomas (1994: 17) are used. Figure 1.1 outlines the activities in each process of the interventionist research process that was employed in this study. Although the phases are outlined vertically, they often merge in practice as the researcher responds to opportunities and challenges in the changing context of applied research (Bender, 2006: 68). Each phase has distinctive activities that need to be completed. However, many of the activities associated with each phase continue after the introduction of the next phase.

The intervention model of Rothman and Thomas (1994: 25) starts the intervention research with the design and development process that involves situational analysis and information gathering and syntheses (Knowledge Development). They state that when planning an intervention research project, it is of fundamental importance to investigate what others have done to understand and address the problem (Rothman & Thomas, 1994: 31).

The phases of design and early development are intertwined and the activities are difficult to separate. Rothman and Thomas (1994: 33) state that two products should ultimately result from intervention research. Firstly, the data may demonstrate relationships between the intervention and the behaviours or outcomes that define the problem of interest. Secondly, the intervention research must include a strategy, technique or programme, informational or training materials, environmental design variables, a new or modified policy, or other procedures.

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In the fourth phase, the initial design is evolved into a form that can be evaluated under field conditions and includes the development of the preliminary intervention and applying design criteria in "settings convenient for the researchers and somewhat similar to ones in which the intervention will be used (Rothman & Thomas, 1994: 36). The last phase involves the evaluation and advanced development of the intervention. According to Rothman and Thomas (1994: 37), the use of pilot tests and field replications to test and refine the intervention distinguishes research from programme evaluation.

Henning (2004: 36) describes a research tactic as a coherent group of methods and procedures that complements each other and contributes toward data that reflect the research question and suit the goal of the research. The manner in which the interventionist tactic was used will be discussed below (Figure 2.1).
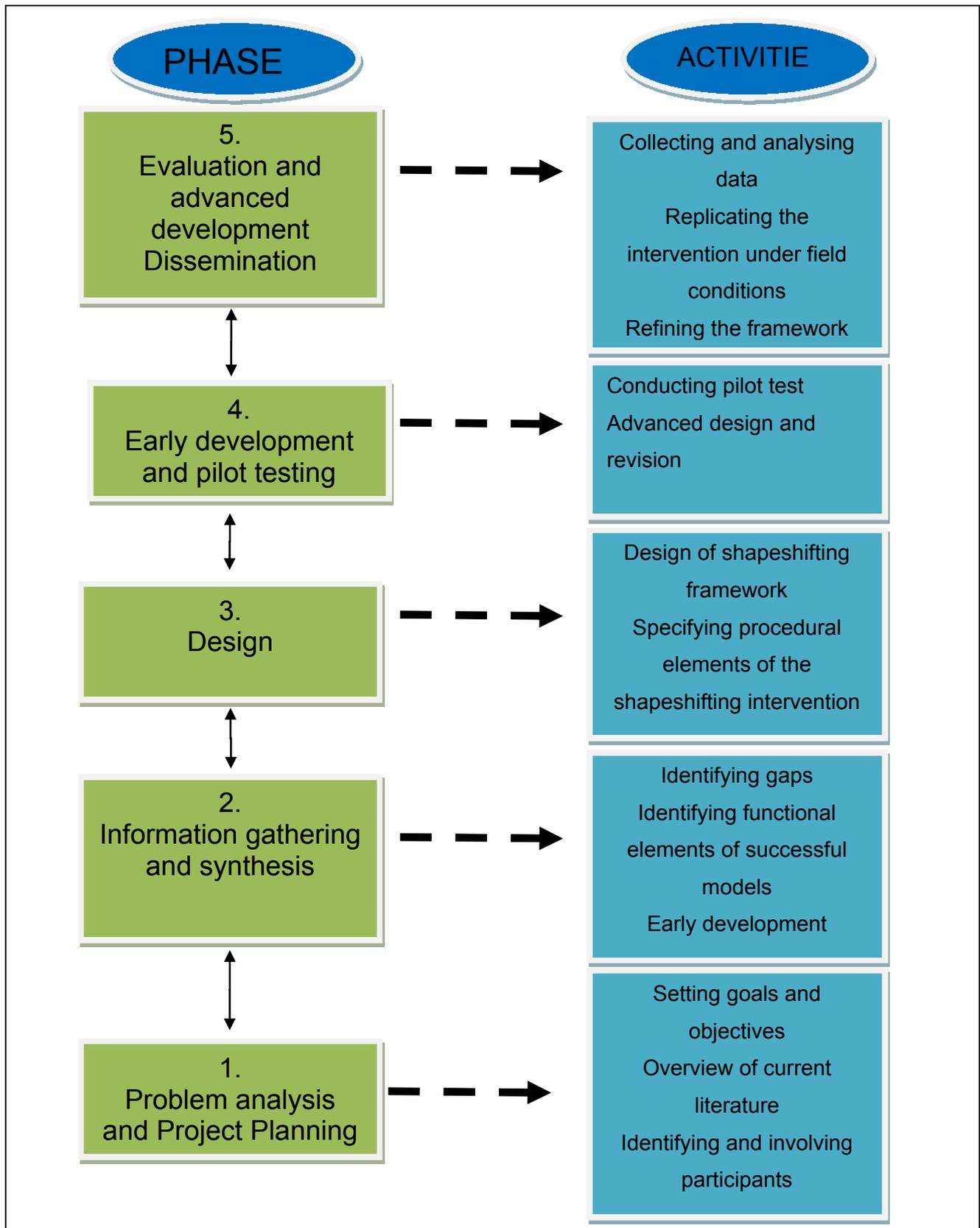
Figure 1.1 Phases and activities of the shapeshifting intervention research

Source: Adapted from Rothman & Thomas, 1994

1.6.1 Phases 1 and 2: Problem analysis, information gathering and synthesis

Rothman and Thomas (1994: 30–32) argues that it is of fundamental importance for an interventionist inquiry to first of all discover what other researchers have done to understand and address the problem under study. Knowledge needs to be developed which involves the study of existing examples and existing information sources. The literature reviewed consisted of reported practices, relevant innovations, empirical research and expert opinions. The literature was retrieved from all relevant sources as academic journals, theses, books, existing policies and programmes, the internet and subject specialists. Valuable elements of the literature were subsequently utilised to form the theoretical and conceptual basis of the shapeshifting framework. While Chapter 3 provides an overview of literature regarding corporate governance, strategic foresight, sustainable development, anticipatory corporate governance and the important role of the independent non-executive director, Chapter 4 investigates issues surrounding instructional design and development with regard to teaching and learning.

1.6.2 Phase 3: Design of the intervention programme

During this phase, the design of the shapeshifting framework took place. The knowledge developed during the first two phases was utilised to develop and design the intervention. This phase also included the specifications of the delivery of the shapeshifting framework as an instructional design, procedures and teaching and learning strategies employed. Chapter 5 provides an in-depth examination of the different aspects of the shapeshifting framework, including the rationale behind each step, its objectives and anticipated outcomes and the teaching and learning strategies deemed as most suitable.

1.6.3 Phase 4: Pilot testing

According to Rothman and Thomas (1994: 36), early development and pilot testing of a primitive design will allow the programme to evolve to a form that can be evaluated under field conditions. This phase includes conducting two pilot tests, data analysis and interpretation and the further refinement of the intervention programme. In the study, the shapeshifting framework (as an intervention aimed at independent non-executive directors) was pilot tested on a sample taken from two tertiary educational institutions in Gauteng. Data was collected, analysed and interpreted and that allowed for further improvement and design changes to be made. Chapter 2 describes the research methodology employed in the investigation and the results and outcomes are discussed in Chapter 6.

1.6.4   Phase 5: Evaluation, advanced development and dissemination

As the shapeshifting framework is a new and innovative instructional programme, its impact on the knowledge, attitude, altruism, socially responsible behaviour, values, empowerment, skills and behaviour of independent non-executive directors are unknown. This lies at the heart of the research question: What impact, both positive and negative, does the shapeshifting framework have? And what, if any, references can be made and conclusions could be drawn about the possible link between the instructional design and the establishment of good corporate governance practices? A detailed account of all the evaluation measures are illustrated by Table 2.1 and discussed in Chapter 2.

1.7   RESEARCH METHODOLOGY

The following research methodology was employed to reach the objectives of this study. This section provides information on the research philosophy underpinning this study, the sources of information, data collection and data analysis.

1.7.1   Research philosophy

Design-based research is a systematic and flexible methodology aimed to improve educational practices through iterative analysis, design, development and evaluation (Design-based Research Collective, 2003:2). Design-based research was developed to address several issues central to teaching and learning. Due to the complex nature of the study, interventionist research as a component of Design-Based Research (DBR) was identified as the methodology most appropriate for understanding how, when and why the shapeshifting framework intervention work in practice. Design-based research is a set of analytical techniques that balances the positivist and interpretivist paradigms and attempts to bridge theory and practice in instruction design and education (Design-Based Research Collective, 2003: 5).

The philosophical orientation of research is embodied in the ontology and epistemology of the researcher (Babbie & Rubin, 2007: 8). In this study the philosophical orientation is based on the views of critical realism (critical judgments on the basis of interactions with actual and perceived reality) and social constructivism (individual construction of reality). The epistemological views of this study support the philosophical assumptions of interpretivism by making use of an open methodological approach combining both quantitative and qualitative methods using a design-based research approach that will result in a better understanding of the shapeshifting instruction design, its implementation and evaluation. The research philosophy will be expanded upon and justified in Chapter 2.

1.7.2   Secondary research

A comprehensive review of corporate governance, futures studies and instructional design literature was conducted to ascertain the use and importance for the design of the shapeshifting framework. Secondary sources investigated focused on publications from the period when corporate governance became an important priority in South Africa with the release of the first King Report in 1994 to more recent sources prior to 2010, and included academic journals, books, web based information, conference papers and industry reports.

1.7.3   Primary research

The following sections give an overview of the methodology used in the study.

1.7.3.1 Sampling process

Three groups of participants at two tertiary educational institutions in Gauteng were selected when the shapeshifting instructional design was field tested for the first time in the pilot study of the interventionist research tactic and purposive sampling was used according to specific criteria as outlined in Chapter 2.

For the first two formal interventions in May 2010, fifty-one participants were identified using stratified random sampling. (Chapter 2). Stratified random sampling was used as it involves stratifying the population by specific criteria. (Bryman & Bell, 2007:187). In the study participants were all current independent non-executive directors in South Africa representing a variety of industries from either listed companies, companies deemed as "of substance" or the public sector and chosen for the intervention according a set of specific criteria.

In the last three interventions (from July to December 2010), 62 participants were identified for attendance by the government organisations (SETA's) and Wits Enterprise. The same sampling criteria were upheld and data was obtained from 50 participants.

1.7.3.2 Data collection

Outcomes-based and process-based assessment of the shapeshifting instructional design was conducted through data collected by using both qualitative and quantitative methods.

1.7.3.2.1   Pilot test

A quantitative study was conducted during the pilot testing of the shapeshifting framework as an instructional design. A pre-test, post-test design was used to collect data from participants. Participants were given self-completion questionnaires at two time intervals to determine the effect of the intervention on the knowledge, attitudes, altruism towards corporate governance practices

and sustainable development and to determine the value and relevance of the intervention itself. However, as anticipated, several problems emerged during the roll-out of the shapeshifting intervention in practice that had to be addressed before the formal interventions could take place.

1.7.3.2.2   Formal interventions

The formal shapeshifting interventions employed both quantitative and qualitative methods.

- Quantitative methods

A pre-test, post-test design was used to collect data from participants in order to measure the likelihood of change in the knowledge, altruism, attitude, socially responsible behaviour, values, skills and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices as a result of the shapeshifting intervention. The shapeshifting intervention was evaluated using both outcomes-based and process-based assessment techniques. Participants were given on-line self-completion questionnaires consisting of both closed and open-ended questions at various time intervals.

- Qualitative methods

Structured interviews with four participants were conducted two months after the first two formal shapeshifting intervention to assess the impact and effect of the instructional design on the behaviour of the participants in their position as independent non-executive directors. Observations by both the researcher and third-party observers were carefully noted to record the reaction of the participants to the intervention.

1.7.3.2.3. Medium to long-term impact

A final questionnaire was sent to participants that attended the first two formal interventions 6 months after the event based to determine the long-term impact of the Art of Shapeshifting intervention in facilitating strategic foresight to adopt a futures-orientated approach to corporate governance.

1.7.3.3   Data analysis

Transcripts were compiled from the four structured interviews, open-ended answers to the self-administered questionnaires and field and observation notes and coded by the researcher in order to identify key themes. To verify the results, the data was imported into NVivo Version 8, a qualitative research investigation tool, to analyse specific content and to arrive at finding about the effect and impact of the intervention, as well as thoughts and feelings on the usefulness and relevance of the shapeshifting framework.

Completed surveys were captured manually using MS Excel and repeated twice to eliminate capturing errors. Data was analysed using SPSS Version 19 and results were verified by a senior statistician at the University of Stellenbosch Business School.

1.7.3.4 Interpretation of findings

The findings of this study suggests that the shapeshifting framework as an instructional intervention would lead to an increase in knowledge regarding corporate governance, a change in altruism, attitude, social responsible behaviour and values and self-empowerment of independent non-executive directors with regard to directorial duties, increased knowledge and skills about the need for strategic foresight, that, in turn, would contribute to an increased awareness of sustainable development, the role of the company in the 21st century and the need for good corporate governance practices.

1.8   SIGNIFICANCE OF THE STUDY

Corporate governance has become a political and economic buzzword, envisaging a prosperous and thriving South Africa. Quite a significant amount of literature has been written about corporate governance in the last decade. However, most of the literature has been about the Anglo-Saxon model in general that focuses on European trends in corporate governance. Some literature has been produced by the IoDSA, as well as the Corporate Governance Institute of the University of Stellenbosch.

Most of the South African literature on corporate governance can be roughly divided into four categories:

- Guidelines and explanations of corporate governance reforms such as the requirements of legislation and recommendations by the King Report;

- Discussion of reports, guidelines and recommendations in light of the latest corporate scandals or issues;

- Opinion pieces and mainstream non-academic articles;

- Company produced corporate governance documents.

Most of the literature has a backward glance, focusing on past and current trends in corporate governance initiatives. Few academics have ventured into the domain of the future of corporate governance in South Africa and there is no literature linking futures studies concepts, tools and techniques to the topic. Although Bob Garratt introduced the concept of "the learning board" in 2001, this study aims to extend this concept and introduce and incorporate practical and viable

solutions to "bringing the board on board" in its role in initiating a futures-orientated good corporate governance practices.

The study has the potential to make four sets of contributions.

In the first instance, the study will broaden academic reflection in South Africa about corporate governance and sustainable development. The knowledge and development phase (KD) introduces a new approach to governance referred to as anticipatory corporate governance and argues that such an approach will provide independent non-executive directors with a long-term strategic view of sustainability for the purpose of initiating and implementing good governance practices. Drawing from sustainability and socio-economic development literature, the study also proposes a movement from the triple bottom line approach to include the absent stakeholder. The absent stakeholder is defined as individuals, communities, institutions and organisations that may be affected both positively and/or negatively by current business practices. Consequently, the quadruple bottom line involves creating a balance between the interests of the present and of future generations with regard to corporate governance practices in the 21st century.

Secondly, the study attempts to reconcile practice-orientated research with academic research. There is a gap in the understanding of directors in South Africa of the futures studies arena. The study aims to produce original research that will contribute to both corporate governance and futures studies methodologies. Within this context, the research also aims to make its academic findings of value to practice. Practitioners often ask the question: What do we get from academic analyses? By introducing theoretical knowledge based on sound academic practice into the equation, the results will be more applicable to, and usable by, directors. Therefore, the study aims to produce original and scientific research which also focuses on the relevance of its findings in practice. Powell (2011:18) states that although some academic research may lack in relevance, the focus should be on creating, disseminating and applying knowledge working with companies and building that can be applied elsewhere to ensure future successes in business. The value of conducting a study on a directorial instructional design incorporating strategic foresight lies in the applicability of the results and the anticipated benefits for board members in South Africa. In most educational design settings, the instructional design itself is often far removed from real and constructive participation by the group that it was intended for. The art of shapeshifting directorial instructional design was designed in collaboration with directors for directors that can be utilised by other companies to improve governance. This can be seen as a contribution to practice.

The third major contribution of the study is at the level of social responsibility, the importance of sustainable development, corporate citizenship and ethical corporate behaviour. It follows from the above that an improved understanding of futures thinking and methodology might lead to a better understanding of the major challenges facing directors in order to adopt a more futures -orientated

approach to corporate governance. Futures studies differ from conventional academic scholarship, as questions about how things should and can look are asked. In addition, questions are asked about the nature of empirical truth and of interpreting data. This approach will generate and support the emergence of futures-orientated independent non-executive directors and a new generation of foresight practitioners. This could potentially lead to an improved and more appropriate corporate response, which could translate into better corporate governance practices in South Africa.

In the fourth place, the intention of the study is to design a practical educational opportunity aimed at independent non-executive directors. The instructional design itself becomes an 'artefact' of the research process (Rothman & Thomas, 1994:33) that adds value to current educational practices and the development of futures orientated teaching and learning strategies – anticipatory action learning approach. This will ensure that the solutions derived from completing the seminar do not merely re-inscribe the present, but, in fact, create new structures and new processes that may solve the issues at hand at base levels. Consequently, the shapeshifting framework as an instructional design may be used in future as a blueprint for educational interventions on executive and directorial levels.

In conclusion, it is important to note that the study has the potential to contribute to current literature and practice on three different levels that should be viewed as of equal importance. The knowledge and development aspect (KD) extends the current literature of corporate governance by introducing concepts such as the quadruple bottom line, the role of the absent stakeholder and the importance of an anticipatory governance approach. The design and development aspect (DD) consists of a carefully designed intervention with a unique futures approach incorporating an anticipatory action learning approach – an extension of more traditional teaching and learning approaches. The knowledge and evaluation aspect (KE) of the interventionist framework systematically evaluates both the short-, medium- and long term effects of the intervention not only on participant's knowledge, altruism, attitudes, socially responsible behaviour and values regarding corporate governance practices and sustainable development but also includes its effect in practice.

1.9   STRUCTURE OF THE DISSERTATION

The first chapter provided the background, motivation and objectives of the research. The overall theoretical context was outlined. The research philosophy, tactic and methods were highlighted as well as the significance of the study. The second chapter considers the research methodology and research protocol for the empirical investigation in the study by presenting the procedural framework, the research framework and the research programme. The sequential phases of the research methods will be discussed and the use of both the quantitative and qualitative methods is

described. It also includes a description of data analysis techniques, documenting and reporting protocols and research ethics implemented in the study.

Chapter 3 investigates the literature on corporate governance, sustainable development and strategic foresight (KD). The important role of the independent non-executive director on South African boards is discussed and the need for a directorial instructional design is outlined. The fourth chapter will provide the literature review on instructional design and is grounded in educational and learning theory. It will also review how instructional design models accommodate learning from both a theoretical and practical perspective.

Chapter 5 will provide a description of the shapeshifting framework as an instructional design (DD) within an interventionist framework. Against the background of a variety of futures methods and skills, the shapeshifting framework is developed and described in terms of each of its four phases and eight steps. In the second part of the chapter, the teaching and learning strategies of the framework are explained, as well as the delivery media and the role of the facilitator.

Chapter 6 will contain the research results obtained from the evaluation (KE) of the shapeshifting framework through both quantitative and qualitative methods. It will discuss the findings of both outcomes-based and processed-based assessment strategies. Furthermore, it will describe the evaluation of the shapeshifting framework as an instructional design on all its components and consider the reactions about the framework. Lastly, it will provide an analysis and interpretation of the research results and the influence and effect of the instructional design on the knowledge, skills, values, attitudes, empowerment and behaviour of the participants.

The last chapter will provide a summary of and the conclusions relating to the evaluation and impact of the shapeshifting framework as an instructional design. A critical reflection on the research and contribution to knowledge will be provided. Recommendations for further research are provided as well as possible limitations of the research.

The outline of the study is illustrated in Figure 1.2 below.

Introduction and overview	→	**Chapter 1:** Introduction	→	Research approach Research design and process Research paradigm Data collection procedures Data analysis Limitations and ethics
Analytical framework and research design	→	**Chapter 2:** Research methods		
Synopsis of literature	→	**Chapter 3:** Corporate governance	→	Corporate governance in South Africa Sustainable development and governance Role of directors in governance Strategic foresight Futures methods and concepts
	→	**Chapter 4:** Instructional design	→	Instructional design theory Curriculum design Assessment strategies Teaching and learning
Directorial instructional design	→	**Chapter 5:** Art of shapeshifting framework	→	Outcomes and objectives Rationale, steps and phases Teaching and learning
Results of the study	→	**Chapter 6:** Results and analysis	→	Quantitative analysis Qualitative analysis Discussions and interpretation of results
Interpretation and recommendations	→	**Chapter 7:** Conclusions and recommendations	→	Discussions and conclusions of research Implications for theory and practice Limitations of research Directions for future research

Figure 1.2 Outline of the study

CHAPTER 2
RESEARCH METHODOLOGY AND PROTOCOL

2.1   INTRODUCTION

The concept "research" is a generic term encompassing a variety of different meanings and implications. Babbie and Mouton (2001: 63) concede that the research field is "already beset by numerous overlapping terms and conceptual confusion".

Intervention research consists of three facets, namely knowledge development, design and development, and knowledge evaluation. According to Rothman and Thomas (1994: 6), each of these facets can be carried out as an independent enterprise and recorded and reported as such. As indicated in Chapter 1, the goal of the study is the (a) determination of the context and need for a directorial instructional intervention, (b) design, development of the intervention, and (c) evaluation of the shapeshifting framework as an instructional design within an intervention framework. Therefore, all three facets – knowledge development, design and development and knowledge understanding – will be examined within in the five phases of the Rothman and Thomas Model.

Due to the complex nature of the study, interventionist research as a component of Design-Based Research (DBR) was identified as the methodology most appropriate for understanding how, when and why the shapeshifting framework instructional design work in practice. Design-based research is a set of analytical techniques that balances the positivist and interpretivist paradigms and attempts to bridge theory and practice in instruction design and education (Design-Based Research Collective, 2003: 5).

This chapter presents the procedural framework of the research consisting of two sections. It begins with a justification of the philosophical and epistemological pre-disposition of the research and the research tactic. It also presents the procedural framework containing the research approach which includes the research methods, sampling frame and procedure, data analysis, integrity measures and reporting protocols.

2.2   RESEARCH APPROACH

The research aim and purpose is discussed below, followed by an overview of design-based research and the philosophical orientation and chosen research tactic for the study with the primary intention of answering the research questions:

RQ 1:   How can strategic foresight assist independent non-executive directors in steering the company towards sustainable corporate governance outcomes?

RQ 2:   How can a purposively developed and designed instructional intervention be utilized to facilitate strategic foresight to independent non-executive directors?

RQ 3:   What are the reactions to and the effect of the *Art of Shapeshifting* directorial intervention on the knowledge, altruism, attitude, socially responsible behaviour, values, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices?

2.2.1   Research aim and purpose

The main aim of the research is to design, develop, implement and disseminate the shapeshifting framework as an instructional design for the South African independent non-executive director. This study will consequently evaluate whether participation in the intervention would lead to a change in the knowledge, altruism, attitude, social responsible behaviour, values, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices that in turn would contribute to an increased awareness of sustainable development, and the need for futures-orientated anticipatory approach to corporate governance. Lastly, it will evaluate the relevance of the intervention as an instructional design itself and identify areas for refinement and improvement.

The design of a complex instructional design intervention is an explicitly theory-driven activity and uses *embodied conjectures* to reveal how this design characterises or embodies theoretical conjectures about how, when and why people learn (Sandoval & Bell, 2004: 200). The objectives or embodied conjectures of the research, underpinned by the three facets of interventionist research, can be summarised as follows (Table 2.1):

Table 2.1: Research objectives – Embodied Conjectures

	Knowledge Development (KD)
KD1	To identify and analyse key issues and challenges surrounding the current state of corporate governance in South Africa;
KD2	To examine the need for sustainable business practices in the 21st century and its inter-relationship with good corporate governance practices;
KD3	To examine the inter-relationship between business activities and its social and environmental responsibility to the community in which it operates;
KD4	To extend the concept of triple bottom line financial reporting to the inclusion of the interests and needs of the absent stakeholder;
KD5	To identify strategic foresight as the core capability to improve sustainable business practices and initiating an anticipatory corporate governance approach in South Africa;
KD6	To critically examine the important role of the independent non-executive director to use strategic foresight to encourage and initiate a futures-orientated governance approach on the board;
KD7	To identify the current gaps in futures-orientated strategic thinking and need for skills and training specifically aimed at independent non-executive directors in South Africa.
	Design and Development (DD)
DD1	To utilise the information gathering and synthesis in the knowledge and development (KD) phase to conceptualise the shapeshifting framework as an intervention;
DD2	To develop an efficient, effective, practical and useful framework based on sound educational principles for independent non-executive directors to acquire strategic foresight;
DD3a	To identify the most appropriate learning theory for the instructional design that will lead to personal and professional development of independent non-executive directors;
DD3b	To identify the most appropriate intervention model for the design and development of the shapeshifting framework;
DD3c	To initiate and conduct the intervention mapping process;

DD4	To develop an intervention programme capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices;
DD5	To determine enabling-, culminating- and critical outcomes of the shapeshifting intervention;
DD6	To design and develop the four phases and eight steps of the shapeshifting framework.
DD7	To design appropriate delivery, teaching and learning strategies for the shapeshifting intervention in practice.
Knowledge Evaluation (KE)	
Outcomes Based Assessment To determine the effectiveness of the intervention by establishing whether it:	
KE1	Contributed to and increased independent non-executive director's knowledge and understanding of corporate governance, sustainable development, futures concepts, roles, responsibilities and liabilities.
KE2	The shapeshifting intervention influenced the level of altruism of independent non-executive directors with regard to concerns about environmental problems and harmful effects of commercial activities and an awareness of good corporate citizenship (social and environmental responsibility).
KE3	The shapeshifting intervention influenced the attitude of independent non-executive director's towards business ethics.
KE4	Resulted in a meaningful change in social responsible behaviour;
KE5	Caused a change in the corporate values of participants from self-interest (S) to transformation (T) and making a difference in the community in which it operates.
KE6	Developed more effective directorial skills such as leadership, effectiveness as a board members and communication within the boardroom context;
KE7	Empowered independent non-executive directors on micro- interface- and macro-levels;
KE8	Contributed and succeeded in facilitating strategic foresight as a core competence to independent non-executive directors towards adopting a futures-oriented anticipatory governance approach;

Process-Based Assessment	
To determine the effectiveness of the intervention that is concerned with task performance rather than the output and focuses on the processes participants underwent to arrive at these outputs:	
KE9	To investigate both positive and negative reactions to the shapeshifting intervention with regard to the general setting, amenities and the quality of the delivery.
KE10a	To determine the effectiveness of the learning process with regards to the role of facilitator, the quality of the participant materials, and the opportunity for participation.
KE10b	To determine the perceived value, relevance and interest of the intervention to independent non-executive directors;
KE11	To investigate and evaluate the impact of the intervention on the behaviour of the participants in their role as independent non-executive director on the board;
KE12	To understand why and if the intervention is perceived to work and identify areas for further development and refinement.

Source: Compiled by researcher.

2.2.2 Design-based research

Although a few experts have been engaged in both designing curriculum and performing research on its effectiveness, traditionally, the design and research processes have seen to be separate (Juuti & Lavonen, 2006: 54). Randolph, Bednarik and Silander (2005: 170) state that there is much design not based on sound research. Research approaches engaging design consist of three parties: a designer, a practitioner and an artefact. The role of the parties varies on the study undertaken. However, Carr and Kemmis (1986: 12) argue that the practitioner is responsible for developing, understanding and evaluating actions and that the roles are inter-changeable. Hoadley (2002: 1) argues that the process of creating something to achieve a goal is an iterative process. The iterative nature of design is often missing in research, but is of vital importance in testing design interventions. By repeatedly creating, implementing, evaluating and improving interventions, the researcher discovers intuitively and empirically what works and what does not and which features of the design are essential and which are irrelevant to it goals (Hoadley, 2002: 2).

Claiming any form of success for an educational intervention or training programme is problematic. If success or a positive reaction means being certain that the programme or intervention caused

learning, one needs to look carefully at the programme in a particular setting. Traditional evaluation research in one programme or setting would be difficult to duplicate, replicate and generalise to other settings and leaves many questions unanswered about how (and if) learning indeed occurred (Baumgartner & Bell, 2002; Edelson, 2002). To address these problems, a design-based research approach was regarded as the most appropriate.

Design-based research is an emerging paradigm for the study of learning in context through the systematic design and study of instructional strategies and tools (Designed-Based Research Collective, 2003: 4). It developed in reaction to the "credibility gap" between educational researchers and practitioners. The DBRC (2003: 6) defines designed-based research as:

> *A systematic but flexible methodology aimed to improve educational and evaluation practices through iterative analysis design, development and implementations, based upon collaboration among researchers and practitioners in real-world settings, and leading to contextually sensitive design evaluation.*

Different researchers attribute different characteristics to design-based research from close-knit researcher-participant relationships to evolving intervention and measurement methods (Barab & Squire, 2004; Collins, 1992; Sloane & Gorard, 2003). Wang and Hannifan (2005: 8) propose five basic characteristics of design-based research:

- **Pragmatic:** In design-based research the goal is not merely testing if the programme works, but rather that both design and theory are mutually developed through the research process. The researcher has a responsibility that the theories proposed "do real work" in practice and to design, enact and refine it continuously (Cobb & Confrey & DiSessa, 2003: 10).

- **Grounded:** Designed-based research is conducted in authentic real world contexts with the complexities, dynamics and limitations of authentic practice, where theory and knowledge are both the foundation and the outcome and elaborated upon throughout the research framework for the enacted innovations.

- **Interactive, iterative and flexible**: Design-based research requires collaboration between researchers and practitioners, because without it, programmes or interventions are unlikely to affect change in the real world context. Theories, frameworks and interventions tend to be continuously refined through an iterative design process from analysis to design to evaluation and redesign (Bannan-Ritland, 2003). This on-going recursive design process allows for greater flexibility than traditional experimental evaluation approaches.

- **Integrative:** Researchers need to integrate a variety of research methods and approaches from both quantitative and qualitative research paradigms which serve to confirm and enhance the credibility of the findings.

- **Contextualised:** Designed-based research is contextualised due to the fact that results are connected with both the design process through which the results are generated and the setting where the research is conducted (Wang and Hannafin, 2005: 11).

Collins (1992: 12) states that design-based research addresses several needs and issues central to the study of learning, such as the need to go beyond narrow measures of traditional learning, as well as the need to derive research findings from formative evaluation. It differs from traditional evaluation according to its specific goals and contributions. In traditional evaluation, a programme or intervention is measured against a specific set of standards. During the evaluation process, information is gathered about how the programmes are or are not succeeding and consequently "frozen" as successful or not (Collins, 1992: 15). Unlike evaluation research, design-based research views a successful innovation as a joint product of the designed programme or intervention and the context. It not only goes beyond perfecting a particular "product", but also to inquire more broadly into the nature of learning in a complex system. Models and frameworks of successful innovation can be generated through such research where "frameworks rather that particular artefacts or specific programmes are the goal" (DBRC, 2003: 7). The value of designed-based research is not simply that it produces a better understanding of an intervention, but that it can also lead to improved theoretical accounts of teaching and learning.

As a relatively new methodology, design-based research has both advantages and limitations. Possible challenges include collecting a manageable amount of data; ability to separate design from conditions for success by ensuring that the latter are presented in pilot implementation; developing designs that meet the criteria of both researchers and practitioners; and determining reasonable criteria for success in declaring a design "finished" (Dede, 2004: 110). Another challenging component is to "characterise the complexity, fragility, messiness and eventual solidity of the design" (Barab & Squire, 2004: 87). Rittel and Webber (1973: 158) state that the potential of design-based research far outweighs its possible limitations, as it offers usable knowledge that informs theories which, in turn, inform real-world practices.

2.2.3   Philosophical orientation

Any research is underpinned by certain philosophical assumptions (implicitly or explicitly) that materially impact upon how the research is designed and used. Anderson (1986: 158) explains that all research invoke philosophies of science whether studies are conducted, results interpreted or deciding between competing theories. In trying to make sense of the world, researchers have to consider their own philosophical orientations to research, since the choice of a research design is

guided by the researcher's personal beliefs about the nature of reality, knowledge and the production of knowledge.

2.2.3.1 Ontology

Ontology is the science that deals with the nature of reality or being. It is important as it states and explains the researcher's views on the nature of social reality, what it looks like and what social phenomena embody (Kapelianis, 1999: 8). Cohen, Manion & Morrison (2007: 7) state there are strikingly different ways of looking at social reality and are constructed on correspondingly different ways of interpreting it. Ontological assumptions concern the very nature or essence of the social phenomena being investigated.

According to the researcher, there is a real world that exists independently of the individual of which an individual can only have imperfect and incomplete knowledge. This world cannot be interpreted directly, but only subjectively through sense-making (Andriessen, 2006: 2). Malhotra and Birks (2007) state that sense-making is about making distinctions using conceptual metaphors.

Realism claims that there exists a material reality, independent from the observer and that it is possible to develop objective knowledge on this reality by observation and reasoning (Raphael, 1990: 182). Realists believe that the reality, as experienced by individuals, is independent from their beliefs, linguistic practices and conceptual schemes. However, in social system design, paradigmatic differences are extremely important (Schiffman, 1995). While the value of the modernist view (the board of directors can be regarded as an objective reality, making its functioning a material thing) is acknowledged, the researcher's design is based on the views of critical realism and with respect to the social world, on the views of social constructivism. While realism holds that there is a material reality that is independent from the observer through which one can obtain knowledge through observation and reasoning, critical realism asserts that this knowledge cannot be completely objective, as all observations are concept-laden and infallible (Bhaskar, 1997: 16). Furthermore, the individuals that inhabit these social structures are capable of consciously reflecting upon and changing the actions that produce them. The views of critical realism will allow the researcher to make critical judgments on the validity of the knowledge claims on the basis of interactions with actual and perceived reality.

Social constructivism emphasises the social construction of reality (Raphael, 1990: 87). Human relations and social interactions consist of thoughts and ideas and not essentially of material conditions or forces. Social constructivism supports the researcher's social worldview, as social institutions, such as the board of directors, are not realities that are independent from the observer, but exist only because people collectively think they exist (Van Aken, 2008: 32). Ignoring the socially constructed nature of the organisation and its Board will decrease the insight in both the

possibilities and impossibilities for changing organisational realities. From this standpoint, a programme can only be properly understood within its natural setting (Clarke, 1999: 59).

2.2.3.2 Epistemology

Epistemology deals with the theory of knowledge that includes the conditions, limits and validity of all that we know or think we know (Kapelianis, 1999: 9). The researcher's ontological standpoint is that of critical realism and social constructivism has consequences for the epistemology of the research. Lakoff and Johnson (1999) state that, because we can only know reality through conceptualisation, the correspondence theory of truth does not hold. In other words, we cannot judge whether a particular conceptualisation of the world is true by looking at that world and checking if there is any correspondence. However, what one can do is act upon our conceptualisation of the world and check whether this produces expected or desired outcomes, using a pragmatic criterion of truth (Wicks & Freeman, 1998). This supports the notion of "knowledge as design" whereby knowledge is used as a tool to get something done (Perkins, 1991: iv). We can check the validity of the tool by checking whether the knowledge creates the results we expect. This can be done by using knowledge to design a solution to a problem and test the solution in practice to see if it works.

Furthermore, on a basic level the frame of reference for epistemological positions may be delineated in positivism or interpretivism. In essence, positivism confronts theory with data and assumes that a single, objective reality exists independent of individual perceptions (Kapelianis, 1999: 4). In contrast, interpretivism views reality as a mental construct where multiple realities exist because of differing individual and social perspectives. Positivism holds a deterministic approach towards the nature of social beings, while interpretivism acknowledges that people actively engage in creating their own environments. In other words, people construct their own understanding of reality based on the worldviews they create. The main differences between positivism and interpretivism are summarised in Table 2.2.

Although Table 2.2 highlights only the main differences between positivism and interpretivism, a broad range of positions exist within each position. Positivism argues that the researcher is objective, with values that are distinct from the values in the data and where data collection is carried out with the researcher often being remote from the phenomena under study (Le Roux, 2008: 156). Money (2008: 2) states that in positivist research, hypotheses are derived from scientific theories to be tested empirically, and only data which are observable and can be measured is to be regarded as useful.

Table 2.2: A summary of positivist and interpretivist approaches

Issues	Positivism	Interpretivism
Goal	Explanation in term of causality and general laws Prediction	"Thick" description of the phenomenon Understanding based on *verstehen*
Knowledge generation	Nomothemic Context-independent Time free	Ideographic Context dependent Time-bound
View of Causality	Real causes exist	Multiple causes Shaping
Research relationship	Independence, dualism, separation Privileged point of observation	Interactive Cooperative No privileged point of observation
Methodology techniques	Mainly quantitative Statistical	Mainly qualitative Descriptive

Source: Adapted from Heath, 1992: 108; Hudson & Ozanne, 1988: 508.

Positivism does not fit very well within the design-based research approach of this study for the following reasons. Firstly, the research aims to provide insight and understanding of the positive and negative aspects of the shapeshifting framework. Secondly, applying only a structured research methodology with pre-defined variables may overlook more subtle findings which for the evaluation of the framework are of great importance.

According to Raphael (1990: 56–71), critical post-structuralism is based on two main assumptions. Firstly, it holds the concept of the self as a fictional construct influenced by self-perception and views. This self-perception allows the individual to assign specific meanings to knowledge and experiences. Secondly, it rejects the idea of an idea or text having a single meaning. Therefore, a critical post-structuralist approach must be able to use a variety of different individual constructs and perspectives to create a multi facet interpretation. Consequently, the philosophical approach chosen for the research can be described as critical post-structuralist within the realm of interpretivism under the following main tenets of interpretivist philosophy (Heath, 1992; Kapelianis, 1999; Ardnt, 1986; Andriessen, 2006):

- **Human beings construct multiple realities**: People create devices, such as language, myth and theories, to help them understand the word, thereby creating multiple realities. As

a result, no amount of enquiry can converge upon a single truth. Rather, there are many truths and need to be examined holistically, since meaning depends upon context.

- **Research inquiry is directed towards understanding the reasons, methods and the nature of the multiple realities that people construct:** Although both positivism and interpretivism share the belief that research should lead to understanding, the meanings associated with each of them differ greatly. For the former, understanding represents a means to an end, whilst for the latter, it is a never-ending process.

- **The researcher and researched are mutually interactive**: Interpretivism assumes that the researcher and researched interact and in so doing, create a co-operative inquiry. This is based on the assumption that if reality is based upon perceptions, then it becomes important to ensure the subject's involvement in the research in order to fully understand this reality. This results in an emerging research process that continuously evolves as the researcher uses the subject's input to improve the design.

- **It is impossible to separate cause and effect**: The world is viewed as so complex, fluid and context-bound that it becomes impossible to separate cause and effect and must be viewed holistically.

- **Research is inherently value laden**: The context-bound explanations are also known as "thick descriptions" that seek particularistic or ideographic knowledge.

Babbie and Mouton (2001: 9–13) explain that the interpretivist paradigm is based upon the assumption that human phenomena are fundamentally different from natural phenomena due to the inherent symbolic nature of human behaviour and the historicity of human actions. These differences imply that one aims at interpreting or understanding human behaviour, rather than explaining or predicting it. De Vos and Strydom (2002) state that the direction of the research process and research methodology is determined by the researcher's choice between a quantitative or qualitative, or combined quantitative-qualitative approach. Sandoval and Bell (2004: 199) suggest the mixing of methods in evaluation and design-based research designs, but warns that it can become "meaningless congeries of mindless choice and procedures, unless they are rooted in the paradigms". Thus, even though the research is based on an interpretivist philosophical orientation, a holistic understanding of the impact of the shapeshifting framework will be sought through a combination of research methods using dialectical thinking.

Design-based research is characterised by an inter-disciplinary mixed-method research approach conducted "in the field" and serves applied as well as theory-building purposes (Markauskaite & Reiman, 2005: 1). This particular research approach justifies a blend between qualitative and quantitative research, as neither form of research alone will provide all the answers on what should

and could be done and why. While quantitative methods can be used to understand the nature and causes of problems, it only goes halfway. The other half consists of designing alternative solutions and choosing and implementing one. Van Aken (2008) states that the most powerful solution concept is the field-tested and grounded one. Field tested would mean that the shapeshifting framework is sufficiently tested in its intended field of application, and grounded means that it would explain why the use of the framework produced its intended outcome.

According to De Vos and Strydom (2002), triangulation can be used to designate a conscious combination of quantitative and qualitative methodology. Grinnell and Unrao (1997) state that triangulation is a common method to establish the trustworthiness of qualitative data. Triangulation was used in this study, mainly to make use of multiple methods of data collection with a view to increase the reliability of findings. In taking this approach, dialectical thinking played an important part. Dialectical thinking refers to the ability to view issues from multiple perspectives and to arrive at the most reasonable reconciliation of seemingly contradictory information and postures. Manzo (1992: 1) states that dialectical thinking is a form of analytical reasoning and refers to the combined use of methods and contributes to the ability to consider multiple views.

From the research objectives, it is evident that the research purpose is exploratory and interpretive, as it gathers explanations and gains insight into a phenomenon about which is little known. Exploratory and interpretive research has the purpose of gathering explanations, gaining insight and collecting information, in order to gain a clear understanding of the issue at hand (Denzin & Lincoln, 1994: 42). According to Babbie and Mouton (2001: 28), exploratory studies usually lead to insight and comprehension rather than the collection of detailed data and can almost always yield new insights.

2.2.3.3 Summary of research approach

The philosophical orientation of research is embodied in the ontology and epistemology of the researcher (Babbie & Rubin, 2007: 8). In this study, the philosophical orientation is based on the views of critical realism (critical judgments on the basis of interactions with actual and perceived reality) and social constructivism (individual construction of reality).

Epistemological views support the philosophical assumptions of interpretivism making use of an open methodological approach, combining both quantitative and qualitative methods using a design-based research approach that will result in a better understanding of the shapeshifting instruction design, its implementation and evaluation.

Designed-based research is a systematic and flexible methodology aimed to improve educational practices through iterative analysis, design, development and evaluation. Design-based research was developed to address several issues central to teaching and learning. The limitations

surrounding the designed-based research approach are acknowledged, but are deemed to be negated by the believed and proven legitimacy of research conducted in a context-dependent, concrete, practical and social situation (Flyvbjerg, 2004 as cited in Le Roux, 2008: 162).

2.2.4 Research tactic

2.2.4.1 Interventions

As the research methodology consists of a purposeful attempt to apply theory in practice and to illustrate the relevance of the shapeshifting framework, an interventionist research tactic was used. De Vos and Strydom (2002: 365) state that intervention research is attempted when something new is created and then evaluated. Babbie and Mouton (2001: 283) are of the opinion that interventions have great potential for theory development and that it provides the opportunity to measure the impact of the theory in practice. Johnson and Lukka (2005) state that interventionist research aim to narrow the gap between practice and academic theory. A key feature is that the researcher becomes more closely involved with the problem-solving or change process, while also having the chance to develop and contribute to economic theory.

The interaction between the researcher and the practitioners (directors) and the interchange of knowledge and ideas is an essential part of the research. Interventionist research is usually conducted through case studies. However, in this case the approach differs from traditional case research, as the researcher is directly involved with the case at hand and does not attempt not to have an effect. Interventionist research implies an active engagement with reasoning according to local logic and practise, rather than from a mere conceptual perspective. However, the practical involvement needs to lead to theoretical contributions in order to qualify as research instead of consulting and will be further discussed in Chapter 4 as part of the design and development phase.

De Coning (as cited in Cloete, De Coning & Wissink, 2000: 24) describes a model as a "representation of a more complex reality that have been oversimplified in order to describe and explain the relationships between variables, and even sometimes to prescribe how something should happen". Wallace and Pulson (2003: 13) refer to intervention models as a specific sequence of activities that systematically outlines how to deal with that phenomenon in a specific setting. Such a model may be informed by research or practical experience. The proposed shapeshifting framework qualifies as such, because it provides independent non-executive directors with the knowledge and understanding of how strategic foresight can assist them in creating a preferred governance future for their company. It also provides directors with the insight to look at the company as an important and influential "citizen" in the community in which it operates. Moreover, strategic foresight will assist directors to improve the quality of their leadership (steering the company towards the future) and lay the foundation for continuous institutional and governance development.

Several challenges must be addressed before an interventionist research tactic is implemented (Rothman & Thomas, 1994:231-240). First of all, intervention design and development takes a long period of time and may be a lengthy and costly project. Secondly, intervention research is labour intensive and requires the involvement of various experts. Thirdly, the work of intervention research is complex (Rothman & Thomas, 1994: 50) demanding a variety of research and inter-personal skills, ranging from collecting and analysing reliable data and to balance rigor and practical relevance. In the fourth place, there are various methodological challenges of conducting research in a real-world context and data needs to be gathered continuously, systematically and scientifically. Finally the length of the research project requires a futures-orientated approach about what society will be concerned about in the future. These challenges were acknowledged at the beginning of the research project in 2008, but due to the fact that well-managed intervention research can be used as a powerful tool for change (Rothman & Thomas, 1994: 51) with a strong futures-orientated approach, it was considered the most appropriate research tactic for this study.

Within the interventionist research approach, it is important to remember that the shapeshifting framework is first of all an instructional design and therefore certain concepts need to be clarified. According to Briggs (Gagne & Briggs, 1992: 5), an instructional design is:

> *The entire process of analysis of learning needs and goals and the development of a delivery system to meet the needs; it includes the development of instructional materials and activities; and try-out and revision of all instruction and learner assessment activities.*

As illustrated in Figure 2.1, the shapeshifting framework is firmly grounded in theory development with the intent of being used as an intervention. A theory is systematically organised knowledge applicable in a relatively wide variety of circumstances, using a system of assumptions, accepted principles and rules of procedure (Babin, Money & Hair, 2007: 16). Babin *et al.* (2007: 19) describe the development of a theoretical framework as a written description that integrates all the information accumulated through previous research in a logical manner, describing the relationship among the different components and explains the theory underlying these relationships. These concepts are discussed in Chapter 4.
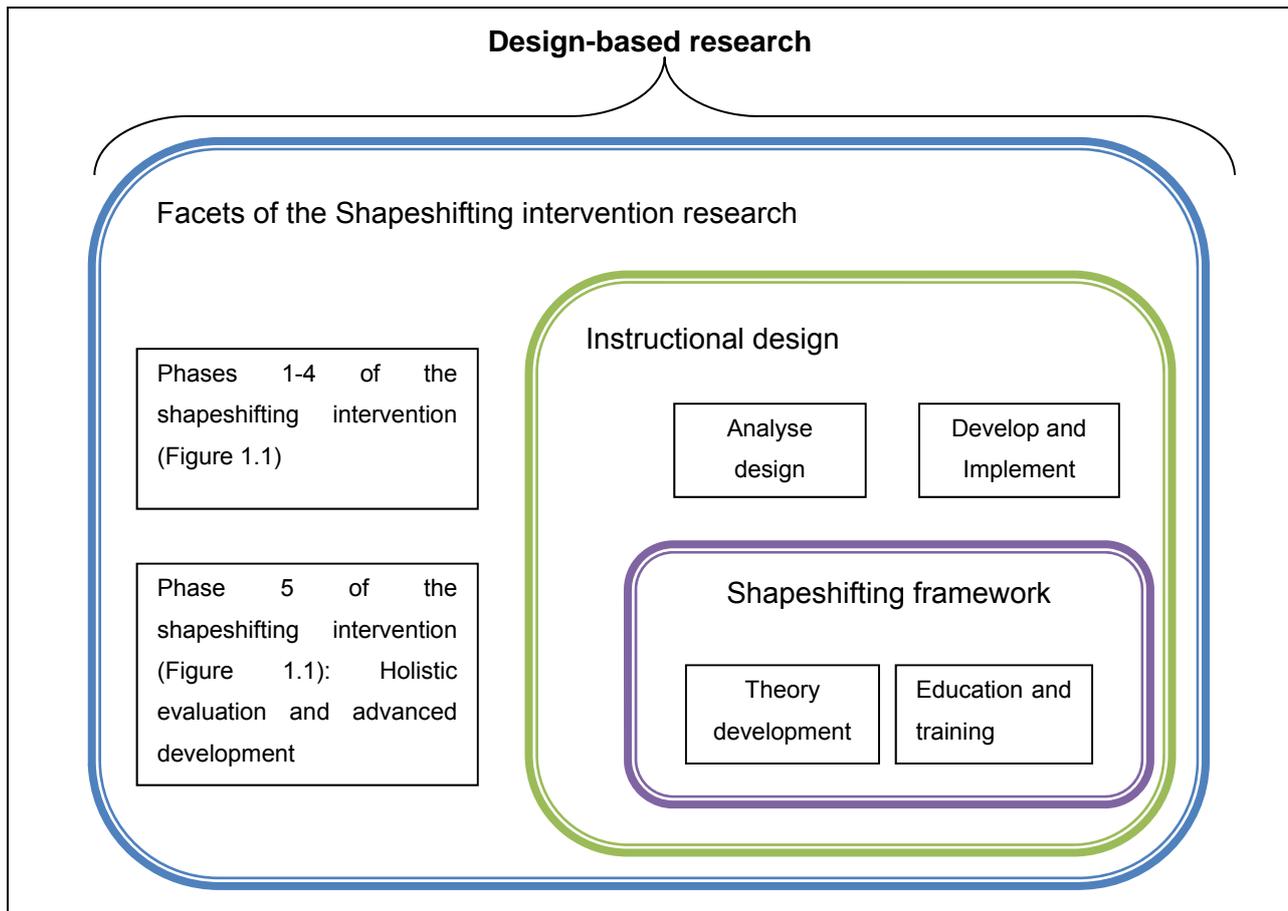
Figure 2.1 Context of the shapeshifting framework

Source: Compiled by researcher

2.2.4.2 Units of analysis

The unit of analysis refers to the object, phenomenon, entity, process or event that is being investigated (Mouton, 2009: 51). Babbie (2008: 82) states that units of analysis are the units we observe and describe in order to create summary descriptions of all such units and to explain differences among them. As the research questions are formulated to address the "real-world" problem of promoting good corporate governance through strategic foresight, the three world's framework of Johan Mouton (1996: 127; 2009: 137) proved to be helpful in various ways:

- To understand the differences in levels of analysis;

- To make sense of the difference of status between different knowledge claims;

- To show how methodological choices impact on the way in which real-life phenomena is investigated.

The first world comprises of the ordinary social and physical reality that we exist in (Mouton, 2009: 138). This is the knowledge that we have acquired through learning, experience and self-reflection. 'World 2' is described as the "world of science and scientific research" and involves the epistemic

world of science that may include theories, models, instrumentation, scales and questionnaires. The third world is that of meta-science as it involves a critical reflection on actions and decisions that has been made through the research.

The three world's framework is a tool or instruments that assist in identifying the units of analysis of a particular study (Mouton, 2009: 141). From Figure 2.2 it is evident that the three phases of the interventionist research process (knowledge development, design and development and knowledge evaluation) focus on all three worlds from the perspective of new knowledge production. It also emphasises the different motives that underlie knowledge production and contribution in each world. It is important to note that these worlds are interwoven and will provide the researcher with a useful instrument in better understanding if the scientific enquiry with regards to the four research questions has served its purpose.

World 3: Meta-science (Knowledge Evaluation)
- Quantitative reflection on influence of intervention on knowledge, altruism, attitude, values, skills, behaviour and empowerment of independent non-executive directors
- Qualitative reflection on process-based and outcome-based assessment criteria of the shapeshifting intervention
- Critical reflection on the practicality, relevance and use of the shapeshifting intervention.

Shapeshifting intervention

World 2: Science
Design and Development
- Development of intervention – shapeshifting framework
- Concepts, definitions, teaching and learning outcomes
Knowledge Evaluation
- Development of outcomes-based and process-based evaluation methods of the intervention:
  - Instrumentations, scales, tests and questionnaires
  - Data and findings

Intervention/Programme Required

World 1: Practice-orientated problem (Knowledge Development)
- Poor corporate governance practices in South Africa
- Call for companies to be accountable and responsible for its business activities
- Lack of long-term futures approach to corporate governance
- Lack of suitably qualified independent non-executive directors
- Retrospective corporate governance approach – lack of strategic foresight

Figure 2.2 Units of analysis

Compiled by researcher and adapted from Mouton (2009)

2.3 EVALUATING THE SHAPESHIFTING INTERVENTION: A DESIGN-BASED RESEARCH APPROACH

2.3.1 Evaluation and designed-based research

When exploring the relationship between theory, evaluation and design-based research, it is important to distinguish between theory about evaluation and theory in evaluation (Clarke, 1999: 30). Evaluation theory tells us when, where and why some methods should be applied: *Evaluation theories are like military strategy and tactics. Methods are like military weapons and logistics.* Therefore, a sound and comprehensive theory of a successful evaluation should contain five major components that include social programming, knowledge construction, knowledge use, valuing and practice. In other words, it is theory about the doing of the evaluation that is very different to focusing on programme theory in evaluation, where the emphasis is on specifying how an intervention or programme is supposed to operate. According to Wholley (as cited in Clarke, 1999: 31), it is this focus on theory that separates designed-based and evaluation research from other forms of evaluation activity such as period inspection, systematic monitoring and auditing. Chen and Rossi (1981) argue that the convention "official goal-fixed approach" be replaced by a multi-goal theory driven approach. Chen (1990) distinguishes between two broad types of programme theory, descriptive and prescriptive. While descriptive programme theory is concerned with linking theory, process and outcomes, prescriptive theory looks at what form the structure of the programme or intervention should take. He suggests that in order to obtain a holistic evaluation of a programme, the assessment and evaluation strategies should contain elements of both making use of formative and summative types of evaluation.

2.3.2 Types of evaluation

When choosing between formative and summative assessment and evaluation strategies, most evaluators show a strong preference for one or the other (Clarke, 1999: 10). Clarke (1990: 11) explains the difference between formative and summative assessment as follows:

> *Formative evaluations strengthen or improve the object being evaluated. In other words, they help form it by examining the delivery of the program or technology, the quality of its implementation, and the assessment of the organizational context, personnel, procedures, inputs, and so on.*

> *Summative evaluations, in contrast, examine the effects or outcomes of some object. They summarize it by describing what happens subsequent to delivery of the program or technology; assessing whether the object can be said to have caused the outcome; determining the overall impact of the causal factor beyond only the immediate target outcomes; and, estimating the relative costs associated with the object.*

Scriven (as cited in Clarke, 1999: 10) asserts that the primary purpose of a formative study is to prepare a programme for summative assessment. Chen (1996) asserts that both formative and summative issues can be addressed in a single evaluation and proposed the integration of four types of evaluation functions as indicated by Table 2.3 below.

Table 2.3: Evaluation functions

	Improvement	**Assessment**
Process FORMATIVE	Process- improvement evaluation	Process-assessment evaluation
Outcome SUMMATIVE	Outcome-improvement evaluation	Outcome-assessment evaluation

Source: Chen, 1996: 123.

Process-improvement evaluation information can be used for either instrumental or conceptual purposes, with the aim of the evaluation to detect strengths and weaknesses in the intervention of the programme and make recommendations for altering or improving the structure and implementation of the programme. Process-assessment evaluation is aimed at ascertaining whether or not the programme has been successfully implemented (Chen, 1996: 124). He also identifies two types of outcome evaluation where one focuses on programme improvement and the other on the overall assessment of the outcomes of the programme in order to provide an overall judgment in terms of its merits or worth. In accordance with Chen's (1996) assessment and evaluation theories, the researcher decided to base the evaluation of the shapeshifting framework on all four types using specific evaluation models that is purposefully mixed to obtain a more holistic evaluation as illustrated in Figure 2.3 below.
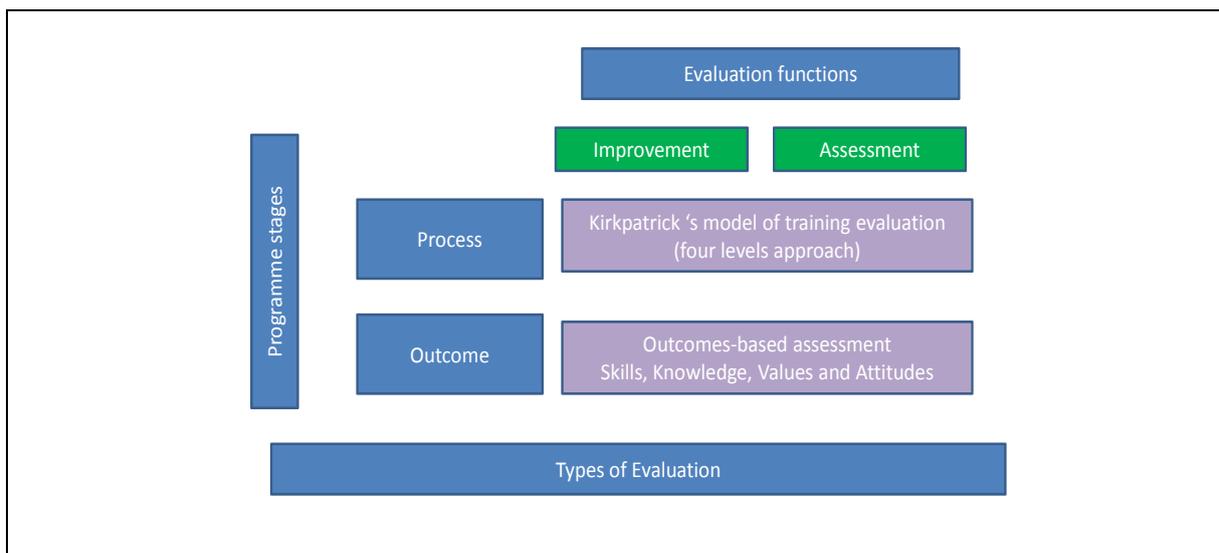
Figure 2.3 Evaluation framework

Source: Compiled by researcher

2.3.3 Theoretical assumptions of the evaluation models of the shapeshifting intervention

2.3.3.1 The four level approach (process-based evaluation)

In 1959, Kirkpatrick developed his four-level training evaluation model that provided a simple and pragmatic look at training programmes (Tamkin & Yarnall, 2002: ix). The Kirkpatrick framework for classifying evaluation consists of four stages or levels (Kirkpatrick & Kirkpatrick, 2006). The four levels are:

- Level 1: Reaction – What the participants thought of the programme, normally measured by the use of reaction questionnaires;

- Level 2: Learning – New content learning obtained during the programme;

- Level 3: Behaviour – Changes in job behaviour resulting from the programme. Assessment methods include observation and interviews;

- Level 4: Results – The tangible or intangible contribution of the programme.

The Kirkpatrick model has been criticised due to its age, simplicity and an applied causal relationship between the four levels that has not always been established by research (Tamkin, Yarnall & Kernill, 2002: 1). However, research into training evaluation models since the 1970's has shown that many of them uses the four levels as a basis for their thinking (Tamkin *et al.,* 2002: 5). Hamblin (1974) added a fifth level (ultimate value) and arranged the levels in a hierarchy, while the Organisational Elements Model added two additional levels – micro and macro (Kirkpatrick & Kirkpatrick, 2007: 56). Twitchell, Holton and Trott (2005: 86) analysed various training evaluation sources and models and concluded that the general patterns are the same. Many models of programme evaluation use similar level indicators and even where the training is more technical and supposedly more straightforward to evaluate, there seems to be little variation to this approach. (Twitchell, Holton & Trott, 2005: 108).

In finding an effective, valid and reliable evaluation model for the shapeshifting framework, the researcher examined a wide variety of models to utilise the process-improvement and process assessment component for the evaluation such as the five level approach (Hamblin, 1974), the Organisational Elements Model (Kaufman & Keller, 1995), the Indiana University approach (Molenda & Reigeluth, 1996), as well as the ROI framework (Phillips, 1994), the KMPT model (Kearns & Miller, 1997) and the CIRO approach (Warr & Birdi, 1999).

After extensive research and careful consideration, the researcher decided that the process-related assessment of the shapeshifting framework would be based on Kirkpatrick's four levels of evaluation. Where the model is usually criticised due to the fact that it commences after the

development event has started, it would be perfectly suitable as a clear, simplistic tool of obtaining process-based assessment of the shapeshifting intervention. Pulley (1994) argues that the Kirkpatrick model provides room for both quantitative and qualitative measures, as it pays attention to both "hard" and "soft issues" and offers a new way for evaluators and designers to imagine greater impacts training programmes can have on participants (Kirkpatrick, 2006: 168). It is important to note that the researcher only proposes the use of the Kirkpatrick model for the process-based assessment segment of the evaluation strategy and not for the intervention in its entirety.

Kirkpatrick et al. (2007: 23) state that Level 1 should be used to measure how those participated in the programme reacted to it in terms of the facilities (location, comfort, convenience), the schedule (time, length), audio-visual aids and hand outs and the value that participants place on individual aspects of the programme. The benefits of evaluating the reaction of participants are twofold. Firstly, it provides valuable feedback that helps in the evaluation of the programme and secondly provides the facilitator with comments and suggestions for improving future programmes (Kirkpatrick & Kirkpatrick, 2007: 27). This level is not indicative of the skills acquired by participants, but provides valuable information regarding their interest, attention and motivation.

The second level involves a PIE approach, where the "P" stands for practical, the "I" refers to interactive and the "E" for enjoyable and useful (Kirkpatrick & Kirkpatrick, 2007: 47). In any programme there are possible objectives, such as that the participants acquire knowledge specifically related to their jobs. Measuring learning means determining one of the following: What knowledge was learned? What skills were developed or improved? It measures the extent to which participants change attitudes and improve knowledge as a result of participating in the programme.

The third level is more complicated to evaluate, as learners cannot change their behaviour until they have an opportunity to do so. It involves testing the participant's capabilities to perform acquired skills in their professional lives. It is important to measure performance, as one of the objectives of the programme is to improve results by learning new knowledge and skills and applying them in real-life situations. As a guideline, Kirkpatrick (2006) suggests surveys or interviews in order to determine the extent of knowledge, skill and transfer attitude to the job. Consequently, the researcher conducted interviews with participant as stipulated in the research programme.

The last level probably provides the greatest challenge in evaluating the shapeshifting framework. Most training programmes have certain specific results in mind, such as an increase of productivity and the bottom line. However, intangible results are an important part of evaluating results. According to Kirkpatrick and Kirkpatrick (2007: 112), results will be such things as better quality of

work, a better understanding of the job, better communication and an improved rapport between co-workers resulting in an understanding of duties and responsibilities.

2.3.3.2 Outcomes-based assessment and evaluation

The evaluation process of this study focuses on the measurement of eight variables and is assessed both quantitatively and qualitatively: knowledge, altruism, attitude towards ethics, socially responsible behaviour, values, skills, behaviour and empowerment. The goal in the measurement of all of these variables is to better understand the processes of the adoption of the shapeshifting framework.

Evaluation at a learning outcomes level provides data on the degree of change to knowledge, altruism, attitude, values, socially responsible behaviour, skills and levels of empowerment or attitude stemming from the programme. This requires that assessment outcomes and objectives are made clear before the commencement of the shapeshifting intervention in order to adequately assess the learning gains. Newby (1992: 11) supports the need for well-defined objectives, but argues that there are some training purposes which do not depend on measuring the objectives themselves, where personal values and objectives legitimately differ from organisational ones and where the interest concerns the process of learning rather than the outcomes themselves.

As indicated in Figure 2.3, evaluation does not rely explicitly on the Kirkpatrick levels or the outcomes-based assessment approach. Using conceptual layers allows for the shapeshifting framework to be evaluated on all its aspects and aids in determining reliability and the validity of the study. The process-based and outcome-based assessment methods for the formal interventions are summarized in Table 2.4 and will be expanded upon later in Chapter 2 (par 2.5).

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Table 2.4. Summary of outcomes-based and process-based assessment methods

Outcomes-based assessment		
Variable	**Research Approach**	**Instrument**
Knowledge	Quantitative	Pre- and post intervention questionnaires
Altruism	Quantitative	Pre- and post intervention questionnaires
Attitude	Quantitative	Pre- and post intervention questionnaires
Values	Quantitative	Pre- and post intervention questionnaires
Socially Responsible Behaviour	Quantitative	Pre- and post intervention questionnaires
Leadership and directorial skills	Quantitative	Pre- and post intervention questionnaires
		Open-ended questions (post-intervention questionnaire)
	Qualitative	Structured interviews
Empowerment	Quantitative	Post-intervention questionnaire
Long-term impact	Quantitative	Long-term impact survey
Process-based assessment		
Variable	**Research Approach**	**Instrument**
Level 1:Reaction	Quantitative and qualitative	Post-intervention questionnaire
		Semi-structured interviews
Level 2:Learning	Qualitative	Open-ended questions (post-intervention questionnaire)
		Semi-structured interviews
Level 3:Behaviour	Quantitative and qualitative	Open-ended questions (post-intervention questionnaire)
		Semi-structured interviews
Level 4: Results	Qualitative	Long-term impact survey

Compiled by researcher

2.4   RESEARCH PROTOCOL AND TIME-FRAME

2.4.1   Protocol

The shapeshifting intervention focused on and included independent non-executive corporate directors serving South African companies that are deemed "of substance".

Substance normally requires one or more of the following criteria to be met (IoD, 2009):

- A minimum annual operating revenue or budget in excess of R10 million;

- Total employees in excess of 20; or

- Total assets in excess of R10 million.

Despite the great variation in company size that may be encountered, they, as directors, all have the same legal responsibilities and all have substantial potential personal liability as directors, should they not be diligent in completing their duties. Considering these duties and potential liabilities, they should have a significant interest in facilitating strategic foresight to improve corporate governance and in the learning opportunity offered by the shapeshifting framework.

Executive directors on boards of companies were not included in the study.   Non-executive directors perform their duties intermittently and have less regular access to the books and records of the company. On the other hand, executive directors must always manage the conflict between their management responsibilities and their fiduciary duties (King II Report, 2002: 56), Consequently, independent non-executive directors play a particularly important role in providing independent judgment in such circumstances. However, due to the commitment of the King Reports to public responsibility and accountability, executives at senior level in national, regional or local government were included (IoD, 2009).

The research programme, as illustrated in Figure 2.4, provides a roadmap with direction for conducting the research project in a systematic manner with the objective of evaluating the shapeshifting framework.

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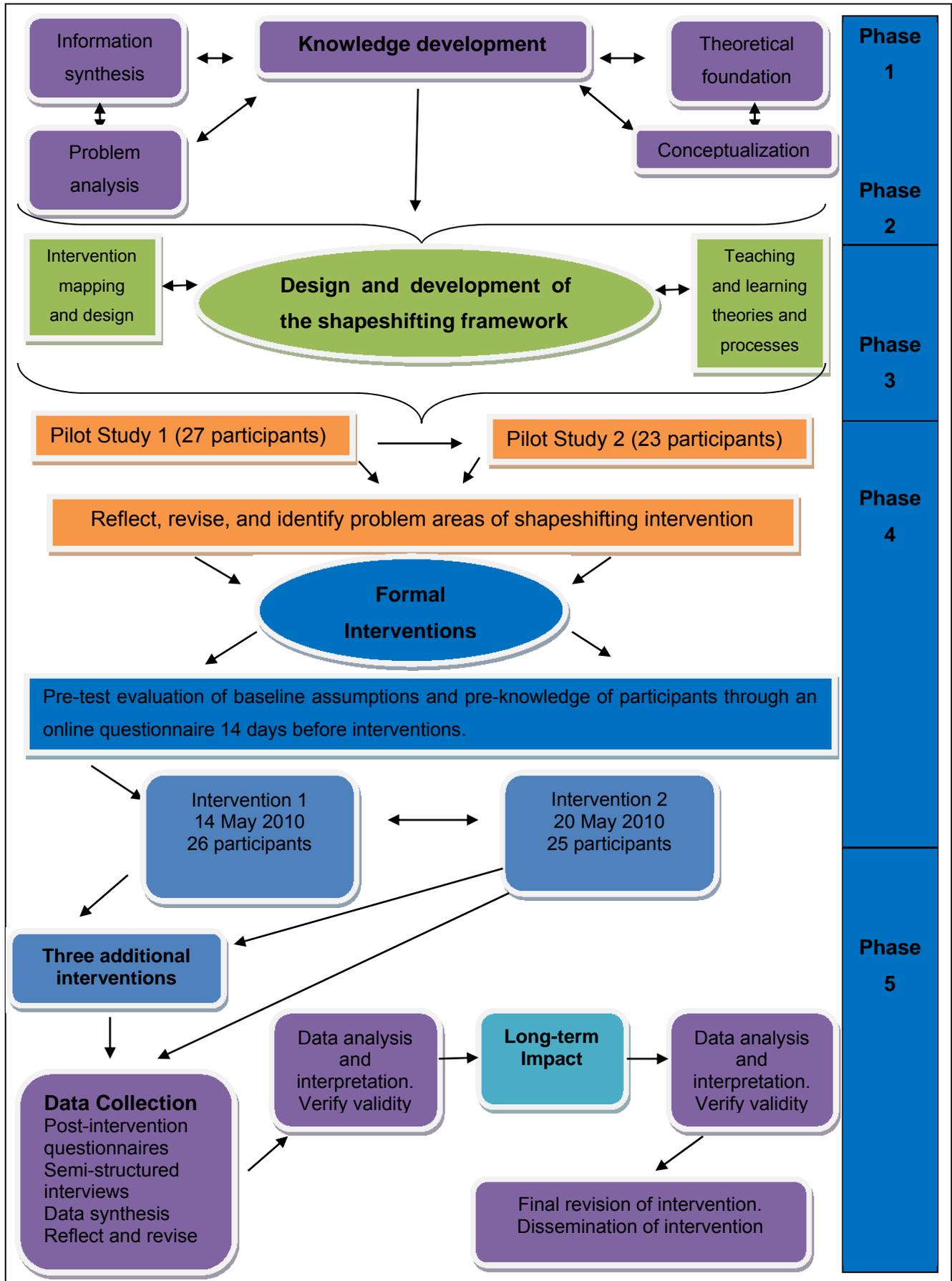
Figure 2.4: Research protocol
Compiled by researcher

2.4.2 Time-frame

Figure 2.5 shows the time boundaries of the intervention process. The time boundaries indicate the different phases of the intervention such as the development of the framework, pilot study research and the evaluation of the shapeshifting intervention.
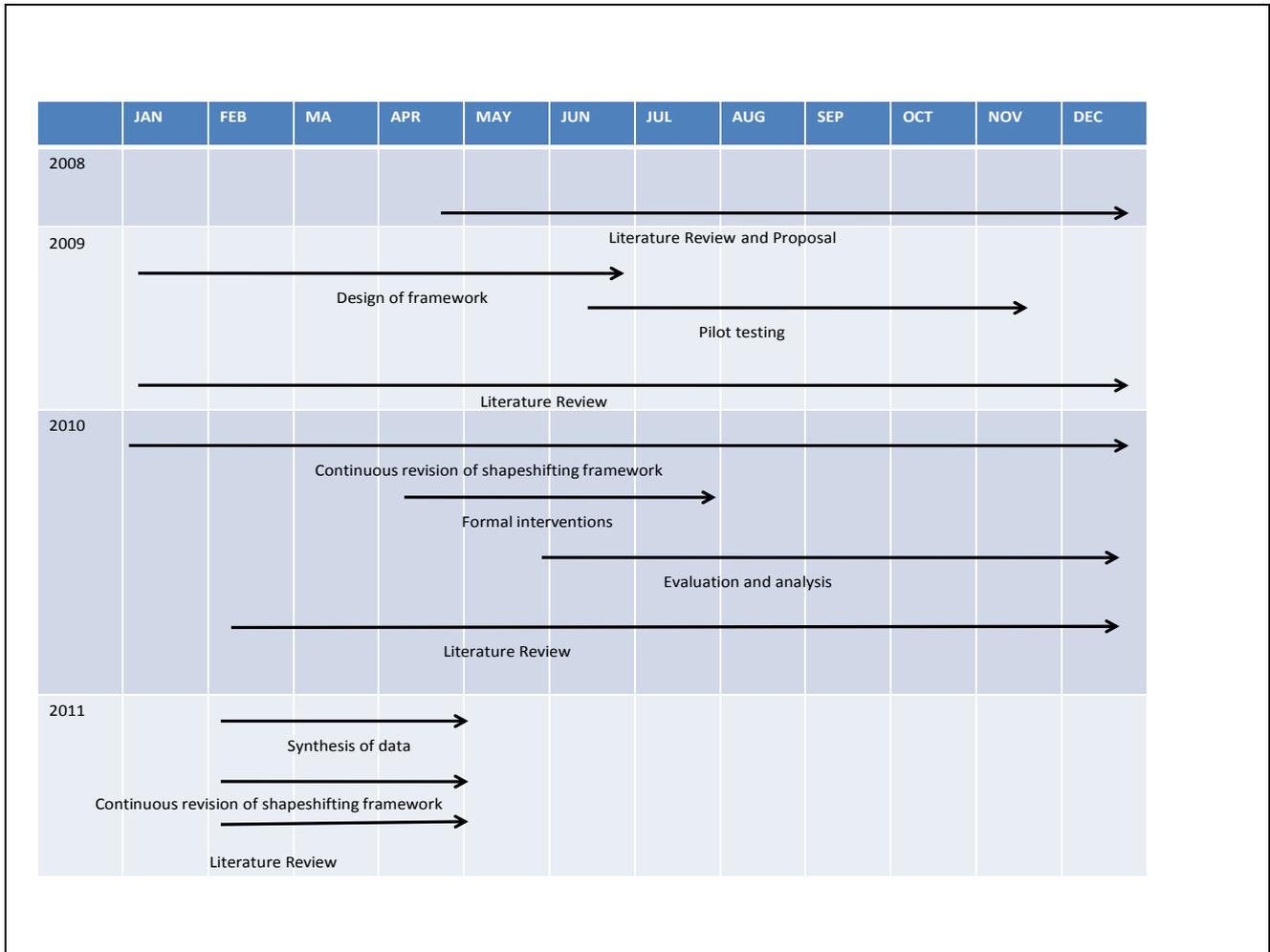
Figure 2.5 Time-frame of the research project

Source: Compiled by researcher.

The conceptualisation of the shapeshifting framework already started in 2007 as part of the researcher's thesis for a Masters Degree in Futures Studies at the University of Stellenbosch Business School. The research involved identified the knowledge, values, skills and attitudes of directors regarding corporate governance in South Africa. It identified a significant gap in the literature regarding the use of futures methods and the incorporation of strategic foresight. The researcher investigated several directorial training and induction programmes by both the public and private sector and came to the conclusion that an instructional design, focused on facilitating strategic foresight to directors, may contribute to the development of good corporate governance practices in South Africa.

A comprehensive literature review was conducted in 2008 in the fields of corporate governance, sustainable development, environmental economics, futures studies, strategy and foresight. A review of new literature was continued throughout the research process.

The design of the shapeshifting framework took place during 2009 and had to be revised and modified on a regular basis as new insights emerged. Several educational specialists from Wits Department of Education, Gauteng Department of Education and the Council of Higher Education were consulted throughout the process. The researcher investigated and attended several directorial programmes, training sessions and events at two business schools in South Africa, the IoDSA and three private training organizations to critically evaluate its effectiveness, design and teaching and learning strategies.

The roll-out or pilot testing phase of the shapeshifting framework took place from July to October 2009 and involved participants from two tertiary institutions in South Africa. Interviews with participants were conducted to obtain feedback. The researcher also gained insight and understanding by observing both positive and negative experiences during the interventions. Participant material was also developed during this time and refined in April 2010.

Two formal interventions were held at Wits Business School during May 2010. Three additional interventions were held on-site at various organisations. Data and statistical analysis took place from May 2010 to March 2011 .A medium to long-term impact analysis of the effect of the first two formal interventions was conducted six months after the two formal interventions and data analysis took place in January 2011.

It is important to note that, due to the nature of the research, the activities have often merged in practice as the researcher responded to the challenges and opportunities in the shifting context of applied interventionist research.

2.4.3   Summary of research protocol

The research collection process that involved the roll-out phase and numerous interventions took place over a period of two years (2009–2010) and can be summarised in Figure 2.5 above.

As can be seen in Table 2.5, the roll-out and formal shapeshifting interventions took place over an extended period of two years and involved 210 participants. Complete research data was obtained from 155 participants indicating a response and impact rate of 74 per cent.

Table 2.5: Summary and comparison of research collection processes

Research Phases	Selection Criteria	Duration	Participants	Data obtained	Return Rate
Pilot test study 1	Participants were all post-graduate students that have never received training in corporate governance or futures studies before and strategically and systematically identified by their companies as future business leaders.	14 week course	27	16	59%
Pilot test study 2	Participants were all post-graduate students that have never received training in corporate governance or futures studies before and strategically and systematically identified by their companies as future business leaders.	14 week course	23	17	74%
SUB-TOTAL:			50	**33**	**66%**
Intervention 1	Independent non-executive corporate directors serving on boards of South African companies that are deemed "of substance".	2 days	26	23	88%
Intervention 2	Independent non-executive corporate directors serving on boards of South African companies that are deemed "of substance".	2 days	25	24	96%
Three additional interventions	Independent non-executive corporate directors serving on boards of South African companies that are deemed "of substance".	2 days	62	50	81%
SUB-TOTAL:			113	**97**	**86%**
Long-term Impact	Participants were all independent non-executive directors who attended the formal shapeshifting interventions	After 6 months	47	25	53%
SUB-TOTAL			47	**25**	**53%**
TOTAL:			**210**	**155**	**74%**

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2.5   RESEARCH METHODS

An outline of the research programme and research methods of the evaluation phase of the shapeshifting framework is illustrated in Figure 2.6 below.

Research Methods

2.5.1. Pre- and Post-Test Measures
2.5.2. Reliability and validity
2.5.3.Credibility, trustworthiness and
         usefulness

**2.6. Pilot-testing, roll-out and early
         revision**
2.6.1. Introduction
2.6.2. Sampling
2.6.3. Outcomes-based evaluation

**2.7. Evaluation and advanced
         development**
2.7.1. Background
2.7.2. Sampling
2.7.3. Sampling frame
2.7.4. Quantitative methods
2.7.5. Qualitative methods
2.7.6. Medium to Long-term Impact
2.7.7. Documenting and reporting protocols
2.7.8. Research ethics
2.7.9. Dissemination and advanced
         development

Conclusion

Figure 2.6 Research programme

Source: Compiled by researcher

2.5.1 Pre- and post-test measures

Doorewaard and Verschuren (2004: 130) state that in order to look as much as possible at the findings as a whole, compound phenomena instead of a compartmentalisation of variables will provide better answers. The researcher therefore decided to use what Grinnell and Unrao (1997: 160) refer to as a descriptive pre-test and post-test design within the different phases of the interventionist research framework for both the pilot-phase and formal interventions and can be represented as follows:

$$O_1 \quad X \quad O_2$$

Where:

O_1 = First measurement of dependent variable

X = Independent variable (shapeshifting intervention)

O_2 = Second measurement of dependent variable

For the purpose of this research, the researcher employed multiple units of analysis within an interventionist framework as indicated. Both quantitative and qualitative evaluation measures were used throughout the different phases (Table 2.4). Kelly (2003: 117) proposed various approaches to mixed methods research and his classification is based on two criteria:

- The priority decision: How far is the qualitative or quantitative method the principal gathering tool?

- The sequence decision: Which method precedes which?

Bryman and Bell (2007: 658) state that mixed method research must be competently designed and conducted, as poorly conducted research will yield questionable findings, no matter how many methods were employed. It is of fundamental importance that the mixed method approach be appropriate to the research area and research questions and not be considered as a universal approach on the basis that "more is better". In this study, both quantitative and qualitative research methods were applied with qualitative research methods taking priority due to the design-based research approach. This choice is supported by making a distinction between the traditional mixed methods approach and designed-based research as indicate in Table 2.6.

Table 2.6: Differences between design-based and mixed methods research

Design-based research	Mixed method research
Meet the need for design as a science in education	Developed as a third research methodology due to shortcomings of the either-or approach of paradigms
Aims to develop and refine theories in one study	Aims to verify and generate theory in the same study
Collaboration among researchers, designers, and practitioners in real-world settings	Collaboration among researchers and participants in real-world settings
Produces dynamic and usable knowledge-informed theories that inform real-world practices	Produces complementary, divergent knowledge that results in stronger inferences and understanding
Interventionist in nature	Eclectic in nature

Source: Hoadley, 2004; Kelly, 2004; Akili, 2004: 7.

2.5.2   Reliability and validity

Yin (2003) states that for any research study to be valid, it should conform to and pass certain design tests:

- Construct validity: Establishing correct operational measures for the concepts being studied.

- Internal validity: Establishing a causal relationship whereby certain conditions are shown to lead to other conditions.

- External validity: Establishing the domain to which a study's findings can be generalised.

- Reliability: Demonstrating that the operations of the study or data collection can be repeated with the same result.

Reliability is defined as the amount of random error in measurement (Babbie & Rubin, 2007: 101). It is a matter of whether a particular technique, applied repeatedly to the same object, would yield the same results every time. If we plan to assess changes on a measure over time, it is important to assess whether the various items that make up the measure are internally consistent. Internal consistency reliability assumes that the instrument contains multiple items, each of which is scored and combined with other scores to produce an overall result (Babbie & Rubin, 2007: 102). The most common method used for calculating internal consistency reliability is coefficient alpha that can be easily done using computer software such as SPSS Version 8. When coefficient alpha is

0.8 or above, internal consistency reliability is considered to be excellent. (Babbie & Mouton, 2008:103). Gliem & Gliem (2003) states that when using lickert-type scales within pre- and post-test context, it is imperative to calculate and report Cronbach's alpha coefficient for internal consistency reliability for any scales or subscales that are used. The analysis of the data must consequently use the summated scales and not individual items as the reliability of the items will probably be too low. A Cronbach alpha rating does not provide reliability estimates for single or small subscale items (Spector, 1992:72). In this study a Cronbach alpha score of 0.7 was deemed as reliable (Babbie & Mouton, 2008; Santos. 1999) and summated scales were used to probe the underlying constructs.

There are several types of validity, *e.g.* face validity, content validity and criterion validity (Cohen *et al*., 2007: 87). Face validity is merely a subjective assessment of validity made by the researcher and/or other experts that it "appears" to be valid. Babbie and Rubin (2007: 103) define content validity as the degree to which a measure covers the range of meanings included within the concept. Like face validity, content validity is established on the basis of judgments. However, no matter how much confidence there may be in the judgments, evidence is needed to determine that the measure actually measures what it was intended to measure. Criterion-related validity is based on an external criterion (Cohen *et al.,* 2007: 89). When it is evaluated by an instrument, we select an external criterion what is believed to be another indicator or measure of the same variable.

It is important that a measure is reliable, but reliability does not ensure that it is valid. Concerns exist regarding the extent of reliability and validity in qualitative research. Babbie and Rubin (2007: 106) suggest the concept of triangulation to overcome such problems. Triangulation involves using several measurement alternatives and seeing if they produce the same findings, i.e. comparing qualitative interpretations of the data with qualitative findings. Figure 2.7 illustrates the measures that will be implemented to ensure design test validity. Triangulation forms an important part in the validation process. Yin (2003: 46) states that the fundamental notion of the triangulation technique is that qualitative and quantitative methods should be viewed as complementary rather than rivalry camps. Triangulation via multiple methods will be used in the research for two reasons. Firstly, to use quantitative methods to support the qualitative research, and secondly to uncover formal relationships between the constructs derived from the qualitative research. As the information and data obtained will be viewed holistically, no difference is made between the relative values of the methods.

2.5.3   Credibility, trustworthiness and usefulness

An important question that must be answered by the design-based researcher is what counts as credible evidence. According to Schoenfeld (1992: 180), a sound methodological argument must incorporate issues of trustworthiness, credibility and usefulness. The notion of alignment is an

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important aspect of research validity. The validity of the study is the likelihood that the interpretations of the results accurately reflect the truth and are concerned with two additional kinds of validity: treatment validity and consequential validity (Sandoval & Bell, 2004: 204). Treatment validity is the notion that the treatment that was created accurately aligns with the theories that they represent.
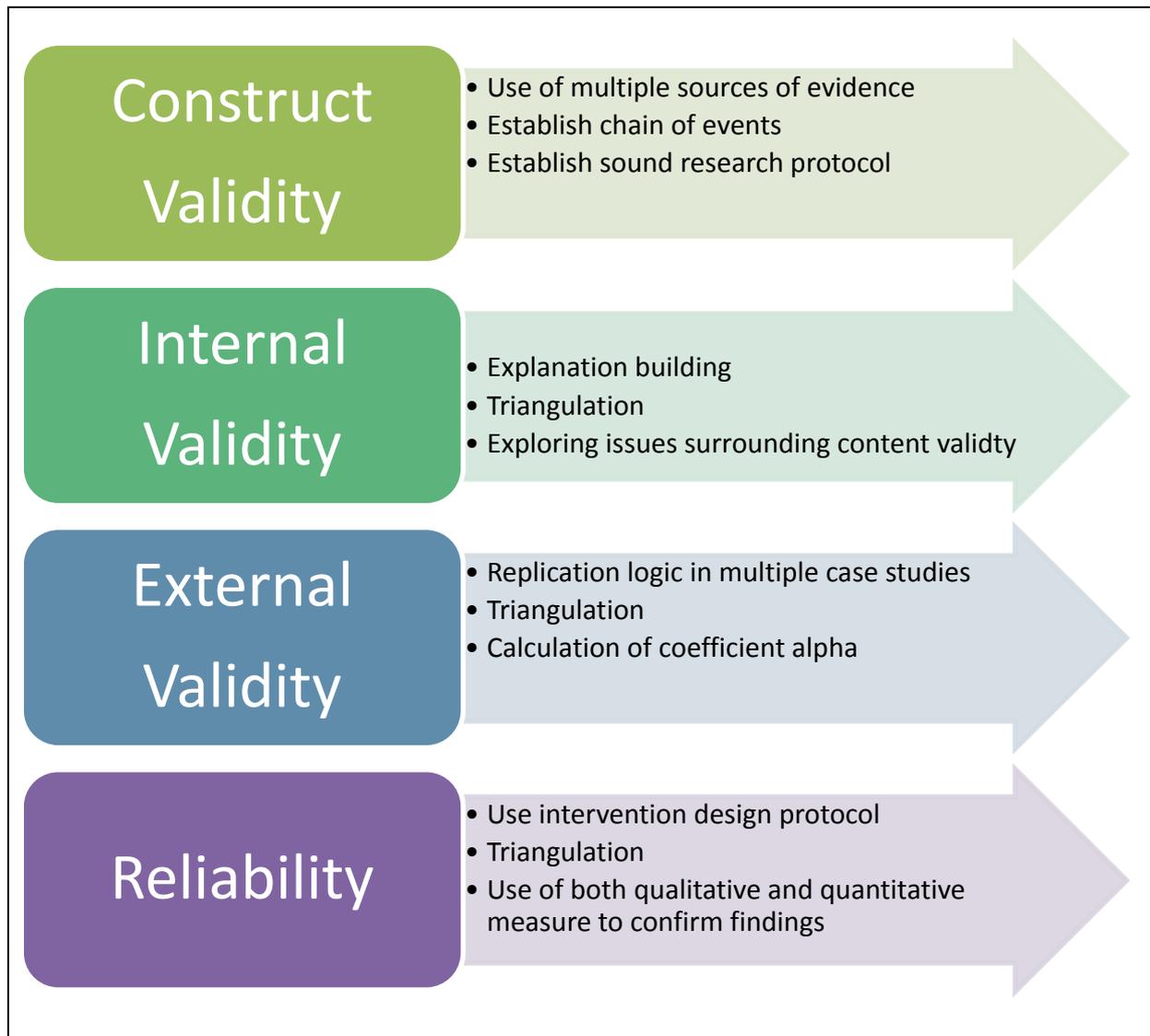
Figure 2.7 Validity and reliability in evaluating the shapeshifting intervention

Source: Compiled by researcher

While trustworthiness and credibility (reliability and validity) are often used to test research rigour, Barab and Squire (2004: 91) argues that, to demonstrate the usefulness or consequentiality, is an essential criterion for determining the significance of the study. Messick's (1992 as cited in Barab & Squire, 2004: 91) formulation of consequential validity argues that inquiry is a social enterprise and evidence for the validity of an assertion can be gathered by examining the effects of that assertion. Design-based research offers a mode of inquiry that supports consequential validity as long as researchers draw connections to theoretical assertions and claims.

The integrity of research and the interventionist tactic are mainly judged on reliability and validity tests that are rooted in the positivist epistemology (Remenyi *et al.,* 2003: 179). Design-based research within a qualitative paradigm requires a slightly different approach (Golafshani, 2003: 597).

Table 2.7 below indicates the issues regarding validity, dependability and reliability that arose from the chosen research methods that emanated from the study, as well as the consequent protocols undertaken by the researcher.

Table 2.7: Constructing validity and reliability

Compiled by researcher

Aspects	Criteria	Protocols
Integrity of intervention tactic	Time lapse between data collection and reporting.	Negated by amount of time researcher spent refining and re-designing the shapeshifting framework.
	Personal bias due to personal involvement.	Third-party observers were employed.
		Use of guest lecturer allowed researcher to become an active participant observer.
External transferability	Replication of results.	Pilot-phase and several formal interventions were used to demonstrate that the methods were reproducible and consistent.
		Design-based research intervention
Descriptive validity	Clarity of the reported descriptive information, from the conceptual framework to research methodology and reporting.	Use of third-party observers
		Facilitator as active participant observer.
		Two interviewers were present during semi-structured interviews.
Interpretive validity	Associated with meaning and how well viewpoints are reflected in data.	Researcher's field notes were transcribed and included in appendices.
		Special attention was given to dissenting views of participants.
		Intended and unintended positive and negative consequences were recorded.

Construct Validity	Ensures adequate operational measures for the constructs under investigation (Yin, 2003: 35).	Researcher used multiple sources of evidence. Qualitative data was used to support quantitative findings.
Treatment validity	The notion that the treatment that was created accurately aligns with the theories that they represent.	Continuous assessment of the shapeshifting framework as an instructional design was carried out through all the phases in the research process. Alignment and revision were verified with participants both qualitatively and quantitatively.
Confirmability	Ability of others to be satisfied that the research was carried out in the way it was described.	A comprehensive and transparent record of all data has been included in the research (appendices).
Internal credibility	Identification of causal relationships whereby certain variable may influence other variables (Emory & Cooper, 1991).	The researcher clearly stated and included subjective personal issues that may have bearing on the research and consequent interpretation in Chapter 6 on analysis and interpretation.
Dependability	Relates to the ability of other researchers to carry out the same study and achieve similar results.	Detailed documentation trail provided, including lesson plans and participant material.

2.6 PILOT TESTING, ROLL-OUT AND EARLY REVISION OF THE SHAPESHIFTING INNOVATION

2.6.1 Introduction

Once the design and development of the shapeshifting framework were completed, the implementation thereof occurred in three phases that started with two pilot tests. The purpose was to test the pilot-shapeshifting intervention in its entirety. It was inevitable that a variety of problems would be encountered and that revisions would be required.

The task involved using the shapeshifting framework as an intervention design to determine whether it could be implemented in natural agency settings, and to otherwise examine its viability and utility as a practice tool. It was intended that this would result in the refining and detailing of the intervention, leading to subsequent outcome evaluation to what Rothman and Thomas (1999: 217) refer to as a "more crystallised practice vehicle". The following questions guided the pilot phase:

- Can the shapeshifting instructional design be brought into being or actualised under conditions approximating the ultimate application setting?

- How did in work out in action? What problems were encountered?

- What were the procedures and conditions of implementation?

- Did it bring about the results expected of it?

- Was there a change in the knowledge, altruism and attitude towards corporate governance of the intended participants?

- Can the means of operationalisation be set down or codified in a form that is conducive to its dissemination with reasonable ease and be replicated?

These aspects were addressed through both process-based and outcomes-based evaluations making use of quantitative methods (Table 2.8). It is important to note that the roll-out of the intervention brought several problems to light regarding questionnaire design, data collection and research methods. Consequently, the results obtained may include certain inconsistencies. These problems and inconsistencies allowed the researcher to revise and re-design data collection methods and improve teaching and learning processes.

Table 2.8. Summary of assessment methods for pilot tests

Outcomes-based Assessment	Instrument	Process-based Assessment	Instrument
Knowledge	Pre- and post pilot test questionnaires	**Reaction**	Post-pilot test questionnaire
Altruism	Pre- and post pilot test questionnaires	**Learning**	Post-pilot test questionnaire
Attitude	Pre- and post pilot test questionnaires	**Facilitator and teaching process**	Post-pilot test questionnaire

Compiled by researcher

2.6.2 Sampling

Two groups of participants (27 and 23 respectively) at two tertiary educational institutions in Gauteng were selected and the framework was field tested for the first time. De Vos and Strydom (2002: 53) state that purposive sampling can be regarded as drawing a small group of people from the population the researcher intends to use as participants of the study. In the pilot phase, purposive sampling was used according to the following criteria:

- Participants were all post-graduate students that have never received training in corporate governance or futures studies before;

- Participants were strategically and systematically identified by their companies as future business leaders;

- Participants were either current directors (both executive and independent non-executive) or displayed the desire and motivation to become one in the next three years.

The pilot tests took place over a period of 14 weeks from July to October 2009 that encompassed of 90 minutes of contact time per week.

2.6.3 Outcomes-based evaluation

Two questionnaires were completed by the participants at various time intervals (Weeks 1 and 14 respectively) according to the pre- and post-test design. In developing the questionnaires (Appendix 1), advice were obtained from various training professionals at the University of the Witwatersrand. Employing questionnaires already in the pilot phase allowed the researcher to test for usability, readability and understanding of the survey (Appendix 1).

The questionnaires were developed to assess both process and outcome evaluations of the shapeshifting framework (Table 2.8). Two questionnaires (Week 1 and Week 14) were used to assess the increase in knowledge about corporate governance, sustainable development and futures methods; a change in altruism with regards to corporate social responsibility and the scarcity of resources; and the change in attitude towards corporate governance, business ethics and sustainable business practices. With regards to process-based assessment, the post-pilot test questionnaire evaluated the contents of the framework and its relevance, the quality of the teaching and learning process and the role of the facilitator.

The results are reflected in Chapter 6 and will be highlighted as results from the pilot test study.

2.7 EVALUATION AND ADVANCED DEVELOPMENT OF THE SHAPESHIFTING INTERVENTION

2.7.1 Background

Based on the findings of the pilot phase, the shapeshifting framework was revised and improvements were made both to the curriculum, the teaching/learning objectives and various protocols. As design-based research is an iterative process that should be field-tested in a variety of real life settings, two additional and "formal" shapeshifting interventions were organised. Additional interventions would also provide the researcher with further learning opportunities, as a number of planning/action/reflecting iteration almost always yields new information and insight. According to Babbie (2007: 324), multiple cases strengthen the results by replicating pattern matching, thus increasing confidence in the validity of the intervention.

The first intervention was held on 11–12 May 2010 at Wits Business School in Johannesburg. The framework and process were revised and refined before the second intervention was carried out on 20–21 May at the same location. The use of an additional intervention assisted in obtaining the empirical evidence to support and sharpen the model. Both formal interventions consisted of 18 hours of contact time.

2.7.2 Sampling for formal interventions

Research is often conducted in situations that do not permit the kinds of probability samples used in large-scale social surveys (Babbie, 2007: 182). As the shapeshifting framework is targeted at independent non-executive directors of companies according to specific criteria, stratified random sampling (STRS) was used. STRS is a probability sampling technique in which the defined target population is divided into groups, called strata, and samples are selected from each strata (Shiu et al., 2009:14). The goal in stratifying is to minimize the variability within each stratum and maximize the differences between strata. The advantage of using STRS is that it ensures that the resulting sample will be distributed in the same was in the same way as the population in terms of the stratifying criterion (Bryman & Bell, 2007, 187). Shiu et al. (2009:476) states that the primary difficulty with random stratified sampling is determining the basis for stratifying and secondary information relevant to the required stratification factors might not be readily available. To ensure that the sample maintained the required precision, three steps were undertaken – dividing the target population into homogenous groups, drawing random samples from each stratum and combining the samples from each stratum into a single sample of the target population.

In this study, random stratified sampling was seen as the most appropriate sampling method as only a limited number of individuals possessed the trait of interest (independent non-executive director).

In South Africa, independent non-executives are defined by the King III Report (2010: 52) as someone who:

- is not a representative of a major shareholder who can control or significantly influence management or the board;

- does not have a material direct or indirect interest in the company/group which:

- is greater than five per cent of the group's total number of shares in issue;

- is less than five per cent of the group's total number of shares in issue, but is material to his/her personal wealth;

- has not been employed by the group or appointed as designated auditor or partner in the group's external audit firm, or senior legal adviser in the previous three financial years;

- is not related (immediate family) to someone who has been employed by the group in an executive capacity in the previous three financial years;

- is not a professional advisor to the group;

- is free from any other business or relationship that could be a conflict, such as being a director of a material customer of or supplier to the company;

- does not receive remuneration based on the company's performance.

The stratified sample elements were chosen based on the following two criteria:

- Participants must be an independent non-executive director (according to the criteria of King III report) serving on the board of a listed company or a company deemed as "of substance";

- Participants must have some history or evidence of training in the field of corporate governance and/or corporate law.

Two months before the event, the Art of Shapeshifting seminars were advertised in two South African magazines (Directorship and IoD Bulletin) specifically targeting South African directors. Online advertisements were also placed on Facebook and the Mail and Guardian websites during April 2010 (Appendix 3).

Within the time allocated to "recruit" participants, 97 enquiries about the seminars were received.

As each intervention could only ideally accommodate 25 participants, 65 participants were identified according to the sampling criteria. Formal invitations were sent via email and were accompanied by an online link to the official website (www.shapeshifting.co.za) where the participants were encouraged to read more about *The Art of Shapeshifting* and complete a pre-test online survey. Participants had to confirm their attendance by registering on the website (www.shapeshifting.co.za) and by completing the online pre-seminar questionnaire.

The online survey confirmed participants' eligibility and a confirmation of registration email was sent with further details and instructions of the event. Registration closed on 30 April 2010 with 57 registered participants, allowing for non-attendance of some participants.

2.7.3   Sampling frame

Twenty six participants attended the first intervention, while 25 participants attended the second intervention on 20 May 2010. Members of the sampling frame consisted of males and females aged 25–65, representing the four major population group classifications in South Africa. Samples for the quantitative methods were obtained from this sampling frame. Due to the pre- and post-test research design, only "completed" pre-post measures could be used. This means that a participant had to complete both evaluation surveys at different periods in time before the data could be utilised and analysed. Of the 51 participants, 47 completed both surveys correctly. Non-response bias occurred in four instances, when participants in the sample "missed out" a few questions. Bias can occur when respondents do not understand the question, are in a rush to complete the questions or due to the personal nature of the question itself. For example, respondents may feel sensitive about answering questions about their age, education or their income (Birk & Malhotra, 2007: 414).

For the sample relating to the qualitative methods, structured interviews were conducted with four participants, representative of both groups in June 2010.

2.7.4   Quantitative methods

Two questionnaires were completed by the participants at various time intervals, three weeks before and three weeks after the interventions, according to the pre- and post-test design. In developing the questionnaires (Appendix 4 and Appendix 5), adjustments and improvements were made to previous survey instruments used in the pilot phase with the advice and input from a senior statistician at the University of Stellenbosch Business School. The data collected was done through structured questionnaires and were developed to assess both process and outcome evaluations of the shapeshifting framework and will be discussed in logical sequence, although some measurements may overlap.

An additional questionnaire (Appendix 7) was completed by participants six months after the first two formal interventions to determine the long-term impact of the shapeshifting intervention with regard to the adoption of strategic foresight as a core capability.

2.7.4.1 Pre-test survey

The pre-test survey concentrated on outcomes-based assessment and consisted of four sections (Appendix 4), each with a set of descriptors as indicated in Table 2.9 below.

Table 2.9: Components and underlying descriptors

Component	Underlying descriptors	Relevant Section
Knowledge	Base-line assessment of knowledge regarding: -Triple bottom line; -Stakeholder engagement; -Corporate governance; -Sustainable development; -3P's -Strategic foresight -Scenario building; -Residual risk; -Causal layered analysis' -Duties, liability and legal requirements of independent non-executive directors.	A
Green Altruism	Concern about the negative effects of business and consumption practices on the environment	B
Attitude	Attitudes regarding ethics and ethical business practices.	C
Socially Responsible Behaviour	Consumer behaviours which are related to environmental and resource-related problems	D
Values	Organisational values related to position (current)	E
Socio-Demographics	Industry • Level of education • General demographic info	F

Source: Compiled by researcher.

2.7.4.1.1   Knowledge

Knowledge is the information present in an individual's memory, and the way in which the information is stored. Knowledge assists individuals to categorise objects (Arnould, Price & Zinkhan, 2004: 342). Individuals also use prior knowledge to aid them in understanding new knowledge. Therefore, an individual's interpretation and understanding of the innovation depends on their increased knowledge.

The increase in knowledge as a result of the intervention were measured using a four point Lickert scale that ranged from 1 = I am not familiar with the concept; 2 = I have heard the concept before, but have no in-depth knowledge; 3 = I have a good understanding and knowledge of the concept; 4 = I have thorough knowledge and understanding of the concepts and understand its relevance and importance. A base-line assessment of ten concepts was conducted three weeks before the intervention (Table 2.10) and repeated three weeks after the intervention. Although it was expected that the knowledge of participants would increase as a result of the intervention, a base-line assessment of prior knowledge and learning is a fundamental aspect of the evaluation of a training program (Kirkpatrick & Kirkpatrick, 2007).

H_0: The shapeshifting intervention did not result in an increase in knowledge of the triple bottom line, stakeholder engagement, corporate governance, sustainable development, 3P's, strategic foresight, scenario building ,residual risk, causal layered analysis and duties, liabilities and legal requirements of independent non-executive directors.

The results are reflected in Chapter 6 and will be highlighted as results from the formal shapeshifting intervention.

2.7.4.1.2   *Green Altruism*

Altruism is defined as caring for others like yourself, actions and activities that encourages the survival chances of others at a cost to one's own and foregoing one's own personal goals for the benefits of others (Roberts & Straughan, 1999: 561). Schwartz's theory (as cited in Roberts & Straughan, 1999: 563) on social altruism found that it has a significant influence on behaviour with specific regard to the well-being of future generations and the environment. People who display high levels of altruism want other individuals to have the same general well-being they have. They do not wish to have more socio-economic and political power over other people as they view all individuals as being equal (Hopkins and Powers, 2009).

Rushton, Chrisjohn and Fekken (1981:17) describe altruistic people as individuals who prefer to obtain emotional rewards (intangible rewards) instead of physical rewards (tangible rewards). Altruism is often confused with compassion. It is an action whereas compassion is an emotion. These two concepts are related as one must be compassionate in order for them to be altruistic. The satisfaction that altruistic people gain are obtaining a higher self esteem for performing a good deed, greater motivation in life and happiness (Gates and Steane, 2009:964). Roberts & Straughan (1999:563) found that social altruism, influenced by culture have a positive effect on an individual's behaviour, with regard to the environment. This is because altruistic people care about the wellbeing of others and are concerned about the future generation. Altruistic people are more inclined to consider the 'non-human' elements of the environment (Straughan and Roberts,1999).

'Green' altruistic people are defines as those individuals who have a tendency to consider the environmental impact of their behaviour (Antil, 1994:19). As such, participants who display stronger levels of altruism will tend to make decisions consistent with environmentally sustainable consumption and behaviour.

The level of altruism of the participants of the shapeshifting intervention was measured using the GREEN scale. The GREEN scale consists of six items forming a single dimension (Antil, 1994). The items are assessed on a 9-point lickert scale where 1 = strongly disagree and 9 = strongly agree (Appendix 4, Section B). Previous studies (Antil, 1984; Haws & Winterrich, 2010) confirmed the reliability of the scale with a Cronbach alpha of 0.89 and 0.95 respectively.

H_0: The shapeshifting intervention did not result in an increase of the level of altruism of the participants.

2.7.4.1.3   Attitude

Attitude is defined as a "learned predisposition to respond to a situation in a favourable or unfavourable way" (Huang, 2004:560). Eagly and Chaiken (1993 as cited in Bagozzi *et al.,* 2007: 4) define attitude as a psychological propensity that is articulated by judging a particular article with some degree of favour or disfavour. The attitude construct is often used as a predictor of intention and behaviours.

Katz (1960) developed functional theories of attitude, which propose attitudes formed about behaviours to assist individuals in achieving personal goals or fulfilling needs. These functional theories of attitude propose that attitudes serve two important social functions: the value expressive function, which allows self-expression and the social-adjustive function which enables self-presentation to others. Attitude toward a certain type of behaviour refers to the degree to which a person has a favourable or unfavourable evaluation of the behaviour in question. Attitude is determined by the following two components - an individual's belief that performing the behaviour in question will lead to certain outcomes; and the individual's evaluation of the importance of those outcomes. Individuals base their decisions psychologically and predominantly irrationally that often leads to the involvement of ethics. Ethical motives may result in empathy and the subsequent formation of positive attitudes towards ethical issues, resulting in ethical behavioural choices.

Ethics are standards of conduct or moral evaluation (Gaski, 1999:196). In addition, ethics refers to moral judgments, standards, and rules of conduct. Ethical judgments refer to an individual's beliefs about the moral correctness or incorrectness of certain behaviours (Ha & Lennon, 2006). Ethics refers to a set of moral norms, principles or values that guide people's behaviour (Brunk, 2009:255). Ethical behaviour results when one does not merely consider what is good for oneself,

but also consider what is good for others (Van Vuuren and Rossouw, 2004: 391). Business ethics deals with evaluating whether practices exercised by employees, leaders and organisations as a whole can be considered morally acceptable (Creme , Mayer, Schminke, 2010: 16).

As conceptualized by Hunt, Chonko and Wilcox (1989), attitudes towards corporate ethics reflect different perceptions. Firstly, the extent to which respondents perceives the importance of ethical behaviour. Second, the extent to which respondents view ethics as important in the organization and lastly the extent to which employees perceive that people in organisation are concerned with ethics. The original CEP scale was a six-item scale with that was deemed as a uni-dimensional scale and confirmed as reliable by Hunt & Chonko in 1984. In 1989, Hunt et al. reduced the scale CEP scale to a five item-scale that is summed and then divided by both five to form and overall index of attitude towards corporate ethics. As both scales are recognised by the *Handbook of Marketing Scales* (2010), the researcher decided to use the original scale of Hunt, Chonko and Wilcox from 1984. All items are scored on a 9-point lickert scale where 1 – strong disagree and 7- strongly agree (Appendix 4, Section C).

The results are reflected in Chapter 6 and will be highlighted as results from first two formal shapeshifting interventions.

H_0: The shapeshifting intervention did not result in a change in attitude towards business ethics.

2.7.4.1.4   *Socially responsible behaviour*

Socially responsible consumption is defined as those behaviours and purchase decisions which are related to environmental and resource-related problems (Antil & Bennet, 1979:51). Sheth, Sethia & Srinivas (2011:22) relates socially responsible behaviour to sustainability and the triple bottom line responsibility with the implication that business results should take into account the environmental and social impact as well. They argue that socially responsible behaviour is central to responsible consumption and in determining sustainability outcomes.

Irresponsible social behaviour may result into overconsumption when the level of consumption becomes unacceptable as a result of its environmental and social consequences. Huang (2011:41) state that such behaviour can produce financial and physical distress for individuals and companies as the intended main-effect benefits (profit) get overshadowed by unintended side effects.

Sheth et al. (2011:27) puts forward the idea of mindful consumption and social behaviour that has both tangible and intangible components. While tangible components refer to a behaviour change in consumption patterns, intangible components pertain to the mindset of individuals – their

attitudes, values and expectations that influence their decisions and behaviours. Mont (2004:137) argues that for behaviour change to occur, temperance is required. Temperance implies behavioural decisions optimal for individual and societal well-being and consistent with sustainability goals.

To measure the possible socially responsible behaviour of participants as a result of the shapeshifting intervention, the Socially Responsible Consumption Behaviour (SRCB) scale was used (Antil & Bennet, 1979). The SRCB scale originally consisted of 40 lickert-type items scored on a 9-point basis. Johnson & Venter (2010) simplified the scale by reducing the items to 8 that ranges from 1 – strongly disagree to 9 strongly agree.

H_0: The shapeshifting intervention did not result in an increase in the socially responsible behaviour of participants

The results are reflected in Chapter 6 and will be highlighted as results from the SRCB variable.

2.7.4.1.5   Values

Values are seen as internal requirements by individuals, which affect their activities. There are two different types of values which are subjective values - values distinct to an individual and objective values - values that are identified globally, such as being ethical or moral (De Moura, Giraldi & Gervazio, 2001:71). Values are seen as an internal motivation within an individual that determines their actions and are not dependent on the different contexts individuals find themselves in. There is also a significant difference between cultural values and personal values. The latter refers to the individuals feelings towards society and the former refers to actions that are considered acceptable and unacceptable (De Moura et al., 2001:72).

Rokeach (1989) differentiates between instrumental values and terminal values. Instrumental values are the manner in which we aspire to behave such as being polite, truthful and responsible. Terminal values are an individual's aspirations relating to their existence such as freedom, self respect and world peace. The former refers to engaging in actions that are considered as acceptable, whereas the latter refers to feeling content after the action has been performed. Thus these two values affect consumer behaviour (Rokeach, 1989). Value systems help individuals choose between alternatives and resolve conflicts between alternatives in everyday life. An important aspect of values is that, given any situation a person may find himself in, it is all but impossible for him to behave in a manner that is equally congruent with all of his values. Two or more values may at any given point in time be in conflict with one another, or it may activate one value more strongly than another.

The survey instrument that was used in the study to monitor a possible change in the values of the participants is based on Richard Barrett's framework of the *Seven Levels of Corporate Consciousness* (Appendix 4, Section D)*.* Barett (1998) developed a series of survey instruments collectively known as *Corporate Transformation Tools™,* used for corporate culture assessment and corporate values assessment. The instrument consists of three templates of values/behaviours from which individuals can choose the ten values that best describe they believe are essential for a high-performance organization. Each value on the template is associated on the three templates (Figure 2.8) is associated with one of the levels of corporate consciousness.

The corporate values assessment was administered before and after the shapeshifting intervention and consisted of three levels of values/behaviours from which individuals could choose 10 values that best describe what they believe is essential for a profitable and sustainable organisation (Appendix 4, Section E). Each value/behaviour on the template is associated with one of the seven levels of consciousness indicating different values (Figure 2.8 below) and is categorised either as potentially positive or potentially limiting.
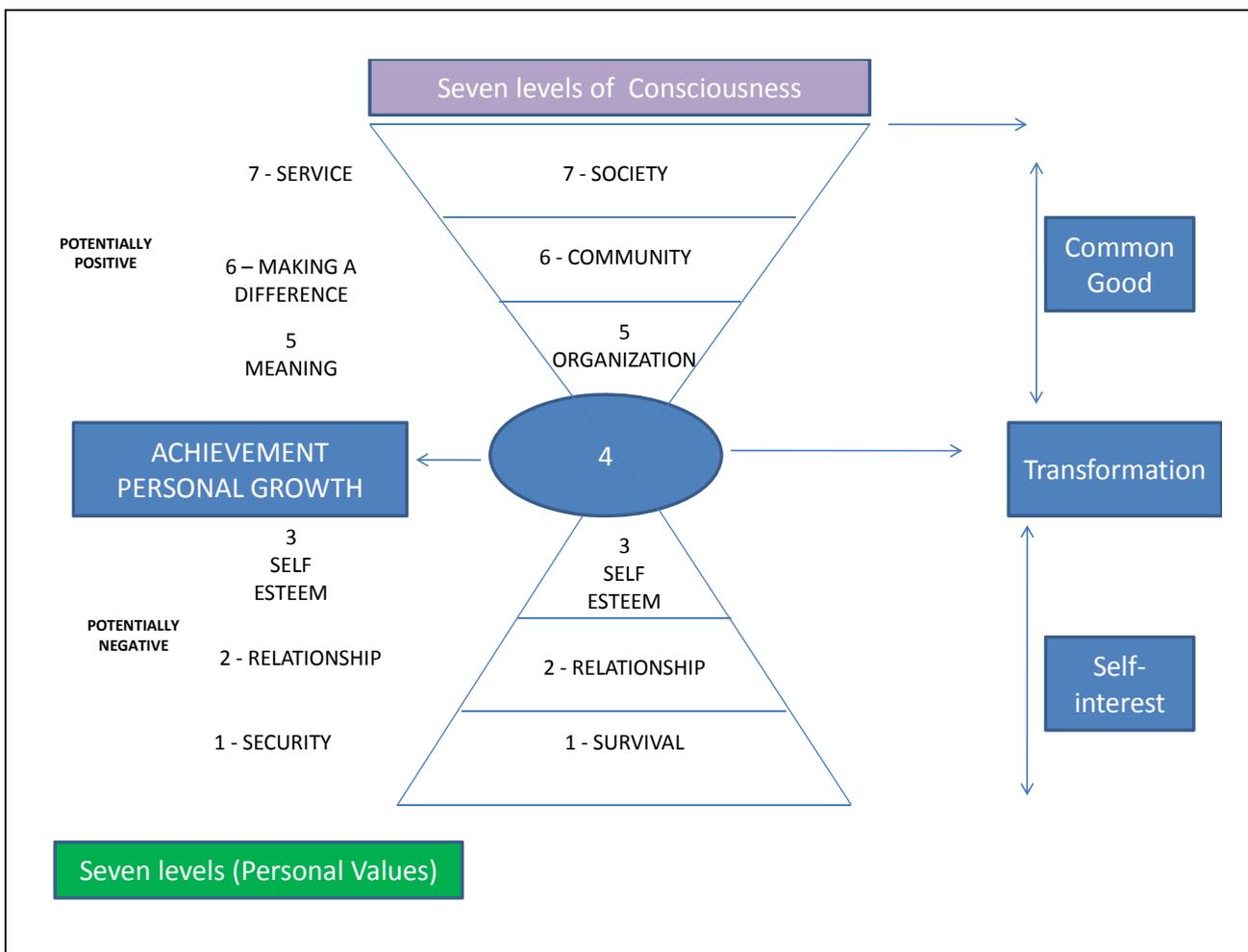
Figure 2.8: The seven levels of organisational values

Source: Barrett, 2008 (adapted by researcher).

Organisations rarely have organisational values from a single level of consciousness and tend to cluster around three or four levels. According to Barrett (1998:74), the organisations that make the list of the 100 Best Companies in the United States, tend to focus on the upper three levels. A brief overview of the levels is discussed in Table 2.10 below.

Table 2.10: The seven levels of organisational values

Level	Value	Explanation
1	**Survival**	Financial soundness Over control Exploitation Over focus on bottom line
2	**Relationships**	Communication and interpersonal relationships for gain and that support corporate needs Strong on tradition and image Demand discipline and obedience from employees Distrust
3	**Self-Esteem**	Desire for greatness (productivity, efficiency, quality and systems) Focus on management and control Complacency and bureaucracy
4	**Transformation**	Learning and innovation Employee participation and involvement Shift from control to trust Start incorporating multiple goals
5	**Organisation**	Shared vision and values of all stakeholders Positive and creative corporate environment Empowerment Create and encourage diversity
6	**Community**	External connectedness Strategic alliances Environmental stewardship Holistic approach
7	**Society**	Long-term perspective Ethics play central role Concern for future generations

Source: Barrett, 2008:68-72

The CTS (Common good, Transformation, Self-interest) Index was used to measure the effect of the shapeshifting intervention on organisational values (Barrett, 2008). It measures the percentage of values indicated by the participants that are situated in the upper three levels of consciousness (common good), the middle level of consciousness (transformation) and the lower three levels of consciousness (self-interest).

This survey instrument is particularly useful within the context of an intervention, as Barrett identifies five stages in the process of organisational transformation (Barrett, 1998: 14). The first stage can be described as unawareness where the individual is unconsciously unskilled. An intervention may lead to a state of awareness (Stage 2). The problem or issue is examined and one sees that it can only be resolved by learning a new behaviour (Stage 3). The problem is gradually dissolved by adopting the new behaviour (Level 4) and eventually leads to a change of values. It is therefore important to measure the perceived organisational values before (pre-test) and after the shapeshifting intervention (post-test) to evaluate whether some form of transformation has occurred after awareness was created.

The CTS index was specifically used in the study to evaluate whether the shapeshifting intervention caused a change in the values of participants from self-interest (S) to transformation (T) and making a difference in the community in which it operates.

The results are critically discussed in Chapter 6 using descriptive statistics and will be highlighted as results from the 'values' variable from the formal shapeshifting interventions.

2.7.4.7.6   *Socio-demographics*

The demographic information collected in the study were gender, the participant's race, age, education level and their occupation within a specific industry (Appendix 4, Section F). The results of the socio-demographic analysis of the sample are incorporated in Chapter 6 on results, analysis and interpretation and will be highlighted as demographic results and sample representativeness.

2.7.4.2 Post-test survey

The post-test survey (Appendix 5) was completed by participants three weeks after the intervention and focused on both process and outcome assessment of the intervention. The outcome-based assessment involved the same variables as discussed in the pre-test survey components with the aim of determining both significant and insignificant differences between the pre- and post-test results (Appendix 5, Section F).

2.7.4.2.1   Empowerment

Albertyn (2005: 31) states that empowerment is aimed at transforming society based on the foundation of the individual's sense of empowerment. The aim of empowerment is to increase the three levels of power, namely the micro level, interface level and macro level. Le Compte and Demarrais (as cited in Albertyn, 2005: 31) argue that empowerment must involve all three levels for true empowerment to be facilitated. The existing empowerment questionnaire, developed by Ruth Albertyn, uses personal values and the consequential outcomes of empowerment as an indication of change in the three levels as indicated in Table 2.11.

Table 2.11: Summary of levels of empowerment

Micro-level	Interface level	Macro-level
Belief in success Control/command over events Confidence Direct own choices Assertiveness Leadership Individual growth Motivation Feeling capable to complete tasks	Ability to affect behaviour of others Ability to make a difference in the world around us Decision making Exercising influence Support Problem solving Understanding power and status of groups	Ability to make a difference and have command over events Awareness of rights and increased collective power Critical reflection of social problems Ready to take action and participate in social change

Source: Albertyn, 2000: 41–43.

Once an intervention aimed at empowerment has been implemented, the facilitator needs to evaluate the success of the programme in terms of the aim of empowering the target group (Botha, Van der Merwe, Bester & Albertyn, 2007: 10). Albertyn (2005: 33) suggests that although a change in micro-level empowerment can be measured quantitatively, the interface- and macro-levels should be assessed through the use of qualitative techniques such as interviews and will be discussed in Chapter 6.

2.7.4.2.2. Directorial skills

A possible change in directorial skills (KD5) as a result of the shapeshifting intervention was investigated through qualitative measures (par. 6.6.5.5) and through the long-term impact survey (par. 6.3.7.2.) making use of open-ended questions.

2.7.4.2.2   Process-based assessment variables

In the post-test survey, several sections were added to the questionnaire that involved process-based assessment based on the Kirkpatrick model. Process-based assessment of the shapeshifting intervention was based on the first three levels of Kirkpatrick's model of evaluation according to specific components each with their own descriptors. The questionnaire consisted of both structured and open-ended questions (Appendix 5).

The first level assessed the reaction of participants to the process and delivery of the shapeshifting intervention according to four components that ranged from 1- Poor, 2- Average, 3 – Satisfactory, 4 – Good to 5 – Very good (Appendix 5, Section G):

- The standard and quality of facilities and amenities;

- Quality, recommendations and suggestions for more effective programme delivery.

The second level assessed the learning experience of participants to the process and delivery of the shapeshifting intervention according to five components (Appendix 5, Section H):

- Role of the facilitator (Questions 1 & 2);

- Quality of participant materials (Questions 2 & 3);

- Level of participation (Questions 4,5);

- Understanding of course objectives (Question 6);

- Relevance of learning experience and subject matter (Questions 7-8).

'Learning' was measured using Kirkpatrick & Kirkpatrick's (2006) Level 2 indicator statements that ranged from 1 – Strongly disagree to 5 – Strongly agree.

The third level (Appendix 5, Section I) assessed the intention to change behaviour as a result of the shapeshifting intervention according to four components (KE10):

- Change in behaviour as a leader (Question 1);

- Change in behaviour as strategic planner (Question 2);

- Improvement in communication skills with other board members (Question 3);

- Change in behaviour regarding in involment and participation as a board member; (Questions 4 &5).

The fourth level of Kirkpatrick's model was assessed qualitatively and will be discussed at a later stage. A number of important protocols were followed in the presentation of the process-based assessment. Quotes/comments from open-ended questions in the post-intervention survey are largely verbatim and selected because they represented an overall, generally held feeling that needed to be considered.

2.7.4.3 Analysis technique

SPSS Version 19 was the computer software used to examine the results from data collected in the pre-test and post-test surveys and conduct the necessary tests required in order to establish different relationships between the data collected. NVivo Version 8 was used to analyse and categorise the qualitative results.

2.7.4.4 Reliability and Validity of Quantitative methods

Malhotra and Birks (2007: 357) state that "reliability refers to the extent to which methods and scales produce consistent results if repeated". There are many forms of reliability testing with the most widely used being the measure of internal consistency (Hair & Money, 2007: 303). The Cronbach alpha (Cronbach, 1951) is one of the most commonly used indices for estimating the reliability of scales. The *Cronbach alpha* has to be calculated for all constructs and for each type of scale that is used to ensure reliability. The lower limit for the *Cronbach alpha* is 0.6 in exploratory research (Hair & Money, 2007: 137) and is dependent upon the number of items in the scale.

However, sample size plays an important role in determining the level of reliability (Liu & Zumbo, 2007; Yurdugal. 2008: 398). Literature suggests that the sample coefficient alpha obtained from larger sample groups provides a more accurate estimate of the alpha (Kline, 1986; Charter; 1999). Nunally and Berstein (1994) argues that a minimum size for the sample should be ≥ 300 and that low sample sizes alpha coefficients may be unstable. Charter (2003) acknowledges the problematic nature of large sample sizes in social, psychometric and interventionist research and proposes a lower alpha of 0.06 for sample sizes smaller than 100. In a study conducted by Yurdugal (2008) investigating the effect of smaller sample sizes on the coefficient alpha he concurred that 0.06 be viewed as an acceptable standard but that it should not be used to comprise the overall reliability of the study.

Bryman and Bell (2007: 234) define validity as the extent to which a scale or set of measures accurately represents the concept of interest. Convergent validity suggests that there is a high correlation between the alternative scales and the summated scales, while discriminate validity is the degree to which two conceptually similar concepts are distinct. Since the scales and questions used in both the pre-test and post-test surveys were taken from research that has already been successfully completed and deemed reliable, there is a strong sense of convergent validity. Even

though the reliability and validity of the scales have been confirmed in previous studies, it is important to verify its reliability within the context of this specific study as it involves sample sizes smaller than 50 respondents. After reviewing the literature it was decided that the Cronbach Alpha scores of all the utilized scales would be calculated and reported on in Chapter 6 using 0.6 as the lowest limit of reliability.

2.7.4.5 Potential limitations of quantitative research methods

Using surveys to obtain data has the major disadvantage that respondents may provide untruthful answers due to social desirability response bias. Many individuals, and especially directors, want to portray a certain image about themselves that they desire and thus may provide untruthful answers in order to obtain or sustain that desired image. Complete anonymity was guaranteed in both surveys.

Another possible disadvantage may be the use of random stratified sampling such as the probability that the sample may not be a true reflection of the general population or have similar thought processes and behaviours (Malhotra & Birks, 2007: 391). However, using random stratified samplingalso gave the researcher the benefit of choosing a sample that is a true reflection of the target population, as long as they met all the criteria. Other potential problems and limitations and their corresponding protocols were discussed in Table 2.6.

2.7.5   Qualitative methods

Qualitative methods are ideally situated to explore attitudes, opinions, motivations and feelings towards the shapeshifting intervention. The following methods were utilised:

- Qualitative interviewing: Structured interviews with four participants were conducted (Appendix 6) where the researcher used a list of fairly specific questions to be covered. Special emphasis was placed on how the interviewee framed and understood the different dimensions. Interviews were partially transcribed and extensive field notes were compiled (KE 7, 10 and 11).

- Participant observation: Comprehensive field notes were compiled throughout the pilot phase and the formal interventions of the event itself, social activities and questions and comments (Appendix 2).

2.7.5.1 Observation

According to Babbie (2004: 303), the greatest advantage of field research is the presence of an observing, thinking researcher on the scene of the action, as even tape recorders and cameras cannot capture all the relevant aspects of social processes. The researcher fully participated and

facilitated the intervention in order to guide the shapeshifting process through delivery and assessment. During the seminars, the researcher interacted with the participants and made observations in the course of these exchanges that were recorded in a field journal. The researcher also made use of two "third-party observers" that recorded the events of the day, social activities and important discussions (Appendix 8).

In order to add validity to the use of observation as a research tool, the second phase of the framework was facilitated by a consultant from Ernst and Young to allow the researcher to observe and reflect on the activities and participation by the attendees. Owing to the extent of the researcher's involvement in facilitating the workshop, she became an active participant observer.

2.7.5.2 Structured interviews

Four structured interviews were conducted one month after the interventions with participants who were representative of both groups (KE 7,10 and 11). A structured interview entails the administering of an interview schedule where the aim is to give exactly the same stimulus to all respondents (Bryman & Bell, 2007: 210). The goal of this type of interview is to ensure that interviewees' replies can be aggregated.

Open questions have certain advantages, such as that the respondents can answer in their own terms and that it allows for unusual responses to be derived. However, open questions present problems for the researcher in that they are often time consuming and require coding. Open questions were asked and responses were written down, examined and then categorised in order for each person's answer to be aggregated with the other respondent's answer to the specific question (Appendix 6).

Data obtained from the structured interviews (Appendix 6) involved the process of pre-coding whereby the researcher designed a coding frame in advance. Transcripts of the interviewees' replies were used to identify distinct themes in their replies.

The findings are incorporated in Chapter 6 on results, analysis and interpretation and will be highlighted as research results from the structured interviews.

2.7.5.3 Reliability and validity of qualitative research methods

In qualitative research, the term validity is used in a differently defined meaning. This involves ensuring that the report or description of the research is correct and is often done through triangulation and member check.

According to Bryman and Bell (2007: 291), practitioners of observation need to consider two important aspects to increase the reliability of the method. Firstly, inter-observer consistency needs

to be maintained which entails considering the degree to which two or more observers of the same behaviour agree on the events being observed. At both interventions, the services of two independent observers were utilised and their notes were compared after the session. As expected, there were some differences in interpretations, but no significant discrepancies were found.

Secondly, the reactive measurement effect whereby the subjects' knowledge are participating in scholarly research may affect their behaviour. However, one distinct advantage of making observations is that it records actions as it takes place and can provide great insights on how the intervention takes place (Erikson & Kovalainen, 2008: 87). Internal validity also needs to be created which means developing a good match between the observations and the constructs they develop.

To increase the validity of the structured interviews, respondent validation was used. Respondent validation is the process whereby the researcher provides the interviewees with an account of her findings with the aim to seek corroboration of the account that the researcher has arrived at (Erikson & Kovalainen, 2008: 92). The researcher provided all four interviewees with a written account of what they said in the interview. This technique is not without practical difficulties. It may occasionally cause defensive reactions on the part of the participants, retraction of statements and even censorship. The researcher needs to create a positive and co-operative environment in order to confirm the validity of the individual accounts.

2.7.5.4 Possible limitations of qualitative research methods

Bryman and Bell (2007: 423) identify four possible limitations of qualitative research:

- **Subjectivity:** Quantitative researchers criticise qualitative research as being too impressionistic and subjective with an over-reliance on the researcher's views on what is significant and important.

- **Difficult to replicate**: As qualitative research is often unstructured and reliant upon the qualitative researcher's skills, it is almost impossible to conduct a true replication.

- **Problems of generalisation**: It is suggested that the scope of the findings is restricted. When participant observation is used with a small number of individuals, it is almost impossible to generalise the findings.

- **Lack of transparency**: It is sometimes difficult to establish what the researcher actually did and how she arrived at the study's conclusions.

Due to the above-mentioned limitations of qualitative research, the researcher decided to use additional quantitative methods to increase the reliability of the research findings and add validity to the qualitative findings. Consequently, findings for both outcomes-based criteria (knowledge and skills gained) as well as process based-criteria (reaction and delivery of the intervention) were gathered quantitatively and qualitatively.

2.7.6   Medium to Long-term impact

In order to determine the long-term relevance of the shapeshifting intervention, another post-intervention questionnaire was sent to participants 6 months after the first two formal interventions. The purpose of the questionnaire was to link the purpose of the intervention to the intended result of facilitating strategic foresight to independent non-executive directors and investigate the practical relevance of the intervention to their specific role and position on the board. The questionnaire (Appendix 7) consists of 9 sections. Although the questionnaire was sent to all the participants of the formal interventions, an additional criteria was added. Respondents must have attended a board meeting and/or strategic planning session during the past six months since they attended the shapeshifting intervention.

The purpose of the questionnaire was not to record another increase or decrease in these variables over time, but to gain insight and understanding in seeing the true usefulness and contribution the intervention played in the activities and functioning of the participants. The questions were designed within the realm of level 4 of the Kirkpatrick model (results).

The objective is not to record a statistically sound measurement, but to obtain information about intangible benefits of the intervention as put forward by Kirkpatrick and Kirkpatrick (2007) to determine the impact on KE3, KE7 and KE8:

- Use of futures skills, ideas and concepts in practice;

- Transfer of knowledge and skills to other board members;

- Empowerment;

- Intangible benefits (Change in behaviour).

2.7.7   Documenting and reporting protocols

The documenting protocols refer to the recordings and transcripts of the structured interviews, the researcher's field notes and other field notes made by external observers. The documents are incorporated as they were written by the researcher on an ongoing basis, all of which are included in the appendices.

All the interviews were recorded and partial transcripts are presented, due to confidentiality agreements with participants (Appendix 9).

Field notes made by the researcher is in "raw format" which means that they are not typed up, as they include key elements of the on-going and evolving interpretation of the data (Appendix 2).

Verbatim comments, questions and suggestions from the two formal interventions were typed up and will be included in the results chapter.

2.7.8   Research ethics

Rossouw (2006) states that professional ethics involve the principles and standards that guide members of the profession in their interactions with internal and external stakeholders. In adhering to the University of Stellenbosch's ethical code regarding research, the researcher will ensure that:

- Participation will be completely voluntary.

- Informed consent: Research participants will be fully informed about the risks and procedures involved.

- No harm to participants: Participants will not be placed in any position that may result in physical or psychological harm.

- Confidentiality and privacy: The participant's confidentiality will be ensured and information obtained from individual will not be made available to anyone who is not directly involved in the study.

Lastly, as Shurink (2009 as cited in Bryman & Bell, 2007: 132) pointed out, ethics in practice means being true to your character and responsible for your actions and the consequences thereof for others, by continuously reflecting on the relationship between the researcher and the researched. In achieving this, the researcher adhered to the principles of the King Reports with special emphasis on transparency, responsibility and accountability. The following principles of the HSRC were adhered to through all phases of the interventionist design (HSRC, 2009: 1):

i. **The principle of respect and protection:** Research was undertaken with, and not merely on, the identified participants. The researcher respected the autonomy and protected the welfare of all the participants. Written consent was obtained by registering on the website. Participants were given the right to refuse participation in any part of the research and to withdraw their participation at any stage. Information obtained during the course of the research that revealed the identity of the participant and company were treated as confidential. Furthermore, whenever methodologically feasible, participating individuals were

allowed to respond anonymously or under a "registration number" to protect their privacy. The researcher should be constantly aware that the research may prejudice the position of research participants if measures are not taken to prevent such prejudice.

ii. **The principle of transparency:** Participants were clearly briefed on the aims and implications of the research, as well as the possible outcomes and benefits of the research. In the communication of all findings, the researcher subscribed to the principles of honesty, transparency and scrutiny by the public and colleagues. The researcher also informed the participants of the intention of publishing the research in academic journals.

iii. **The principle of academic professionalism:** Researchers should at all times strive to achieve the highest possible level of scientific quality in their research and should not misuse their positions or knowledge for personal gain.

iv. **The principle of accountability:** The researcher ensured that a written research mandate was available to all participants as well as sponsors. The researcher also recognised the right of the stakeholders to request information from the researcher at the conclusion of the research.

In addition, the following questions were asked through-out the research process:

- What moral principles are guiding my research?

- What responsibilities do I have towards my research subjects?

- Are there any ethical concerns regarding the conduct of my research?

2.7.9   Dissemination and advanced development of the shapeshifting intervention

According to Rothman & Thomas (1994:37), the use of field tests and field replications to continuously test and refine the intervention distinguishes intervention research from programme evaluation. The final phase of the interventionist framework (Rothman & Thomas, 1994) involves the advanced development of the intervention, replicating the intervention, refining the intervention and its dissemination in practice.

As a result, three additional shapeshifting interventions were held in Gauteng from July 2010 to February 2011.
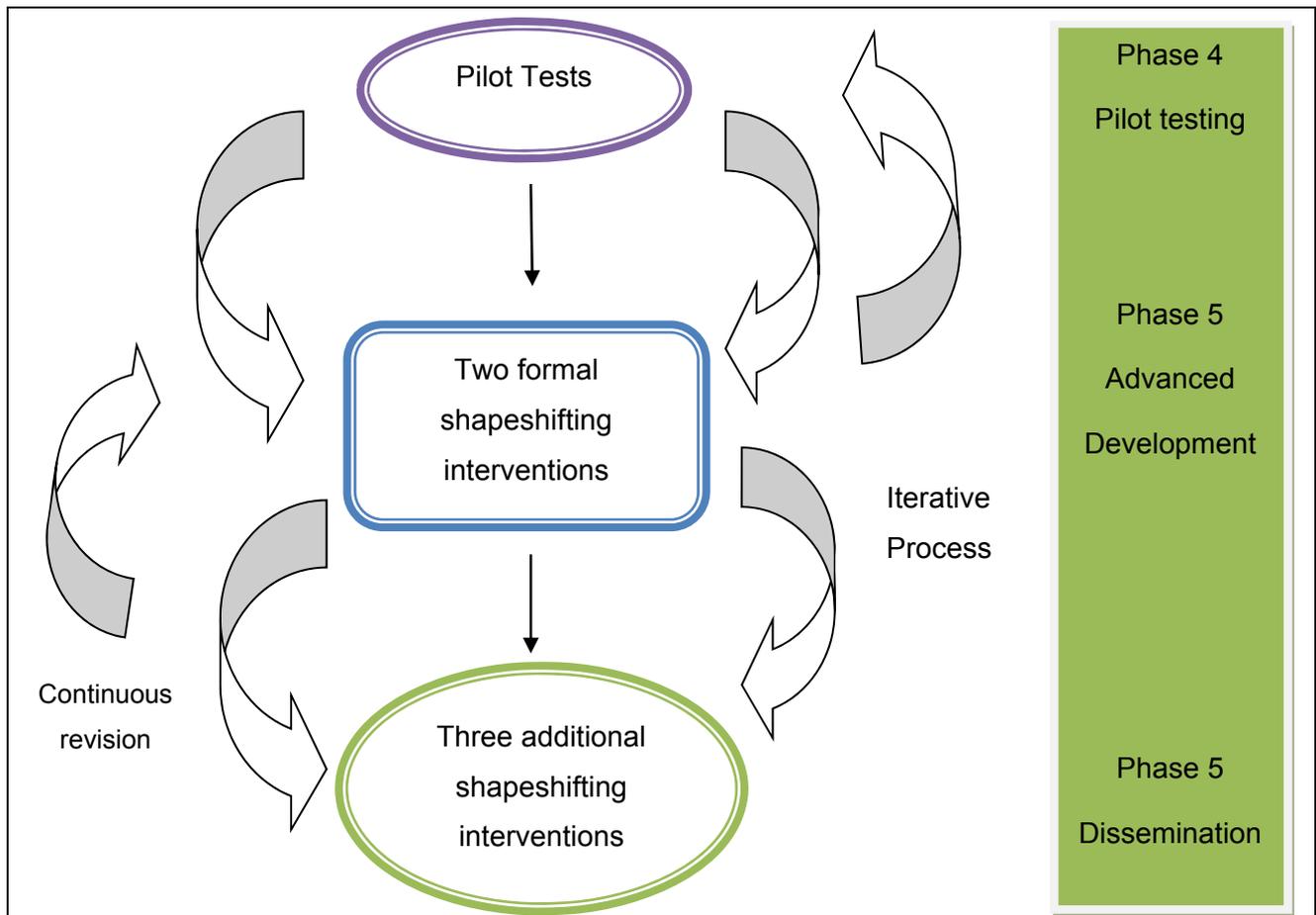
Figure 2.9. Dissemination of the shapeshifting intervention

Compiled by researcher

The sampling method (quota) and criteria was exactly the same as for the first two formal shapeshifting interventions. Sixy-two participants attended the additional three on-site interventions and complete data was obtained from 50 participants.

Assessment methods (outcomes-based and process-based) remained unchanged and the same variables were included in the evaluation of the additional interventions. However, as the interventionist research method involves continuous iteration and critical development considerations, it was expected that the evaluation process would be refined as problem areas identified in the first two interventions were addressed.

The same research and reporting protocols were strictly followed and ethical guidelines adhered to at all times.

The results from the additional three interventions in the dissemination phase of the interventionist framework are incorporated in Chapter 6 on results, analysis and interpretation.

2.8.   Conclusion

This chapter presented the methodology used to collect the data for the research project and the research programme was described. It defined the philosophical position of this thesis as interpretive, combining both qualitative and quantitative methods of data collection using a design-based research approach. The interventionist research tactic was discussed and the different phases identified.

The evaluation procedures, processes and protocols of the interventions were outlined and the outcomes-based and process-based assessment criteria and corresponding variables were explained. Challenges regarding reliability and validity were addressed and ethical considerations were outlined.

In the next chapter, a literature overview of corporate governance, sustainable developments and futures studies and methodologies will be discussed to create a theoretical content basis for the shapeshifting framework as part of the knowledge development phase of the interventionist framework.

CHAPTER 3

LITERATURE REVIEW – KNOWLEDGE DEVELOPMENT

CORPORATE GOVERNANCE, FUTURES CONCEPTS, STRATEGIC FORESIGHT, ANTICIPATORY CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT

3.1   INTRODUCTION

Corporate governance has become an issue of global significance (Armstrong & Segal, 2006: 56). The improvement of corporate governance practices is widely recognised as one of the essential elements in strengthening the foundation for the long term performance of countries and corporations.

Corporate structure in South Africa has changed irrevocably in the last decade. The 6 mining houses that dominated the economy before 1994 have been dismantled. Conglomerates have been unbundled and elaborate control structures dismantled (Malherbe & Segal, 2001: 23). Legislation and regulations, listing rules and accounting standards started converging to international norms and the change in government led to a new economic policy. The post-1994 government placed markets and private businesses at the centre of its economic strategy. Given the scarcity of savings and the need for economic growth, the government recognised that a capital market that effectively mobilises and allocates capital must be a priority and, indeed, much of the corporate governance reform since 1994 has been aimed at this (Naidoo, 2002: 12). The interest in corporate governance has converged with increasing interest in associated issues of competitiveness, corporate citizenship and social and environmental responsibility. Corporate governance seeks to create corporations that are governed transparently and with integrity and which are accountable and responsible.

One of the major problems hindering effective and sustainable corporate governance practices is that government seems to have only one tool to use in relation to its enforcement-legislation (Garratt, 2006b: 2). As the number of corporate governance laws and codes multiplied across the globe, it gave birth to a new "governance industry." A negative unintended consequence of this is that more directors and boards are being turned off effective governance through this skewed version.

This chapter reviews the literature to expand on the theoretical frame of reference, as outlined in Chapter 2 in Phases 1 and 2 and the first facet (Knowledge Development) of interventionist research (Figure 1.1). It examines the development of corporate governance within the South African context and the roles and responsibilities of the board of directors to initiate, sustain and implement good corporate governance practices.   It focuses on the important role of the independent non-executive director on the board in relation to sustainable development, leadership

and strategic foresight. Strategic foresight within futures methodologies is discussed and the possible impact of futures training on the independent non-executive director within the board dynamic.

The chapter is divided into four sections (Figure 3.1) according to the criteria of the knowledge and development (KD) phase of the intervention framework:

- KD1: To identify and analyse key issues and challenges surrounding the current state of corporate governance in South Africa;

- KD2: To examine the need for sustainable business practices in the 21st century and its inter-relationship with good corporate governance practices;

- KD3: To examine the inter-relationship between business activities and its social and environmental responsibility to the community in which it operates;

- KD4: To extend the concept of triple bottom line financial reporting to the inclusion of the interests and needs of the absent stakeholder;

- KD5: To identify strategic foresight as the core capability to improve sustainable business practices and initiating an anticipatory corporate governance approach in South Africa;

- KD6: To critically examine the important role of the independent non-executive director to use strategic foresight to encourage and initiate a futures-orientated governance approach on the board;

- KD7: To identify the current gaps in futures-orientated strategic thinking and need for skills and training specifically aimed at independent non-executive directors in South Africa

It is important, however, to note that these sections should not be seen in isolation, but merge in the practice of forming a solid theoretical base for the design and development phase of the shapeshifting intervention.

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KNOWLEDGE DEVELOPMENT (KD)

3.2. Conceptualization
3.3. Corporate governance and ethics
3.4. South Africa's economy before 1994
3.5. Post-1994 and the King codes
3.6. Major acts influencing corporate governance
3.7. Current corporate governance guidelines
3.8. Corporate responses to the King codes
3.9. King III
3.10. The importance of corporate Governance
3.11. Summary

KD 1

3.12. The changing role of the company in the 21st century
3.13. The age of turbulence
3.14. Corporate governance, social responsibility and the triple bottom line
3.15. Sustainable development and corporate governance
3.16. The company as corporate citizen
3.17. The absent stakeholder: Towards a quadruple bottom line

KD 2, 3 & 4

3.19. Anticipatory corporate governance, strategic foresight and futures studies
3.20. Peering into the future
3.21. Strategic foresight
3.22. Developing a foresight worldview
3.23. Anticipatory corporate governance
3.24. The foresight principle
3.25. Types of future and their utility
3.26. Facilitating strategic foresight to independent non-executive directors

KD 5 & 6

3.27. The board of directors and corporate governance
3.28. Beyond strategic management: The board's dialectic journey
3.29. The role of the independent non-executive director
3.30. The importance of independent non-executive directors
3.31. The lack of suitably qualified candidates
3.32. Managing versus directing: Towards ethical leadership
3.33. Directing and strategic thinking
3.34. From strategic thinking to strategic foresight
3.35. Towards strategic foresight: The need for directorial training development and training
3.36. Facilitating strategic foresight and independent non-executive directors
3.37. Summary
3.38. Conclusion

KD 7

THEORETICAL FOUNDATION OF INTERVENTION

Figure 3.1 Outline of the chapter

3.2 CONCEPTUALISATION OF TERMS SURROUNDING GOVERNANCE

The Oxford English Dictionary defines governance as "the act, manner, fact or function of governing, to sway, control" (Oxford, 2005: 132). Governing therefore involves a whole range of actions in a spectrum, from rule through influence to self-control. The word "governance" is derived from the Greek word, *kubernetes,* meaning steersman. It implies the notion of setting direction, applying and implementing a key to effective governance provided only that other people are willing to follow the proposed lead. When examining the issue of governance, it is important to note that there is no single definition which is universally accepted. In seeking to define governance, it might be helpful to consider its antithesis – freedom and individualism (Davies, 1999: 3). There is a fundamental tension between personal freedom and governance, which has existed ever since individuals recognised that workable relationships require ground rules in order to be successful. Governance may be seen as a process for reconciling the ambitions of the individual with the need to preserve and develop the "common good" which binds individuals through shared interests.

Although the concept *corporate governance* is assumed to be a modern concept, it is already mentioned in both Machiavelli and Adam Smith's work in the 18th century. The term went largely unused until the 1976 publication of Harold Wilson and Bob Tricker's groundbreaking book, *Corporate Governance* in 1984 (Garratt, 2006a: 3). The Cadbury Committee's Report in 1992 on the financial aspects of corporate governance was the first sign of growing public awareness of the issue.

The Cadbury Report defines corporate governance as "the system by which companies are directed and controlled" (Smerdon, 2002: 1). Gabrielle O'Donovan describes corporate governance as "an internal system encompassing policies, processes and people to serve the needs of shareholders and other stakeholders" (O'Donovan, 2003: 6). The report by the Securities and Exchange Board of India (SEBI) on corporate governance elaborates by emphasising the commitment to values and ethical conduct on behalf of all stakeholders and emphasises the need for ethical leadership (SEBI, 2003: 4). The Australian Stock Exchange (ASX) Corporate Governance Council extends the Cadbury definition by adding the following aspects (ASX Corporate Council, 2003: 1):

Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value (through entrepreneurism, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

For the purpose of this study, the King II Report's definition of corporate governance will be used as a starting point. It defines corporate governance as an integrated and participative approach to good governance in the interests of a wide range of stakeholders, with regard to the fundamental principles of good financial, social, ethical and environmental practices (King II Report, 2002: 5). It makes a distinction between accountability and responsibility. Accountability is defined when a person is liable to render an account and liable to be called to account when one is responsible. With regard to the delegation of authority, management is responsible for good governance practices, while the board assumes accountability.

The literature on corporate governance systems follows four main approaches, as explained in Table 3.1 below:

Table 3.1: Corporate governance approaches

Agency theory	Views the modern company as a nexus of contracts between principles and agents and the role of the board (Jensen & Meckling, 1976: 305–320; Fama & Jensen, 1983: 301–310).
Legal perspective	The legalistic perspective considers that boards contribute to the performance of the organisation by carrying out their legal mandated responsibilities without interfering in daily operations (Bainbridge, 1993: 1034–1045; Miller, 1993: 1467–1471).
Resource perspective	Views boards as important boundary spanners that provide information to executives and are able to achieve resources for company operations (Pfeffer, 1972: 218–220).
Class hegemony	Views boards as a means to perpetuating the powers of the ruling capitalist elite and its control of social and economic institutions (Domhoff, 1969).

Various sources as indicated.

The modern approach is for a board to identify all the company's stakeholders (including its shareholders) and to agree to policies as how the relationship with those stakeholders should be advanced and managed within the interest of the company (King II Report, 2002: 5).

Although this study recognises the importance of the various approaches to corporate governance (Table 3.1), it intends on moving beyond the traditional focus of statutory and legal obligations as stipulated by the King Reports. As Lindie Engelbrecht, chief executive officer of the Institute of Directors, explains (Engelbrecht, 2009b: 16):

Corporate governance is about much more than complying to legal requirements and codes. Good governance is what companies do in the absence of legislation, when no one is watching.

Consequently, the philosophy behind the King III Report is of fundamental importance for the study (King III Report, 2010: 9):

- Good governance is essentially about effective leadership. Such leadership is characterised by the values of responsibility, accountability, fairness and transparency and based on moral duties that find expression in the concepts of 'ubuntu'.

- Nature, society and business are interconnected in complex ways that makes sustainability the primary moral and economic imperative of the 21st century. In order for this to occur, the King III Report states that a fundamental shift needs to occur in the way companies and directors act and organise themselves.

- The concept of corporate citizenship implies that the company is a legal entity as any other citizen of a country and should operate in a sustainable manner. The World Economic Forum (2009: 1) describes the responsibility of a good corporate citizen as improving the state of the world through the company's engagement in partnerships that address key developmental and societal challenges.

Jones (2006: 7) states unequivocally that "governance starts with the view that the final responsibility for the future of the company depends upon the board as a whole, and therefore the direction in which the company is led, is the unique responsibility of the board. The job of the board is to create momentum, movement and direction. Garratt (2003b: 5) reiterates the importance of effective leadership by the board, as good corporate governance implies moving beyond complying to legal requirements. He describes the principles of trust and competence as fundamental building blocks of corporate governance. In this regard, trust concerns the consistency of values and behaviours in an individual or board where the key values are accountability, honesty and transparency, while competence builds on duties of care, skill and diligence (Garratt, 2003b: 1–8).

3.3   CORPORATE GOVERNANCE AND ETHICS

The growing demand for good governance by international investors is based on moral standards, as well as utilitarian considerations of improved market performance. In this sense, ethical business practices are an attempt to set a standard by which stakeholders make decisions through the prism of a shared set of values (Sullivan & Shkolikov, 2007: 1). While ethics and ethical business culture are at the heart of the corporate governance framework, the two are approached differently. Corporate governance is mainly concerned with creating the structure of decision making at the level of the board of directors and the implementation of decisions. In this sense,

governance can be thought of steering the corporation within the core values of transparency, responsibility, fairness and accountability. While corporate governance deals with setting up structures through which these values are attained, business ethics provide the framework with a set of values that would guide behaviour within its structure.

Before current corporate governance policies can be examined, the contextual factors behind reforms and initiatives in the past few decades need to be discussed.

3.4   SOUTH AFRICA'S ECONOMY BEFORE 1994

Between 1975 and 1994, South Africa was virtually isolated from the global economy. As a result of the apartheid regime, South Africa was excluded from participating in international organisations and many countries imposed economic and trade sanctions against the country. Although the political isolation and trade regulations protected South African firms from foreign competition, it also excluded these firms from international capital markets to effectively impede economic growth rates (Vaughn & Ryan, 2006: 505). Until the early 1990's, the economy was dominated by a small number of mining finance houses that controlled diverse activities and investments (Armstrong & Segal, 2006: 10). The existing state of affairs was secured through preferential ownership agreements, control blocs and intra group transactions that gave rise to a range of conflicting interests. Consequently, corporate practices and regulations fell far behind international norms.

Although political reform started in 1986, it was not until 1994 that South Africa re-entered the global economy. Reforms brought about tremendous opportunities for South African corporations, but also extensive challenges owing to the general decline in the economy and an inward-looking economic policy. The country was experiencing a stagnant Gross Domestic Product (GDP) growth rate, declining savings and investment rates and an increase in unemployment. As foreign financial institutions returned to South Africa, investors demanded reform in both corporate structures and corporate governance practices. The new government adopted a policy of economic liberalisation, emphasising the importance of capital market development and corporate renewal (Roux, 2005: 17).

3.5   A NEW ERA: POST-1994 AND THE KING CODE

The period of political reform, coupled with the 1997–1998 emerging market financial crises and increased market pressure, made business leaders more conscious of the importance of corporate governance. South Africa's new government oversaw the dismantling of the prominent mining houses that resulted in the restructuring and transformation of the control structures within South Africa's largest companies. By the end of 2001, the number of minority-controlled firms listed on the Johannesburg Security Exchange (JSE) was reduced by 40 per cent. (Vaughn & Ryan, 2006: 505). Government and enterprises recognised that improved policies and standards could contribute to the overall improvement of the country's economy and economic stability.

In 1994, the IOD commissioned a committee to consider corporate governance in South Africa. It was institutionalised by the publication of the *King Report on Corporate Governance* in November 1994, with the main purpose of promoting the highest standards of corporate governance in the country. Unlike other publications at the time, the King Report went beyond the financial and regulatory aspects of corporate governance in advocating an integrated approach in the interest of all stakeholders (King III Report, 1994: 7). The King Committee identified seven primary characteristics of good corporate governance: transparency, independence, accountability, discipline, responsibility, fairness and social responsibility.

The report addressed the accountability and responsibility of boards and individual directors, along with the processes of auditing and accounting, and made several recommendations for further improvements in South African corporate governance (Vaughn & Ryan, 2006: 506).

It employed a principle-based approach to government practise that provided business leaders with standards of corporate conduct, while allowing the necessary flexibility to manage and administer their companies. Some of the issues identified and considered to require attention included the following:

- Transparency and segmental disclosure appeared to be non-existent in most South African corporations apart from the top 40 companies. However, trading investigations almost never succeeded in cases brought to prosecution;

- The nature of nominee shareholding accounts has made it increasingly difficult to trace ownership and thus accountability;

- Family control has often been exercised through pyramid structures that resulted in ineffective governance and controls being applied on behalf of the business;

- Non-executive directors' interests were not aligned with the interests of other shareholders (Kakabadse, Ward, Korac-Kakabadse & Bowman, 2001: 5).

The first King Report raised significant awareness of what constituted good governance. For the first time, the private and public sectors had a coherent and disciplined framework. It is important to note that the King Committee had no official mandate, and thus its recommendations were self-regulatory (Armstrong, Segal & Davis, 2005: 14).

3.5.1   The Insider Trading Act

The second initiative was the passing of the *Insider Trading Act* in 1998, which enabled the Financial Services Board (FSB) to take action against illegal transactions. The Act contains three important aspects (Naidoo, 2002: 25):

- It provides for civil liability, which involves a lower burden of proof.

- Potential offences will be investigated by the Insider Trading Directorate who may serve as mediator between stakeholders and companies.

- Settlements and damages as a result of mediation must be deposited into a fund to be distributed to shareholders who had traded during the time of the offence and suffered losses.

3.5.2 Corporate law reform

In 1995, the Johannesburg Securities Exchange (JSE) made it compulsory for listed companies to disclose the extent of their compliance to the King Report (Malherbe & Segal, 2001: 12). Listed companies are also required to adhere to international accounting standards. The establishment of the GAAP Monitoring Panel by the JSE and the SA Institute of Chartered Accountants proved to be another important development, as it served as an advisory board to the JSE on cases of non-compliance of international financial reporting standards.

3.6 MAJOR ACTS INFLUENCING CORPORATE GOVERNANCE SINCE 1994

Between 1994 and 2000, various amended acts were introduced which had an impact on corporate governance practices. The Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1999) and the National Environmental Management Act (1998) reinforced corporate responsibility issues that were emphasised in the first King Report. Furthermore, the Public Finance Management Act (1999) introduced more rigorous standards for reporting and accountability by adopting an approach to financial management in public sector institutions that focuses on performance in service delivery and efficient deployment of state assets (Armstrong & Segal, 2005: 15). In terms of the Competition Act of 1998, the South African government gave authority to the Competition Commission to investigate, control and evaluate restrictive business practices, as well as the abuse of power and mergers (Competition Commission, 2009). Its mandate was:

- to promote the efficiency, adaptability and development of the economy;

- to provide consumers with competitive prices and product choices;

- to promote employment and advance the social and economic welfare of South Africans;

- to expand opportunities for South African participation in world markets and recognise the role of foreign competition in the Republic.

The above initiatives are a clear indication of the South African government's commitment to ensure that international standards of best practice would be adhered to at all times.

3.7   CURRENT CORPORATE GOVERNANCE GUIDELINES: KING REPORT II AND BEYOND

Since 1994, the second King Committee evaluated national and global markets and established four guiding principles for the assessment process (Armstrong & Segal, 2006: 16):

- To review the first King Report and evaluate its relevance within an international context;

- To extend the integrated approach to embrace the interests of a wider range of stakeholders;

- To consider matters of risk and internal controls assurance;

- Recommend provisions for effective enforcement of good corporate governance standards and the existing rules and regulations.

The King II Report was published in 2002 and identified the following seven characteristics of good corporate governance (King II Report, 2002: 10):

- **Discipline**: Corporate discipline is a commitment by the board, the company's senior management and its employees to adhere to behaviour that is universally recognised and accepted to be correct and proper.

- **Transparency:** The ease with which an outsider is able to make meaningful analysis of a company's actions, its economic fundamentals and the non-financial aspects pertaining to the business. This is a measure of how good management is at making necessary information available.

- **Accountability:** Individuals or groups who are responsible for making decisions need to be accountable for their decisions and actions. Mechanisms must be put in place to allow for accountability.

- **Independence:** The extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist. These mechanisms range from the composition of the board to external practices of auditors.

- **Responsibility**: Responsibility pertains to behaviour that allows for corrective action and for penalising mismanagement. While the board is accountable to the company, it must act with responsibility towards all stakeholders of the company.

- **Fairness:** The rights of various stakeholders have to be acknowledged and respected, taking into account all those who have an interest in the company's future.

- **Social Responsibility**: A company must be aware of, and respond to, social issues placing a high priority on ethical standards. A good corporate citizen is seen as one that is non-discriminatory, non-exploitative and responsible with regard to environmental and human rights issues.

It is important to note that the emphasis of the report was on the qualitative aspects of good corporate governance and that it represents a set of principles and not prescribed guidelines. In other words, the report was not designed as a regulatory instrument, but as a tool to identify important areas of good governance for companies (Armstrong & Segal, 2006: 17). However, a broader application was made obligatory on all key regulated sectors, such as companies listed on the JSE, banks and financial institutions, state controlled companies and local authorities.

Governance falls into two basic categories: a statutory basis (comply or else) or a basis of a code of principles and practices (comply or explain). While the United States follows the statutory basis, South Africa opted for a code of principles and practises on a "comply or explain" basis.

3.8   CORPORATE RESPONSE TO THE KING CODES

The development of corporate governance after the King II Report has manifested itself in a number of interesting ways. The JSE has taken a comprehensive revision of its listing rules which made a number of recommendations of the King Report mandatory (Armstrong & Segal, 2006: 23).

The financial sector underwent changes, such as the reform to insider trading legislation and the completely revised Banks Act (2002). Corporate regulations underwent a metamorphosis with the introduction of a register of delinquent directors and a comprehensive corporate law review. State-owned enterprises were affected by the Public Finance Management Act (2001), while the government introduced the Municipal Finance Management Act (2003), which imposed comprehensive governance obligations on officials and executives dealing with financial administration. Corporate governance has also been carefully monitored by the press, as they have actively engaged themselves in the debate surrounding the conduct of directors, boards and companies. Furthermore, the Auditing Profession Act (2005) provided for the establishment of an independent regulatory board for auditors to provide for the education, training and professional development of auditors (Government Gazette, 2005: 1).

The 2006 Corporate Law Amendment Act introduced new requirements relating to financial standards, financial reporting and auditors that included the following (South African Reserve Bank, 2009):

- Legal backing to a uniform set of accounting standards that are comparable to international standards.

- Introduction of compulsory audit committees to ensure auditor independence.

- Shareholder diversification through Black Economic Empowerment (BEE).

The new Companies Act was gazetted in April 2009 and contains regulations regarding corporate governance, transparency, accountability, modern merger methods and minority shareholder protection. The Companies Bill (2010) "promotes and encourages transparency and high standards of corporate governance - transparency will be ensured through greater director accountability and the appropriate participation of all stakeholders" (Department of Trade and Industry, 2009).

No analysis of corporate governance in South Africa would be complete without considering the role of Black Economic Empowerment (Armstrong & Segal, 2006: 226). Ownership by black business and individuals of shares on the JSE has seen a significant increase after statutory intervention in the form of the Broad-based Black Economic Empowerment Act (2003) and various self regulatory sectoral accords.

However, the motives and policies behind BEE advancement are not sufficiently understood by international markets. Nick Segal, in *The handbook on international corporate governance* (2006), points out that investors may see the steps taken to bring about BEE as regressive in regards to corporate governance, as "the process of building a capitalist class on the basis of artificial financing structures can easily lead to business ventures with shareholding structures that transgress the principles of good governance" (Armstrong & Segal, 2006: 227). Balancing best business practice and BEE regulations is a delicate task that requires a certain level of vigilance by policy makers to ensure that important developments towards black empowerment do not circumscribe the drive for good corporate governance practices.

It would be unrealistic to anticipate that the second King Report would cause a significant transformation by itself in corporate governance standards and practices in South Africa. The voluntary nature of compliance and the exclusion of non-listed companies make other interventions necessary to ensure adherence to the guidelines and recommendations. Kakabadse and Kakabadse (2002: 312) voice the concern that proposing a model where companies need to satisfy stakeholder demands by their ability to harness market forces, while requiring by dictate to satisfy stakeholders' social demands will lead to increased tension. As a result, the challenge for the future will be to achieve a balance between politics, society and business.
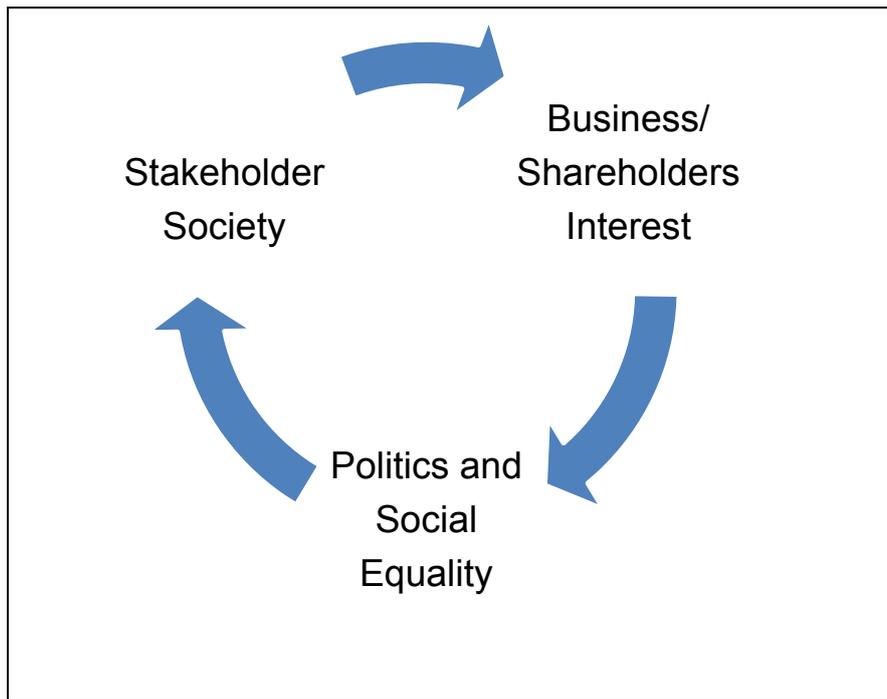
Figure 3.2. The three forces influencing corporate governance

Source: Kakabadse & Kakabadse, 2002: 312.

As illustrated in Figure 3.2, the challenge for the future lies in achieving a sustainable balance between the above three forces in order to achieve a harmonious balance. For example, increased stakeholder accountability can reduce social conflict, while an imbalance between politics and society, whereby business leaders follow their own agenda, may have dire consequences. An imbalance between politics and business can lead to corruption, typified by scandals that stimulated the development of sound corporate governance practices in the first place. Creating and applying a relevant wealth creation and wealth distribution corporate governance philosophy in South Africa could benefit all stakeholders as proposed by the Companies Act.

3.9   KING III

The third King Report became necessary due to change in legislation, namely the Amended Companies Act of 2009, as well as changes in international governance trends. The credit crunch and the resulting crisis among leading financial institutions in 2009 also emphasised the importance of value based, good corporate governance practices. The King Committee was retained again under the chairmanship of Mervyn King, with nine sub-committees that included boards and directors, audit committees, risk management experts and legal advisors.

First of all, King III made small but significant changes in its terminology. The governance of corporations can be on a statutory basis as a code of principles, or a combination of the two. While the United States has chosen to codify a significant part of its governance on a "comply or else" basis, 56 countries of the Commonwealth (including South Africa) and 27 states in the

European Union , have opted for a code of principles and good practices on a "comply or explain" basis. The third King Report concluded that a change in conceptualisation more appropriately conveyed the intent of the King Code and is therefore on an "apply or explain" basis. (King III Report Preface: 2010: 8). This underlines two important principles of good governance, namely that the board of directors act in good faith and in the best interest of the company. In an "apply or explain" regime, the board of directors can conclude that, to follow a practise recommended in a code, would not in the particular circumstances pertaining at the time in regard to an issue, be in the best interest of the company and apply another practice. (King III Report Preface, 2010: 8). It must consequently explain the practice it applied other than the recommended one and the reasons for applying it. Lindie Engelbrecht explained the importance of this change (Engelbrecht, 2009a: 1):

> *The framework of "comply or explain" was applied mainly by listed companies, and in the reports of many companies, it was clear that companies complied with those principles that they agreed with or were cost effective, and then did not comply with other principles. This resulted in many companies reporting on substantial compliance on certain principles and not the code as a whole.*

Consequently, the King III Report broadens the scope by making it apply to all companies, public entities, private companies and all other forms of business. The focus is on compliance and substance over form, and therefore all companies will be able to reach some form of compliance. The "apply or explain" principle was included to minimise the cost implications and change the focus from compliance to "application" (Engelbrecht, 2009a: 2). The "apply or explain" basis allows every organisation, irrelevant of size, to apply all the principles of the code as it best meets the objectives of the entity.

Secondly, the report underlined the close link between good governance and law. Directors and management must discharge their legal duties, namely duty of care, skill and diligence, and fiduciary duties. Around the world, hybrid systems are developing whereby some principles of good governance are being legislated. In this regard, perhaps the most important change was that in part the common law duties of directors became codified in the Companies Act. In other words, recommendations by the second King Report became a matter of law and there is now personality liability for breach of the above-mentioned statutory duties.

King III also extended its key principles to include the following (King III Preface, 2009: 12):

- Good governance is essentially about effective leadership. Leaders need to rise up to the challenge, define strategy, provide direction and establish the ethics and values that will influence and guide practises and behaviour with regard to sustainability performance;

- Sustainability is the primary moral and economic imperative for the 21st century. Nature, society and business are interconnected in complex ways that need to be understood by decision makers. The report undoubtedly stated that the current changes towards sustainability are not sufficient and that it needs a fundamental shift in the way companies and directors act and organise themselves;

- Social transformation needs to be integrated within the broader transition to sustainability. Integration sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies and benefits for both the company and society;

- Sustainability reporting must become a core aspect of corporate governance reporting. Leadership must make sustainability issues mainstream and integrate strategy, sustainability and control, i.e. integrated governance.

Although the term "company, boards and directors" are used, the report refers to the functional responsibility of those charged with governance in any entity and should be adapted as appropriate (King III Report, 2009: 2). Table 3.2.summarises the differences between King III and the previous King Reports, as well as the evolution of South Africa's corporate governance framework from 2002 to 2010 that sets the stage for a new era of corporate governance.

Table 3.2: Similarities and differences between King II and King III

King II (2002)	King III (2009–)
Application of the code	
The code applies to the following business affected companies: • Listed companies • Financial institutions • Public companies	The code applies **to all entities, regardless of their nature, size or form of incorporation**.
Code implemented on a "comply" or "explain" basis.	Code implemented on an "apply" or "explain" basis.
Examples of charters etc. provided in the report.	Detail practices and examples provided in separate practice notes and not in the main report.
Boards and directors	
Role of the Board	
Boards should recognise that companies do not act independently from the societies in which they operate.	Ensure that the company acts as and is seen to be a responsible corporate citizen.
Determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives.	The board should cultivate and promote an ethical corporate culture.
	The board and its directors should act in the best interest of the company.
	The board should ensure that there is an effective **risk based** internal audit.

Ensure that the company complies with relevant laws, regulations and codes of best business practice.	The board should ensure that the company implements an effective compliance framework and processes.
	The board should commence business rescue proceedings as soon as the company is financially distressed.
Composition of the board	
The board should consist of a balance of executive and non-executive directors, **preferably** with a majority of non-executive directors of whom a **sufficient number** should be independent.	The majority of the board **should** be non-executive directors. The **majority** of the non-executive directors should be independent.
The chairperson should **preferably** be an independent non-executive director	The board **should be** led by an independent non-executive chairman.
Where the roles of the chairperson and chief executive officer are combined, there should be either an independent non-executive director serving as deputy chairperson, or a string independent non-executive director element.	The chairman of the board should be independent and free of conflicts of interest on appointment. Failing which, the board should consider appointing a lead independent non-executive director.
Corporate citizenship: leadership, integrity and responsibility	
Ethical practices and organisational integrity discussed as part of integrated sustainability reporting.	- Emphasis on leadership and values - The notion of ethics of governance in addition to the governance of ethics - Emphasis on integrated sustainability performance over and above reporting - Emphasis on integration of strategy, sustainability and control.
Audit committees	
Annual report plus sustainability report.	Integrated reporting (financial and integrated sustainability reporting combined) introduced.
The board should appoint the audit committee.	In line with the Act, the shareholders should appoint the audit committee. Guidance provided on the criteria for audit committee members.
Information technology: the implications of It broadly discussed on how it impacts companies. IT governance not addressed.	The concept of IT governance addressed under audit committees (IT risk) and risk management (IT governance).
Risk management	
	Introduce the concept that risk management is inseparable from the company's strategic and business processes.
	Risk management should be intrusive and should not be viewed only as a reporting process to satisfy governance expectations.
Internal audit	
Where the board decides not to appoint an internal audit function, full reasons must be disclosed in the annual report.	Companies should establish and maintain an effective internal audit function.
Internal audit should report at a level within the company that allows it fully to accomplish responsibilities	Internal audit should be strategically positioned to achieve its objectives. Internal audit should report at a level within the company that allows it to **remain independent** and to fully accomplish its responsibilities.

Integrated sustainability reporting and disclosure	
The definitions and concepts of sustainability and corporate citizenship discussed	Emphasis placed on the reporting and disclosure of sustainability.
	Sustainability reporting should be: • Material • Relevant • Accessible • Understandable • Comparable • Formalised as part of the company's reporting processes • Should take place on a regular basis.
	Sustainability reporting and disclosure should have independent assurance.
Detailed recommendations on SHE, social and transformation issues and human capital included in integrated sustainability reporting.	Detailed recommendations and practices to be included in the practice notes.
Compliance with laws, regulations, rules and standards	
	The board and its directors must be aware of laws, rules and standards applicable to the company
Managing stakeholder relationships	
Stakeholder relations addressed as part of integrated sustainability reporting.	Managing of stakeholder relationships addressed in separate chapter.
	Key principles introduced: • The company should proactively manage the relationships with its stakeholders • The company should promote constructive stakeholder engagement • The board should strive to achieve the correct balance between stakeholder groupings • Companies should ensure equitable treatment of shareholders • The board should promote mutual respect between the company and its stakeholders.

Source: Compiled by researcher from King Reports.

For the purpose of the development of the shapeshifting framework within a South African corporate governance context, the following dimension of the King III Report regarding leadership and corporate citizenship requires further explanation. Although the concept of organisational integrity was included in previous reports, this entirely new chapter on corporate citizenship in King III includes new concepts and measures. One of the key concepts of the entire report is sustainability. The King III Report (2010: 54) states that the board should ensure that the company is and is seen as a good corporate citizen through the development and implementation of strategies and policies in relation to environmental, economic and social impacts, both positive and negative. Effective and ethical leadership is therefore required, as the board is responsible for the company's sustainable development. The board should appreciate that sustainability is not

separate from risk, performance and strategy and should view sustainability as a business opportunity. Furthermore, the board should ensure that the management of the company cultivates a culture of ethical conduct through the integration of ethics into all company practices and procedures.

3.10 THE IMPORTANCE OF CORPORATE GOVERNANCE

From a purely utilitarian perspective, good corporate governance makes good business sense. The major advantage lies in the increased ability of properly managed companies to attract FDI and implement sustainable growth (Naidoo, 2002: 3):

> *Markets must now honour what they perhaps, too often, have failed to recognise. Markets exist by the grace of investors. And it is today's more empowered investors who will determine which companies and which markets will stand the test of time.*

The International Finance Corporation (IFC) argues that good corporate governance measures are especially important in emerging markets, as governance can play an important role in improving access for emerging market companies to global portfolio equity (IFC, 1992: 1). Klapper and Innessa (2002: 9) state that empirical evidence indicates that well-governed companies frequently receive higher market valuations. According to the IFC Annual Report (2002, 23–25), good corporate governance practices help to ensure quality decision making, provide access to capital and enhance the long-term prosperity of companies. The improvement of corporate governance measures in South Africa has several advantages:

- Attracting foreign and institutional investment

Access to foreign capital is of great importance to developing countries. Arthur Levitt, former Chairman of the US Securities and Exchange Commission, commented that "if a country does not have a reputation for strong corporate governance practices, capital will flow elsewhere" (as cited in Naidoo, 2002: 4). A study conducted at the Stanford Law School examined the relationship between a company's corporate governance behaviour and its market value. It showed that institutions looking to invest in developing economies were much more likely to invest in companies with sound corporate governance practices. A study of McKinsey & Company in June 2002 showed that 80 per cent of shareholders in the United Kingdom are willing to pay a premium for shares in a company with good governance. The study also showed 75 per cent of investors regarded good board practices to be as important as financial performance (McKinsey & Company, 2002: 2).

- Protection for investors

Due to a changing economic environment where the state is often unable to provide adequate social welfare, individuals have turned towards the private sector and specifically investment companies. Although good corporate governance cannot guarantee the success of the company, a well-governed company offers more protection for its investors and consequently attracts investment. Thus, corporate governance is essentially about corporate leadership (King II Report, 2002: 18):

- Leadership for efficiency in order for companies to compete effectively in the global economy;

- Leadership for probity, because investors require confidence and assurance that the management of the company will behave honestly and with integrity to its stakeholders;

- Leadership with responsibility, as companies is increasingly called upon to address legitimate social concerns relating to their activities;

- Leadership that is both transparent and accountable, because otherwise business leaders cannot be trusted and this will lead to the decline of companies and the ultimate demise of the country's economy.

- Maximisation of wealth

A company may increase its wealth through good corporate governance practises by using resources more efficiently, which in turn causes the company's performance to improve. Economic analysis of law is the base for this reasoning (Horn, 2005: 16). In 1999, a survey of 400 companies in 27 developing countries showed that there is a direct correlation between investor protection and share values (La Porta, 1996: 270).

- Access to institutional funding

Funding from the private equity industry accounts for almost four per cent of South Africa's gross domestic product (GDP). Private equity investors have also since 2002 tended to rank a potential company's corporate governance practises higher on the investment measurement scale (Naidoo, 2002: 6). Investors are not only looking for return on investment, but also greater assurances that future risks are identified and managed, and that the board of directors is fully accountable to investors for their investments.

- Investor social responsibility

Another reason for corporate governance is the role a modern corporation plays in the society in which it operates. Berle and Means (1967) described the rise of the modern corporation as an

entity that has "brought a concentration of economic power which can compete on equal terms with the modern state" (Berle & Means, 1967: 313). In 2002, 13 companies made revenue of more than $100 billion, which is more than the GDP of many developing countries (Fortune Magazine, 2003: 1). Worthington stated that "companies contribute enormously to the economic and social well-being of society and their pervasiveness is such that few individuals are left untouched by their activities" (Worthington, 2000: 638).

The South African constitution includes environmental legislation and establishes a clear liability and duty of care on any party who either directly or indirectly contributes to the transgression of those rights. Institutional investors are becoming wary of lending money to companies where risks, including environmental and social risks, are not clearly identified and managed on an on-going basis.

- Public demand for accountability

Public interest in corporate governance has increased significantly with the recent corporate scandals, such as Leisurenet in 2000 and Tiger Brands in 2007. Investors keep a close eye on the way companies are being run and their interest and involvement in the management of their investments. A study by the NBER (National Bureau of Economic Research) in the United States illustrated that there is a positive relationship between company performance, shareholder rights and public accountability. Companies that displayed strong shareholder values outperformed other companies by 8.5 per cent per year (Gompers, 2001: 1).

3.11 SUMMARY

The first section of the chapter (Figure 3.1) provided an overview of corporate governance in South Africa, corporate law reforms and corporate reactions to new codes and recommendations by the King Reports (KD1). A comparison was made between the King II and King III Reports and the importance of good corporate governance practices was highlighted. The next section will discuss the relationship between sustainable development and corporate governance and the changing role of the company in the 21st century business environment (KD2, 3 and 4).

3.12 THE CHANGING ROLE OF THE COMPANY IN THE 21ST CENTURY

During the 19th and 20th century, the dominant assumption behind the idea of development in Western societies has been the idea of "progress" (Mannermaa, 1986: 45). In this regard, progress is related to economic growth and human improvement. The notion of international progress fuelled by technological development that leads to the same direction all over the world has been quite popular. De Jouvenal (1967 as cited in Institute of Futures Research, 2008b: 3) defines this as "railway thinking". Different societies are like trains following one another, passing the same landscapes, stations – in other words, the same phases of development. The conceptions of the

mode of universal progress have been linear and exponential. In these models, one expects quantitative growth as "more of the same thing" (Institute of Futures Research, 2008b: 16). The "same thing" may be profit, creating shareholder value and increasing production and efficiency. Despite all the prosperity growth-thinking has brought to businesses, it has also created several problems.

Global environmental problems were already revealed in Meadow's *The limits to Growth* in 1972, but only became evident to business after the United Nation's World Commission on Environment and Development in 1987. According to the World Commission, it is no longer correct to speak about energy crises, environmental crises and economic crises. These examples are only different aspects of the same crisis. Ecological and economic systems are inter-connected, while in the past 50 years, business leaders tended to be worried about economic problems more than environmental systems. In the 21st century, the roles will be reversed: ever worsening environmental damage now threatens economic systems (Mannermaa, 1995: 186). Meadows and Meadows et al. (1972) further emphasised the urgency of the situation, as human use of essential resources has already surpassed rates that are physically sustainable. They claim that a sustainable world is still possible, but in order to achieve this, rapid changes in policies and practices will have to be made, coupled with an increase in the efficiency with which energy and materials are used. Furthermore, globalisation and the rise of knowledge-intensive societies are constantly changing realities. New ways of comprehending these realities are needed and evolutionary futures studies methods could be a valuable tool in creating sustainable development initiatives.

Companies are being called upon to take responsibility for the way their operations impact societies, the natural environment in which it operates. This involves applying sustainability principles to the ways in which they conduct their business. In 2002, the Johannesburg Declaration of Sustainable Development identified the following aspects that require immediate attention by both companies and institutions (United Nations Division for Sustainable Development, 2005):

- Poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development are overarching objectives of, and essential requirements for, sustainable development in the 21st century;

- The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds, pose a major threat to global prosperity, security and stability;

- The global environment continues to suffer. Loss of biodiversity continues, fish stocks continue to be depleted, desertification claims more and more fertile land, the adverse effects of climate change are already evident, natural disasters are more frequent and more

devastating and developing countries more vulnerable and air, water and marine pollution continue to rob millions of a decent life;

- Globalisation has added a new dimension to these challenges. The rapid integration of markets, mobility of capital and significant increases in investment flows around the world has opened new challenges and opportunities for the pursuit of sustainable development, but the benefits and costs of globalisation are unevenly distributed, with developing countries facing special difficulties in meeting this challenge;

The King III Report (2010) reiterated these concerns, as it identifies sustainable development as the primary moral and economic imperative for the 21st century and one of the most important sources of risk and opportunities for businesses.

3.13 THE AGE OF TURBULENCE

Unregulated energy market trading led to the Enron debacle in the United States and a new interest in the importance of corporate governance. South Africa has no shortage of examples of poor corporate governance practices, such as Fidentia, Zama, LeisureNet and Tiger Brands, but it seems that everyone is suffering from short- to medium-term memory loss and a failure to learn from past mistakes. The Hewlett Packard "pre-texting" scandal in 2008 and the resignation of four directors and the chairperson highlighted the divisions within HP's leadership, while a probe into Parmalat's creative accounting practices revealed debt of as much as $5 billion and led to the company filing for bankruptcy (CorpWatch, 2009a).

The international banking crisis that erupted in September 2008 in the United States is another prime example of how poor corporate governance practices can have long-term and long-range consequences. Following the insolvency of a large number of banks and financial institutions in the United States and Europe, financial conditions across the world has deteriorated, capital flows to developing countries have dried up and huge amounts of market capitalisation have evaporated (Dunphy, 2008). The World Bank predicts that world economic growth will decrease from 2.5 per cent to 0.9 per cent in 2009 (Haldenwang, 2007: 17). Although strong measures have been taken by governments to restore confidence in the international banking system, developing countries are likely to face substantial strains, such as bank failures and currency crises.

Even though Enron and the spate of corporate failures resulted in stringent regulations regarding corporate governance across the world be put into place (Sarbanes-Oxley and King Reports), it seems that the lesson of compliance to ethical business practices have, sadly, not been learnt.

Of course, the positive and essential role played by corporate governance in South Africa's complex business environment during and after the anticipated world-wide recession cannot be denied, but concern is growing that corporate governance is becoming too regulated and that

companies are losing sight of the reason for its existence in the first place (Brauer & Schmidt, 2008: 649). The credit crisis has shown that statements about corporate governance do not necessarily translate into respect for the concept. Corporate governance can easily become a public relations exercise used by companies to improve their corporate reputation.

Companies are becoming mesmerised by "ticking the boxes" and losing sight of the fact that their first responsibility is to manage the company to the best of their abilities and to the benefit of all stakeholders. However, compliance in terms of a checklist does not necessarily guarantee good corporate governance. The researcher suggests that, instead of instituting more and more requirements, the codes of the future should aim to change the perception and behaviour of boards and executives. Substance is ultimately what is important, not the form.

3.14 CORPORATE GOVERNANCE, SOCIAL RESPONSIBILITY AND THE TRIPLE BOTTOM LINE

Companies do not operate in a vacuum, but are in fact important and influential citizens of the broader society in which they exist. The concept of corporate governance and social responsibility was expanded in the King Reports with a call for companies to account, not only for their financial performance, but equally in terms of social and environmental performance, also known as the triple bottom-line.
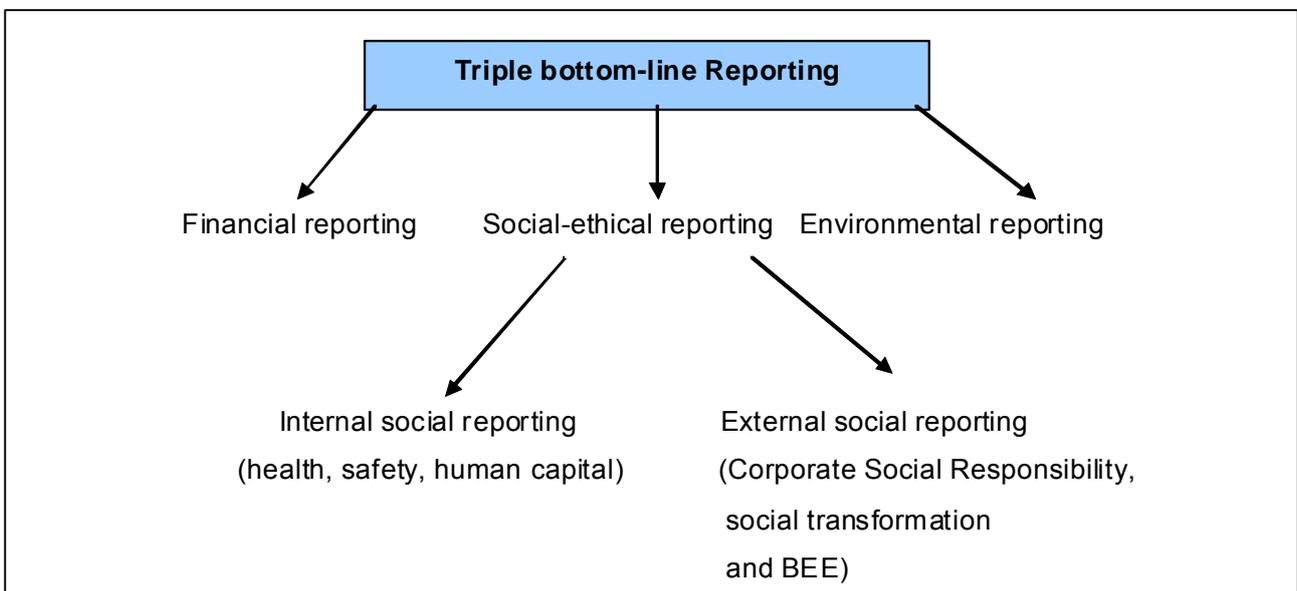
Figure 3.3. Ethics as a component of triple bottom line reporting

Source: Rossouw, 2006: 200.

Boards' responsibilities to stakeholders have expanded significantly with the shift from financial reporting to triple bottom-line reporting. Figure 3.3 illustrates that triple bottom-line reporting requires boards to report on the companies' social, economic and environmental performance

(Rossouw, 2006: 199). Part of this reporting process is that boards should not only report to their shareholders, but also to all the stakeholders on what they perceive to be the significant risks in each of these areas. The King II Report uses the term "non-financial reporting" to refer to the use of triple bottom-line accounting and include matters such as stakeholder relations, ethical practices, social and transformational issues.

Rossouw (2006) defines stakeholders as those groups or individuals who can affect the company or who are affected by the company (Rossouw, 2006: 206). Each organisation has its own relatively unique set of stakeholders whose expectations have to be gauged and satisfied. Stakeholders can be internal (management) or external (NGOs, shareholders government). The King Reports define stakeholders as follows (King II Report, 2002: 103):

- Shareowners as providers of capital;

- Parties that contract with the enterprise, either as providers of input to its various business processes and activities, or as purchasers of its output. This would include, for example, customers, employees and business partners;

- Parties that have a non-contractual nexus with the enterprise, but provide it with its licence to operate and thereby exercise an influence on its ability to achieve its objectives. This class could include local communities, non-governmental organisations and other special interest groups;

- The state as policy maker, legislator and regulator of the economy and specific sectors thereof.

In summary, stakeholders can be described as "those whose relations to the enterprise cannot be completely contracted for, but upon whose co-operation and creativity it depends for its survival and prosperity" (King II Report, 2002: 103).

The philosophy of corporate social responsibility does not advocate that companies abandon their profit motive in favour of a wholly philanthropic leaning (Naidoo, 2002: 126). The profit motive is, after all, the very reason for the company's existence. Social responsibility ideals propose the integration of social and environmental strategies so that the existence of those companies will be sustainable in more than financial terms.

According to a Corporate Citizen Survey (Starns, 2002: 4), it is a myth that there must be a trade-off between socially responsible investments and the Machiavellian profit motive. Three major indices now track the performance of companies committed to Corporate Social Responsibility: the Dow Jones Sustainable Group Index, the FTSEGood launched in July 2001 and the Dow Jones Stoxx Sustainable Index listed on the European Stock Exchange. The survey revealed that,

during the previous five years (1997–2001), the Dow Jones Sustainable Group performance figures (15.8%) outperformed the Dow Jones World Index, which had a return of 12.5 per cent during the same period. A set of guidelines issued by the Association of British Insurers (2001) stated that companies, that voluntarily display social and environmental leadership, enhance their reputations, build trust and meaningful relationships with their stakeholders and are more likely to reap the economic benefits of their positive perception in the market place (as cited in Naidoo, 2002: 127).

The Social Venture Network put forward eight key principles that companies can use as guidelines to develop a healthy balance between profit margins and social responsibility (Naidoo, 2002: 127).

- Ethics: This implies that the company deals ethically with all stakeholders;

- Accountability: The stakeholder has a fundamental "right to know" and takes precedence over inconvenience and cost to the company;

- Governance: The company actively seeks to balance management of resources with the interests of stakeholders;

- Financial returns: This implies that the company's profits sustain long term growth and sustainability;

- Employment practices: The company fosters employee development, diversity, empowerment and fair labour practices;

- Business Relationships: The company is fair and honest in their dealing with all business partners, and monitors the CSR practices of it business partners to ensure that they are consistent with those of the company;

- Community Involvement: The company has an open, honest, transparent and proactive relationship with the community;

- Environment protection: The company has a responsibility to protect and restore the environment by minimising its use of resources and energy and by embedding these considerations into its daily management decisions.

The common theme in finding a balance between profit motives and corporate social responsibility is that of sustainability development that became an important theme in the King III Report.

3.15 SUSTAINABILITY, SUSTAINABLE DEVELOPMENT AND CORPORATE GOVERNANCE

During the first few decades of the 21st century, companies will see powerful new trends and phenomena that will have an impact on societal structures and policies, our values and also what constitutes development and progress (Mannermaa, 2006: 1). Companies are in the position that it can no longer refute the reality of the environmental problems in the community in which it operates. In 1972, the Club of Rome commissioned a report titled *The Limits to Growth* which stated that in the past, where people tended to be worried about economic problems more than environmental systems, the problem is now reversed: ever-worsening environmental damage now threatens economic systems (Meadows, 2008: 3).

In the business environment of the 21st century, sustainability is regarded as a vitally important business goal by multiple stakeholders (Epstein & Roy, 2003; Pfeffer, 2010). The term is defined in many different ways and has often involved environmental concerns (Hoffman & Bezerman, 2007). As a business goal, sustainability translates into the triple bottom responsibility where business performance should take into consideration economic, environmental and social performance (Figure 3.3). The Center for Sustainable Enterprise (2010) defines sustainability as a way of doing business that creates profit while avoiding harm to people and planet. The terms 'sustainability' and 'sustainable development' have been used interchangeably by academics, business leaders and policy makers alike without recognising the distinction between the terms.

In the Brundtland Commission Report (1987), sustainable development was defined as "business development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Naidoo, 2002: 129). The starting point for the concept of sustainable development was the aim to integrate environmental considerations into economic policy (Dresner, 2002: 69). As such, it requires the promotion of values that encourage consumption standards that are within the bounds of the ecologically possible and to which all could reasonably aspire". The UK based organisation, SustainAbility, defines it as follows (King II Report, 2002: 97):

> *At its broadest, the term is used to capture the whole set of values, issues and processes that companies must address in order to minimize any harm resulting from their activities and to create economic, social and environmental value. This involves being clear about the company's purpose and taking into consideration the needs of all the company's stakeholders.*

The term "sustainability", as used in the King Reports, has been replaced by "sustainable development" in the most recent documents on corporate governance. O'Riordian (1988) draws a distinction between the two terms, as sustainable development ultimately gives priority to development, while the idea of sustainability is primarily about the environment. While

"sustainability" and "sustainable development" is often used interchangeably by business leaders, they differ significantly in focus and emphasis. Table 3.3 indicates some of the key differences between the two terms.

Table 3.3: Definitions of sustainability and sustainable development

Sustainability	Sustainable development
The capacity of a system to maintain output at a level approximately equal to or greater than its historical average, with the approximation determined by the historical level of variability (Lynam & Herdt, 1989: 382).	Development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations (WCED, 1987).
Maximising the net benefits of economic development, subject to maintaining the services and quality of natural resources over time (Pearce & Turner, 1990).	Development that improves the quality of human life within the carrying capacity of supporting ecosystems (Sen, 1999: 4–12).
As a destination, sustainability is like truth and justice – concepts not readily captured in concise definitions...what it mean can also differ greatly from individual to individual and between societies (Schaller, 1993: 90).	An economic development theory that calls for raising living standards without destroying the earth's ecosystems or causing environmental problems such as climate changes, water scarcity, or species extinction (Bell & Morse, 2008).

Various sources as indicated.

Sustainable development contains within it two key concepts. Firstly, the concept of needs of the community to which overriding priority should be given, and secondly, the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs. Development involves a progressive transformation of the economy and society. Mintzer (1992: 23–35) elaborates by saying that it involves maintaining a delicate balance between the need for profit and preserving natural resources which future generations depend on.

This also implies a concern that must be extended to equity within each generation. Jacobs and Anderson (1992: 3–12) in *The Green Economy* argue that sustainable development is a contestable concept that affords a variety of competing interpretations or conceptions. Although the concept may be contestable, it does not mean that it has no meaning at all. Interpretations may vary, but the concept shares general features and should flow from a consensus on what it entails and on a broad strategic framework for achieving it.

The mainstream economist approach to environmental decision making is based on the cost benefit analysis (Dresner, 2002: 115).   It involves attempting to calculate what a set of environmental goods is worth to the company in monetary terms. This figure derived is compared with the monetary value of economic exploitation.   Whichever alternative of preservation or exploitation raises the greatest sum is held to have "won" the cost-benefit analysis.   Another conventional economic approach to sustainable development is the practice of discounting futures costs and benefits at the current rate of interest. Sen (1987:29) explains discounting as follows:

> *If US$1000 is discounted at a rate of seven per cent per annum over 100 years, it is worth less than 0.1 per cent at the end of the century. If a development will cause an environmental catastrophe costing US$1 trillion in 100 years' time, it is only worth taking action to prevent the disaster now if it will cost less than US$ 1 billion.*

These conventional economic approaches reinforce companies' tendencies towards short-term thinking (Pearce & Turner, 1990: 246). The rationale behind discounting is that the board prefers the present to the future because of the uncertainty of the future. If a pension fund is expected to earn 10 per cent per annum by investing the money under current conditions, it would not be financially worthwhile to invest in something that would be worth less at the end of the term. The fundamental difference between conventional approaches and the triple bottom line lies in what they value. In *Blueprint for a Green Economy,* sustainable development is defined in economic terms as non-declining capital (Pearce & Markandya, 1989). Pearce and Markandya (1989) took capital to mean not just human and monetary capital, but "natural capital", the value to human beings of the environment itself. Steer (1993: 11) stated that companies need to realise that there are some things you cannot put a money value on and that for many environmental assets, non-measurable values that are considered important by stakeholders may be the most important of all. He suggests that the decision making process not only needs to be informed by economical calculations, but also by the views expressed by stakeholders in an open and transparent process.

The economy exists entirely within society, because all parts of the human economy require interaction among people. Society, in turn, exists entirely within the biophysical system. Although human activity is re-shaping the environment at an ever-increasing rate, society and its economic systems can never exist independent of the biophysical environment. Sustainable development is then development that meets the "triple bottom-line" where all three systems interact on an equal basis. This interdependence is illustrated by Figure 3.4. According to King and Lessidrenska (2009: 12), the responsibility for ensuring a sustainable world falls largely on the shoulders of the world's enterprises, which they refer to as the "economic engines of the future".
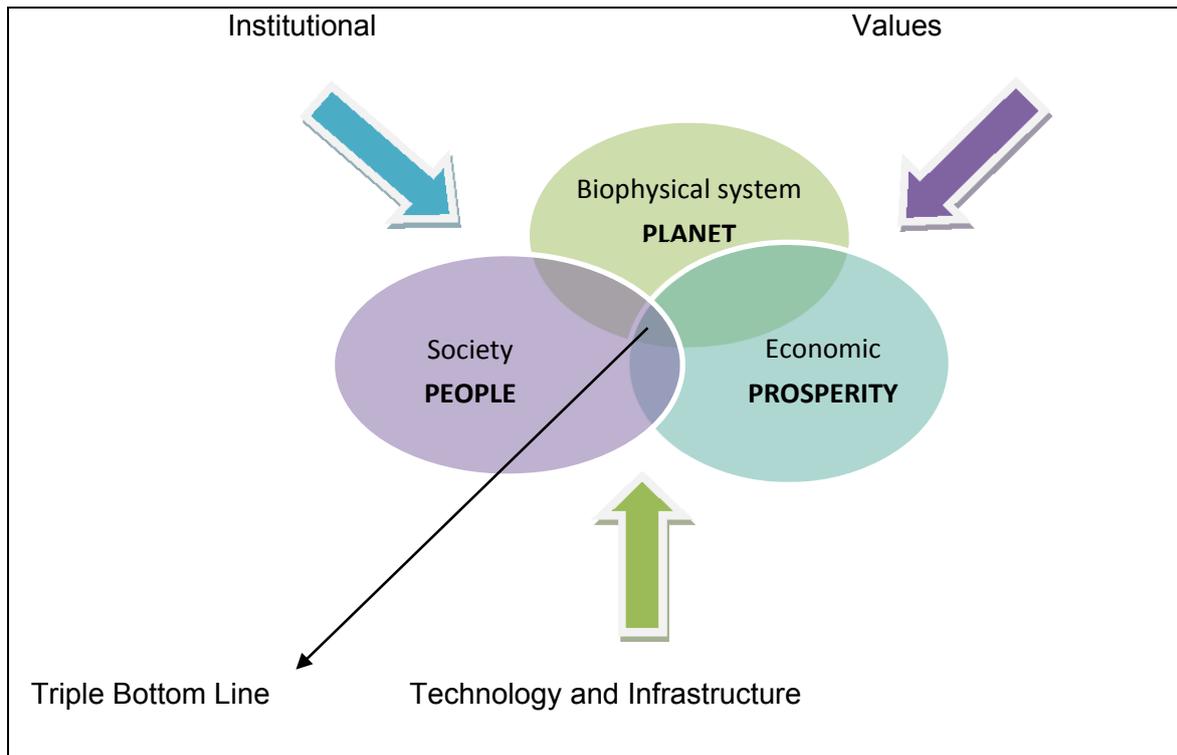
Figure 3.4 Sustainable development and the triple bottom line

Compiled by researcher.

From the above discussion, it can be seen that sustainable development is a generic concept with many interpretations. For the purposes of the shapeshifting framework, it is defined as an expression of the interdependence between the three systems identified as basic to development: the economic system, the social system and the biophysical system. When placing the approach to sustainable development within the nine sustainability theories in development and organisational research (transaction, cost economies, agency theory, institutional theory, organisational ecology, resource dependence theory, resource-based view, upper echelons theory, social network theory and signalling theory), the study uses organizational ecology and the upper echelons theories. Organizational ecology embraces a long-term view of the sustainability of the company as organizations emerge, evolve and perish in response to changes in the environment (Hannan & Freeman, 1989:12). Organizations can consequently improve their ability to survive and prosper by being aware of emerging environmental issues, conforming to industry trends and policy changes (Connelly, Ketchen & Slater, 2010:88). The upper echelons theory involves a model wherein major organisational outcomes like profit and sustainability are largely a function of the top executives of the organisation and are therefore influenced by the cognitive bases, mindsets and values of the group (Hambrick & Mason, 1984:194).

3.16 THE COMPANY AS CORPORATE CITIZEN

As the company is so integral to the well-being of society, it is considered as much a citizen of the country as a natural person who has citizenship (King III Report, 2010: 18). It is expected that the company will be directed to be a decent citizen. If the goals of sustainability are to be achieved, business leaders must reform, re-design and restructure their organisations to minimise negative impacts while, at the same time, implement systems of operation in which every act is inherently sustainable and restorative. King III reinforces the important role of business leaders by stating that nature, society and business are interrelated in complex ways that need to be understood by decision makers (King III Report, 2010: 12):

> *Current incremental changes towards instability are not sufficient. We need a fundamental shift in the way companies and directors act and organise themselves .... Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies and benefits, for both the company and society.*

A key challenge for sustainable business practices is for leadership to make the ideas behind sustainability mainstream (King III Report, 2010: 13). The leadership must integrate strategy, sustainability and control, and establish the values and ethics that underpin sustainable practices. Governance, strategy and sustainability have become inseparable and are only possible if the board embraces the notion of integrated sustainability performance and reporting. The board's role is to set the tone at the top in order for the company to achieve its sustainability goals.

The Mckinsey Quarterly Report (2007) found that environmental issues have soared to the top of the sustainability agenda. Companies expect that the environment will attract more public and political attention and affect shareholder value more than any other societal issue (McKinsey & Co., 2007: 2). In the 2006 McKinsey Global Survey of consumers, only 33 per cent of European and 40 per cent of American consumers said that they believed that large global companies act in the best interest of society. The respondents' views about the ideal contract between business and society found that 84 per cent agree that making broader contributions to the public good should accompany generating high returns to investors while only 16 per cent believe that shareholder returns should be the company's only focus.

However, 72 per cent of companies continue to see socio-political issues as risks rather than opportunities (McKinsey & Co., 2007). The McKinsey Reports (2005–2008) that were evaluated in the McKinsey Quarterly in 2008 reveal important information regarding the current mindset of the over 4 000 executive respondents, 46 per cent of them executives and/or board members (McKinsey & Co., 2008). Sustainable development is seen as a tactic to close the "trust gap" between the company, its consumers and the public (McKinsey & Co., 2002). In the 2007 McKinsey Report, it is stated that executives appear to be closing the gap by using various tactics

to manage socio-political issues. Twenty nine per cent of the respondents said that the most frequently used tactic is the development and implementation of policies on corporate sustainability issues such as the environment. Other tactics include using media and public relations, publishing sustainability reports, philanthropy, improving compliance with laws and regulations and increasing transparency about the risks of products or processes (McKinsey & Co., 2008).

Thus, the concept of sustainable development has been adapted in a corporate context to mean the achievement of balanced, integrated, socio-economic and environmental performance. The King II Report clearly states that non-financial issues can no longer be regarded as secondary to more conventional business imperatives. Furthermore, the notion of sustainability and the characteristics of good corporate citizenship can be found within the concept "Ubuntu" which is generally regarded as the foundation of sound human relations in African societies (King II Report, 2002: 99). It is the basis of a social contract that stems from, but transcends, the narrow confines of the nuclear family to the extended kinship network and the community. The notion of sustainability in the corporate world should embrace the principle or recognise the importance of the inter-dependent relationships between a business and its environment. Sustainability of a company means conducting operation in such a manner that meets existing needs without compromising the ability of future generations to meet their needs. (King III Report, 2010: 61)

Sunter (2002) explains the contribution of sustainable development to good corporate governance as follows (Ilbury &Sunter, 2002: 73):

- **Sustainable development (SD) extends stakeholder accountability**: Stakeholders have become powerful and well-organised role players. Forward-thinking companies must engage actively with these groups to ensure the well-being of the entire company.

- **SD raises the bar of legislation**: International corporate governance standards are becoming more and more stringent. Companies facing non-compliance issues will find themselves incurring compensation orders and possibly targeted for litigation, fines and penalties.

- **Sustainable development introduces new rules of trade:** Compliance with internationally recognised social and environmental standards is becoming a prerequisite for engaging in responsible global trade. International companies and investors will increasingly refuse to trade with companies not adhering to the guidelines as set out by the King Reports.

- **Sustainable Development** affects access to finance: Since the financial sector faces indirect risks from investing in unsustainable companies and projects, companies and

investors will increasingly scrutinise their business associates and clients on sustainability criteria.

- **Sustainable development affects costs and liabilities:** Corporate, environmental and social infringements is becoming increasingly expensive, taking the form of fines, penalties, legal costs and damage claims. Tiger Brands was fined over R30 million for the price fixing of bread in 2007 (Crotty, 2007: 1).

- **SD spawns new markets:** The change to a sustainable economy will create new market opportunities in areas such as ecotourism and professional advisory services. Traditional exploitative markets will decline, while investment in sustainable markets will increase.

- **SD shapes public reputation**: Stakeholder's support of companies will directly be influenced by their public reputation. The profitability and share prices of companies will be affected by repeated damage to their reputation such as consumer boycotts, price-fixing accusations and lawsuits.

- **SD enhances corporate governance practices:** Across the globe, corporate governance codes are incorporating sustainability principles into their requirements for risk management, business ethics and financial reporting.

3.17 THE ABSENT STAKEHOLDER: TOWARDS A QUADRUPLE BOTTOM LINE

There is a growing international concern for future generations. In 1997, UNESCO's General Conference issued a *Declaration on the Responsibilities of the present generations towards future generations* that stated that present generations have the responsibility of ensuring that the needs and interests of future generations are fully safeguarded (UNESCO, 1997: 1). Native American tribes refer to the future stakeholders as "the seventh generation, yet unborn". Lyons (2004: 2) asserts that the world has a moral duty to them through collective actions, as the invisible chain of causation links current as past events to conditions in the future.

The shapeshifting framework aims to add another dimension to the triple bottom line by including the stakeholders that may be affected in the future – the absent stakeholder. The absent stakeholder is defined as individuals, communities, institutions and organisations that may be affected both positively and/or negatively by current business practices. It involves creating a balance between the interests of the present and of future generations. According to Bell, we have "an obligation, firstly, to strive to create conditions that permit an equal and good chance to every presently living person, and secondly, an effort to leave future generations at least as well off as the present generation" (Cornish, 2007: 221).

The interests of both current and futures generations converge, so companies should aim for sustainable actions and practices that offer a 'double benefit' by enriching both present and future generations. This requires companies to move beyond mere compliance to governance codes towards long-term view and a pro-active anticipatory governance approach to sustainable development in order to anticipate and prepare for the future and incorporate the needs of the absent stakeholder.
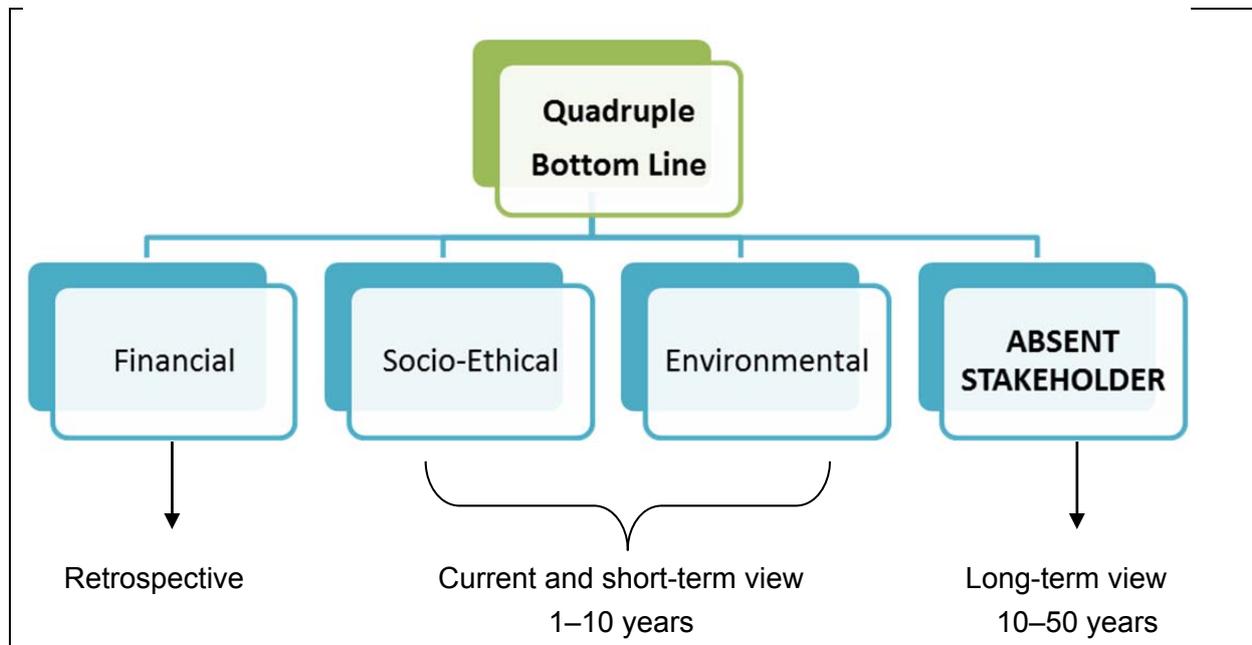
Figure 3.5 Towards a quadruple bottom line

Adapted by researcher.

The governance approach since the 20th century is primarily code-based, requiring companies to implement the practice of sustainability reporting and not necessarily the concept of sustainable development itself. Although sustainable reporting has become a widely acceptable practice in South Africa, there is little evidence that it has contributed to a more pro-active approach to sustainability itself instead of the normal "tick the box" approach. King III states clearly that the emphasis should be on substance above form and that sustainability reporting is in need of renewal. The quadruple bottom line implies that independent non-executive directors move beyond current conceptions of sustainable reporting, and embrace the substance and value of the concept (sustainable development) itself. More than reporting, sustainability is a new way of perceiving business – its purpose, methods and its impacts (Sunter & Visser, 2002: 15).

3.18 SUMMARY

The second section of the chapter introduced the concepts of corporate citizenship and the absent stakeholder and explained the inter-relationship between sustainable development and good corporate governance practices (KD 2). It emphasised the important role of the company in the 21st

century and its increasing social responsibility towards the society in which it operates (KD3 and 4). The third section will examine the role of the board in instituting good governance practice focusing on the specific role of the independent non-executive director (KD 5).

3.19 ANTICIPATORY CORPORATE GOVERNANCE, STRATEGIC FORESIGHT AND FUTURES STUDIES

Corporate governance seeks to improve society and business by providing guidelines and recommendations to help manage mutual beneficial initiatives that address issues regarding good governance practises in South Africa. Strategic foresight seeks to improve society by engaging individuals and companies as powerful actors who feel empowered to shape their own destiny by understanding its interconnectedness with corporate governance and the future implications and opportunities of their present day actions (Da Simone, 2004: 487). It provides board members, business leaders and stakeholders with the capability to understand, interpret and respond to current challenges, and to conceive and explore as yet unimagined approaches and solutions to these problems. Before we can enter the field of futures studies, we need to understand the intricate relationship between the past, present and future. The Oxford Dictionary makes a clear distinction between the terms (Oxford, 2006: 1037). The present refers to the period of time that is happening now, while the past implies the time before the present and everything that happened then. The future refers to tomorrow, and any time yet to come.

Slaughter (2002b) describes the past as related to experience, memory, identity and personal achievement, while the future involves hopes, fears, goals and intentions. He identifies two processes that are centrally involved in constructing the present: the interpretation of past experiences and the anticipation of possible futures. While distinctions between the past, present and future are important, these three notions of time are interconnected and mutually reinforcing. Slaughter (2002b: 351) explains:

> *"To put it briefly, our history, identity and achievements in the past affect our perception, understanding and focus in the present which in turn influence our plans, projects and future goals. These connections are even richer since the flow between them is multi-directional. For example, hopes and fears may not just affect the present; they may also cause one to consider aspects of the past. Similarly, decisions that one may make do not spring fully formed to the present. They arise from the historical and cultural matrix in which we exist. Hence, the boundaries between past, present and future are, in fact, fluid and open".*

Critical futures studies interprets the future as not only something that will materialise as time passes, but also "as something that already exists in embryo in the present, including in people's own thoughts, emotions and values" (Hideg, 2007: 4). It distinguishes between different time zones (past, present and future) that simultaneously exist in the present as well. The past effects the

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present through its interpretation and can provide a means of escaping the present, while the future shapes the present through expectations and anticipation. Hideg (2007: 4) describes these time zones as constantly intertwining, undulating and permeating in our mind and psyche. The present can thus be viewed both as the here and now or an "extended present". The latter is able to interrelate past, present and future simultaneously and update the outcome within a historically changing time span of 200 years. In this regard, critical future studies explore human foresight as an integral part of an "extended present".

Figure 3.6 illustrates the four dimension model that clarifies the interlocking concepts of future studies and suggests that the past, present and future are not discrete periods but are deeply embedded, one within another. A greater consideration of the future should examine a range of alternative futures. Consequently, foresight is based on the premises that we can only understand the meaning of the present after due consideration of the past and future. The future is, at the same time, the category in which the consequences of present decisions will take effect. Individuals must therefore use past experience in order to deal with the present and the future.
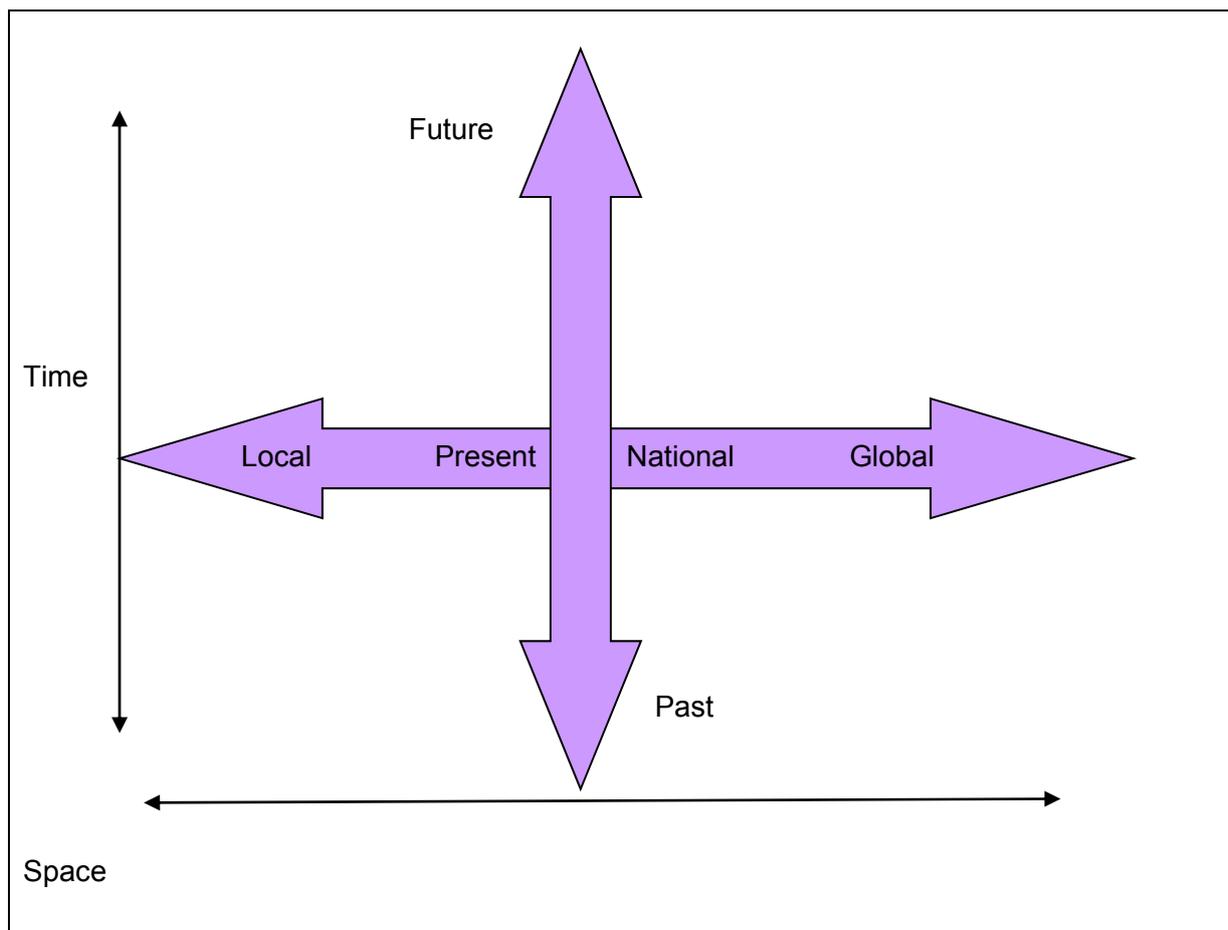
Figure 3.6 Spatial and temporal dimensions of futures concepts

Source: Chen, 1999: 120.

An in-depth explanation of the relationship between the concepts past, present and future are beyond the scope of the research. Instead, the researcher aims to show that a distinctly futures-orientated quality understanding of the inter-dependence between these concepts can provide directors with the resources for planning and social innovation through strategic foresight. As the anticipatory action learning approach will be used, it is important to distinguish between four types of futures work, as illustrated by Table 3.4 (Inayatullah, 2007a; Slaughter, 2007a; Hideg, 2007; Hines, 2003; Galtung & Inayatullah, 1996; Boulding, 2007).

Table 3.4: Summary of four types of futures studies

Empirical	Interpretive
Future can be known and objective world exists; Language is transparent, no cultural bias; Goal is instrumental gain; Knowledge is constructed in the official discourse through key intellectuals.	Objective world cannot be known because of influence of history and culture; Language is opaque with grammar complicit; Aim is to disturb power relations; Transcendental is a particular historical perspective that is grounded in particular episteme.
Critical	**Anticipatory Action Learning**
Objective world exists but there are different accounts of it Future can be negotiated and comparisons between cultures leads to insight and true knowledge Goal is to investigate the different contexts of thinking Values are central to creating the future	The objective and subjective are both true Goal is to create alternatives by questioning the future Interaction between meanings and actions are crucial Reality is process-based Future is not fixed, but continuously being revisited Learning is based on programmed knowledge and questioning plus ways of knowing

Various sources as indicated

3.20 PEERING INTO THE FUTURE

Man has used any number of approaches to peer into the future – from divination to forecasting. A prediction is any statement about the future. Such statements may be well-founded, or lack any sound basis, accurate or inaccurate. Since it is merely a statement, anything can be seen as a prediction, ranging from tomorrow's weather expectations to the closing price of shares on the Johannesburg Securities Exchange. In the natural sciences, forecasts are the epitome of validation for theory. In social sciences, however, it is not as clear cut. Andrew Lo, an MIT economist, attempted to explain this discrepancy when he stated in an interview that: "We would love to have three laws that explain 99 per cent of economic behaviour. Instead we have 99 laws that explain maybe three per cent of economic behaviour" (as cited in Schrodt, 2002: 9).

Foresight is defined as the universal capacity which allows people to think ahead and consider, model, create and respond to future eventualities (European Foresight Monitoring Network, 2009: 1). Slaughter (2007a: 1) defines foresight as a universal capacity which allows people to think ahead, consider, model, create and respond to future eventualities. Major and Asch (2007) refer to foresight as a process, while Horton (1999: 2) uses it to indicate an assortment of programmes, exercises and techniques for looking at the future. It has indeed been unclear when and whether foresight refers to a process, to a human attribute or competence, or to a national foresight programme due to a variety of focuses:

- Foresight viewed or analysed with a focus on the phenomena itself (Lane & Maxfield, 1996: 214–216; Hadfield, 2005: 3–5);

- In terms of antecedents to foresight (Fischhoff,Gonzalez and Lerner, 2005);

- Consequences or outcomes of foresight (Voros, 2003: 1114–1118; Greenstein, 2005; Ratcliffe, 2006: 40–46).

Although foresight is conceived on the individual's level, it can be easily extended to a company, or even the whole of society. Hayward (2007: 1) characterises foresight as an attribute, a competence and process that attempts to broaden the boundaries of perception in four ways:

- By assessing the implications of present actions and decisions (consequence assessment);

- By detecting and avoiding problems before they occur (early warning and guidance);

- By considering the present implications of possible future events (pro-active strategy formulation);

- By envisioning aspects of desired futures (normative scenarios);

3.21 STRATEGIC FORESIGHT

In Futures for the Third Millennium, Slaughter (1999) describes strategic foresight as the ability to create and maintain viable forward views and to use the insight arising in organisational and social ways. The capability of strategic foresight is based on nurturing and applying foresight within organisations with a range of discourses, tools and methods that will assist directors in encouraging transformational change within the field of corporate governance.

For the purpose of this study, strategic foresight is defined as the ability to create and maintain a high-quality, coherent and functional forward view, and to use the insights arising in useful organisational ways, for example, to detect adverse conditions, guide policy, shape strategy and to explore new markets, products and services. It represents a fusion of futures methods with those of strategic management. It involves the process of developing a range of views on possible ways that the future could develop, and how an understanding of these trends will enable companies to decide what decisions can be taken today in order to create the best possible and profitable future.

According to Slaughter (1997: 1), strategic foresight is needed for a number of reasons:

- At the macro-level, strategic foresight provides a number of ways to anticipate and coming to grips with the civilisational challenge. It is strongly related to the concept of sustainable development as Slaughter (1997) identified the different elements of the civilisational elements as exploitative trade practices and futures discounting. Strategic foresight can help organisations to understand the "bigger picture concerns", such as purpose, cultural evolution and economic sustainability.

- Strategic foresight is of direct use to organisational policy and practice. The careful use of a range of futures methods can provide quality insights into the future business environment. As a result, the organisation can anticipate change, reduce reaction time to these changes and develop a range of possible responses. As the future ceases to be an "abstraction", decisions can be made with greater confidence.

- Strategic foresight can be developed to the point where it opens what Hamel and Prahalad (as cited in Slaughter, 1997: 2) have called "future competitive space". This means that organisations can move beyond market demand and decide what direction they would like to take and then put in place the means to achieve it. Strategic foresight can provide the organisation with new ways of solving old problems and new sources of wealth creation.

Consequently, strategic foresight enables the organisation to move beyond the traditional short-term view of the future and will assist them in developing a well-crafted worldview that reduces the uncertainty and reveals different strategic options.

3.22 DEVELOPING A FORESIGHT WORLDVIEW

A foresight worldview is an aspect of the mental model of the world, held by an individual, from which the perception of possible implications of actions, problem detections, strategy formulation and envisioning occurs. The worldviews of foresight can be located in Gebser's (2007: 1) structures of consciousness that offers an understanding and development of a social form of foresight:

- Foresight is an attribute of development and individual consciousness. While instinct and emotion are the sensory modalities that produce a sense of the present, imagination plays a pivotal role in the emergence of foresight;

- The expression of foresight is mediated by the historical, cultural and social milieu in which it is practiced, thereby creating different layers of foresight. The dynamic of foresight moves back and forth between an external and internal focus. The complexity of the outside world forces foresight outwards. This uncertainty from the observer turns the focus inward in order to solve the immoderation or re-scale the perspective;

- Education and the development of "knowledgability" is an aspect of consciousness development (Hayward, 2007: 1). External knowledgability liberates foresight from exclusive rationality, while internal knowledgability is central to becoming aware of the limitations of knowledge;

- Further development in consciousness and foresight is possible, and by becoming aware of the totality of the structures will bring all the modalities of instinct, emotion, imagination and thought to foresight.

3.23 THE FORESIGHT PRINCIPLE

The principle of foresight is described by Slaughter (2007a: 17) as the main key to a liveable future. It is necessary to look ahead and prepare for contingencies and to assess the likely result of our actions. Prudence and responsibility both emerge from forward thinking. It is prudent to make provision for changes in corporate legislation and many other possible contingencies, and it is responsible to consider the wider and long term consequences of actions and decisions.

In order for futures thinking (such as foresight) to be applied, there needs to be a rationale behind it. Slaughter (2007a: 4) identifies four key points behind the foresight principle:

- **Decisions have long-term consequences**

A futures perspective involves an active view of decision making. While some decisions might seem trivial, all present decisions have the potential to powerfully condition the present and the future.

- **Forward thinking is preferable to crisis management**

Forward thinking has become a structural necessity for societies in transition as crisis management is expensive and wasteful. While it is not possible to predict the future states of social systems in any detail, it is possible to take a strategic view, to explore options and alternative, to anticipate eventualities and to prepare for contingencies.

- **Future alternatives imply present choices**

The power of the mind to range at will across the vast span of the past, present and future makes us aware of different future alternatives. Thereby we gain access to new choices in the present. Future alternatives present choices, because it takes times to exert the will and mobilise the resources involved to achieve a given outcome and avoid undesirable consequences.

- **Future transformations are certain to occur**

The continuing rapid change in so many areas, such as economics and technological development, creates a major challenge for future survival. The field of foresight and futures studies attempts to answer questions such as: Can we adapt? Should we adapt?

3.24 TYPES OF FUTURES AND THEIR UTILITY

The attractiveness of futures thinking lies at its openness and feasibility (Chen, 2005: 119). The cultivation of far-sighted and far-minded judgments and choices is a necessary process for any organisation operating in a world of constant and rapid change. Masini (1993: 8) suggested the principle of many possible futures: "*The future can be looked at in terms of the 'possible' and the 'preferable' and the 'probable', which in this context refers to what, among the 'possibles', appears to be more probable … what they refer to as the 'plausible' meaning what, among the probables, can actually happen".*

Elements of this type of taxonomy were already presented by Henchey (1978) and the characterisation of futures used by Hancock and Bezold (1994). Schultz adapted and extended this model by introducing the concept of infinite futures with the main objective of enhancing the probability of preferable futures (Schultz, 1997). Voros (2003: 17) analyses the principle of many possible futures as follows:

- **Possible futures**

Possible futures include all the kinds of futures one can possibly imagine. The question used to prompt for possible futures is "what might happen?" and implies creative thinking, escaping from present constraints and the expansion of human choice alternatives.

- **Plausible futures**

This class encompasses those futures which cannot be excluded according to current knowledge. The question "what could happen?" is answered within the framework of a current understanding of how the world operates or the "rules of the game."

- **Probable futures**

Probable futures include all those events and trends which are considered "likely to happen" and stem in part from the continuance of current trends. It implies that one should understand the current trends and patterns in order to develop the rational capacity to evaluate the "reasonableness" of different future options.

- **Preferable futures**

This class is concerned with the question "what would we like to happen?" They derive from value judgments, are subjective and involve different choices, ideals and visions of what we want to happen. This process is especially valuable when attempting idealised and visionary planning.

The French futurist, Bertrand de Jouvenal, drew the useful distinction between what is possible and what is "futurible". Almost anything is possible, he wrote, but a "future state of affairs enters into the class of futuribles only if its mode of production from the present state of affairs is plausible and imaginable" (Godet, 1996: 8). In this sense, a 'futurible' is a descendent of the present, a descendant to which we attach a genealogy". In other words, jumping from point A (the present) to point F (the future) is always possible, but it only becomes plausible if we have enough information to imagine the connecting points, B, C, D and E. The process of identifying possible, probable, plausible and preferable futures is particularly useful for diagnosing how an organisation responds to the current strategic environment and why using a foresight process is preferable to not using a futures thinking approach. Strategy must embrace these "what if?" questions that reach outside the conventional mindset. This requires the consideration of the possibility of multiple futures.

Table 3.5 illustrates that different types of thinking are required to identify different types of futures. While identifying probable futures takes an analytical approach focusing on projection and historical analogy, envisioning the organisation's "preferable" future involves strategic planning through examining choices and visions of what "could be".

Table 3.5: Futures forces: Ways of thinking and techniques

Futures	Drivers/ forces	Thinking	Methods
Plausible	Policies, decisions	Intentional, goals	Planning, implementation
Probable	Trend, Pattern, causality	Analytical	Analogy, projections
Preferable	Choices, images	Visionary	Envisioning, design, plan
Possible	Discontinuities, wild cards	Speculative, imaginative	Scenarios Simulation.

Source: Adapted by researcher.

However, certain limitations to identifying different types of futures need to be acknowledged. Firstly, knowledge of the future is not possible and the future cannot be predicted. The complex nature of change means that predicting events is impossible, and it is quite likely to be dangerous as it implies inflexibility and a need to become locked into one specific prophecy (Van der Heijden & Braden, 2004: 15–19). However, knowledge about factors shaping the future is possible. Companies need to seek insight and understanding about the patterns shaping their future and their possible consequences for the future. Thus, foresight is an acquired skill. Lastly, organisations can create a preferred future if they want to and conspire to do so with purposefulness, understanding and insight.

3.25 ANTICIPATORY GOVERNANCE AND STRATEGIC FORESIGHT

As creating the long-term strategic direction of the company is the responsibility of the board of directors, the quality of governance in the company may be supported and enhanced by independent non-executive directors, adopting and implementing the skill of strategic foresight to encourage an anticipatory approach to corporate governance.

Anticipatory governance is defined as the change from short-term oriented decision making processes and practices to long-term policies with vision, foresight and making decisions based on informed trends, evidence-based decisions, with a future co-designed by professionals and stakeholders (Chi, 2008: 2; Kamensky, 2009: 1). It is a term that thus far has been mostly used with regards to technology assessment and new developments in the scientific world. Most of the literature on anticipatory governance is new and the method itself is not yet well defined in theory or practice (Quay, 2010: 58). However, the idea of anticipatory governance can be applied more broadly than just emerging technologies. Like scientists and technology assessors, boards of directors need to anticipate the future as well. Feurth (2009: 2) and Quay (2010: 58) describe

anticipatory governance as a new model of decision making under circumstances of high uncertainty that are based on the concepts of foresight and flexibility.

In defining anticipatory governance within the framework of corporate governance, the researcher has decided to expand on Feurth's (2009) and Quay's (2010) definitions and conceptualisations. Anticipatory corporate governance is thus defined as:

> *The system of institutions, rules and norms within a company that provide a way for independent non-executive directors to use strategic foresight for the purpose of initiating and implementing good governance practices, reduce risks, and to increase capacity to respond to events at an early stage of development in order to ensure a sustainable and profitable future for all stakeholders.*

Many directors and governance officers claim that a belief in anticipatory corporate governance overstates the board's capacity for understanding and shaping the strategic direction of the company (Engelbrecht, 2008: 74). However, the only option that remains is to continue practising corporate governance that is unaware and ignorant of the longer term implications of its decisions, slow to detect the onset of defects in the system and inattentive of major risks and opportunities.

An anticipatory governance approach means that the strategic activities of directors should include both strategic thinking and strategic foresight. Rossel (2010: 74) defines this process as the collection analysis and discussion about the current and future environment of the firm, the nature of competition and business design alternatives. Independent non-executive directors need to be active participants in this process, as it involves a collaborative effort with both management and executive directors. They play a crucial role in bringing an outside perspective and accumulated wisdom, as well as testing the consistency of management's thinking.

3.26. SUMMARY

While this section focused on strategic foresight as a core capability to improve sustainable business practices (KD5), the fourth section will critically examine the important role of the independent non-executive director on the board and his/her ability to initiate and sustain an anticipatory corporate governance approach (KD6 & KD7).

3.27 THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The responsibility for corporate governance lies with the company's board of directors and consists of two main functions: the direction of the company and the control of the company (Rossouw, 2006: 189). The King III Report extends this claim and states that (King III, 2009: 12):

All entities should apply both the principles in the code and the best practice recommendations in the report. In situations where the board or those charged with governance decide not to apply a specific principle and/or recommendation, this should be explained fully to the entity's stakeholders. The duties of directors can be grouped into the duty of care, skill and diligence and fiduciary duties. There is personal liability for breach of certain statutory duties.

Until the early 1990's, corporate leaders and boards of directors knew what was expected of them and the duties and responsibilities surrounding their position. The "rules of the game" were unambiguous as business was driven primarily by the profit motive and good return on investment. The focus remained firmly on "how" to increase profit margins and maintain a competitive advantage. Becoming a director had an aspirational pull (Tricker, 2003: 20). Managers made the daily business decisions and took the necessary actions and directors tended to only make decisions in times of crisis. The "binary power" of directors simply to accept or reject the proposals of management was considered to fulfil one's directorial duties.

However, international trends in corporate governance practices resulted in the King Reports, in 1994 and later in 2002, which marked the movement from financial accounting to triple-bottom line accounting. Shareholders were transformed into "stakeholders" and accounting practices involved not only profitability, but also sustainability and accountability. Garatt (2005a) identifies the following major changes in the *Weltanschauung* of directorial duties:

- Directors will need to understand the art of rigorous critical review of both policy and strategy proposals;

- Boards now have a crucial role to play in the leadership of an organisation;

- Board members need to be capable of helping management implement and learn from their proposed business strategy;

- They would be held personally accountable for their decisions and actions.

While boards have previously been regarded as passive, the growing power of investors and stakeholders have to a larger extent pressured boards to play a more active role in company affairs. The demands made on directors have grown significantly and the issues with which they have to deal with have widened by a great extent. Sir Brian Pitman extends the traditional definition of shareholder value to "shareholder added value" as the economic value added after taking into account the reasonable short-term demands of the owners, the cost of capital and ensuring the long-term health of the business (Global Business Review, 2002: 1).

3.28 BEYOND STRATEGIC MANAGEMENT: THE BOARD'S DIALECTIC JOURNEY

The traditional strategic management process provides a tool whereby companies can determine its purpose, formulate its strategy and relate it to operational and functional management (Olk, 2009; Freeman & Edward, 2008; Rossouw, Groenewald and Le Roux, 2003). It is interesting to note that no such equivalent process exists for the very people responsible for steering the company towards the future. There seems to be a complete absence of a broader contextual process or framework for those responsible for governance, other than the requisite lists of what directors supposedly do (Garratt, 2003:58). This absence can be explained by reviewing the current situation of a clear division of labour between governance and those responsible for strategic management in most companies. While directors are theoretically concerned primarily with governance, "employees" are concerned with management.

The five strategic management functions are typically organised in a series of steps used to establish the organisation's direction. The first task of strategic management is establishing or re-visiting the company's direction through a combination of vision or strategic intent. The first task of those who assigned the responsibility of good governance is to determine the company's strategic direction, who it intends to serve, the minimum level of performance to be achieved and the ethical stance to be adopted. Herein lies the first paradox of systemic strategic management problems of the board – that of duality. With duality, one person (committee or board) has the primary responsibility for the company's management and at the same time, the responsibility for governance, strategic foresight and direction giving. This implies that in many cases, the responsibility for strategic governance has been largely misappropriated to the role of management, rather than that of the board.

The second step in strategic management often involves environmental scanning. Invariably the process of analysing the external and internal environments is led and undertaken by management. Yet, this process should also be led by those who assigned the responsibility of directing the company. The knowledge, expertise, experience and outside ties of the members of the board are likely to make an important contribution to strategic decision making. The general exclusion of directors from this role mitigates the benefits to be had from their contribution to the process.

The third step refers to the development and eventual selection of strategy through the use of various tools and techniques. The role of the board appears to diminish further throughout the duration of this phase, until the point where the strategic decisions are made, as the board must in the end accept full responsibility for any decision taken. In accepting accountability and responsibility, the board then absolves management from strategic decision making until it provides management with a mandate for subsequent operations. Strategic implementation is the next step in the process and seems to be in general the responsibility of management. The final

step involves the measurement of strategic outcomes through various forms of evaluation and control. While management controls, the company is an operational sense by comparing planned targets with the outcome, strategic control involves the board correcting and changing ineffective strategy. In this regard, the board may experience information asymmetry, reducing its ability to effectively exercise strategic control.

Thus, directors should be direction-givers with a "brain-on" rather than a "hands-on" approach (Garratt, 2003b: 4). The board should set the strategic direction of the company, while they delegate authority to managers to design, deliver and maintain the operational parts of the enterprise. According to Garratt (2003b: 8), this requires a change of directorial mindset:

> *Directors usually see themselves as sitting at the apex of a pyramid and do not look beyond themselves to the outside world. The need instead to see themselves as the centre of the enterprise – the business brain – monitoring and coping with the results of the external and internal processes of the whole enterprise.*

3.29 THE ROLE OF THE INDEPENDENT NON-EXECUTIVE DIRECTOR

The second King Report states that all directors, both executive and non-executives, are bound by fiduciary duties and duties of care and skill (King II, 2002: 55). While executive directors must always manage the conflict between their management responsibilities and their fiduciary duties, non-executive directors perform such duties intermittently and have less regular access to the books of the company. However, non-executive directors play a particular important role in providing independent judgment under these circumstances. South African law does not recognise the distinction between executive and non-executive directors. Every director has a legal duty to act independently, in good faith, with due care and skill, and without fetter or instruction (King II, 2002: 56). The labels of executive, non-executive and independent non-executive directors have evolved over the years. Table 3.6 explains the difference between these labels (King II, 2002: 57).

Table 3.6: Types of directors

Executive director	Non-executive director	Independent director
An individual involved in the day-to-day management and/or in full-time salaried employment of the company and/or any of its subsidiaries.	An individual not involved in the day to day management and not a full time salaried employee of the company or any of its subsidiaries.	A non-executive director that is not a representative of a shareowner who has the ability to control or significantly influence management and that has not been employed by the company, or the group, or in any executive capacity in the last three years.

Source: Compiled by researcher from King Reports.

King III (2010: 24) defines an independent non-executive director as someone who:

- is not a representative of a major shareholder;

- does not have material direct or indirect interest in the company group which is greater than five per cent of the group's total number of shares in issue;

- has not been employed by the group or appointed as designated auditor, external audit firm or senior legal advisor in the last three years;

- is not related to immediate family to someone who has been employed by the group in an executive capacity in the last three years;

- is not a professional advisor of the group;

- is free from any other business or relationship that could be a conflict of interest;

- does not receive remuneration based on the company's performance.

The independent non-executive director should be independent in fact and the perception of a reasonably informed outsider. King III explains that this state of independence is more a state of mind than an objective fact and perception (King III Report, 2010: 50). Therefore, such a person should also not be a professional advisor or significant supplier to the company or group and is free from any business or other relationship that could be seen to materially interfere with the individual's capacity to act in an independent manner. The independent non-executive director also does not receive remuneration contingent upon the performance of the company.

The role of directors is also codified by South African law. The Companies Act (2010) determines that directors and management must discharge their legal duties. These are grouped into two categories, namely duty of care, skill and diligence and fiduciary duties (King III Report, 2009: 10):

- The duty of care, skill and diligence in terms of which directors must manage the business of the company, as a reasonably prudent person would manage his/her own affairs. The standard of care is a mixed objective and subjective test in the sense that the minimum standard is that of a reasonably prudent person, but a director who has greater skills, knowledge or experience than the reasonable person must give to the company the benefit of those greater skills and knowledge.

- Fiduciary duties, being the duty to act in the best interest of the company. To avoid conflicts, not take corporate opportunities or secret profits and not to fetter votes or use powers for the purpose conferred or for collateral purpose.

There is personal liability for breach of certain statutory duties. Criteria of good governance, governance codes and guidelines will be relevant in the determination of what is regarded as an appropriate standard of conduct. Consequently, any failure to meet a recognised standard of governance, even if not legislated, may render a board or an individual director liable at law (King III, 2009: 12). Since the duties and responsibilities for executive and independent non-executive directors are the same, the role of the independent non-executive director has become more demanding with increasing responsibilities and greater recognition of the liabilities involved, requiring them to allocate quality time understanding company activities (Kakabadse *et al.,* 2001: 4).

King III (2010: 30) recommends that given the positive interaction and diversity of views that occur between individuals of different skills, experience and backgrounds, boards should ensure that there is an appropriate balance of power and authority on the board. To ensure that no one individual or block of individuals is able to dominate the board's decision making, the board should comprise of a balance between executive and non-executive directors, with a majority of non-executive directors. The majority of non-executive directors should also be independent. The report also states that a lack of available and sufficiently experienced independent non-executive directors should not be a reason for boards not to constitute the majority of the non-executive directors as independent.

3.30 THE IMPORTANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

It is a universal practice to have independent, non-executive directors on the boards of companies. Legally and commercially, this is seen as an important guarantee of the integrity and accountability of the company (Clarke, 1998: 118). In the 1980's, the important duties of the independent non-executive director were more neglected than honoured, as non-executive directors were "captured" by powerful executives and became thoroughly immersed in the logic of the company they were supposed to supervise. According to the PIRC (1998), the role of the non-executive director was open to some ridicule, as they became largely ornamental in corporate life. From the late 1990's, new life has been breathed into the role of the independent non-executive director, and the position is now becoming to be seen as critical for the transparency and accountability of companies.

Consequently, the independent non-executive director plays a very important role in board structure as he/she brings an external judgment on issues of strategy, performance, resources and standards of conduct and evaluation of performance to the board. King II (2002: 56) explains that courage, wisdom and independence should be the hallmark if any independent non-executive director is acting in the best interest of the company.

The appointment of a majority of independent non-executive directors is an effective governance tool in a variety of situations, such as:

- during the annual performance evaluation of the chairperson;

- whenever the chairperson is in need of support to ensure the effective functioning of the board;

- when serious disagreements arise between executive and non-executive directors;

- whenever a serious disagreement arises between the auditors and management which could not be resolved by the audit committee.

According to the Institute of Directors' guidelines (2009), the primary role of independent non-executive directors is to provide a creative contribution to the board by providing objective criticism. While all directors should be capable of seeing company and business issues in a broad perspective, independent non-executive directors are usually chosen because they have the breadth of experience and have particular personal qualities (IOD, 2009). Key responsibilities can be divided roughly into three categories. Firstly, as an "outsider", the independent non-executive director may have a clearer view of the external business environment. The normal role of the independent non-executive director in strategy formation is therefore to provide a creative and informed contribution and to act as a constructive critic in looking at the objectives of the company. Secondly, the independent non-executive director should take responsibility for monitoring the performance of executive management, especially with regard to the progress made towards achieving the determined company strategy and objectives. Lastly, the independent non-executive director can help to connect the business and board with networks of potentially useful people and organisations.

The Cadbury Report (1992 as cited in Horn, 2005: 23) outlined the reasons for having a significant independent presence on the board as:

- Outside directors broaden the strategic view of boards and widen a company's vision for the future;

- Independent non-executive directors ensure that boards always have their sights on the interests of the company. They are well placed to help resolve potential conflicts between the interests of executives and those of shareholders;

- They bring awareness of the external world and the ever-changing nature of public expectations to board discussions;

According to Van der Berghe and Baldean (2005: 63), vigilant monitoring and objective decision making requires the independent non-executive director not only to be independent (formally and informally), but also to have the right attitude. They should be critical thinkers, with an independent mind, who are able to exercise an objective judgment on corporate affairs. Allen and Renner (2004:161) acknowledge this point when stating that "in theory, our interest in the independent character of the board member is really concerned with his or her true mental state or attitude when the decision is weighed and made". Two factors – ability and willingness – are important to achieve the right attitude (Van den Berghe & Baldean, 2005: 64). A company may have the most competent and experienced people on its board, but if they do not have the willingness to use their skills, their contribution will only be minimal. As indicated in Table 3.7, corporate governance literature suggests a set of key qualities an independent non-executive director should display that may be supported and enhanced by facilitating strategic foresight.

Table 3.7: Proposed Qualities of independent non-executive directors

Qualities	Implication	Sources
Being prepared and informed/ having knowledge and understanding of the company.	Company's performance more open to scrutiny. Clear awareness of risk. Confidence to voice dissenting opinions.	Forbes & Milliken, 1999: 489–491; Renton, 1999; Huse, 2005: 66
Knowledge of other directors' skills and abilities.	Trust of other directors' expertise and judgment. Builds confidence.	Roberts *et al*., 2005; Conger & Lawlor, 2002: 5–26.
Strategic awareness Understanding the internal and external context within which the company operates.	Openly address issues and share concerns.	Coulson–Thomas, 1991: 36–39; Renton, 1999.
Motivation and commitment to the affairs of the company and individual responsibility to achieving its goals.	Openness to process. Increased availability and involvement.	Leksell & Lindgren, 1982: 27–38.
Willingness to behave in particular ways and display certain qualities i.e. exercising independence of mind and will to act independently.	Questioning and challenging assumptions. Helps avoid group-think.	Roberts *et al*., 2005; Kakabadse *et al*., 2001: 4–7.
Interpersonal and communication skills. Ability to provide critical judgment. Ability to question information,	Allows for constructive conflict. Catalyst for ideas. Encourages multiple points of view.	Coulson & Thomas, 1991: 36–39; Shen, 2005.

Various sources as indicated.

Overall, the independent non-executive director is seen to provide a valuable contribution to the progress of the enterprise (Kakabadse *et al.,* 2001: 7). The clearly held opinion is that independent non-executive directors can no longer be used for window dressing, but are considered as both a safeguard and significant source of competitive advantage. In response, independent non-executive directors are acutely aware of their increasing responsibilities and demands. Within a 21st century South African context, independent non-executive directors are that extra board level ingredient, over and above the qualities of the top executive team and the rest of the board (Chambers, 2005: 24). Without their vital contribution, boards face the danger of becoming only another management forum that are overlaid with legal, regulatory and shareholder-driven responsibilities which boards usually have.

While a fundamental part of the independent non-executive director role is, of course, the element of independence, most definitions approach this criterion from a structural point of view in a sense that independence seems to be formulated in a negative way and list elements that disqualify a director of being considered independent. There is a clear lack of attention of the "soft" factors of independence like character, attitude or mind (Van den Berghe, 2005: 60). According to PricewaterhouseCoopers (2002: 14), the role of the independent non-executive director is crucial to the credibility of the company's corporate governance policies and procedures, as they:

- bring wider, more general and special experience into board discussions;

- objectively monitor and review executive and management's performance against strategy;

- Ensure adequate safeguards of the interests of the company where there may be conflict with the personal interest of directors;

- Ensure that financial and other information available to the board is adequate.

3.31 THE LACK OF SUITABLY QUALIFIED CANDIDATES

According to estimations, South African companies will require at least 500 new independent non-executive directors per year to comply with the new Companies Act (2009) and the recommendations of the King III Report (Engelbrecht, 2010: 2). Du Toit (2003) stated that it will even be extremely difficult for listed companies to find enough qualified, experienced and knowledgeable directors to comply. Judge Myburgh commented that the problem is further compounded by the requirements of the Employment Equity Act in terms of the demographic component of boards (Du Toit, 2003: 1). The extent of the problem is illustrated by a SpencerStuart survey in 2002 that affirmative action appointments only constituted 13.6 per cent, while women were even less represented at 6.6 per cent (The Economist, 2003: 58). Scholtz (2004: 44) argues that compliance with corporate governance recommendation could lead to independent non-executive directors with no business experience being hired to "fill the gaps", instead of talented

and independent-minded well-educated and experienced candidates. It is therefore imperative that companies have a proper strategy in place for the continuous training of board members and independent non-executive directors in particular.

According to Monks and Minow (1999: 198), a lack of suitable candidates may lead to the unhealthy situation of "cross-pollination" where directors become members of each other's boards. In South Africa, it is estimated that 25 per cent of all directors serve on four boards or more at the same time (Engelbrecht, 2010: 2). She states that a blind adherence to the recommendations may lead to the appointment of unsuitable candidates and that a better system of finding and training such individuals is required. Given the lack of suitable candidates, the training of prospective independent non-executive directors becomes of the utmost importance.

3.32 MANAGING VERSUS DIRECTING: TOWARDS PRINCIPLE-CENTRED LEADERSHIP

As the word "director" implies, the primary function of a director and consequently the board is to set a course for an organisation and direct it towards that goal (Kenton, 1995: 16). Directors are bound by law much more tightly than managers (Garratt, 2005b: 30). Their tasks, duties and accountabilities are spelled out in the South African Companies Act. Managers must obey the law, but they are not bound by such specific laws about their needs for skill, care and fiduciary duty. A survey by the Institute of Directors in London, called *Development of and for the Board* (1990), shows that over 90 per cent of directors had no induction, inclusion or training to become a competent direction giver of their business (Garratt, 2003a: 311). This does not therefore mean that they are all incompetent, but rather that most have not been able to distinguish between managing a business and directing one. Directors tend to be over-trained as executives and under-trained as strategic direction givers. Garratt explains that there are two distinct types of blockages from which most directing problems start: The failure to understand the role of direction givers in the organisation and the lack of systematic training and development processes to get the direction givers into their role (Garratt, 2003a: 312).

According to Garratt (2006c: 2), the board faces three dilemmas when designing a governance strategy:

- The board is required to be sufficiently knowledgeable about the workings of the company, to be answerable for its actions, yet to be able to stand back from the day-to-day management and retain an objective, long-term view;

- The board must be sensitive to the pressures of short-term issues and yet be informed about broader, long-term trends;

- The board is expected to be focused on the commercial needs of its business while acting responsibly towards its employees, business partners and society as a whole.

Effective direction in answering these questions regarding the role of the board thrives on dilemmas (Garratt, 2007). On one side of the coin is the act of driving the organisation forward. On the other side is the act of keeping it under prudent control. Garratt (2007) suggests that business leaders – especially boards – adopt the notion of the "learning board" model and process. The key to leading change is to distinguish between managing and "direction giving". While managing is about dealing with the design, implementation and maintenance of governance strategies, direction giving is about showing the way forward and leading. Both are necessary for healthy organisations, but they require very different attitudes, knowledge and skills, especially in approaches to thinking.

Many directors do not realise that a key differentiating between managing and directing is that managers are essentially action-orientated (Garratt, 2003a: 103). While managers are remunerated to execute projects and delivery processes, directors are essentially reflexive thinkers that must develop the necessary attitudes and skills to think strategically and effectively beyond executive planning demands.

For directors who have been managers (or still are), this presents a dilemma. When thinking strategically, should they continue behaving as a working executive or should they learn to use their critical and independent judgements on the issues before them? According to Garratt (2005a:27), it is not possible for a director to develop effective strategic thinking unless they have the freedom and confidence to think independently and widely beyond the functional limits of managerial disciplines and so to transcend them.

In Bob Garratt's (2003) UK studies, less than 20 per cent of the directorial population have either the interest on innate capacity to be effective steersmen. He identifies three reasons (Garratt, 2003a: 6):

- Ignorance and lack of ability in differentiating between the executive and direction giving roles in an organisation;

- Confusion over the legal position and liabilities of direction-givers as distinct from executives;

- Fear and irritation in effective executives at the suggestion that they would have to learn new attitudes and skills to become an effective direction-giver.

Garratt (2006a) describes effective directing as a form of meta-thinking. Meta-thinking demands both a change in board priorities leading to a change in board perspective and role, and a concerted effort to sustain it (Garratt, 2006a: 5). This means taking their eyes off only the immediate and executive world to one where they are able to reach the more reflective and proactive world of strategic thinking.
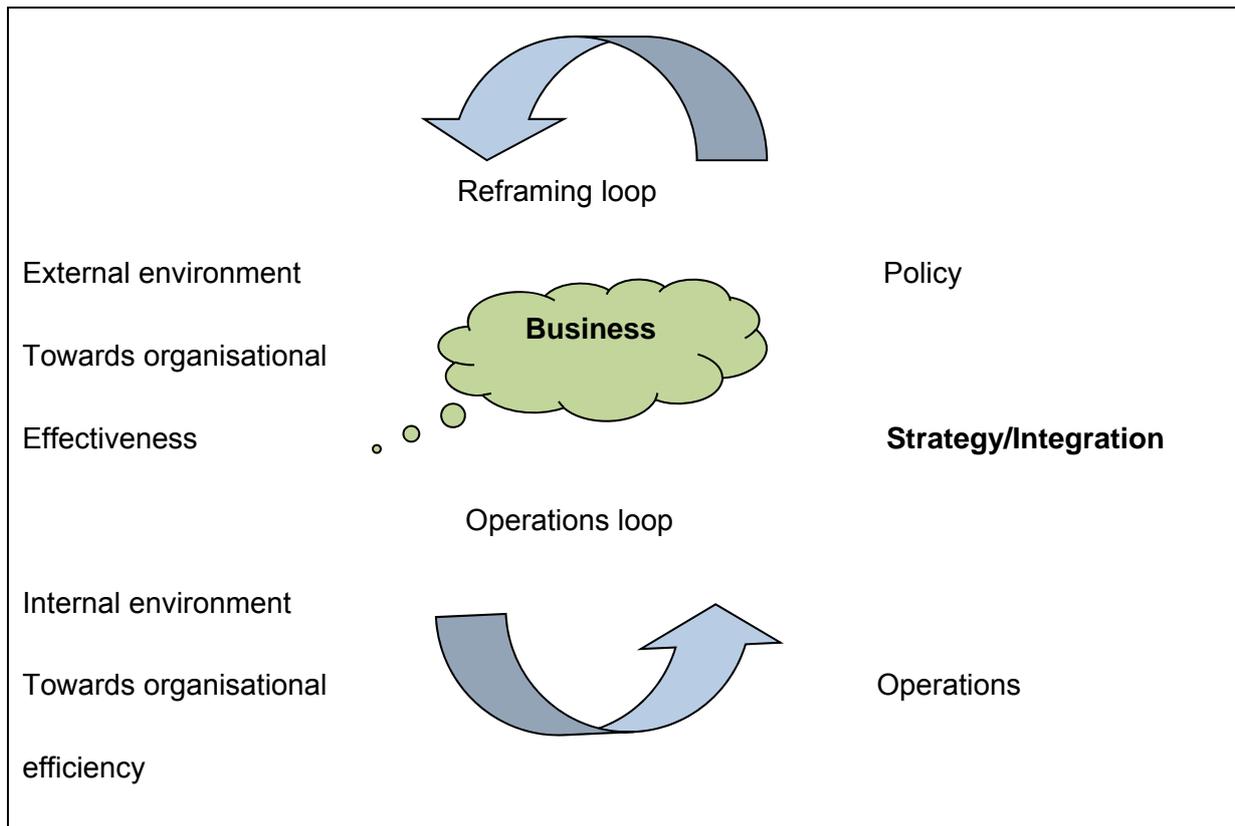
Figure 3.7: Directors as the business brain of the organisation

Source: Garratt, 2003a

In his *Creating a Learning Organisation*, Garratt (2003a) presents a model of the role of directors as the "business brain" operating in three clearly defined areas of policy, operations and strategy. Figure 3.7 illustrates how essential it is for directors to stand astride all three activities of policy, operations and strategy. Part of their role is to set out the policy or the purpose for which the organisation is meant to meet. Without this purpose they cannot direct, for there is nowhere to go. They also need to constantly monitor the external environment in order to ensure that their purpose remains pertinent, relevant and viable within the greater community in which it operates.

A problem facing almost all business leaders in the future will be how to develop the company's social architecture in order to generate intellectual capital (Bennis, 1997: 150). As the steersman of the company, directors must learn to develop social architecture that encourages both the board and management to work together successfully and deploy their own creativity. Bennis (1997) identifies the following attributes of a visionary leader. Firstly, leaders need to have a strongly defined sense of purpose and a sense of vision. Too many companies are over-managed and under-led because directors are often better at making policies, practices and putting policies in place than at creating a compelling, overarching vision. This involves not only doing the tight things, but "doing things right". The second attribute is the capacity to clearly articulate this vision. This involves more than communicating the vision to the stakeholders, and is about substance over form. Generating trust is another vital attribute. Leaders will have to be transparent in their

communications and accountable for their actions. The leader must be able to generate and sustain trust, and that also means demonstrating competency and consistency.

Steven Covey (2006: 5–21) suggests that principle-centred leadership may provide the attitudes, skills and strategies for creating and maintaining visionary leadership. Principle-centred leadership is practiced from the inside out when the values of the follower and the leader overlap and take place on four levels:

- Personal trustworthiness: The relationship to and with ourselves;

- Interpersonal trust: Includes all relationships with others;

- Managerial empowerment: Involves the responsibility to get a job done by working with others;

- Organisational alignment: The need to organise people and create aligned structures to develop strategies, form systems and solve problems.

Covey (2007:5) distinguishes between values and principles. While values are temporary and subjective "maps" affecting behaviour in particular situations, principles are unchanging objective "laws" that are correct and relevant regardless of circumstances. Values represent cultural and social influences – they vary from person to person and from role to role. Principles apply to all people and all roles in all situations, i.e. trust, fairness and equality:

Once you get principles at the centre, the only way you want to treat people is how you want them to treat you. You see your competition as a learning source, as friends who can keep you sharp and teach you where your weaknesses are. Your identity is not threatened by them or by external conditions because you have an anchor and a compass. Even in a sea of turbulent change, you maintain perspective and judgement. And you are always empowered from within.

The over-arching application and implication of principle-centred leadership is that independent non-executive directors should be people of character who fulfil their duties with competence based of specific principles that they build into the centre of their relationships with others, into the centre of agreements, contracts and management processes: "The challenge is to be a light, not a judge; to be a model, not a critic" (Covey, 2007: 72).

3.33 DIRECTING AND STRATEGIC THINKING

For many years, strategy formulation was thought of from a Western perspective, as part of professional corporate planning. In contrast, the Asian approach viewed strategy not as making a plan, but building a set of beliefs about the broad direction in which to proceed (Tricker, 2003: 27).

Mintzberg (2003) differentiates between strategic planning and strategic thinking. He argues that strategic planning is an oxymoron and that it is the duty of the executives and not the role of the board. The board's role is to derive broad strategy from their policy formulation and foresight. He argues that strategy has to be flexible in a dynamic and uncertain world and essentially futures-orientated. Tricker (2003) states that strategic thinking needs a clear perspective on the emerging needs of current and future consumers.

Mervyn King added another dimension to strategic thinking in his opening address of the third King Report (King III, September, 2009) that the company needs to understand its strategic role as individual entity, provider of capital, customer and stakeholder. He stated that strategy and sustainability is inseparable and that the interaction between assets (human, natural, social and financial) will be the defining factor in the long-term success of a company in the 21st future.

Prahalad (1997: 67) relates strategic thinking to creating strategic architecture. In a corporate sense, a strategic architecture is the link between the present and the future. It tells you what the board should be doing now, which new competencies it should be building and how to create a winning position for the company in a new opportunity arena. A strategic architecture is not a detailed plan, but a broad agenda for deploying new functionalities and acquiring new competencies. The successful company of the future will have to come to a view of the future through a process of synthesis. Companies need to have a strategic intent, an aspiration that is widely shared and a goal that is clear.

Directing by thinking strategically is all about assessing risks and giving directorial judgement through a highly skilled process. Tricker (2003) provides a new view of strategic thinking within the roles of conformance and performance of the board. The whole enterprise is put in the context of the overall business environment. Strategic thinking encapsulates past experiences, current information and expectations about the foreseeable future. Strategy formulation is idiosyncratic, emergent and non-linear.

Mintzberg (2003) describes strategic thinkers as "visionaries" and characterises the various ingredients of strategic thinking as "seeing" rather than "thinking". Figure 3.8 illustrates that strategic thinking implies that you have to see ahead as well as see behind, because any good vision of the future has to be rooted in an understanding of the past (Mintzberg, 2003: 79). Seeing above means much more than getting the "bigger picture". Mintzberg (2003) uses the analogy of finding a diamond in the rough that doesn't come from the bigger picture at all, but rather from "hard and messy digging" and seeing from below. He differentiates between seeing beyond and seeing ahead. The latter foresees an unexpected future by constructing a framework out of the events of the past, while the former constructs the future itself. The last element is seeing it through or taking action.

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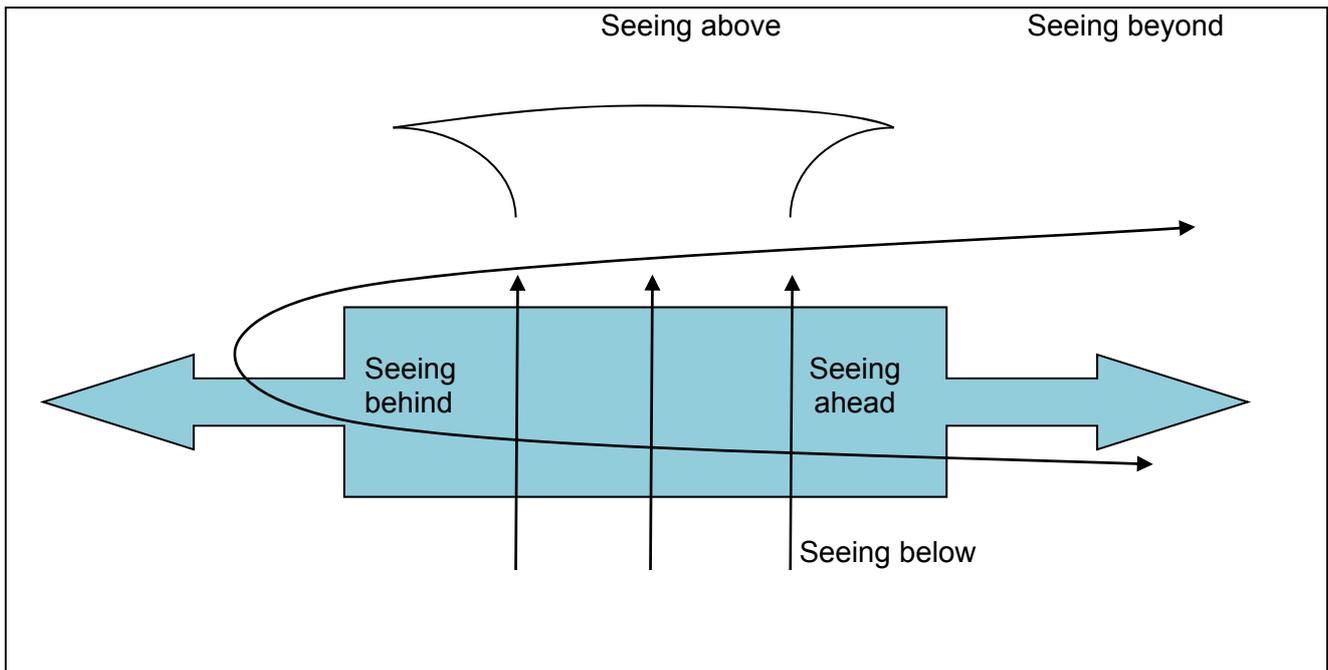
Figure 3.8. Strategic thinking as seeing

Source: Mintzberg, 2003: 83.

According to Hanford (2003: 158), the essence of strategic thinking amounts to a richer and more creative way about and managing key issues and opportunities facing the organisation. Roger Kaufman (1990: 13) states:

> *"Thinking strategically is learning, as the members of the organisation, to identify, and deal,*
> *on an on-going basis, with opportunities and threats, issues of the future and of survival".*

Strategic thinking is characterised by a switch from seeing the organisation as a splintered conglomerate of disassociated parts competing for resources, to seeing and dealing with the company as a holistic system (Hanford, 2003: 193). Table 3.8 indicates the different purposes of strategic thinking.

Table 3.8: Purposes of strategic thinking

In direction setting	Locating attracting and holding customers is the purpose of strategic thinking (as cited in Harper, 1991: 3).
In establishing the change agenda	Most organisations are effective in many of the things they do and deliver. Strategic thinking is about identifying what to change, modify, add, delete or acquire (Kaufman, 1990).
In resource allocation	Strategic thinking is about making the best use of what will always be a limited amount and quality of resources" (Hanford, 2003: 157–159).

Various sources as indicated.

3.34 FROM STRATEGIC THINKING TO STRATEGIC FORESIGHT

Although there is no shortage of predictions and stereotypical images of the future, few companies take the time to seriously investigate the much wider range of images, scenarios and futures histories. You cannot be strategic about the past (Ungerer, Herholdt & Pretorius, 2007: xi). It is the very nature of things and organisations to think about the future. Slaughter (2007a: 2) explains that governments and leaders across the world still cling to the habitual short-term horizon of the next election or next financial year. Little time is spent on thoughts for the longer term implications of major empirical and paradigm shifts under way, or an awareness of imminent transitions in the next decades.

Most boards do not have systems for, do not budget time for, nor have little sustained interest in thinking regularly and rigorously about the future of their business (Garratt, 2007: 4). According to Clive Morton (2003) in *By the skin of our teeth*, the amount of time budgeted annually by the board for its proper direction-giving roles of formulating policy and developing strategic thinking is significantly less than the amount of time spent trying to micro-manage the executives .

All too often strategic foresight and strategic planning are inextricably linked and being addressed at the same time. In strategic planning, questions concern the method of achieving the goals. Considering long-term strategic goals and focusing on how to achieve these goals may in fact be counterproductive as it stifles "possibility thinking" (Sworder, 2003: 86). In some respects, strategic foresight and strategic planning requires paradoxical mental activities. The value of each is not being questioned here. It is their simultaneous development that could be counter-productive that needs to be uncoupled. Ungerer *et al*. (2007) state that strategy enables a person to direct the emerging strategic pattern of the organisation by developing foresight about viable futures and potential options and choosing and building strategic architecture for competitive advantage. In

developing strategy there are many paradoxes. Figure 3.9 illustrates that in formulating strategy, the team has to contend with the paradox of a "both/and" approach.

Sworder (2003) states that, without strategic foresight, strategic planning becomes not much more than a short-term guess at a long-term aspiration. Strategic foresight enables boards to develop common beliefs about the possibilities for the business, their markets, their employees and themselves. Strategic foresight demands that direction-givers are capable, not only of rigorous and regular scanning of the socio-political environment, but have the capacity to assess the strategic risks associated with their analyses, and be able to take wise decisions on the broad deployment of their scarce resources to benefit the long term.

Imagination and passion
Many possibilities
The future
Dreams
Long term
Thinking
Holism

Analysis and reason
Few possibilities
The present
Practical reality
Short-term
Doing
Making choices
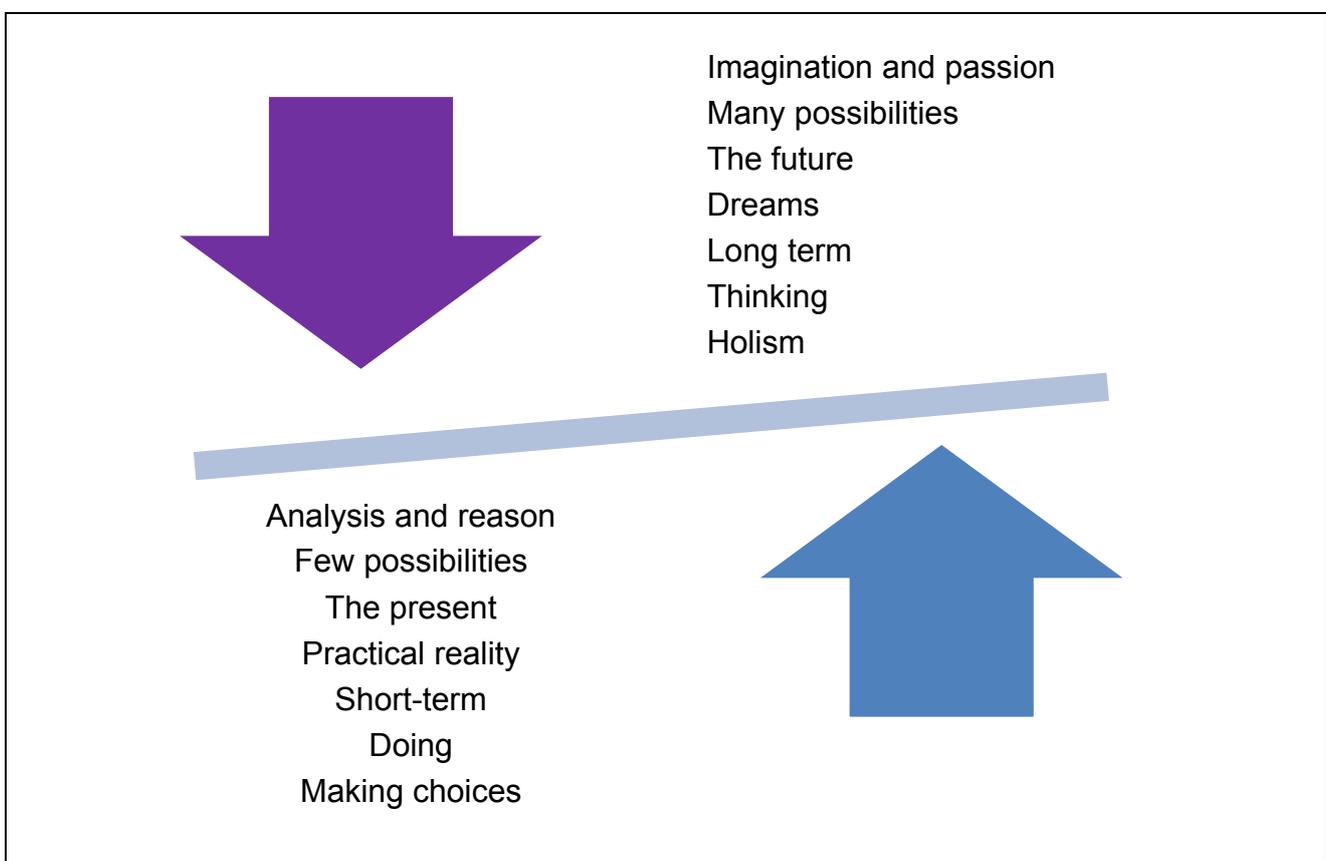
Figure 3.9 Paradox and strategy

Source: Ungerer *et al*., 2007: 15.

3.35 TOWARDS STRATEGIC FORESIGHT: THE NEED FOR INDEPENDENT NON-EXECUTIVE DIRECTOR DEVELOPMENT AND TRAINING

According to Nadler (2004: 104), the strategic activities of directors include both strategic thinking and strategic foresight. He defines this process as the collection analysis and discussion about the current and future environment of the firm, the nature of competition and business design alternatives. Independent non-executive directors need to be active participants in this process, as

it involves a collaborative effort with both management and executive directors. They play a crucial role in bringing an outside perspective and accumulated wisdom, as well as testing the consistency of management's thinking.

Director development is a continuing requirement throughout a directorial career, from initial input on directors' duties and responsibilities when first appointed to the board, to subsequent needs when joining additional boards as a chairman or independent director. Updating is required as legal, regulatory, listing and governance requirements change and events unfold (Coulson-Thomas, 2008: 366). The view of the Global Corporate Governance Forum (2003: 2) is that:

"Directors need a firm understanding of corporate governance to fulfil their duties effectively and responsibly. They also need to keep abreast of practical and theoretical developments in the direction of the company. This calls for adequate and specialised training and professional development".

Martin Hilb (2005) differentiates between traditional corporate governance roles and new corporate governance roles for independent non-executive directors as part of the board of directors (Table 3.9).

Table 3.9: Changing roles of board members

Dimension	Traditional corporate governance	New corporate governance
Situational Implementation	Little difference between national-, industry- and corporate culture.	Implementation appropriate to the specific context of each firm – keep it situational
Strategic Direction	Strategic development is not a function of the supervisory board	Strategic development is a central function of the board
Integrated Board Activities	Only isolated nomination and remuneration committees in listed companies	Integrated and targeted selection, appraisal, compensation and development of board members.
Holistic Monitoring	Controlling financial dimension only	Holistic monitoring of results from the perspectives of shareholders and stakeholders

Source: Hilb, 2005: 10.

The non-executive independent director plays a crucial role in the strategy seeking process. A survey by Mercer Data Consulting (2004) revealed that independent non-executive directors want to understand the strategy of the business and want to have opportunities to shape and influence it (Nadler, 2004: 25).

The dramatic change from manager to direction-giver requires first of all a change in attitude and habits (Garratt, 2006c: 2). While managing is about dealing hands-on with the design,

implementation and maintenance of prudent control systems, direction giving is about showing the way ahead and leading. Garratt (2006c: 1) argues that both are very important for healthy organisations, but require very different attitudes, knowledge and skills, especially in approaches to thinking. Sworder (2003) defines this attitude as a pre-emotional response to a given stimulus that is reactive rather than pre-emptive. While managers have views and opinions about how they should operate, a direction-giver's modus operandi should be different. Managers need to "let go" of their pre-conceived notions of what constitutes good corporate governance practices and develop their strategic thinking abilities. They need to think about work and working in a different way, working "outside the box" that calls for high levels of cognitive skills (Kemp, 1989: 15 as cited in Hilb, 2005).

Director development represents a considerable challenge (Coulson-Thomas, 2007: 364). Many people become directors as a result of forming companies rather than a selection decision by others. In a study by Coulson-Thomas (2009: 27–29) in the United Kingdom, nine out of ten directors did not receive any preparation for serving on the board. Coulson-Thomas *et al*. (2007) believe that independent non-executive directors could add more value to boards if certain deficiencies were addressed. The formal training many directors seem to have undertaken appears to consist largely of management courses rather than activities specifically designed and concerned with the development of direction skills. A survey by the IoD (2001) revealed that short courses (62%) are the preferred development method by a significant margin. Wakelam (1989) found that the most commonly cited reason for participating in director development initiatives by the IoD was the opportunity to fill a particular "knowledge gap". On the whole, activities that develop overall strategic and business awareness are sought rather than those whose purpose is to communicate professional or technical information. Garratt (2003a) identified seven development needs for individual directors:

- An independence of thought and action when undertaking the direction-giving role;

- The capacity to be responsible and yet detached; to deal with both the concrete and the abstract;

- Able to view board issues from various perspectives;

- A capacity to rise above convergent thinking processes;

- Being comfortable with reflecting upon and debating issues and developing scenarios without having to take immediate executive action;

- Making the connection between policy and strategic decisions, being able to implement them, and being able to learn from the results;

According to Garratt (1994), the development of directors must involve the reframing of the role of the director from being a specialist to becoming comfortable with being a "generalist". The necessary psychological condition is for directors to be willing to let go of some of their specialised fields and deeply learned specialised thoughts, to allow space and time for the learning of new and more integrative attitudes, knowledge and skills. Garratt (2005) argues that many specialists are trained to exclude areas of knowledge, skills and attitudes throughout their professional life so that the idea of accepting and valuing these areas is a difficult challenge. This means moving away from binary thinking (either/or) to new thought processes that values all aspects of the corporate governance continuum.

However, there does seem to be a certain amount of resistance to director training, as many directors are reluctant to acknowledge their development needs and is suspicious of the value of the course (Coulson-Thomas, 2007: 365). Therefore, certain obstacles to director development need to be identified and acknowledged. Firstly, securing a position on a board is often seen as the culmination of years of hard work and can be a source of personal satisfaction and pride. Directors may resent suggestions that they are not entirely competent. Independent non-executive directors may feel intimidated by their new responsibilities and may feel that their appointment is proof that they already have all the necessary skills. In the second place, directorial attitudes and prejudices may severely hinder the success of the training. Some directors have adopted the view that directors are "born, not made". Lastly, awareness of the need of development will not necessarily result in appropriate action. Identifying, agreeing prioritising and scheduling development activities is rarely straightforward (Coulson-Thomas, 2007: 357).

3.36 FACILITATING STRATEGIC FORESIGHT AND INDEPENDENT NON-EXECUTIVE DIRECTORS

While the use of foresight is an innate human capacity that is within reach of any organisation, its institutionalised use is discouraged in especially western corporate settings that focus on a competitive and consumption orientated mentality (Da Simone, 2007: 11). In a "dog eats dog" economic environment where only the fastest and fittest survive, organisations choose to rather concentrate on short-term results, discounting anything that is not empirically measurable. This is compounded by business leaders and boards of directors not being prepared to invest in the time-frames and cost of acquiring the requisite background knowledge and skills required to become effective in applying foresight (Garratt, 2003).

Foresight ought to be concerned with three questions. What is possible? What is feasible? What is desirable? In the past, foresight concentrated on the first two questions. However, without addressing all three questions, the acceptability, and thus the uptake of a new mindset, remains difficult (Loveridge & Street, 2005: 34). It is through increased inclusivity that these three questions can be adequately addressed and the effectiveness of corporate foresight programmes increased.

Inclusive foresight is especially useful when addressing the future of corporate governance as the importance and the role of independent non-executive directors becomes increasingly important. Within this context, foresight needs to comply with the following criteria (Loveridge & Street, 2005: 39):

- Investigative: It needs to be based on questioning of received wisdom;

- Integrative: Acknowledging that inclusive foresight is characterised by systems with interactions involving feedback, feed-forward and other aspects of systems behaviour;

- Independent: To enable that involves the freedom of thought and the access to people and information sources;

- Participatory: Enables whoever wishes to do so to take part through established processes that are easily accessed, easy to use and credible.

Consequently, the question remains how strategic foresight can be embedded in the values, attitudes and directorial duties of independent non-executive directors? Slaughter (1997: 2) states that the starting point in facilitating strategic foresight is "capability". Although foresight is first and foremost a human capacity, in order to be useful, it needs to be developed, applied and practiced. He identified different layers of capability (Slaughter, 1997: 3):

i) **Individuals have the capacity for foresight:** This means that independent non-executive directors are reflexive (they know what they know) and this gives them great symbolic and practical power on the board. Unlike executive directors, they are not locked in the daily functioning of the organisation, but play a fundamental role in selecting, choosing and creating futures that in turn should be encouraged and acknowledged by other board members.

ii) **Development of futures discourse:** The use of strategic foresight must be based upon sound futures-orientated concepts and ideas that allow the director to see the future as a practically meaningful arena of human activity.

iii) **Productive use of key futures methodologies:** The mastery of a futures discourse leads to the productive use of key futures methodologies. Qualitative data can then be combined with quantitative data in order to allow the independent non-executive director to move beyond the arena of symbols and ideas.

3.37 SUMMARY

The last section discussed the trans-disciplinary approach between corporate governance and futures studies and provided an overview of strategic foresight that will be used in the design and development phase of the shapeshifting framework (KD 6 & 7). In this section, the important role of the board in initiating and sustaining good corporate governance practices was discussed. The independent non-executive director was identified as one of the most important role players in the board dynamic, as he/she brings objectivity, knowledge and specialist skills to the board (KD6). A shortage of suitably qualified independent non-executive directors in South Africa has created an important demand for specifically designed directorial training programmes incorporating strategic thinking and a long-term future perspective. This section amalgamated and synthesized the information (KD 1-6) and proposed a suitable method of facilitating strategic foresight to independent non-executive director (KD 7).

3.38 CONCLUSION

Companies do not operate in a vacuum, but are in fact important and influential citizens of the broader society in which they exist. In adopting and implementing a regime of good corporate governance practices, companies must embrace the principle of "substance over form" and acknowledge the importance of sustainable development in creating a preferred future for the company in a volatile economic environment.

The best candidates to shape the strategic direction towards good corporate governance practices for any organisation are those who are expected to implement it – the board of directors. The independent non-executive director plays an important role on the board due to his objectivity, independence and breadth of experiences. The role of the independent non-executive director in strategy formation is to provide a creative and informed contribution and to act as a constructive critic in looking at the objectives of the company.

Strategic foresight has the potential to empower independent non-executive directors by enhancing an understanding their role on the board regarding corporate governance and the future implications and opportunities of their present day actions. It provides them with the capability to understand, interpret and respond to current challenges by taking an anticipatory governance approach, and to conceive and explore as yet unimagined approaches and solutions to these problems. In order to initiate and sustain good corporate governance practices, independent non-executive directors need to distinguish between managing and "direction giving". While managing is about dealing with the design, implementation and maintenance of governance strategies, direction giving is about showing the way forward and leading. Both are necessary for healthy organisations but they require very different attitudes, knowledge and skills especially in approaches to thinking and a new mindset is required.

This chapter outlined the knowledge and development phase in order to provide the theoretical base and foundation for the design and development phase of the shapeshifting intervention. It provided an overview of current literature regarding corporate governance and sustainable development and identified independent non-executive directors as important participants in facilitating good corporate governance within their companies. It also introduced and showed the inter-relationship between the concepts of strategic foresight, anticipatory governance and the quadruple bottom line and its importance to business who wish to remain profitable and sustainable in the 21st century. The theoretical foundation of the Knowledge and Development (KD) facet is summarized in Figure 3.10
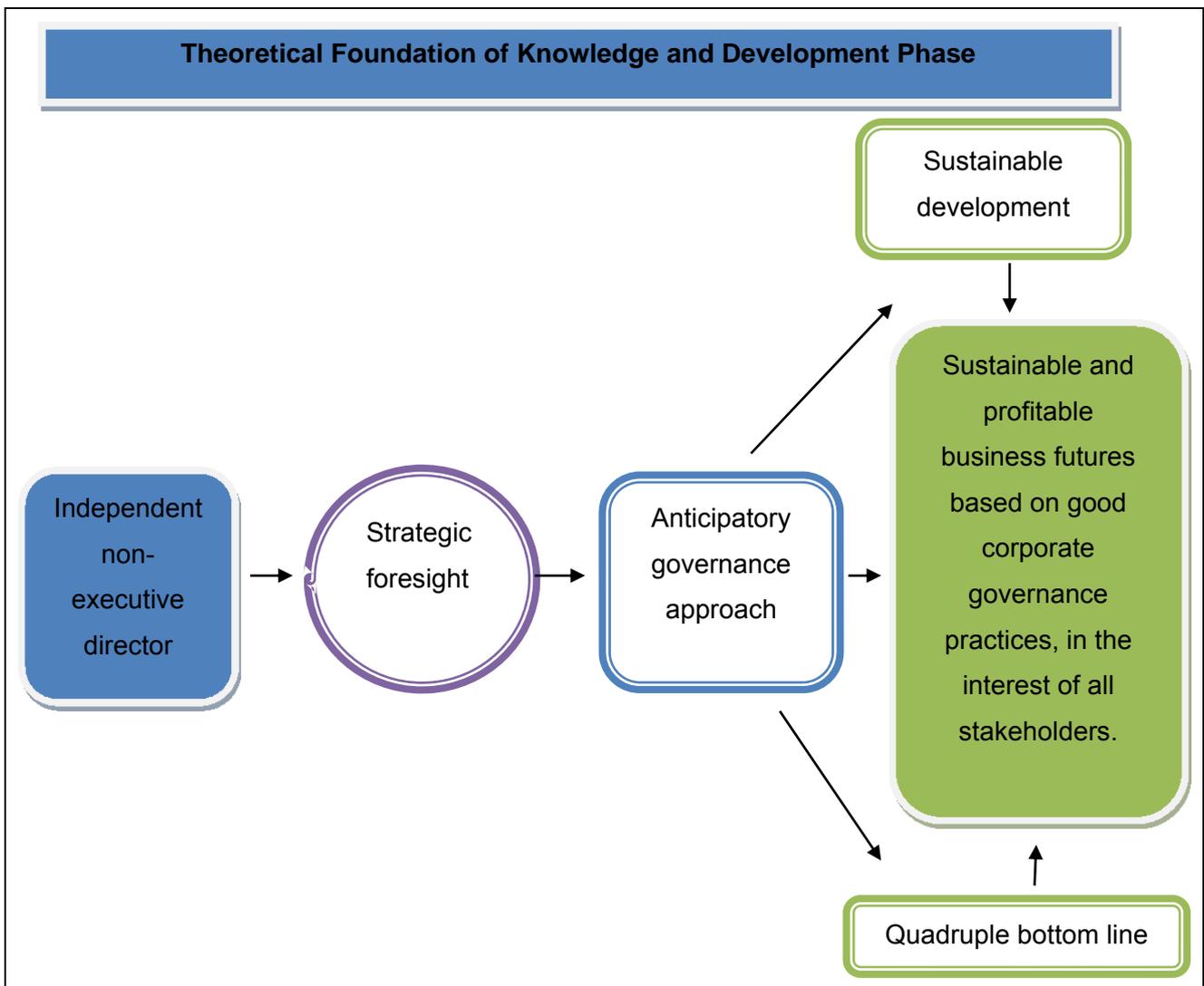
Figure 3.10: Overview of the knowledge and development phase

Compiled by researcher.

Before the intervention can be designed and pilot-tested, educational design principles need to be critically examined and appropriate teaching and learning strategies chosen. The next chapter

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provides an overview of instructional design, learning theories and programme development in order to assign in the design and development of the shapeshifting intervention.

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CHAPTER 4

LITERATURE REVIEW ON INSTRUCTIONAL DESIGN AND INTERVENTION DESIGN

4.1   INTRODUCTION

Evans and King (1994: 12) argue that the methodological rigour of professional development greatly depends on how the process is conceptualised by the individuals involved. One reason for the negative reaction to professional development is that programme developers are not able to clearly conceptualise the methodological underpinnings of professional instructional design development or its conceptual paradigms.

This chapter presents an overview of instructional design, its paradigms and purposes, and provides an overview of the design process (Figure 4.1). It also presents a case for using an intervention design framework incorporating outcomes-based education (OBE) principles that underpin the instructional development and design (DD) methodology of the shapeshifting framework. It forms part of the design and development phase of the interventionist framework with the objectives of:

- DD1: To utilise the information gathering and synthesis in the knowledge and development facet to conceptualize the shapeshifting framework as an intervention.

- DD2: To develop an efficient, effective, practical and useful framework based on sound educational principles for independent non-executive directors to acquire strategic foresight.

- DD3a: To identify the most appropriate learning theory for the instructional design that will lead to personal and professional development of independent non-executive directors.

- DD3b: Identify the most appropriate intervention model for the design and development of the shapeshifting framework.

- DD3c: To initiate and conduct the intervention mapping process.

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Instructional Design Theory

AIM (DD1 & 2): To develop an efficient, effective, practical and useful framework based on sound educational principles for independent non-executive directors to acquire strategic foresight.

4.2. Clarifying concepts: Education, training, learning an development
4.3. Instructional Design
4.4. Learning theories and Instructional Design (ID)
4.5. Learning theories: Constructivism, Instructional Design (ID) and the shapeshifting intervention

DD3a

4.6. The Instructional design process
4.6.1. Instructional design models
4.6.2. The Kemp model
4.7. Towards an outcomes-based instructional design
4.8. The shapeshifting instructional design process

DD3b

4.9. Intervention mapping
4.10. Intervention mapping process of the shapeshifting intervention
4.11. Conclusion

DD3c

Intervention Design and Development
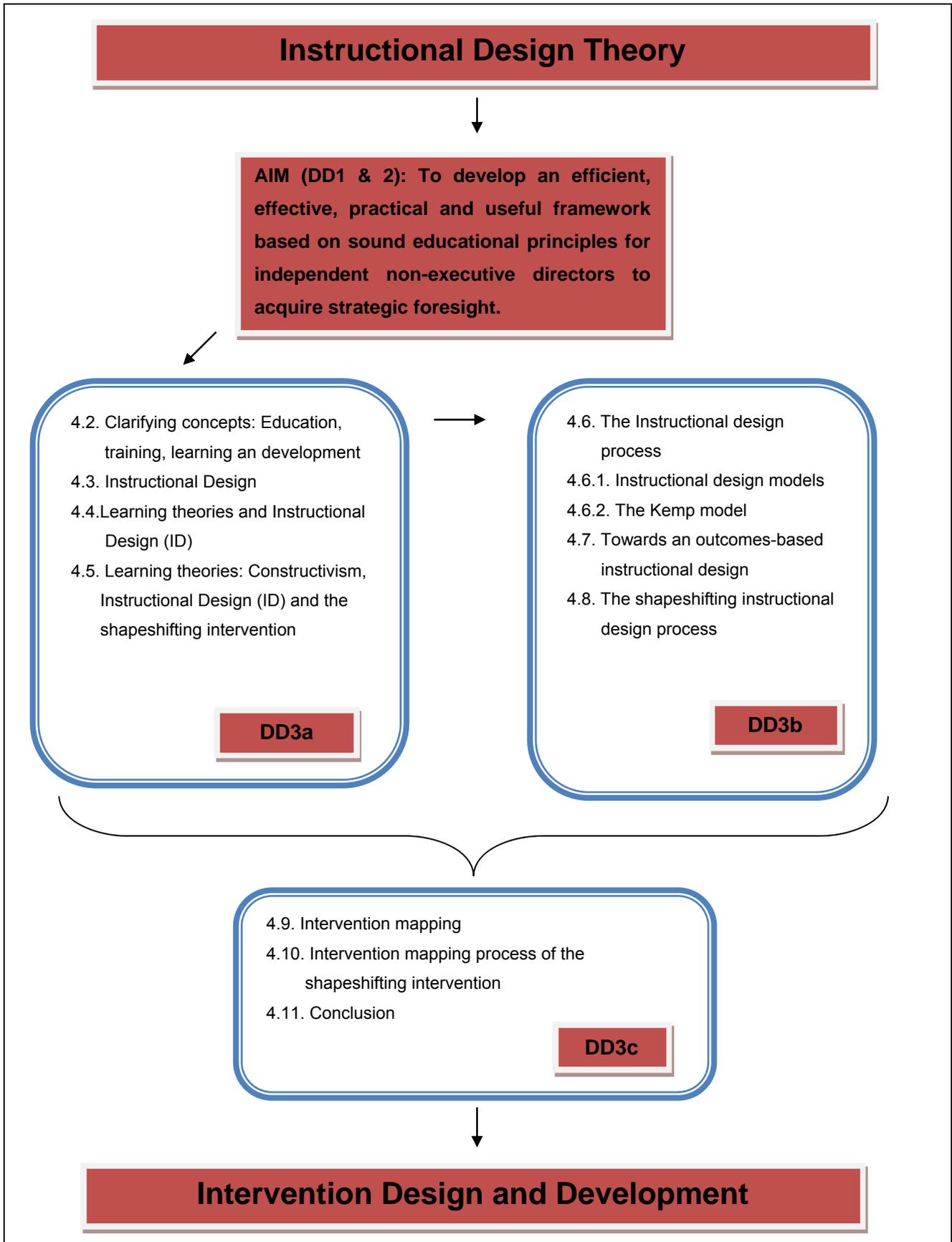
Figure 4.1 Outline of chapter

Compiled by researcher

4.2   CLARIFYING CONCEPTS: EDUCATION, TRAINING, LEARNING AND DEVELOPMENT

Although the literature tends to use the terms "education", "training", "learning" and "development" interchangeably, they are distinct concepts each with different implications for the end-user or learner (Jackson & Farndale, 2003: 187).

Training is vocationally orientated or hands-on skill development, where skills are developed through practice using formal structured means (Wood & Wiston, 2007: 169). Learning on the other hand is a continuous process that includes an individual's acquisition and assimilation of experiences, information and daily activities (Kirkwood & Pangarkar, 2003: 10). Education is concerned with extending or improving learning through taught courses (Beardwell & Holden, 2001: 373). Development is more commonly seen as the aggregate of both training and development (Jackson & Farndale, 2003: 213). Development of individuals that occur over time with maturity and understanding is a complex process that involves an accumulation of knowledge gained through training and education.

Brewster & Carey (2009: 17–19) define training as the process or activities which are designed to improve human performance. According to Halim and Ali (2008: 1), education is concerned with increasing general knowledge and understanding of the total environment. Education is the development of the mind and increases cognitive skills such as understanding, analysis, adaptability and decision making, while development brings about individual and personal growth regarding aspects such as personal capacities, skills and values. As the shapeshifting framework focuses on the development and empowerment of independent non-executive directors, the term needs further clarification.

Development is educating people to acquire new viewpoints, technologies and personal skills (Wistanley & Woodall, 1998: 18). It empowers and enables leaders to guide their organisations on a new path by being proactive rather than reactive. Development is considered at the forefront of what many refer to as the *Learning Organisation.* Table 4.1 below indicates some of the differences between training and development.

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Table 4.1: Difference between training and development

Training	Development
Short-term process	Long-term educational purpose
Often refers to instruction in technical and mechanical problems	Refers to philosophical and theoretical educational concepts
Improves job performance	Empowerment of individual
Specific job-related purpose	General knowledge purpose
Purpose to improve productivity and quality	Purpose to improve managerial performance by transferring knowledge, increasing skills and changing attitudes.

Source: Brewster & Carey, 2009: 32–42.

Contained in these definitions is a number of points pertinent for this study (Figure 4.2). Development is a broader term that includes training as only one of a myriad of methods for encouraging learning. Cloete and Mokgoro (1995: 31) argue that development is the promotion of self-reliance and self-efficiency and requires factors such as equity, authenticity, capacity and empowerment. Secondly, training and education may culminate into development (Du Toit & Van der Waldt, 1997: 22). Therefore, the development is the progress of the individual after some form of education. Lastly, development can include a variety of activities such as mentoring, coaching and training through instructional design programmes.

In summary, the shapeshifting intervention is a carefully designed and planned instructional design based on sound educational principles of teaching and learning aimed at the development of independent non-executive directors. The format chosen for the specific learning opportunity was a training intervention. Development training embraces a wide range of active approaches to learning and enhances individual effectiveness by invoking a sense of purpose, increasing self-awareness and learning skills (Greenaway, 1995: 3). Therefore, it is important to note that the shapeshifting framework should not be narrowly evaluated as a mere training opportunity but should be viewed within a carefully constructed instructional design within an intervention framework aimed at the long-term development and learning of participants.

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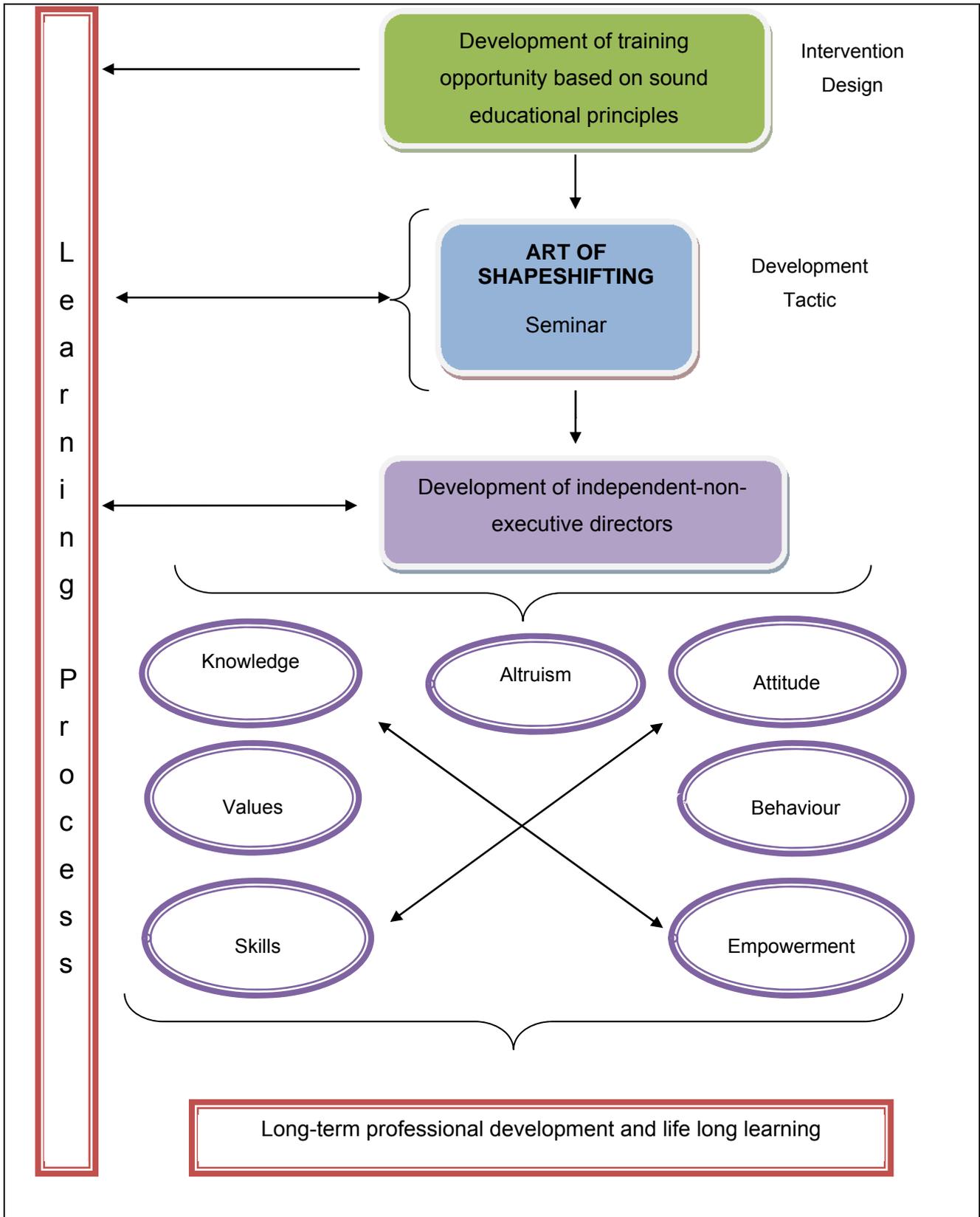
Figure 4.2 The relationship between development and training in the shapeshifting intervention

Source: Adapted from Brewster & Carey, 2009

4.3   INSTRUCTIONAL DESIGN

An instructional design (ID) may be defined as a system or process of organising learning resources to ensure that learners achieve specific outcomes. According to Reigeluth (1997: 5), ID is concerned with understanding, improving and applying methods of instruction. Le Roux (2008: 132) states that ID is a systematic development of instructional specifications that makes use of learning and instructional theory to ensure the quality of the instruction. It includes the entire process of analysis of learning needs and objectives, the development of instructional material and the putting into practice and evaluation of all instruction and learning activities (Moallem, 2001: 231). The goal of instructional design is to create successful learning experiences and to encourage and facilitate the transfer of desired knowledge and skills.

4.3.1   History of instructional design

Instructional design was formally developed during the Second World War, as large amounts of military personnel needed training in a short period of time (Taylor, 2007: 6). Investment in research and development regarding teaching and learning allowed for standardised training to take place according to specified learning objectives. After the war, further development took place, such as the combining of Bloom's Taxonomy with general systems theory of biological interactions. This led to a development of a systems approach to instructional and organisational development and planners became able to match content and delivery of instructions for individuals, groups and companies.

The focus shifted slightly in the 1960's from programme development to entire curriculum development (Taylor, 2007: 6). Robert Glaser introduced the concept of instructional design in 1962 and developed a model which linked the analysis undertaken about the learner to the design and development of the required curriculum. His IPI (Individually Prescribed Instruction) approach involved using the results of a learner's placement test to plan learner specific instruction (Leigh, 2007: 2). Robert Gagne further developed the work of Bloom and Glaser and introduced the concept of nine events of instruction that has been a predominant ideology in instructional design. In the 1970's Roger Kaufman developed a problem-solving framework for educational strategic planning that provided the basis for the Organizational Elements Model (OEM) which specified results to be achieved at individual, organisational and societal levels. The establishment of formal education and training departments in the 1980's within private and public organisations allowed for a variety of models of ID to be incorporated in their training strategies. The 1990's saw the emergence of a dual focus on technology and performance improvement that promoted top-down designs using technological interventions (Leigh, 2007: 3), while developments in performance improvement after the 1990's, such as Quality Management (QM) and change management, required instructional designers to demonstrate the utility and value of their practice to organisations. The advent of new media and technology innovations also brought about new ways

of approaching learning and instruction in the 21st century and a broad spectrum of challenges and opportunities for instructional designers.

4.3.2 Definition and overview

Literature on ID reveals that it is an elusive concept often used interchangeably with other terms such as instructional learning theory and ID models. The Applied Research Laboratory (2009), a consortium of leading ID designers based at Penn State University, offers the following distinguishing features:

- **Instructional design (ID) as a process:** It involves the systematic development of instructional specifications using learning and instructional theory and involves an entire process that includes analysis of learning needs, development of the delivery system, as well as the try-out and evaluation of all instruction and learner activities;

- **ID as a discipline:** Branch of knowledge concerned with the research and theory about instructional strategies and the process for developing and implementing those strategies;

- **ID as a science:** The science of creating detailed specifications for the development, implementation, evaluation and maintenance of the learning event at all levels of complexity;

- **ID as reality**: Instructional design can start at any point in the design process. In hindsight, the entire process may be recorded as if it occurred in a systemic fashion;

- **ID as an instructional system**: An instructional system can be defined as an arrangement of procedures and resources to promote learning. ID is the systematic process of developing instructional systems and instructional development is the process of implementing the system or plan;

- **ID as an instructional technology:** Instructional technology is the systematic application of strategies and techniques derived from a variety of learning theories in order to solve the instructional problems.

These different approaches to ID are largely based on the instructional designer's philosophical paradigm and approach to teaching and learning. A short overview of approaches to ID theory is illustrated in Table 4.2 below.

Table 4.2: Instructional Design Paradigms

Literature	Approach
Scott & Mcguire, 2001	ID theory relates to an analysis and description of methods, a comparison of existing models and creation of new models
Moore *et al*., 2002	ID is considered to be both a science(as it is rooted in learning theories) and an art (designing the ID model is a creative process)
Reigeluth, 1997: 6	Describes ID theory as consisting of the design, methods that are probabilistic and underpinned by a specific philosophical approach.
Cascio, 1995	Emphasises the impact of technology on ID and the need for complex knowledge
Jonassen , 1991	ID should involve constructivist design theories for problem solving

Various sources as indicated.

Gagne and Briggs (1992: 4–6) argue that instructional design has certain characteristics that must be examined at the outset. Firstly, the assumption is that ID must be aimed at aiding the learning of the individual. Secondly, instructional design has phases that are both immediate and long-range. In the third place, systematically designed instruction can greatly affect individual human development. Lastly, ID should be conducted by means of a systems approach.

Richey (1986: 9–14) identifies four basic inputs to the development of instructional design that form the conceptual bases: General systems theory, learning theories, communication theories and conceptual models of instruction. Winn (1997: 37) maintains that ID theory is based primarily on learning theory that forms the basic foundation of instructional design and provides a method of self-critique. According to Gros (1997: 48), instructional design models have the potential of providing a link between learning theories and the practice of building instructional systems.

4.4   LEARNING THEORIES AND INSTRUCTIONAL DESIGN (ID)

Learning theory is the study of how people learn, while instructional design theory examines how to best design instruction so that learning will take place (Smith, 2008: 1). Thus, instructional design theory is drawn from learning theory.

Learning is an active process whereby learners construct new ideas or concepts based upon their current knowledge (Miller, 1986: 81). The learner chooses and transforms information, constructs logical assumptions and makes decisions based on their cognitive structure. Cognitive structure organises and provides meaning to learning experiences that allows for insight and understanding. According to Miller (1986: 82), instruction must consequently be concerned with creating the contexts and experiences that enable readiness, structured so that it is easily understood, and

designed to facilitate extrapolation or "going beyond the information given." Table 4.3 below summarises the dominant learning theories and its implication for instructional design (Cunningham, 1991; Dick, 1995; Ertmer & Newby, 1993; Lebow, 1993; Reigeluth, 1999).

Table 4.3: Learning theories and instructional design

	Behaviourism	**Cognitivism**	**Constructivism**
Principles:	Learning occurs in response to stimulus. Emphasis on observable and measurable behaviours. "Black box" approach: Learner's cognitive activities are unknown Instruction utilises reinforcement of learned behaviours.	Learning is a change of knowledge state Learner is active participant in learning process Learning occurs within learner and can be influence by learner Outcome of learning dependent on teaching content	Learners build personal interpretation of world based on interactions and experience Authentic tasks in meaningful and realistic settings Assembling knowledge from diverse sources Multiple perspectives of structuring word Meaning of learning imposed by the individual
ID focus	Instructor designs learning environment	Instructor manages problem solving and related activities, using group learning strategies	Collaborative learning. Instructor encourages peer interaction and continuity of building on known concepts.
View of learner	Passive Responds to stimuli	Process, store and retrieve information for future use	Creation of own unique learning opportunity as learning is based on prior knowledge
Strengths:	Learner is focused on clear goal	Enables consistency	Learner able to interpret multiple realities Better real-life application Improved problem-solving skills
Weaknesses:	Stimulus for correct response doesn't occur Anomalies not prepared for	Learning task orientated but may not be best suited to situation or individual	Divergent thinking may cause problems

Various sources as indicated.

4.5 LEARNING THEORIES: CONSTRUCTIVISM, ANTICIPATORY ACTION LEARNING (AAL) AND THE SHAPESHIFTING INTERVENTION

4.5.1 Constructivist learning theory

Constructivism was chosen as the most suitable and beneficial learning theory and forms the basis of the theoretical learning paradigm of the shapeshifting framework and compliments the philosophical orientation of social constructivism (par. 2.2.3.1.) of the study.

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Consequently, its implications for instructional design need to be explained firstly in more general terms.

Constructivism developed in reaction to more didactic approaches such as behaviourism and cognitivism. It states that learning is an active, contextualised process of constructing knowledge and skills rather than acquiring it through passive learning processes (Helps, 2006: 130). Knowledge is constructed from the learner's previous knowledge, as well as personal experiences. Vygotsky's *Social Development Theory* is one of the major foundations of constructivism and is constructed around three themes (Wertsch & Sohmer, 1995: 332). The first theme is that of social interaction whereby social learning precedes development. This implies that learning occurs first inter-psychological (between people) and then intra-psychological (within the learner). The second theme involves the *More Knowledgeable Other* (MKO) that refers to anyone who has more knowledge, a better understanding or a higher ability with respect to particular concepts, processes or skills. The MKO is usually regarded as the facilitator/teacher, but can also be other learners. The last theme comprises of the *Zone of Proximal Development* (ZPD) which is the distance between the learner's ability to perform a task under guidance of an MKO, and the learner's ability to solve the problem independently. Vygotsky's theories promote learning contexts in which the learner plays an active role in the learning process and becomes a reciprocal experience for both learner and facilitator/teacher.

Consequently, the goals of instruction are as follows (Driscoll, 2000: 28):

- Instruction is a process of both conveying and supporting knowledge construction, rather than merely communicating knowledge;

- Learning is an active process of constructing rather than acquiring knowledge;

- Learning activities should be authentic and learner-centred;

- The role of the teacher shifts from mentor to facilitator to teacher through-out the process;

- Learning process encourages reflective thinking and higher order learning skills.

A constructivist paradigm has certain implications for instructional design. Roblyer and Havriluk (1996: 152) state that, as a result of the change in the goals of instruction, constructivist learning environments require authentic qualitative assessment strategies that focus on "worthy intellectual tasks" such as problem-solving. A constructivist approach to ID also implies that there should be some flexibility in achieving goals with a greater emphasis on learning through exploration. According to Perkins (1991: 21), problem-orientated activities using an inter-disciplinary approach should form the focus of a constructivist model. Jonassen (1991) and Dodgson (1993) identified seven principles of constructivist instructional design:

i.   Learning should take place in authentic and real-world environments;

ii.   Learning should involve social negotiation and mediation;

iii.   Content and skills need to be made relevant to the learner;

iv.   Content and skills should be framed and understood within the current framework of the learner's prior knowledge;

v.   Learners should be encouraged to become self-aware and self-regulatory;

vi.   Assessment should be formative, serving to inform future learning experiences;

vii.   Instructors should provide for and encourage multiple perspectives, contents provision and the way in which learning is facilitated.

4.5.2   Constructivism and anticipatory action learning (AAL)

Within constructivist learning theory, the futures methodology of anticipatory action learning can be found. Just as constructivist learning emphasises the importance of context and real-life environment, anticipatory action learning allows deep participation where the future is based on the categories and experiences of the participants (Inayatullah, 2007b: 6).

The constructivist paradigm is closely linked to a recently developed teaching and learning approach – Anticipatory Action Learning (AAL) – that has been used in futures studies instructional designs since the 1990's (Inayatullah, 2007b: 6). Anticipatory action learning is a multi-stage and level form of learning in which a problem is examined, changes are made, the problem is re-examined, revision are made again and again, until the problem is solved. Within constructivist learning theory, the futures methodology of anticipatory action learning can be found. Just as constructivist learning emphasises the importance of context and real-life environment, anticipatory action learning allows deep participation where the future is based on the categories and experiences of the participants (Inayatullah, 2007b: 6).

It is of fundamental importance for the success of the instructional design that it bridges the gap between "knowing" and "doing". In order for effective implementation, anticipatory action learning and futures need to merge with sound educational principles as the basis. Implementation of steps in the framework is more likely to occur if the following aspects are included (Inayatullah, 2007b: 6–25):

- **Action learning**: This involves learning from doing involving and iterative cycle of visioning and experimenting. It is not as much trial and error but teach/learn – experiment – vision – revise. This results in a reflexive process that creates a positive cycle of learning. It also

limits the sometimes overwhelming nature of what needs to be done since the learning acquired in one intervention can be used to trial future interventions.

- **Participatory planning:** The planning process should involve the inclusion of stakeholders or collaborators. This means creating shared conversations about the future instead of starting out with a concrete plan.

- **Continuous evaluation:** What aspects need to be eliminated, what pruned, what added? These may involve aspects of the design, exercise, ideas as well as budget and skill set issues. It is crucial to filter out what is important and what is fancy.

- **Leadership:** Successful implementation requires commitment, integrity, follow through and authenticity. Without visionary leadership, the process may part of research or product development, but will not result in long-lasting change.

The shapeshifting instructional design uses an anticipatory action learning framework within a constructivist learning paradigm where the future is explicitly questioned. It moves away from teacher-driven education (*we will tell what you need to know based on what we know is important*) to where it is learner-driven where the quality of the question is what is most important, as there can be many effective answers (Burke, 2007: 1). AAL draws on three separate but inter-related traditions – action learning, participatory action research and futures studies.

Revans (1982: 2) explains action learning as an experienced based approach encompassing the following characteristics. Action learning addresses organisational issues with participants placed into problem solving roles and an emphasis on learning by doing. The Revans formula is: Learning = programmed learning + questioning insights (L = P + Q). Programmed learning is that learning that is obtained from education bodies. It is necessary and of vital importance, but is only part of the learning process. Questioning insights is reflection and double-loop learning, which is usually a difficult skill to acquire (Burke, 2007). Marquardt (1999) added implementation (I) to the Revans equation arguing that action without implementation is not action but reaction. Davies (1997) argues that the non-rational approach to learning (C) is where both strategic and operational values are amenable to managerial or rational analysis at both cognitive and behavioural levels, but cultural values are not. Inayatullah (1999) has modified the above-mentioned formulae to include an anticipatory action learning approach to: L = P + Q + C + I + Ways of Knowing (WoK).

Inayatullah (2005: 46) found that action learning and futures studies potentially have a great deal in common, "not only in terms of their disruptive methodological orientation, but their intention to create a different world as well, to understand selves and processes in different terms – to see what is not commonly seen and create what is not commonly known ... by moving out of conventional frames of reference, both allow inquiry to move from litany, immediate concerns and

epistemological assumptions to deeper causal, structural, world-view and myth levels" (Burke, 2007). Once an alternative future is created, the questioning process does not end. AAL is a reflexive process of questioning, creation and questioning (Inayatullah, 2005: 48–50). From these traditions, three points are crucial:

i.   Learning is not just programmed knowledge plus questioning, but knowledge plus questioning the future.

ii. Questioning the future means seeking to understand the default future, challenge it and created preferred futures. Thus, not just the context, product and process as in action learning, but challenging and recreating the future itself.

iii. The future that is questioned has various dimensions. These include the exploration of possible, probable and preferred futures. The future is thereby not a "blank slate", but rather space-time-person coordinate that has already been created and is always in the process of being created. By questioning it, we can reinforce this future, or if undesired, search for alternative futures.

According to Tony Stevenson (World Social Forum, 2006), the anticipatory action learning approach could encourage a participative exploration of alternative future goals and active creation of new cultures.

Roger Burke (2007) identifies the following advantages of AAL:

- Exposure to a variety of mindsets, not just the dominant one;

- Thinking across a range of mindsets;

- Critically questioning personal assumptions and traditional values;

- integrating theory and practice, and quantitative and qualitative inquiry;

- Interdisciplinary understanding and lifetime learning;

- Long-term thinking (futures) and responsibility for future generations.

In summary, a constructivist learning paradigm was identified as the most appropriate learning theory for the shapeshifting intervention in conjunction with the anticipatory action learning approach, as they both claim that learning takes place when the learner is actively engaged in meaningful activities.

4.6   THE INSTRUCTIONAL DESIGN PROCESS

The purpose and objectives of the instructional design process in threefold: to identify the outcomes of the ID, to guide the development of the instructional content and to establish how instructional effectiveness will be evaluated (Gagne & Briggs, 1992).

There is an abundance of rules, descriptions and guidelines regarding the design of ID models, but the following basic guidelines and principles seem to be generic (Andrews & Goodson, 1980; Gagne & Briggs, 1992; Kemp & Morrison, 1994; Le Roux, 2008; Dick , 1995, Burke, 2007):

- **Analysis:** Relates to the collection of material and information relevant for identifying the needs and goals of the learners;

- **Design**: Involves defining the target learner audience, objectives and outcomes, as well as determining the delivery media;

- **Development:** Consists of applying the design and contents and validating the goals of the ID model against the design and learning contents;

- **Implementation:** This step involves the implementation of the ID model and all its components, as well as an assessment which considers its effectiveness, analysis and required revisions;

- **Evaluation:** Relates to the critical and thorough assessment and evaluation of the different components of the ID model i.e. what it does and does not achieve and how it impacts on the learners. It also includes the revision of components where and when necessary;

- **Quality assurance**: It is an ongoing and iterative process that includes a revision of all the components. Its aim is to ensure that the learning contents development is relevant and that all required changes are implemented and checked;

- **Revision and adaptation:** This involves the process of fine-tuning the ID model on an ongoing basis as more information becomes available or the testing shows up shortcomings.

However, there are many criticisms of this traditional approach to instructional design. Rowland, Parra and Basnet (1994) distinguish between creative and rational approaches to ID where the former prescribe a systematic methodology and the latter is based on flexible creative and context-based solutions. Instructional designs tend to proceed along the rational route, while a creative methodology would be more appropriate. Reigeluth (1996) states that the paradigmatic shift in the constantly changing environment of the 20th century has made the traditional approach to ID obsolete as learning which allows the individual to develop his/her own unique capability and

potentials is now required. Gros (1997: 51) supports an iterative approach to ID as the traditional approach has been either too specific (not applicable in different situations) or too general (vague and impractical). Furthermore, Winn (1997: 37) criticises the linear design process, as it assumes that human behaviour in instructional situations are predictable.

4.6.1   Instructional design models

An instructional design model is a representation and guideline by which an instructional designer conceptualises the learning and teaching process. There are many instructional design models available, but many are still based on or are a variation of the ADDIE model with the five phases of analysis, design, development, implementation and evaluation (Piskurich, 2006: 17). During analysis, the learning problem is identified, together with the goals and objectives of the intended design. It also considers the learning environment and methods of delivery. The second phase involves the systematic process or design of learning objectives, while development encompasses all the actual creation activities of both the content and learning materials. During the implementation phase, the development plan is implemented in a suitable setting where after formative and summative evaluation can take place.

Rapid prototyping is an adaptation to the ADDIE model and focuses primarily on the design phase. Proponents claim that through an iterative process at the design phase, design problems can be easily corrected and revised (Piskurich, 2006: 19). The *Dick and Carey Systems Approach model* introduces a systems view of instruction focusing on the inter-relationship between context, learning, content and instruction (Dick & Carey, 2005: 7). Another instructional design model is the *Instructional Development Learning System* (IDLS) that integrates aspects of the ADDIE model with systemic design and includes the following components: design task analysis, develop criterion tests and performance measures, develop interactive instructional material and validate instructional materials (Dick & Carey, 2005: 16).

John Keller's ARCS model proposes four steps for promoting and sustaining motivation in the learning process: attention, relevance, confidence and satisfaction. The model identifies motivation as a critical element of learning and design and is intended not to stand apart as a separate system, but should be incorporated within learning and teaching strategies (Keller, 1983: xi). According to Reigeluth's (1999: 45) elaboration theory, instruction should be organised in increasing order of complexity for optimal learning and proposes six strategy components – elaborative sequence, summary, synthesis, analogies, cognitive strategies and learner control.

Due to its iterative design and the teaching and learning process of the shapeshifting framework (Chapter 5), the Kemp instructional design model was chosen as the most appropriate.

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4.6.2 Kemp design model

The Morrison, Ross and Kemp model, more commonly known as the Kemp Model, defines different elements of an instructional design, and emphasises the adoption of continuous implementation and evaluation through the instructional design process (Hanley, 2010). The Kemp instructional design model adopts a holistic view of the design and development process as a continuous cycle that requires constant planning, design, development and assessment (Kemp, 1985: 12). The model is systemic and non-linear and consists of nine elements as illustrated by Figure 4.3.
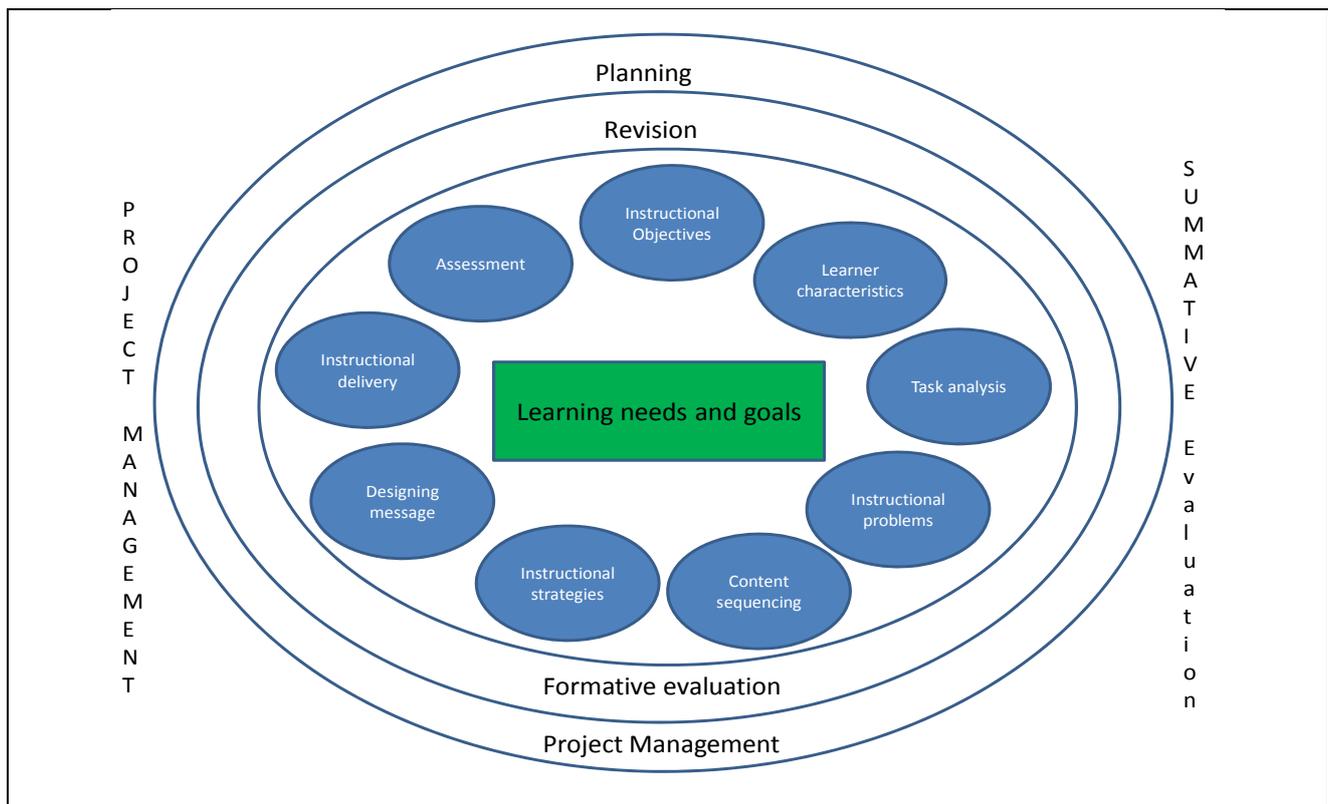
Figure 4.3 Kemp's instructional design process

Source: Kemp, 1985: 17.

The oval shape of the model is to give the designer the sense that the entire process is a continuous cycle with the element of revision encircling all nine elements of the model (Kemp, 1985: 21–45):

i.   Identify instructional problems, and specify goals for designing an instructional programme;

ii.   Examine learner characteristics that should receive attention during planning;

iii.   Complete a resource analysis for teaching and learning process;

iv.   Identify content within each instructional unit for learning;

v.   Sequence content with each instructional unit;

vi.   Design the instructional strategies so that learners can master the objectives;

vii.   Plan the instructional message and delivery;

viii.   Develop assessment instruments to assess objectives;

ix.   Select resources to support instruction and learning activities.

The two outer ovals illustrate the feedback loop which allows the designer to make revisions and adjustments in the content or treatment of the elements at any time during the development cycle. Although the elements may seem to be in a logical sequence, the starting point and order in which the designer addresses the individual elements is not pre-determined and designers should use this flexibility to suit the needs of the programme. It is also important to note that all programmes may not require all nine elements (Kemp & Morrison, 1994: 43).

Hannifin (1992: 55) states that design notions and models must continuously evolve in order to optimise the capability of emerging technologies for learning.

Consequently, the more traditional Kemp's ID approach was combined with interventionist design principles and outcomes-based education to encourage greater flexibility, learner empowerment and creativity within the iterative design of the shapeshifting framework which will be discussed in the following section.

4.7   TOWARDS AN OUTCOMES-BASED INSTRUCTIONAL DESIGN

In order to develop a framework for an outcomes-based instructional design, certain generic principles of outcomes-based education must be merged with ID principles.

4.7.1   Definition of Outcomes-Based Education

Evans and King (1994: 12) provides a simplistic definition of OBE:

> *Simply set the outcomes you expect students to achieve, then teach and re-teach in as many different ways and for as long as it takes until everyone meets them. In its simplest form, the OBE process virtually guarantees every student an education.*

What makes outcomes-based education different is the approach to instruction where attention is focused on the end results of the teaching process and these results are expressed in terms of student learning (Killen, 1999: 1). Olivier (1998: 127) defines OBE as an education philosophy organised around several basic beliefs and principles such as a focus on outcomes and a strategic

curriculum design process.   Battistini (1995) argues that the basic premise of OBE is that all students are capable of learning and that the teacher must lead and guide students in terms of learning and the expected reward. Spady (as cited in Gultig & Lubisi, 1998: 27) identifies key assumptions and principles of OBE (Table 4.4).

Table 4.4: Principles and assumptions of outcomes-based education

Assumptions	Principles
All students can learn and be successful at it, but the amount of time required will vary and so will the method of learning	Clarity of focus where the desired learning result must be clear to the student and the teacher. All design activities must be aligned with these outcomes.
Success in learning will lead to more success	Student must be given extended or expanded opportunities to demonstrate the achievement of an outcome
The conditions for successful learning are controlled by the educator	All students are expected to succeed which makes any form of comparative assessment undesirable
Content should be significant in terms of enabling the student to demonstrate learning	Once the outcome has been identified, the building blocks required to achieve these outcomes must be determined through a "design-down" approach.

Source: Gultig & Lubisi, 1998: 27–30.

McKernan (1993) describes OBE as a "training-instructional" model, while Spady (1994) argues that it implies organising for results and focusing and organising an education system or process around what is essential for all students to be able to succeed at the end of the learning experience. OBE does not imply any specific pedagogical practices, but the dual demand for clarity of focus and expanded opportunities to learn (Vickery, 1998: 54):

The instructional process does not prescribe or preclude any particular teaching strategy. Rather it is the instructor's professional responsibility to select from a wide range of instructional practices that accommodate the learning styles of different students; discussion and interaction; reflecting and analysing experience, integrating reflexive analysis into concepts and adding something of oneself to which is being studied.

Spady and Marshall (1991:67) identify three version of outcomes-based education (OBE): traditional, transitional and transformational. They differ in their conceptual origins and in the nature of the outcomes that they emphasise. The transformational outcomes-based learning approach

was chosen, as it encompasses some of the most important educational approaches such as competency-based education, mastery learning and criterion referenced assessment. Competency-based education is an approach that is very specific in terms of what the student must learn, helps the student to learn one step before proceeding and requires that the student demonstrate competency. Van der Horst (1997: 113) describes mastery learning as the belief that learners can master most objectives if most of the responsibility for the learning shifts to the teacher and not the student's ability or potential. Guskey (1985: 9) argues that mastery learning is a group-based and teacher-based approach in which students are expected to learn. Criterion-referenced assessment is an assessment strategy in which items are linked to explicitly stated objectives with the aim of providing the teacher with a very clear indication of the level of mastery and proficiency that a student has attained (Van der Horst, 1997: 12).

Table 4.5: Transformational OBE versus Traditional OBE

Traditional OBE	Transformational OBE
Defined by time, calendar restrictions and tests	Defined by outcomes
Based on assessment of attendance and ambiguous criteria	Based on performance outcomes and success – what the learner should be able to do and know
Content-driven	Aided by instructional coaching.
Compartmentalised in content	Integrated, multi-disciplinary concepts
Based on cumulative achievement	Based on culminating achievement of the desired learning outcomes
Contest learning – winners and losers	Characterised by co-operative learning
Composed of separate, cellular structures	Formed on collaborative structures for curriculum planning, instruction and learning

Source: Van der Horst, 1997.

4.7.2   Outcomes

Transformational outcomes-based education starts with exit or critical outcomes which focus on "adult life roles" (Willis & Kissane, 1997: 12). Spady (1994: 18) states that outcomes are highly-culminating demonstrations of significant learning in context, while Evans and King (1991: 73) describe outcomes as the end-products of the instructional process that may both be observable or internal changes of the learner. The focus is on what the participant learns in terms of competencies that he/she can demonstrate after instruction has taken place. The outcomes are linked to real life situations that are regarded as the culmination of demonstrations to prove competence. Secondly, the importance of the design process itself needs to be examined. In this

process, strategic planning must take place before outcomes are formulated and broken down into learning objectives.

These outcomes then become the basis for identifying the knowledge, competence and orientations that were deemed critical for assuring success on the outcomes. Transformational OBE shares several characteristics with futures studies and the anticipatory action learning approach such as that it is essentially future-orientated, learner centred, characterised by high expectations of learners and base for further instructional decision making (Van der Horst & McDonald, 2006: 13).

4.8   THE SHAPESHIFTING INSTRUCTIONAL DESIGN PROCESS

It is noted that different educational researchers place emphasis on different aspects of OBE, but for the purpose of the research, De Munnik's (1997: vii) definition of transformational OBE will be used. He describes outcomes-based education as a result in emphasis from inputs (content, time, money) to outputs (evaluation of competencies and performance). The learning objectives of the framework will be described in terms of specific learning outcomes.

The instructional design process of the shapeshifting framework as a formal intervention can therefore be illustrated in Figure 4.4 below. It integrates the principles of the Kemp instructional design model (Paragraph 4.5.3) with constructivist learning theories and outcomes-based education. The integrated model was used in the design of the shapeshifting framework and will be discussed in Chapter 5.
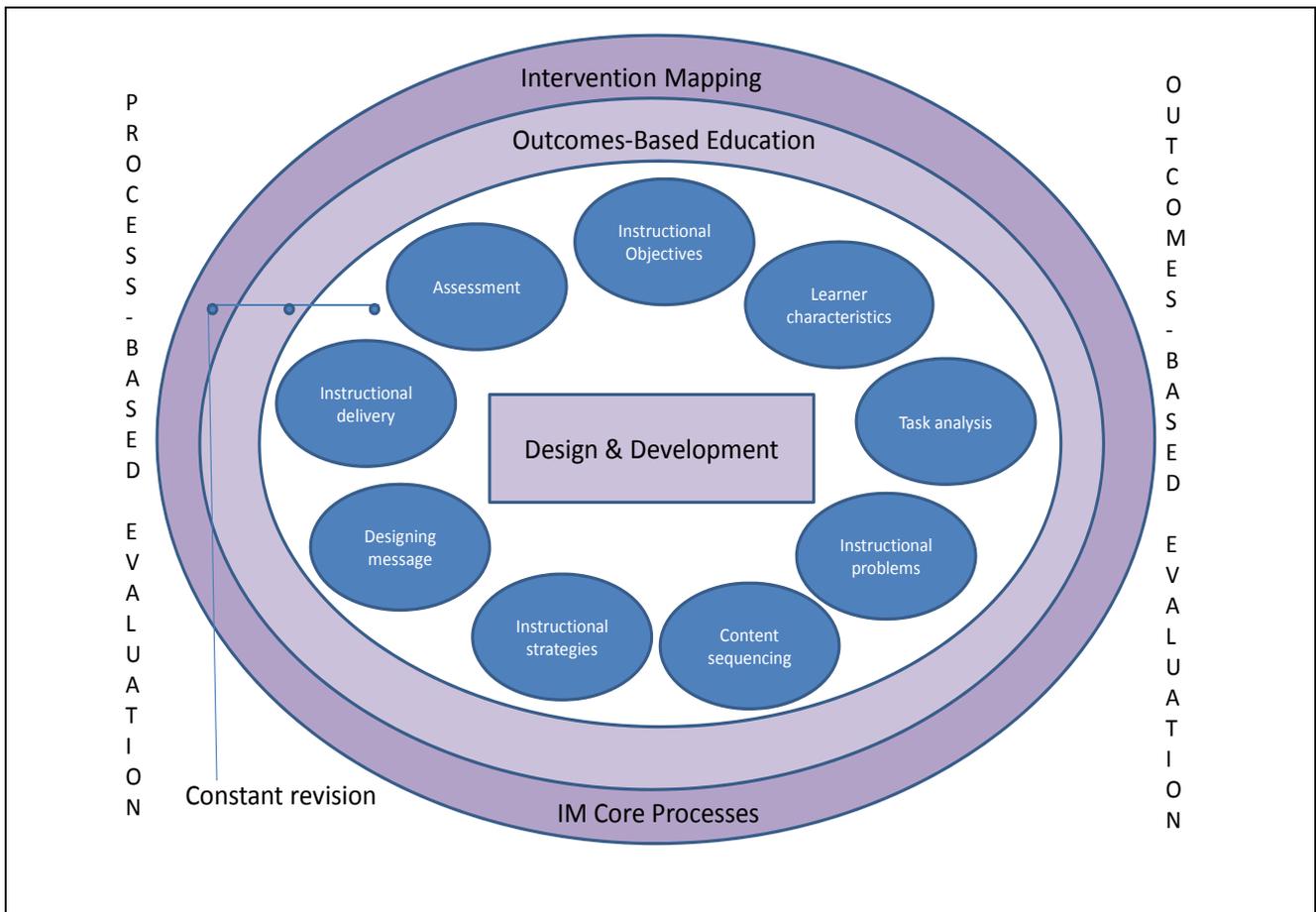
Figure 4.4 The shapeshifting instructional design process

Source: Adapted from Kemp ID model (Kemp, 1985: 17) and IM core processes model
(Bartholomew, Parcel, Kok & Gottlieb, 2006: 17).

4.9   INTERVENTION MAPPING

Argyris (1970: 2) defines intervention theory as the decision making questions, problems and challenges of intervening effectively in a situation in order to obtain desired outcomes. It is a term mostly used in social studies and health practices, but has recently been used across a wide range of disciplines such as education and human resource management. Burns and Grove (2007: 281–283) argue that intervention theory consists of both the design and consequent implementation of the intervention as well as theoretical explanations of how and why the intervention is effective. This implies that effective intervention design and development depends on appropriate and useful knowledge that offers a range of clearly defined choices by participants committed to the options chosen and feel a sense of responsibility towards it. According to Argyris (1970: 4), interventions should generate a situation in which actors believe they are working to internal rather than external influences on decisions. Du Preez and Roux. (2008: 79–81) identify seven characteristics of effective interventions:

- Be tailored to specific populations and settings;

- Involve participants in planning, implementation and evaluation;

- Integrate efforts aimed at changing individuals, communities and policies.

- Build on the strengths on participants and communities;

- Prepare participants to become leaders;

- Support the diffusion of innovation;

- Seek to institutionalise successful intervention components and replicate them in other settings.

There remains some confusion about how designers should integrate the large amount of information, theories, ideas and models to develop interventions that are logical and appropriate in their foundations and practical and acceptable in their administration (Glasgow, Marcus & Wilson, 2004: 1239). Bartholomew *et al*. (2006: 15) propose intervention mapping as a planning and design process to create programmes that are feasible and have the likelihood of being effective. They identify six core processes that need to take place:

- Posing planning problems as questions that facilitate finding answers from theory, existing literature and new research;

- Brainstorming answers to planning questions;

- Searching literature for empirical evidence;

- Evaluating the strength of the evidence;

- Using the issue, concepts, and general theories approaches to access theory and empirical evidence to answer the questions;

- Addressing the importance of new research for unanswered questions in the planning process.

Having acquired the necessary information surrounding the problem, the information must be converted into a form that will yield workable design concepts (Rothman & Thomas, 1994: 173):

The task of design then is the creation of a conceptual formulation, plan or framework which specifies the general form of an intervention which satisfies the goal requirements. These

processes require creativity and imagination since intervention plans cannot simply be inferred from a body of information.

Intervention design should incorporate a variety of activities (Mullen, 1994: 173 as cited in Bartholomew *et al*., 2006:26-35):

- Evaluate appropriate interventions or programmes that already exist for the particular problem;

- Engagement of practitioners/participants of the intended intervention in the design process;

- Present and obtain feedback from design innovations on a regular basis.

Rothman & Thomas (1994:178) provide a comprehensive list of design criteria such as relative advantage to target group, engineerability, compatibility with other design components and anticipated usability. The designer's own knowledge, values and skills may filter the options that are considered should be regularly measured against the initial design criteria. Mullen (1994: 185 as cited in Bartholomew *et al*., 2006: 580) proposes three "design problem" questions that must consequently be asked:

- Design Problem 1: What systematic coding system will be used for representing knowledge to be included in the programme (production rules, predicate logic, or structured objects)?

- Design Problem 2: What method of knowledge acquisition should be used? Should the programme learning be fed new knowledge propositions or should the programme be capable of generating and modifying current knowledge propositions?

- Design Problem 3: Should the framework be capable of reasoning from antecedents to consequences as well as reasoning from a goal or conclusion to determine whether or not the facts exist to support the conclusion?

Such guidelines are utilised to form a complete and cohesive intervention design that Mullen (1994:187 as cited in Bartholomew *et al*., 2006: 582) refers to as a personal model.

4.10 INTERVENTION MAPPING PROCESS OF THE SHAPESHIFTING INTERVENTION

According to the principles of outcomes-based education, the design of instruction must start with the end result in mind. Table 4.6 provides an overview of the major steps and their subdivisions that were undertaken by the researcher in developing the shapeshifting intervention.

The guidelines developed through the personal modelling process are inherently user-ready since they've been developed by the practitioner who will be using the intervention. A short overview of the mapping process used by the developer is provided in Table 4.6 below.

Table 4.6: Intervention mapping process

| 1 | Determine training and development needs of participants | Determine participant's competency requirements | Current independent non-executive directors (Engelbrecht, 2008) were given the opportunity to define the outcome he/she expected from a directorial development/ learning opportunity with regards to corporate governance. This resulted in a clearer picture of future participants' expectations and served as an important guideline for the facilitator. This was determined by means of a questionnaire as part of the researcher's previous research (Engelbrecht, 2009) as part of a MPHIL degree in futures studies. Five problem aspects were identified:

- Lack of understanding about the duties and responsibilities of independent non-executive directors;

- Lack of knowledge regarding what constitutes good corporate governance practices;

- Lack of training regarding strategy formulation;

- Lack of directorial skills;

- Negative mindset toward punitive measures of corporate governance and governance legislation. |
| | | Determine current competence | The participant body was analysed in terms of the average level of education and current skills that could be expected from possible participants. This provided valuable information on "where" to start the envisaged training opportunity. As the |

			shapeshifting framework is primarily a "more advanced" instructional programme, it was found that for optimal teaching and learning participants should have attended an introductory course in governance before becoming eligible for the shapeshifting intervention.
		Determine outcomes	The "gaps" were converted into critical, enabling and culminating learning outcomes.
2 Develop training and development opportunities		**Gap analysis**	Existing directorial training programmes (2007–2009) that were offered by both private and public institutions were examined and evaluated against the competency requirements. Gaps were identified and incorporated into the design and development of the shapeshifting intervention
		Expert guidance	Expert opinions and guidance was gathered from two distinct groups: Professional organisations such as the Institute of Directors, KPMG and Ernst & Young to confirm its relevance and applicability. Educational institutions such as the Wits School of Education for assistance in curriculum design planning in according with the identified gaps.
		Investigation of opportunity	This involved the planning based on all relevant factors such as time allocation, venue, personnel etc. are required for the

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		shapeshifting intervention.
	Development of curriculum	The curriculum with all its learning outcomes, activities and other relevant information were produced during this process anticipating various revisions during the pilot phase and roll out phases.
	Acquire capabilities	During this process, the "infrastructure" to conduct the shapeshifting intervention was established. This included the venue, lesson plans, participant material, programme and other requirements.

Compiled by researcher

4.11 CONCLUSION

This chapter presented an overview of instructional design and design processes as relevant to the design and development of the shapeshifting framework. It identified the constructivist learning paradigm as the most appropriate learning theory in conjunction with the anticipatory action learning approach. It presented the instructional design model that was deemed most appropriate – a variation on the Kemp model – combining it with interventionist design principles, core processes and outcomes-based education. The chapter also provided an overview of the intervention mapping process that was undertaken to form the foundation of the curriculum design of the shapeshifting framework.

In the next chapter, the theoretical base of the shapeshifting framework will be discussed as well as the teaching, delivery, facilitation and learning processes involved.

CHAPTER 5
THE ART OF SHAPESHIFTING

AN OVERVIEW OF THE SHAPESHIFTING FRAMEWORK

5.1   INTRODUCTION

While no one can predict the future, futures studies argue that applied futures thinking is a more realistic way of planning for the future. This is because it applies strategic foresight as the basis of futures methodology. Mintzberg (2003: 72) argues that the reason why strategic planning often fails is because many organisations conceive of it as a completed plan "set in stone". Strategic foresight, on the other hand, allows for flexibility and adaptability to changing circumstances which means the plan is dynamic and, in the 21st century climate of rapid change, increasingly being modified to reflect the changing environment.

The core tasks of strategic foresight can be summed up as contemplation and action. Foresight broadens and deepens contemplation by: expanding the time-scales within which issues are examined, increasing the perceived range of alternative future possibilities, improving moral reasoning and making cogitation more sophisticated by introducing advanced notions of uncertainty (Dror, 2007: 1). It is also a useful tool for decision-makers and action because it aids the implementation of decisions by anchoring present choices in the long term, alerts decision-makers to windows of opportunity, outlines the evolutionary potential of present situations and increases the range of available options while clarifying the constraints acting upon possible futures.

In adopting and implementing a regime of good corporate governance practices, boards must first embrace the principle of "substance over form". This implies a change from purely quantitative governance practices (tick the box approach) to include qualitative governance practices that is a fundamental part of integrated sustainability reporting.

The implementation of good governance practices does not only involve a change in practices, but more importantly a shift in mindset. The shapeshifting framework can assist, enable and empower independent non-executive directors to not only work towards good governance practices, but more importantly to align their goals with stakeholders and steer the company towards a profitable and sustainable future.

While the previous chapter provided an overview of concepts related to instructional design, learning theory and the design and development of interventions, Chapter 5 describes the development, rationale behind and different aspects of the shapeshifting framework. The chapter is divided in two sections (Figure 5.1) according to the design and development phase of the intervention framework with the following objectives:

- DD4: To develop an intervention programme capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices;

- DD5: To determine enabling-, culminating- and critical outcomes of the shapeshifting intervention.

- DD6: To design and develop the four phases and eight steps of the shapeshifting framework.

- DD7: To design appropriate delivery, teaching and learning strategies for the shapeshifting intervention in practice.

The first section provides the background for and a description of every step in the framework within the instructional design context and how independent non-executive directors may use the methods and techniques to steer the company on whose board they serve to a preferable corporate governance future. The second section discusses the shapeshifting framework as an instructional design and intervention that aims to facilitate strategic foresight to independent non-executive directors and is concerned with understanding, improving and applying methods that improve relevant learning in order to create preferred corporate governance futures.

5.2 WHAT IS SHAPESHIFTING?

Shapeshifting is a common theme in Navajo Indian folklore, Greek mythology and more recently in science fiction. According to Webster's dictionary (2008: 323), shapeshifting refers to characters that change form on their own, whether voluntarily or involuntarily, while transformation refers more commonly to externally imposed change of form.

In its broadest sense, shapeshifting is a change in the physical form or shape of an entity. The process is distinguished from natural processes such as ageing, as it involves actual physical changes or a metamorphosis. The term "metamorphosis" is defined as the transformation of a person or entity into something new and different that involves a complete change in form, structure and substance (Oxford Dictionary, 2007: 178). Other definitions include a profound change in form from one stage to the next in the life history of an organism (biological) to a complete change in appearance, character and circumstances (literature).

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SHAPESHIFTING FRAMEWORK

DD4: To develop an intervention programme capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices.

DD7: To design appropriate delivery, teaching and learning strategies for the shapeshifting intervention in practice.

5.2 What is shapeshifting?

5.3 The shapeshifting framework

5.4 Outcomes and principles

DD5

5.9 Background

5.10 Facilitating learning about the shapeshifting intervention

5.10.1 Curriculum

5.10.2 Time allocation

5.10.3 Audience

5.10.4 Learning styles

5.10.5 Learning environment

5.10.6 Available resources

5.11 Role of facilitator

5.12 Ethical considerations

5.13 Conclusion

5.5 Phase 1: Unlocking the future

5.5.1 Mindset myopia

5.5.2 Navigating futures

5.6 Phase 2: Anticipating future impacts

5.6.1 Unbundle what is

5.6.2 Anticipate impacts

5.7 Phase 3: designing preferred futures

5.7.1 Scenario gameboards

5.7.2 Strategic conversations

5.8 Phase 4: Integrate

5.8.1 Linking foresight with strategy

5.8.2 Lead quantum change

DD6

Figure 5.1 Outline of chapter

John Perkins (1997), in *Shapeshifting: Techniques for Global and Personal Transformation,* identifies three levels of shapeshifting. The first is cellular, which is when a person shapeshifts into a plant or animal. The second level is personal shapeshifting, which is when an individual decide to transform their personality and usually implies that individuals become more of what they expect in themselves. The third form of shapeshifting is about "transforming the society that we live in, whether it is at corporate level or the institutions that help shape our lives" (Perkins, 1997: 13).

An important aspect of shapeshifting is whether the process is voluntary or punitive. While Athena transformed Arachne into a spider for challenging her authority, Actaeon transformed himself in order to escape Artemis's wrath (Engelbrecht, 1997: 1). An in depth-study of folk tales and mythology reveals that when a form is taken involuntary, the thematic effect is one of confinement and restraint (Engelbrecht, 1997: 3). Voluntary forms on the other hand are means of liberation and freedom. The abilities specific to the new form allow the character or entity to act in a manner that previously seemed impossible (UNISA, 2007b: 23). In modern fantasy, the extent to which the change affects the mind can be important. J.K. Rowling observed that a wizard who became a rat had a rat's brain, slowly transforming his mind and allowing the entity to forget its origin. Thus, the shapeshifting process is permanent and allows the new entity to embrace and explore different types of thinking that is characterised by its new form.

Shapeshifting indicates that the changes are lasting, while a transformation indicates that the changes are internally imposed. Examples of shapeshifting in classical literature include many examples such as Ovid's *Metamorphoses* and Homer's *The Odyssey.* All of Ovid's tales involve metamorphosis (UNISA, 2007b: 9). But certain myths (Phaethon, Pentheus, Heracles) only have metamorphosis tacked on as an incidental element. Ovid views metamorphosis as a universal principle which explains the nature of the world.

In Najavo folklore, shapeshifting was viewed *as* one of the most effective means for transforming both individuals and communities (Perkins, 1997: 24). From this perspective, shapeshifting begins with intent. Power is then given to inner and outer perceptions and action follows. It requires three human forces – intent, energy and action – for shapeshifting to take place.

In an organisational context, shapeshifting involves a process of profound and radical change that orients an organisation in a new direction and takes it to an entirely different level of effectiveness. Unlike "organisational change" or "change management" which implies progress on the same plane, shapeshifting entails a basic change of character and little or no resemblance with the past configuration or structure. Navajo writings emphasise the role of the individual in bringing about this change (Perkins, 1997: 97):

From a Najavo perspective, the world is as you imagine it. Shapeshifters take many forms. They blend in with their environments. Over time they may cause change. The shapeshifter believes she can influence her relationship with the real world. Therefore she can.

The study assumes that if companies want to establish a new and broader role model in keeping with good corporate governance practises within a changing economic environment, "steersmen" of the company – the board – needs to experience an internally motivated change or metamorphosis. The word "shapeshifting" will be used to describe this change, encompassing the following characteristics. Firstly, the metamorphosis of the mind-set of the board member and more specifically the independent non-executive director, towards corporate governance is aimed at being voluntary and permanent. As in Greek mythology, such a voluntary change, not institutionally enforced and punishable by law allows the individual to embrace the principles behind corporate governance, i.e. substance above form. Secondly, the new form or mind-set of the independent non-executive director displays characteristics that use foresight as a core competence. Lastly, the catalyst for the shapeshifting process is sustainable development.

The aim of the shapeshifting framework, (as illustrated by Figure 5.1.) is to provide independent non-executive directors with tools and methods to better understand the future of the company. For shapeshifting to occur, the validity of foresight practises needs to touch all levels of individuals and collectivities but in this case focuses specifically on the role of the independent non-executive within the realm of the board.

5.3   THE SHAPESHIFTING FRAMEWORK

The shapeshifting framework, as illustrated by Figure 5.2, consists of four phases:

- **Unlocking the future:** Journeys to the future starts in the present. Independent non-executive directors need to understand what to let go of, what to focus on in the short term and where the focus should be to create a sustainable future. It aims to transform the mindset of independent non-executive directors by assisting them to think about how technological, social, economic, environmental and climatic developments can bear on business practices in the 21st century.

- **Anticipating the future**: Anticipating the future may help independent non-executive directors understand the challenges and opportunities that may influence the business practices of their company within a 5–25 year framework. Anticipating a preferred future involves building a knowledge base, (reduce uncertainty by identifying new and relevant trends, creating orientation on future developments and initialise and prepare strategic decisions.

- **Design with the end in mind:** A new strategy or design for the future must define how the board will act to create new opportunities. Steven Covey (2004: 95) states that "all things are created twice". It is first created in the mind and then by taking control of this creation allows the individual to "write and re-write our own scripts". There are three aspects to the third phase of the shapeshifting framework in designing a preferred future. First is vision (what do we want to accomplish), strategic planning (how can we best accomplish it) and last initiating strategic conversations.

- **Integration:** This phase involves the integration of "where we want to be with where we are now" with an emphasis on leadership and strategy formulation. This includes the development of an effective governance strategy that is positioned for future sustainable profit and development. In *Principle-Centered Leadership,* (2007: 46) Covey states that, "like the hub of a wheel, principle centered leadership unifies and integrates. It is the core of personal and organization missions. It is the foundation of culture. It aligns shared values, structures and systems."

Figure 5.2 The shapeshifting framework

Compiled by researcher

The shapeshifting framework is an instructional design (Figure 5.2) based on teaching about the future (mindset myopia, navigating futures); teaching for the future (unbundle what is); teaching about and for alternative futures (anticipate impacts, scenario-building); and teaching in the future (strategic conversations and leadership). The futures fields require a trans-disciplinary or meta-approach and its purpose are fourfold:

- **Educational:** The steps in the framework are about learning new ideas and futures methods. It is not necessarily to enhance board effectiveness, but to increase the knowledge and understanding of independent non-executive directors of corporate governance, sustainable development and strategic foresight.

- **Strategic:** To assist independent non-executive director to make better decisions, however defined and move beyond traditional approaches to the quadruple bottom line focusing on both current and future generations.

- **Capacity development**: The future is about learning to learn and about developing the potential of the independent non-executive director's potential, individually and within board dynamics. It creates space for renewal and takes an anticipatory action learning approach wherein the goal is to empower, enabling business leaders to take charge of their future.

The shapeshifting framework represents a systematic and planned process (Figure 5.2) to change the knowledge, skills and behaviour of independent non-executive directors in such a way that sustainable corporate governance objectives are achieved. It involves an iterative process with the following goals. Firstly, to present independent non-executive directors with an opportunity for effective adaptive behaviour through a recursive process of participative learning. Secondly, to provide independent non-executive directors with the tools and skills to develop and nurture strategic foresight. In the third place to empower independent non-executive directors to seek insight and understanding about the patterns shaping the future, and their possible consequences for the future. Although the shapeshifting framework seems to suggest a linear process, this is not the case. Simultaneous decisions and processes occur throughout the development and all the steps are inter-related and inter-dependent.

In achieving these objectives, it is imperative that the framework be guided by performance measures to continually evaluate and improve its delivery and will be discussed in detail in the second part of the chapter. However, in order to understand the process (Figure 5.3.) as an instructional design, every aspect of the shapeshifting framework (Figure 5.2) requires further clarification. As the instructional design is based on outcomes-based educational principles, a brief overview of the learning outcomes is discussed below.
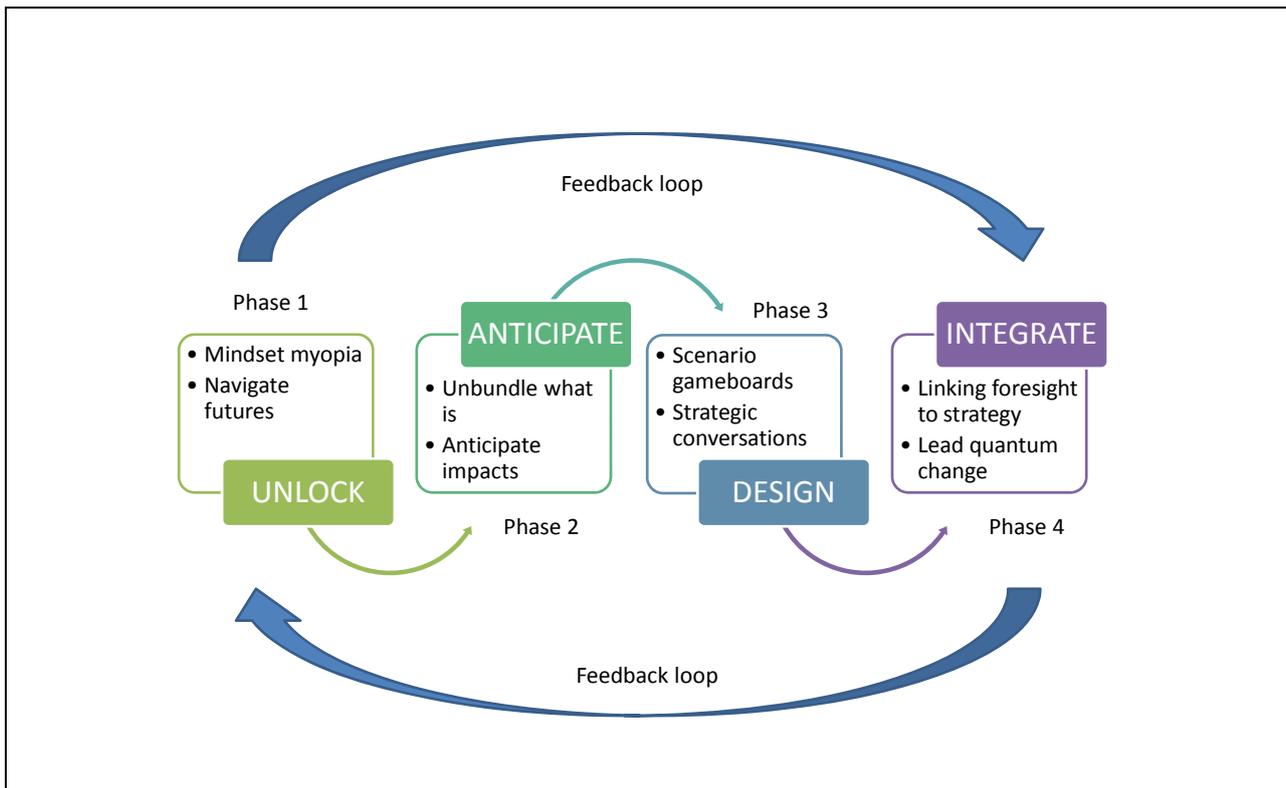
Figure 5.3 The shapeshifting framework as a process

Compiled by researcher.

5.4 THE SHAPESHIFTING FRAMEWORK AS AN INSTRUCTIONAL DESIGN: OUTCOMES AND PRINCIPLES

The shapeshifting framework is an instructional design that assists independent non-executive directors to participate for sequenced learning so that both critical and developmental outcomes are achieved in a progressive framework (Figure 5.3). For the purpose of the shapeshifting framework, a clear distinction must be made between critical learning outcomes, enabling learning outcomes and culminating learning outcomes (Figure 5.4).

The critical learning outcomes will explain the overall intention or purpose underlying the framework and its subunits and are closely related to both education and training (Merts,2003: 18). Critical learning outcomes refer to outcomes that can be regarded as the ultimate result of the learning experience. Culminating learning outcomes refer to what learners should be able to demonstrate at the end of their learning experiences. Enabling learning outcomes are the essential building blocks that will constitute culminating outcomes i.e. knowledge of what constitutes good corporate governance practices and the duties and responsibilities expected from an independent non-executive director. The focus is on the desired end results of each of the steps in the framework and will be referred to as critical outcomes. The four critical learning outcomes reflecting the four phases of the shapeshifting framework are illustrated by Table 5.1 below.
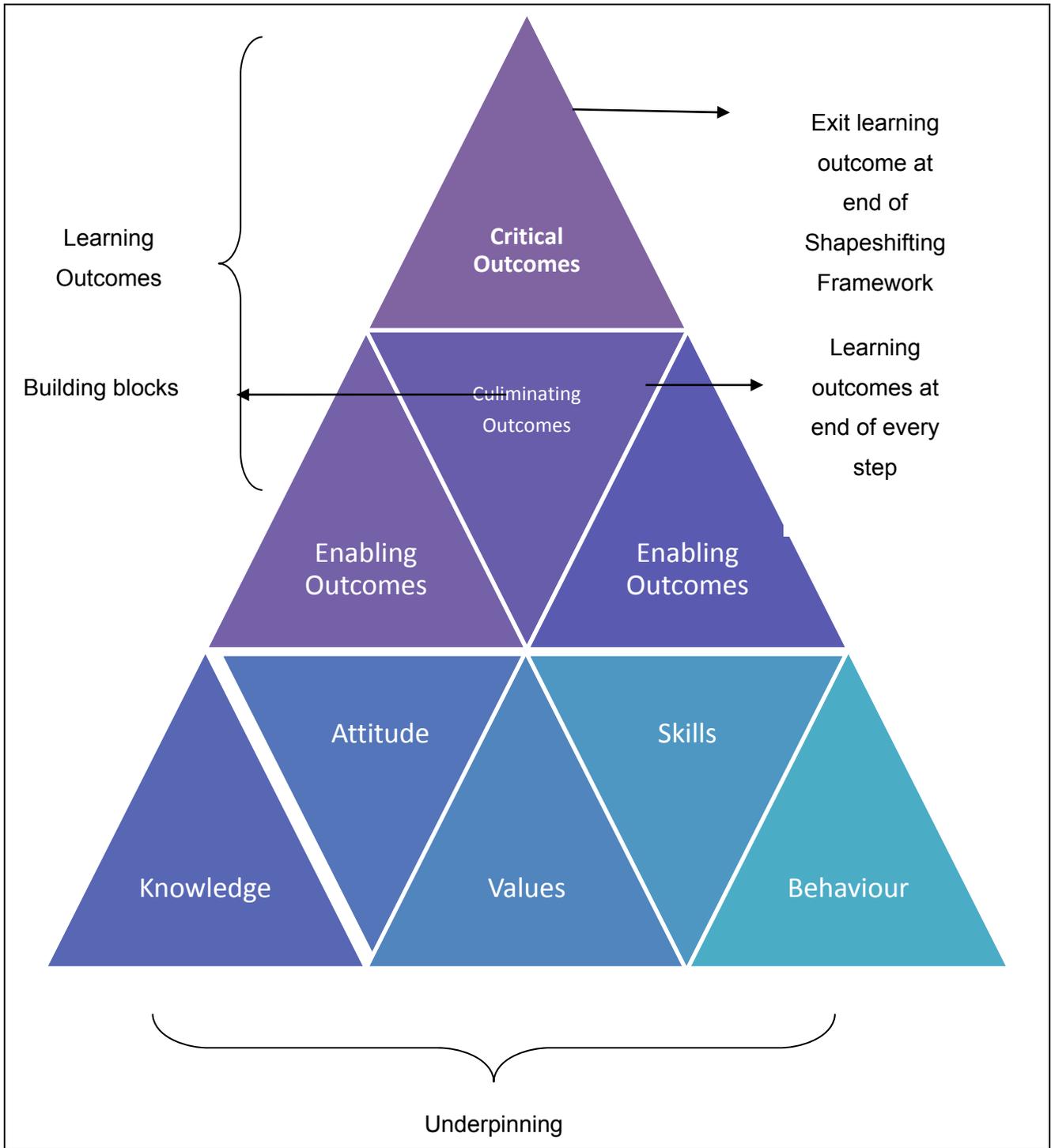
Figure 5.4 Types of learning outcomes

Source: Malan, 1997: 5 (adapted by researcher).

Table 5.1: Critical Learning Outcomes of the shapeshifting framework

Critical Learning Outcome 1 **UNLOCK**	Participants (independent non-executive directors) should be able to identify problems and opportunities regarding the sustainability of the company by becoming more futures-orientated and using critical and creative thinking skills. This requires a greater willingness to think differently about the future, embrace change and view sustainable development as not only an economic imperative, but a global and societal concern.
Critical Learning Outcome 2 **ANTICIPATE**	Participants should be able to think more deeply and systematically about corporate governance and sustainable development in order to demonstrate a practical understanding of the complex world in which the organisation operates and be able to use futures methods to anticipate problems, opportunities and challenges using strategic foresight as core competence.
Critical Learning Outcome 3 **DESIGN**	Participants should be able to use the futures method of scenario-building to determine the possible outcomes of current actions and decisions. Participants must acknowledge the importance of their specific role on the board and engage in strategic conversations with all stakeholders in order to create a preferred corporate governance future for the organisation.
Critical Learning Outcome 4 **INTEGRATE**	Participants should be able to manage themselves and their board activities responsibly and effectively by assuming their leadership role within the organisation. Participants should be able to participate within board dynamics with the necessary responsibility steering the company towards a sustainable and preferred governance future.

Source: Compiled by researcher.

The issues dealt with in one critical learning outcome are inter-related to the issues appearing in the other three critical learning outcomes. The teaching and learning process should include practical activities, shifting the focus from rote learning to the development of new skills, knowledge, values and attitudes that is made possible by the culminating and enabling learning outcomes. Table 5.2 below provides a short overview of the enabling and culminating outcomes of each of the steps in the shapeshifting framework. As the "learners" of the shapeshifting framework are independent non-executive directors, they will be referred to as participants.

	Enabling Learning Outcomes	Culminating Learning Outcome
Mindset Myopia	The participant must be able to do the following: • Acknowledge that the role of the company will have to be vastly different in the 21st century economic environment; • Recognise the importance of sustainable development for the economic prosperity of the company; • Question his/her current views about the company's future and its impact on the environment; • Show an understanding of the inter-dependence of the 3P's (planet, profit and people) and the importance of the absent stakeholder.	The participant must be able to question his/her current views, attitudes and values towards the duties, roles and responsibilities of the company within the 21st century business environment in creating a sustainable future for all stakeholders.
Navigate Futures	The participant must be able to do the following: • Distinguish between different types of futures; • Show an understanding of the six concepts of futures thinking; • Investigate the futures of the company; • Acknowledge that a preferred future may be created through good corporate governance practices.	The participant must be able to critically examine the different futures of the company by questioning current governance beliefs and practices and analysing its relevance and/or contribution to creating a preferred and sustainable future.
Unbundle what is	The participant must be able to: • Use the futures tool of causal layered analysis (CLA) to map the inner and outer dimensions of the company's governance practices; • Identify and examine the world-views and mindsets of the stakeholders towards corporate governance.	The participant must be able to identify, analyse, organise and critically evaluate information regarding current practices by understanding and acknowledging the "meanings assigned", and importance given to governance compliance and initiatives by the various stakeholders.
Anticipate impacts	The participant must be able to: • Identify the rules and context of corporate governance in SA; • Conduct an environmental scan using the four quadrants; • Identify possible wild cards.	The participant must be able to demonstrate an understanding of the business activities of the company as a set of related systems, by recognising that problem-solving contexts do not exist in isolation.
Scenario gameboards	The participant must be able to: • Use scenario-building as an effective futures tool to facilitate strategic foresight; • Draw up a corporate scenario	In constructing a corporate governance gameboard, the participant should be able to not only evaluate the board's current governance and performance and position, but more importantly

	gameboard using the software provided.	identify the position where they would like to be in the future.
Strategic conversations	The participant must be able to: • Identify internal and external stakeholders; • Understand importance of stakeholder engagement in ensuring transparency and accountability; • Be knowledgeable of what constitutes integrated sustainability reporting • Communicate effectively with stakeholders	The participant must empower him/herself to become involved in strategic conversations at board level. The participant should be able to engage internal and external stakeholders in a constructive discussion regarding creating a preferable corporate governance future in order to create attitudinal alignment and greater transparency and accountability through effective integrated sustainability reporting.
Linking foresight with strategy	The participant must be able to: • Acknowledge the important role and responsibility of the independent non-executive director on the board; • Understand the need for directorship, not management skills; • Use backcasting as a strategic futures forecasting tool.	The participant must be able to ensure the practice of good directorship by acknowledging, understanding and embracing his/her role on the board by within a strategic foresight framework.
Lead Quantum change	The participant must be able to: • Identify the skills needed for principled centred leadership; • Use strategic foresight as leadership skill; • Embrace futures skills and methodology to educate other board members.	Through a principle centred approach, participants must be able to embrace their position of leadership by using a variety of futures tools to not only steer the company towards a preferred future, but also facilitate strategic foresight amongst other board members.

Table 5.2. Enabling and culminating learning outcomes of the shapeshifting framework

Compiled by researcher

The outcomes of the shape shifting framework have been clearly stated (in accordance with the outcomes-based approach). Consequently, the rationale, explanation and key concepts of every step in the framework will be discussed.

5.5 PHASE 1: UNLOCKING THE FUTURE

Critical Learning Outcome 1	Participants (independent non-executive directors) should be able to identify problems and opportunities regarding the sustainability of the company by becoming more futures-orientated and using critical and creative thinking skills. This requires a greater willingness to think differently about the future, embrace change and view sustainable development as not only an economic imperative, but a global and societal concern.
Culminating Learning Outcome	The participant must be able to question his/her current views, attitudes and values towards the duties, roles and responsibilities of the company within the 21st century business environment in creating a sustainable future for all stakeholders.

The first two steps, mindset myopia and navigating futures (Figure 5.5) in the first phase of the shapeshifting framework (unlocking) involves introducing futures concepts to independent non-executive directors in order to become more future orientated at the fundamental levels of values, beliefs and philosophies of the future.

De Jouvenal (1976) stated that without accurate representations (images or visions) which represent our understanding of reality, there would be no action, only reaction (Institute of Futures Research, 2008a: 7). The purpose of the first phase of the framework is to challenge directors' assertions about the future and that the "truth" of this assertion of the future must be weighed in terms of the strength of current intentions and attitude towards corporate governance and sustainable development.
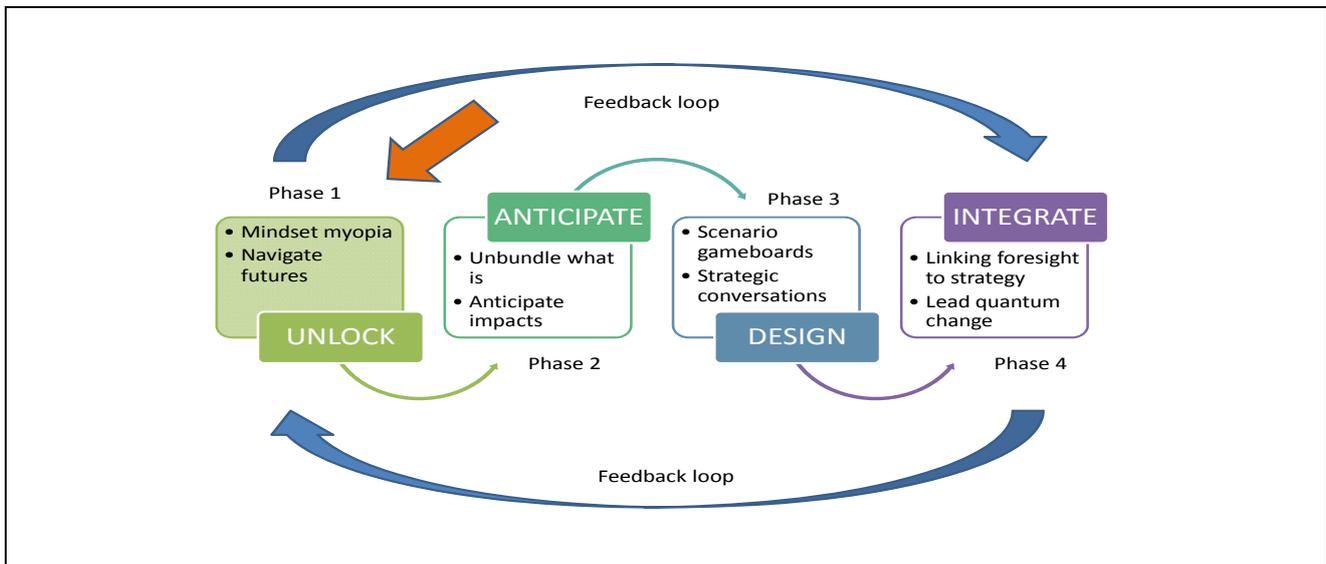
Figure 5.5 Phase 1 of the shapeshifting framework

5.5.1 Mindset myopia

Enabling Learning Outcomes	The participant must be able to do the following: • acknowledge that the role of the company will have to be vastly different in the 21st century economic environment; • recognise the importance of sustainable development for the economic prosperity of the company; • question his/her current views about the company's future and its impact on the environment; • show an understanding of the inter-dependence of the 3P's (planet, profit and people) and the importance of the absent stakeholder.

The Oxford Dictionary (2008: 324) defines myopia as a visual defect in which distant objects appear blurred because their images are focused in front of the retina rather than on it and is also referred to as short-sightedness. The Business Online Dictionary (2009) extends this definition and describes it as a "lack of discernment or long-range perspective in thinking or planning" (Business Online, 2009). In 1960, Theo Levitt introduced the concept of marketing myopia that encompasses a short-sighted and inward-looking approach or mindset that focuses on the needs of the company instead of defining the company in terms of the customers' needs (Baker, 2001: 16). According to Levitt, such self-centred companies who fail to see and adjust to medium- and long-term changes in the business environment will, despite their previous eminence, eventually fail and disappear (Baker, 2001: 18).

Consequently, the first step in the shapeshifting framework (mindset myopia) focuses on examining and challenging the current myopias of independent non-executive directors' mindsets towards the future and the role of the company in the 21st century.

As discussed in Chapter 3, foresight is an attribute of the development of individual consciousness (Hayward, 2006: 2). Instinct and emotion are the sensory modalities of primary consciousness and they produce a sense of the present. Hayward (2006) further explains that imagination plays a pivotal role in the emergence of foresight, as it moderates emotion and instinct. Moving from traditional corporate governance planning to futures and foresight based strategic planning requires first and foremost a change in attitude towards the future. Introducing strategic foresight to independent non-executive requires challenging and changing assumptions, attitudes and aspirations towards what constitutes good corporate citizenship and sustainable development.

5.5.1.1 Rationale

Mervyn King (2009) stated that the urgent issues surrounding planet, profit and people can no longer be separated and require companies to re-think their role in society (King & Lessidrenska, 2009: 4):

Companies have a moral duty to ensure that whatever they do today don't compromise the needs of those who come after them. We are all caretakers, and transient at that. Our situation can only be improved if corporations, governments and individuals all realize they have a shared interest, namely to improve the quality of life on our planet by reducing the negative impacts on our environment caused by our conduct and the actions of those who came before us.

Companies are being called upon to take responsibility for the ways their operations impact societies, the natural environment in which it operates. This involves applying sustainability principles to the ways in which they conduct their business. In 2000, the United Nations launched a voluntary initiative called the *Global Compact* which is a policy platform for companies that are committed to sustainability and responsible business practices (United Nations, 2009). It is a leadership initiative that assumes that business, as the primary source of globalisation, can help ensure that markets, technology and finance contribute towards an inclusive global economy that is supported by the Millennium Development Goals (MDG's). The eight MDG's form a blueprint agreed by the world's countries and leading development institutions with goals ranging from ending poverty and hunger to maternal health and global partnerships. Table 5.3 provides an overview of the MDG's as well as the progress that was made in and by sub-Saharan countries by 2009. Table 5.3:

MDG	Measurement	Progress - SSA
Reducing poverty and hunger	Halve, between 1990 and 2015, the proportion of people living on less than $1 a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	Number of poor people has increased by a third. Malnutrition in 2015 expected to be higher than in 1990.
Educating children	Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	Some improvement (62% in 2005), but not on track to achieve goal.
Empowering women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels by 2015.	More girls in school, but 2005 target has been missed. Ratio of girls to boys in education has increased from 80% in 1990 to 83.6% in 2005.
Saving children	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.	1990=185. 2015 target=62. 2005=168.
Maternal health	Reduce by three quarters the maternal mortality ratio Achieve universal access to reproductive health	Preliminary data show signs of progress, with some countries achieving significant declines in maternal mortality ratios. However, the rate of reduction is still well short of

		the 5.5 per cent annual decline needed to meet the MDG target.
Combating disease	To have halted by 2015 and begun to reverse the spread of HIV/AIDS. To have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.	Adult prevalence has stabilised in SSA (not because disease has been halted, but because death rate equals rate of new infections). >1m people die in SSA from malaria (most under 5); malaria slows economic growth by 1.3% p.a.
Using resources wisely	Integrate the principles of SD into country policies & programmes & reverse loss of environmental resources. Reduce by half the proportion of people without access to safe drinking water.	720 000 km^2 of forest lost since 1990. 300m people lack access to improved water sources, and 450m lack adequate sanitation services.
Develop global partnerships for development	Develop further an open trading system & financial system that is rule-based, predictable & non-discriminatory. Address special needs of LDCs, & the youth.Deal with LDCs debt problems.	Tariffs remain high on poor countries' exports. Substantial debt relief since 1998.

Table 5.3. Summary of Millennium Development Goals

Institute for Futures Research, 2008b

The lack of progress towards achieving the MDGs highlights the need for a long-term view of a sustainable future for Sub-Saharan Africa. The 10 principles of the Global Compact recognises the important role of companies in creating a sustainable future and implore companies to embrace, support and enact within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption (United Nations, 2009):

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

- Principle 2: make sure that they are not complicit in human rights abuses.

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

- Principle 4: the elimination of all forms of forced and compulsory labour;

- Principle 5: the effective abolition of child labour; and

- Principle 6: the elimination of discrimination in respect of employment and occupation.

- Principle 7: Businesses should support a precautionary approach to environmental challenges;

- Principle 8: undertake initiatives to promote greater environmental responsibility; and

- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The King III Report on corporate governance (2010: 12) confirmed these concerns, as it identifies sustainable development as the primary moral and economic imperative for the 21st century and one of the most important sources of risk and opportunities for businesses. According to Doppelt (2003), the lack of organisations fully embracing sustainable development principles stems from the fact that most business leaders do not fully understand the surrounding issues and do not know how to devise the governance or strategies to adopt a more sustainable path. Wartick and Cochran (2008) identified the following levels of an organisation's approach to sustainable development and corporate social responsibility:

- Reactive: Deny responsibility, do less than is required;

- Defensive: Admit responsibility, doing the least that is required;

- Accommodative: Accept responsibility, doing all that is required;

- Pro-active: Anticipate responsibility and do more than it is required.

The first step in the shapeshifting framework (mindset myopia) proposes that a new mindset towards sustainable and ethical business practices is required by independent non-executive directors in order to move beyond mere compliance to governance codes towards a pro-active approach to sustainable development in order to anticipate and prepare for the future and incorporate the needs of the absent stakeholder. This change in mindset involves the following aspects (Ratcliffe, 2006: 40): Firstly, it tackles complexities, uncertainty and change that are orientated to process rather than structure (creating future sense). Secondly, it embraces collaboration that addresses societal and environmental, as well as economic imperatives (quadruple bottom line). Lastly, it is ecologically driven, rather than hierarchically driven, value added rather than competitive, collaborative rather than adversarial and uses strategic foresight as core competence (envisioning preferred futures).

5.5.1.2 Key ideas and concepts

In a rapidly changing economic environment, many companies have to continuously operate on short-term high alert in response to various challenges such as quarterly results, market fluctuations, fiscal adjustments, emerging technologies and governance reporting. In such an environment, it may seem very difficult to see "the wood for the trees" and take a more evolutionary and strategic perspective (Sunter & Visser, 2002: 20). When business fail to anticipate the long-term changes of socio-economic and environmental issues, it displays the classic "boiled frog syndrome" where current practices may become obsolete. As a result, it makes sense to ask ourselves what role the future can play in a business environment that is characterised by constant technological, social and economic change that creates an uncertain future (Van der Duin, 2008: 50).

5.5.1.2.1   Creating future sense

The unknowabilility of the future is to a large extent based on the assumption that the future does not exist. Although that is factually correct as the future does not exist as a tangible entity, Van der Duin (2008) argues that the future is realised in the present. Peter Hayward (2007: 2) argued that the future is a symbolic construction of the individual mind while Van der Heijden (1996) emphasised the importance of the effect that the future may have on the present. The influence the work has on the way we think and behave in the present also works in the opposite direction (Van der Duin, 2008: 52). What we think and do also affects the future. This creates a dialectic process between looking to the future and deciding and acting on the basis of the future. Gelatt (1993: 9) states that another way to see the future is to view it as residing in the mind's eye. The mind first creates the reality, we acknowledge the impact and consequently action can be taken.

Unfortunately, developing the future within board dynamics is a difficult task, as it requires a change in mindset that does not occur naturally. The economist, John Gailbrath, remarked, "given a choice between changing and proving that it is not necessary, most people get busy on the proof" (Manfred & De Vries, 1998: 613). Gelatt (1993: 10) suggests that a retrospective focus is the result of four "neuroses" that becomes a disability that inhibits imaginative, creative decision making.

- **Future phobia**

Future phobia is a paradoxical concept. Fear of the future makes people want to control it, but people also fear control. The desire to make one's own decisions, seems to be accompanied by a fear of doing so, to let other people decide for them, or to invent strategies to avoid deciding the future. Within the board dynamic of a progressive board, it is very important for independent non-executive directors to air their affirmative and objective views and take independent decisions with

regard to both current and future business practices. The future skill for overcoming future phobia is called "possi-pulity". Gelatt (1993: 11) uses this term for the process of allowing the possibilities of the future to be explored by the individual. If you get a sense of what the board can do only from past performances, you will only believe you can do what you have already done for the past few years. Possi-pulity involves making the future of the organisation the present responsibility of the board. As an independent non-executive director, the law demands impartiality in taking decisions by taking into account all available information, instead of casting votes according to the views of shareholders who have appointed you or pressure from other board members. Generally speaking, the main ideas about independent non-executive director are independent attitude, independent questioning, independent thinking and independent decision making about what constitutes good governance practices.

- **Paradigm paralysis**

Paradigm paralysis is the inability to shift one's point of view (Gelatt, 1993: 11). It occurs when we become incapable of seeing that things are no longer the way they used to be. It restricts mental flexibility in an environment in which realities are constantly changing. In the last century, the rules for directors were unambiguous. Success equated with a good return on investment and created maximum profit. Sunter and Visser (2002: 27) state that the only challenge for directors was how to make more profit and how to create competitive advantage. However, the rules of the game have changed significantly. The influential shareholder has since transformed into a multitude of interested groups known as stakeholders, while the discipline of accounting had to incorporate principles such as accountability and the triple bottom line. These changing conditions made old paradigms dysfunctional, but paradigm paralysis sets in as individuals seek some stability and predictability amid all the change. The solution to paradigm paralysis is "metanoia". Metanoia is a word used by Peter Senge in *The Fifth Discipline* (2004) describing a kind of learning where people are continually discovering how they create their reality. Lewis Perelman (1984 as cited in Gelatt, 2003: 14) in *The Learning Enterprise* called individuals with skills to overcome paradigm paralysis as "flexperts". Such a director would be open-minded, comfortable with uncertainty, open to change and capable to incorporating different beliefs, knowledge and attitudes.

- **Info-mania**

Info-mania is the idolisation of information. When a difficult situation develops or emerges, the solution is seen as to be remedied through information. Info-mania limits creativity, as knowing what is probable in the future, may inhibit learning what is possible (Gelatt, 1993). Seeking only facts leaves little room for insight and understanding. The cure for info-mania is enlightened ignorance. With the release of the draft King III Report in February 2009, Mervyn King stated that independent non-executive directors should learn how to ask "intellectually naive" questions.

Although independent non-executive directors are expected to operate independently from management, they are unable to do so in practice, because they rely on this same group to provide them with the information necessary for decision making, thus leading to an independence paradox (Hooghiemstra & Van Manen, 2004: 322). King stated in his opening address that independent directors should not disguise their ignorance of the subject at hand or completely trust the information provided to them. Instead, a process of "naive questioning" will allow the entire board to understand and gain understanding into the situation at hand.

- **Reverse paranoia**

People suffering from reverse paranoia believe that they are following a visionary leader that will lead the business to the "promised land" (Gelatt, 1993: 16). This allows one to give away personal responsibility and to ignore the need to develop the capability of imagining a desirable future and creating it. Reverse paranoia leads to reactive behaviour where the independent non-executive director simply follows the leadership of the chairperson. Overcoming reverse paranoia involves imagining desirable futures and visualising a powerful and positive role for the individual director by contemplating their actuality and creatively engineering the future they want. Michael LeBoeuf (1992) calls this skill "imagineering" which is a paradoxical, balanced skill in that it involves both the art forming mental images with the application of the science of managing (Gelatt, 1993: 4).

In other words, creating future sense for the independent non-executive director involves the paradoxical attitude of not completely understanding current uncertainties, not knowing what the future will be and yet knowing and believing that one can be an empowered actor in creating the kind of future of the company that is desirable. The time has come to overcome the above-mentioned disabilities with future sense, and the first step is to accept that we cannot use only rational processes to eliminate uncertainty. Senge (2004) explains that creating the future may require you to unlearn yesterday and invent the future through mental models that determine the boundaries of your future.

5.5.1.2.2   The absent stakeholder: Challenging mental models

As discussed in Chapter 3, the absent stakeholder is defined as individuals, communities, institutions and organisations that may be affected, both positively and/or negatively, by current business practices. Through the use of strategic foresight, boards can adapt and respond to the challenges that will affect the interests of the absent stakeholders, but for those that are ill-prepared or stuck in mindset myopia, sustainability is going to become a significant financial burden and even a threat to the company's survival. Strategic foresight is essential for steering the company towards the future. Reaction might be possible without strategic foresight, but not action,

because to act, requires anticipation. Thus, images of the future (goals, objectives, intentions) are part of the causes of present actions.

The foresight process itself has the potential to alter future events by investigating possible futures and seeking to define preferable futures for both current and future generations (Amsteus, 2008: 55). Slaughter (1990: 803) states that foresight is first and foremost a part of perception and cognition that is made possible by the human brain. In order to actively evaluate alternative futures, independent non-executive directors must be encouraged to change traditional methods of viewing the future to a pro-active approach by considering the future implications of current actions and events and envisioning aspects of desired futures. There are a number of specific futures assumptions that may empower independent non-executive directors to assist in placing sustainability at the forefront of the company's governance agenda (Bell, 2007: 15):

- The future is not totally pre-determined. This assumption explicitly recognises the fact that the future does not already exist and is "open" to be influenced by individual and collective action.

- Some futures are better than others. This should be a salient assumption for strategic foresight practitioners, as they should explicitly explore preferable as well as possible and plausible futures.

- The only useful knowledge is knowledge about the future. This assumption follows from the fact that the past no longer exists, in other words, "closed". Although one can learn more about the past by looking at the previous years' sustainability reports, it cannot change the past itself. The future is different as it might still be bent to human will. Even imminent events, such as energy resources shortages and climate change that is beyond human control, may be adapted to successfully, if they can be anticipated.

According to Peter Senge (2004), some of the most brilliant ideas and strategies fail to get translated into action due to mental models. Mental models are defined as a level of mental representation that determines how we make sense of the world and take action. New insights into corporate governance may fail to get put into practice, as they conflict with deeply held internal views of how business works, images that limit directors to familiar ways of thinking and acting.

Most directors in South Africa agree on the premise (and as recommended by the King Reports) that organisations must balance the needs and interests of multiple stakeholders (Engelbrecht, 2008: 165–172). However, the shareholder-wealth-maximising paradigm constitutes a dominant discourse that is often emphasised in response to pressure from shareholders (Torigny, Dougan, Washbush & Clements 2003: 1036). Directors and executives often experience pressure from controlling shareholder blocks, such as major pension funds, to continuously increase earnings.

Boards that face the threat of criticism by these shareholder blocks on the basis of poor short-term financial performance will often make decisions in such a way as to respond to those pressures. According to Friedman (1970 as cited in Engelbrecht, 2008: 64), when the dominant discourse places financial strategy ahead of other strategic objectives and social responsibility, shareholder interest becomes the ultimate moral end of the organisation, and consequently, any decisions made in the name of financial criteria are constructed as moral.

This approach of "either-or" fosters tunnel vision mindsets that induces the view that if some stakeholders gain, others lose out. Torigny *et al.* (2003) argue that this mindset becomes institutionalised in a generally accepted "conception of control" which directors do not question and which resists change. The dominance of a shareholder-wealth-creation mental mode can induce questionable decision making and behaviour. Boards of directors are frequently isolated groups where members may not challenge espoused beliefs, especially when those ends are not financially desirable. Boards often do not include outsiders who are likely to play the role of the devil's advocate in decision making processes, re-enforcing the constraints and limitations of the prevailing mental model (Sonnenfeld, 2003: 11). Independent non-executive directors play a fundamental role in challenging this "group thinking" by questioning traditional views and raising questions about the inherent morality of its activities.

5.5.2   Navigating futures

Enabling Learning Outcomes	The participant must be able to do the following: • Distinguish between different types of futures; • Show an understanding of the six concepts of futures thinking; • Investigate the futures of the company; • Acknowledge that a preferred future may be created through good corporate governance practices.

The second step in the shapeshifting framework involves the practice of "futuring". The primary goal of "futuring" –the active exploration of future possibilities – is to develop strategic foresight through identifying possible, plausible and preferable futures.

5.5.2.1 Rationale

Organisations are not passive participants in their future but possess the potential to shape their futures creatively and positively (Cornish, 2007: 211). In the past, thinking about the future was much less of a priority as the world changed led slowly. However, the rapid change of the 21st century opens extraordinary opportunities for companies who have a future-orientated attitude and know how to explore the possibilities of the future.

The strategic decision making processes of the board can be viewed as a series of choices. The more knowledge there is about the forces shaping the future, the better can alternatives among which a choice must be made be described and the better can choices be accounted for. Strategic foresight involves exploring the overall costs and benefits of alternative courses of actions and futures, alternative goal orientations and options.

5.5.2.2 Key ideas and concepts

5.5.2.2.1   Types of futures

Probability refers to the concepts of chance and likeness. A probable future is a future that is more likely than some other future (Van der Helm, 2007: 4). Possibility refers to a claim of reality and is considered by default, potentially realisable either passively or actively. Plausibility refers to the structure of the argument, where truth-value is based on the convincingness of the discourse describing the future.

Inayatullah (2005: 48) uses a method called "the futures triangle" to explore alternate types of futures. Figure 5.6 below maps three qualitatively different dimensions of the future to arrive at the plausible future. First is the pull or the image of the future. There are often competing images – a dominating image, a contending image and fringe images. Images are visual and not susceptible to data-orientated analysis. Second are the pushes or drivers of change. They usually include socio-economic, technological and institutional aspects and are easily quantifiable. Third are the weights or barriers to change. This may be within the organisation itself, current board performance or government regulations.

Inayatullah (2008: 4) suggests six concepts of futures thinking that can assist in encouraging independent non-executive directors to embrace new ways of looking at sustainable corporate governance practices. The first is the concept of the "used future". Is the image of the future a desired future of the company or was it unconsciously borrowed from someone else (Inayatullah, 2008: 5). When one looks at the development of internal company corporate governance documents, it tends to follow the same patterns from appearance, to content, to requirements (Engelbrecht, 2008: 87). It is important for independent non-executive directors to understand that, even though one does not have to re-invent the wheel, development of governance initiatives without vision that incorporates the company's own values, culture and strategic aims, may lead to flawed decisions and unsustainable practices.

Pull of the Future

Sustainable and profitable organisation

World recession

Bankruptcy

Plausible

Future

Push of the future

Globalisation

Environmental concerns

New technologies

Weight

Economic exclusion

Board dynamics and attitudes

Assets: Tangible/Intangible
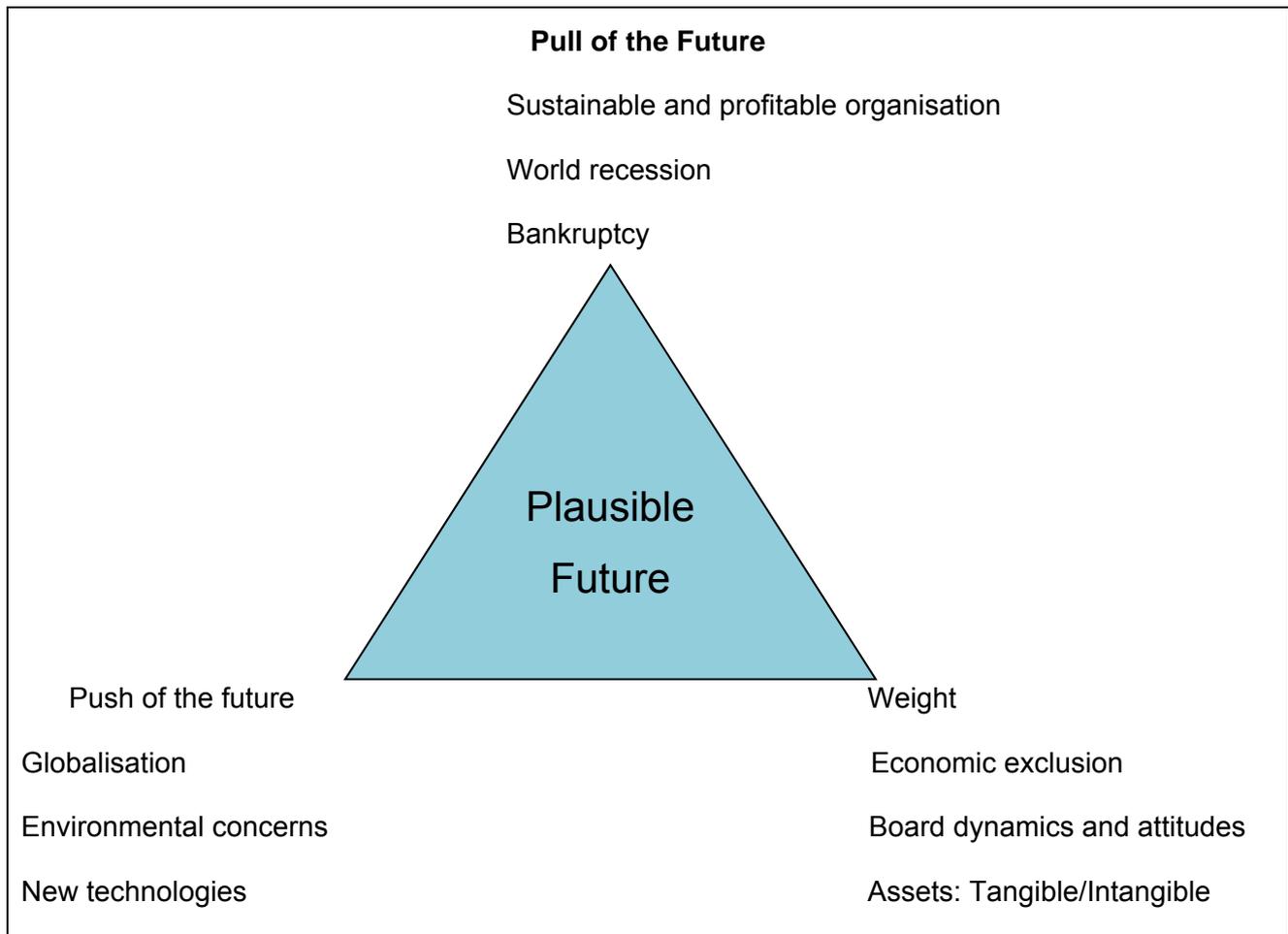
Figure 5.6 The futures triangle

Source: Inayahtullah, 2006: 207.

The second concept is the disowned future. Companies tend to only focus on strategic plans for improved financial performance and by the act of creating only one direction ignores other options or "futures". Inayatullah (2003) states that it is the self-disowned, the future pushed away, that may become of significant importance in the years to come. He uses the story of the tortoise and hare to illustrate this point: People tend to focus on the hare, wanting the hare to be the quickest and the fastest and make the most profit, but it is the tortoise or the reflective self that may have the answer to the future. Plans go astray, not necessarily due to ineffective strategies, but because the act of creating a particular direction ignores others and organisational selves. The challenge is to integrate our disowned selves, for example, for directors to place themselves in the position of smaller stakeholders, or to envision future living conditions for the absent stakeholder. This implies moving futures closer – from a purely goal orientated approach to a softer inclusive approach.

The third concept is to embrace the principle of alternative futures. By looking for alternatives, new solutions and ideas might appear. Alternative futures thinking will enable stakeholders that we cannot always predict a particular future accurately, but by focusing on alternatives, we can prepare for and embrace uncertainty (Inayatullah, 2008: 6). This requires an openness to change,

as if one particular future does not occur, the company may quickly adjust and adapt to changing conditions. If alternatives have not been mapped, the mind had become inflexible.

The fourth concept is alignment. This surrounds the alignment of day-to-day problems of running the company to the broader picture or long-term vision for the implementation of corporate governance. The board may have a particular governance strategy for the future, but its inner map does not reflect that strategy. In other words, there may be a disconnection between what the board may say and do or wish others to do and the inner map of the organisation. This includes external alignment where the actions of boards and directors reflect the long-term vision, as well as internal alignment where stakeholders are informed and included in the formulation of the vision. Independent non-executive directors within the board dynamic first have to discern how the company perceives itself. For example, is it youthful or mature? Do board members believe that the future is random or that we may use forecasts to predict the future? Sunter and Visser (2002) use a simplistic but effective image of how a company may perceive itself. They believe that the majority of businesses embody the characteristics of a lion, a predator. As the future calls for different strengths in an age of sustainability, they call for businesses to adopt characteristics as displayed by the elephant. A short overview of company characteristics as displayed by these two images are listed in Table 5.4.

Table 5.4: Images for company futures

Conquest: The legacy of the Lion	The promise of the elephant
Connotation of leadership and power	Connotation with wisdom, well-being and leadership.
Competitive business environment demands "survival of the fittest" mentality	Epitome of sustainability and adaptation.
Short-term financial gratification. Poorly responds to changes over time.	Able to modify behaviour according to circumstances.
Predatory: Top of food chain – profits do not trickle downwards	Not predatory. Co-operative and symbiotic relationships. Social cohesion.

Source: Sunter & Visser, 2002: 23–46.

The fifth concept is the model of social change. Do stakeholders believe that the future is positive and that current actions can have future implications? Or is the future bleak and they expect acts of corruption to continue? The question that should be answered is how does the organisation imagine the future?

The last concept is identifying the use of the future. Futures thinking can simply be about foresight training, assisting individuals and organisations with new competencies. At a deeper level,

foresight can help create a more effective corporate governance strategy. By understanding the alternative, used and disowned futures, organisations can become far more innovative (Inayatullah, 2006: 6).

5.5.2.2.2   Creating preferred governance futures

In implementing good corporate governance practices, it is important that boards define what they perceive to be necessary in order to achieve this goal. The emphasis here should be to attain "substance over form" and not pay mere lip service to the concept. Although it is the responsibility of the board to determine strategic direction, the organisation that is expected to embrace these practices will always be a social organisation that may perceive success rather differently. A successful strategy is one that is articulated through a balance of the different meanings of a variety of stakeholders to what constitutes as good corporate governance practices aimed at sustainability.

It is important to note that sustainability has no time-frame and there is no clear moment when a company can announce that it has reached the goal of "perfect corporate governance". Therefore, should a company wish to reach the goal of institutionalising corporate governance principles in all its practices, it needs to determine its goals, time-frames and personal criteria for success. Defining a well-balanced meaning of future success is crucial in empowering stakeholders to "aspire and conspire" towards initiating and implementing what it perceives and envisions as good corporate governance practices (Figure 5.6).

According to Hamel (2006), the big challenge in creating the future is not in predicting one future, but instead to imagine futures that is plausible, a future that can be created. He suggests that in encouraging people to seriously think about the future, one has to create a deep sense of restlessness with the status quo. If you want business leaders to create a view of the future and to craft a meaningful long-term strategy, you have to create a hierarchy of imagination. The independent non-executive director can achieve this objective by posing the question: What are our personal criteria by which we will judge whether the company has adopted, initiated and implemented good corporate practices in five years' time? Figure 5.7 illustrates plausible futures that a board may identify after consultation with various stakeholders.

Figure 5.7 A measured balance of corporate governance success criteria

Source: Compiled by researcher

Six basic future questions may consequently be asked:

- What do you imagine the future will be like? Is the relationship between the board and stakeholders based on mutual trust? Why?

- Which future are you afraid of? Do you think it is possible to transform this future into a desired future?

- What are the hidden assumptions of your predicted future? Are there some taken-for-granted assumptions?

- What are the alternatives to your imagined or feared future? If you change some of your assumptions, what alternatives emerge?

- What is your preferred future? How do you see the role of corporate governance in your organisation?

- What steps can you take to move towards your preferred future?

5.6   PHASE 2: ANTICIPATING FUTURE IMPACTS

Critical Learning Outcome 2	Participants should be able to think more deeply and systematically about corporate governance and sustainable development in order to demonstrate a practical understanding of the complex world in which the organisation operates and be able to use futures methods to anticipate problems, opportunities and challenges using strategic foresight as core competence.
Culminating Learning Outcomes	The participant must be able to identify, analyse, organise and critically evaluate information regarding current practices by understanding and acknowledging the "meanings assigned", and importance given to governance compliance and initiatives by the various stakeholders. The participant must be able to demonstrate an understanding of the business activities of the company as a set of related systems, by recognising that problem-solving contexts do not exist in isolation.

The second phase in the shapeshifting framework (Figure 5.8) involves empowering independent non-executive directors by providing them with futures principles and methods that will enhance their understanding of the world in which the company operates in order to enhance the strategy formulation process in creating a preferred future.
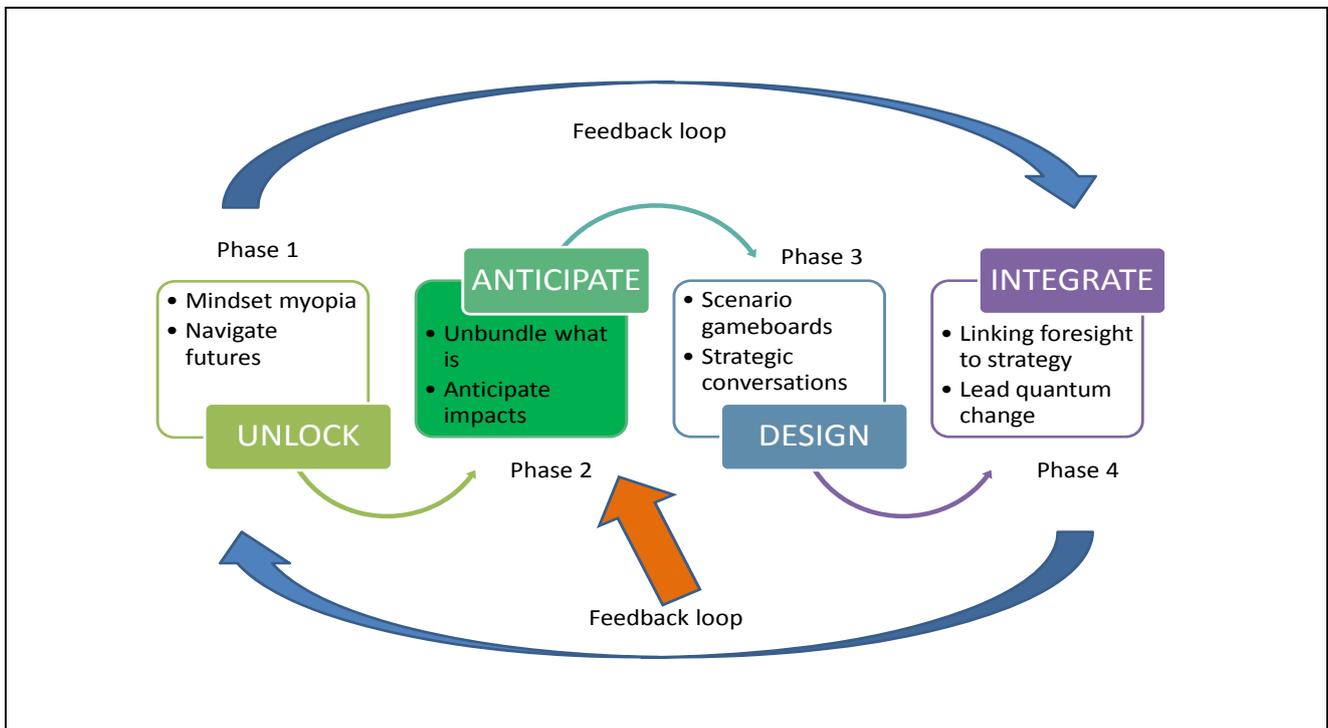
Figure 5.2 Phase 2 of the shapeshifting framework

Source: Compiled by researcher.

5.6.1   Unbundle what is

Enabling Learning Outcomes	The participant must be able to: • Use the futures tool of causal layered analysis (CLA) to map the inner and outer dimensions of the company's governance practices; • Identify and examine the world-views and mindsets of the stakeholders towards corporate governance.

The third step in the shapeshifting framework is based upon a relatively new paradigm in futures research called critical futures studies (CFS). According to CFS, the future can be interpreted not only as something that will materialise eventually, but also as something that already exists in the present, including in people's own thoughts, emotions and values (Hideg, 2007: 38). This kind of future that exists in the present is seen as a form of human foresight that can be developed and enhanced through learning. Slaughter (2007a: 10) states that CFS distinguishes between different time zones: the sequence of past, present and future. The past presents as history, achievement and condition of identity, while the present means understanding, perception, facts and activities. The future evokes expectations, objectives, plans and future acts. The time zones constantly intertwine, undulate and permeate one another and focus on the general existence of the future in the present, i.e. foresight (Hideg, 2006: 39).

5.6.1.1 Rationale

Unbundling what is currently happening in the organisation should be pre-empted by the mapping of the inner dimension of the company. This consists of undertaking a structural functional analysis of the organisation's current corporate governance practices and then finding different ways of doing it. There are a number of methods for uncovering the depth of desired futures, but the causal layered analysis technique (CLA) might be used by boards and more specifically independent non-executive directors as a means to inquire into the causes of social phenomena surrounding current corporate governance practices and to generate a set of initiatives based upon the information obtained.

5.6.1.2 Key ideas and concepts

5.6.1.2.1   Causal layered analysis

Causal layered analysis seeks to integrate empiricist, critical, interpretive and action learning methods of analysis that consists of four levels: the litany, social causes, discourse/worldview and myth/metaphor (Inayatullah, 2002: 56). It focuses less on the horizontal spatiality of futures and more on the vertical dimension on layers of analysis. These dimension/layers involve the following:

- Litany: The official, conventional or unquestioned view of reality;

- Social Causation: Attempts to articulate causal variables as historical contributing factors are revealed. The data of the litany is explained and questioned at this level;

- Worldview/Discourse analysis: The problem is constituted by a frame of analysis with a strong focus on the genealogy of the problem. Ideological, worldview and discursive assumptions are examined at this level;

- Myth/Metaphor Analysis: Involves the sub- or unconscious emotive issues of the dimension;

The aim of conducting a futures activity using CLA is to move up and down through these layers of analysis in order to create more authentic and alternative views of the future and map the inner dimension of the organisation. Thus, the inner dimension links the litany of the organisation (its official self image), the system of the organisation (what it does, how it rewards), its worldview (culture and ideologies of stakeholders) and finally myths surrounding corporate governance practices in South Africa (Inayatullah, 2007a). According to Slaughter (2007a: 18), "causal layered analysis provides a richer account of what is being studied than the more common empiricist or predictive orientation which merely skins the surface". Each of the above-mentioned dimensions has different assumptions about the "real", the role of the subject, the nature of the prevalent circumstances and about the nature of the future. Its utility is not in the predicting of the future as such, but in creating transformative spaces for the creation of alternative futures. Combining all four dimensions can lead to a more critical and accurate inquiry into the future. This involves contextualising data (predictive) with the meanings we assign to them (interpretive) and then locate these in various historical structures of power and knowledge. The tradition is not only concerned with interpretation, but also creating distance from the categories. In its post-structuralist approach, the task is not prediction or comparison, but making the analysis more problematic (Inayatullah, 2002: 45).The task is not as much to define the future, but to "undefine" the future or to question it.

Litany (Visible): Problems, quantitative trends, regulatory environment, latest corporate scandals.
Social Causes: Socio-economic conditions, inherited problems, company documents, data
Worldview: Supports and legitimize issues. Explore discourses.
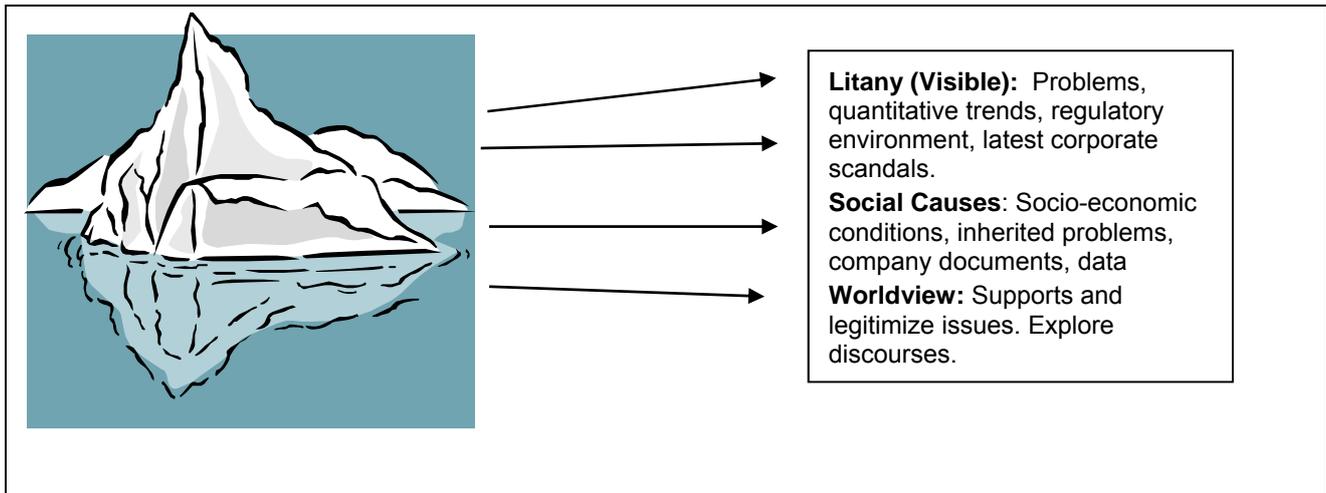
Figure 5.9 Causal layered analysis

Source: Inayatullah, 2006 (Adapted by researcher).

If we apply these layers, as illustrated by Figure 5.9, to the corporate governance realm, the litany answers are found in government initiatives such as the King Reports, corporate law reform, industry journals, expert opinions and key initiatives. Boards are concerned with complying with the minimum legal requirements of the governance regulatory environment. Problems are often exaggerated and events, issues and trends appear discontinuous. The result is often a feeling of helplessness as the problem seems too difficult to solve. This level is the most visible and obvious, requiring few analytical capabilities by directors and is rarely questioned.

The "social causes" layer explores what is understood by the company in terms of established structures and paradigms. Historical factors such as economic exclusion before 1994 and public policies are examined. Interpretation is given to quantitative data. This level excels at technical explanations, but although the data may be questioned, the language of questioning does not contest the paradigm in which the issue is framed (Inayatullah, 2005: 56). This will reveal the attitude and level of commitment of different groups of stakeholders and the board to corporate governance initiatives. It will also test the level of understanding of what constitutes good corporate governance practices and the importance thereof to create a sustainable economy.

The third, deeper level is concerned with structure and the discourse/worldview that supports and legitimises it. It explores the underpinning logic behind seemingly contrasting ideas, such as the profit motive and sustainable business. Discerning the deeper assumptions behind the issue is crucial here, as are opportunities and efforts to re-vision the problem. The foundations of the litany level are presented and the variables used to understand the litany are questioned. Directors should explore how past practices and beliefs were complicit in the framing of the issue.

The final layer is that of myth and metaphor. These are the deep stories, unconscious and often emotive of the issue. In other words, what are the emotive issues surrounding the idea of corporate

governance compliance? This level provides an emotional level experience to the worldview under inquiry. This is the root level of questioning. The solution lies in uncovering the myths behind corporate citizenship and imagining alternative futures.

CLA is not a philosophy, but a modular tool to analyse layered content and its causes, i.e. the derivation of the board's construction of perspectives or "reality". Most techniques do not investigate on how the board arrived at its decision. It explores the multiple levels of the future, ensuring that the future is seen as layered and complex. It suggests that social change can be entered through multiple spaces and that the future is not seen as a given, but as constituted by various levels of reality towards alternative futures (Inayatullah, 2007a).

5.6.2   Anticipate impacts

Enabling Learning Outcomes	Identify the rules and context of corporate governance in SA; • Conduct an environmental scan using the four quadrants; • Identify possible wild cards.

5.6.2.1 Rationale

McCallum (2007: 3) describes the 21st century as a century of choice. He claims that we are the first group of humans that can, if it wants to, determine the kind of future it wants. By applying the foresight principle, those decisions have long-term consequences and that future alternatives imply present choices, companies can create preferable futures by designing their own corporate governance strategy.

5.6.2.2 Key ideas and concepts

Before the board can envision, model and create a preferred corporate future, the "rules of the game" must be examined. Defining the "game" involves reviewing the evolution of corporate governance in recent years where it stands today, together with the company's status as player.

5.6.2.2.1   Rules of the game

Ilbury and Sunter (2007: 3) suggest several strategic questions companies should explore before choosing a preferred future, as selecting the game you want to play in future, is equivalent to choosing the direction of the business:

- **Context:** How has corporate governance changed since 1994? Where is it heading? What new legal changes are on the horizon, such as the amended corporate law acts and the King III Report? Why was the credit crisis not averted despite the existence of governance codes? What factors within the socio-political context of South Africa are affecting corporate

governance practices? More importantly, how have you fared as a player? These questions are designed to take companies beyond familiar territory and encourage independent non-executive directors to ask difficult questions regarding the company's current position and governance practices.

- **Scope:** What is the current playing field of the company? What lies inside and outside its corporate governance boundaries and activities? Is the company merely ticking the boxes in its sustainability reporting? In considering scope, companies should reflect on corporate culture, core competencies and activities and organisational structure. Where is there scope to extend corporate governance activities? However, at this point the scope of activities should be regarded as provisional, since it may be altered later on.

- **Key uncertainties:** What are the main uncertainties that can have a major impact on future corporate governance activities that will determine its success? Uncertainties can be economic, political, social, technological or legal.

- **Players:** Who are the players that can significantly change the playing field of corporate governance in South Africa? What is the role of government, trade unions, communities, shareholders and the media? How do your employees and other stakeholders feel about the company's current corporate governance practices? Which entities in your supply chain's practices may have an influence on your sustainability?

Every business environment has certain rules. Firstly, descriptive rules which include those which describe the long-term forces, such as the expected new recommendation by the King III Report and the 2009 Companies Act (SAICA, 2009). Secondly, normative rules which cover the culture and corporate ethics within the company. These rules are generally universal for all companies, such as the issues surrounding sustainability and corporate citizenship. Lastly, aspirational rules that would assist in guiding a company to sustainable business practices over and above what constitutes good corporate governance practices.

5.6.2.2.2   Environmental scanning

Environmental scanning (ES) is a methodology that stands at the juncture of foresight and strategy (Slaughter, 2005: 442). It establishes organisationally relevant criteria that allow boards to discern information, knowledge and insight from the multitude of "signals" that occur daily. Information derived from ES is increasingly being used to drive the strategic planning process and according to Choo (1999), research evidence shows that environmental scanning is linked to improved organisational performance. In most traditional approaches, people responsible for ES use a scanning frame (social, economic, technological and political) which helps them decide what aspects to look at and how to judge the usefulness of the information. Slaughter (2005: 442)

states three reasons why this approach is insufficient. First, the traditional scanning frame overlooks phenomena that do not respond to empirical investigation. Second, all organisations are located in a wide milieu, an environment that experiences dysfunction and upheaval on an unprecedented scale. In the third place, boards need access to richer, deeper outlooks that involves thinking more broadly, deeply and more thoughtful, innovative strategies. Slaughter (2005) proposes a new and integrated approach to ES that encompasses aspects from both the internal and external (traditional ES) "world" of the organisation based on Wilber's (1995) four quadrant approach. Each quadrant is used to trace the process of evolution in that particular field. Consequently, there are four parallel processes linked with each other: exterior-individual development, inter-social development, exterior individual development and exterior-social development. With reference to human behaviour, the upper right quadrant is emphasised by behaviourism, while the upper left quadrant contains the influence of symbols, images and concepts. The lower right quadrant implies the global world system and its influence and the lower left quadrant outlines the culture, values and worldviews of the organisation. Slaughter (2005) suggests that this new method of ES is used in conjunction with traditional scanning methods to gain insight into trends and events from different perspectives.

There is, of course, still an amount of uncertainty that remains after environmental scanning exercises. Courtney (2001: 14) refers to it as residual uncertainty. Residual uncertainty is the uncertainty left over after the best possible analysis of the issue at hand – "what you don't know that you don't know". Leaders who wish to anticipate unknown risks need to develop 20/20 foresight. Courtney (2001) identifies four levels of residual uncertainty as illustrated by Figure 5.10:

Level 1 A single view of the future	Level 2: A limited set of possible future outcomes, one of which will occur	Level 3: A range of possible future outcomes	Level 4: True ambiguity

Figure 5.10 Residual risk

Source: Courtney, 2001: 22.

Boards facing Level 1 uncertainty have a clear, single view of the future. This occurs when the range of possible future outcomes is narrow enough that the uncertainty can be dealt with effectively and efficiently in the decision making process. However, pure Level 1 situation is increasingly uncommon in the global economy of the 21st century. Information-rich, slow moving environments are where most Level 1 strategy is formed. Courtney (2001: 25) uses the following example – customer demand and cost parameters in a stable market environment with relatively stable business models and reliable information sources. Level 2 presents the director with a limited set of possible answers, one of which is correct. Through scanning methods, they are able to identify a set of possible futures outcomes. Potential regulatory, legislative or judicial changes are often sources of Level 2 uncertainty. In some respects, Level 3 uncertainties resemble Level 2 uncertainty. The difference lies in that directors can only define a representative set of outcomes of what might occur, and thus is not collectively exhaustive. Some other point within the range of possible outcomes could very well occur. Unstable macro-economic conditions, inflation rates and currency fluctuations are a common source of Level 3 uncertainties. Future outcomes for Level 4 uncertainty are both known and in many ways unknowable. As far as the director can tell, there is a limitless range of possible outcomes. Frequently, they occur immediately after major technological, economic or social discontinuities. According to Courtney (2001: 12), most business strategy decisions are made under either Level 2 or Level 3 uncertainty. The concept of residual uncertainty creates the right mind-set for independent non-executive in utilising strategic foresight in uncertain environments (Level 4). It creates an expectation that a systematic investigation using futures tools and methods is called for under uncertainty. It biases decision making towards the assumption that even seemingly high-uncertainty drivers can and should be analysed, and that such analysis may lead to new strategic insight.

According to Wilenius (2008: 67), a fundamental rule for successful foresight is the extent to which one tries to imagine any conceivable situation that may lie ahead. As the future by definition is something that does not yet exist, the smallest piece of information can be immensely valuable at the right time and place. It is therefore essential that boards carefully and open-mindedly read the "clues" that are discovered through environmental scanning. Futures researchers refer to existence of weak signals (Wilenius, 2008: 71). A weak signal is some sudden new phenomenon, event or development that no one has been able to predict. It is often not the weak signal itself that matters most, but what it reveals about some entirely different idea or trend that impacts the company's operating environment. Identifying weak signals are often problematic due to the following reasons. A weak signal may be new and surprising to the recipient as it falls outside the familiar fold and may be difficult to comprehend. For instance, climate change has been on the agenda of environmentalists for decades, while companies have only recently been investigating its impact on operations. Second, it may be difficult to detect the weak signals amidst all the "noise" and the other signals. The third aspect is that it is often underestimated by the very people who are

in control. Directors may be very knowledgeable about financial risks, but less aware of political risks.

5.6.2.2.3   Black swans

The so-called "theory of black swan events" was developed by Nassim Taleb in 2007 in an attempt to explain the role of high impact, hard to predict and rare events that are beyond the realm of normal expectations (Taleb, 2007). The phrase "black swan" originated in the 16th century when all swans were presumed to be white, as all historical and ornithological records reported that swans have white feathers. The observation of a single black swan in 1697 in Western Australia disproved all knowledge and information regarding swans until then. The term metamorphosed to connote that a perceived impossibility or a set of conclusions can be disproven once its original fundamental postulates are disproven (Taleb, 2007, 5–35).

In futures studies, black swan events are referred to as wild cards. Like black swans, wild cards are large scale, low probability, high impact events that occur within a short amount of time (Petersen, 2006: 1). Understanding the characteristics of wild cards/black swans may lead to an understanding of how companies may be able to effectively deal with these events:

- Black swan events are complicated: The unpredictable interaction between different parts of a system, together with any small, seemingly insignificant event may result in a chain reaction that results in huge shifts for the entire network;

- Black swans can originate anywhere and is driven by perception: In terms of their initiation, wild cards are neutral. Particularly with social, big events can be precipitated by how people perceive the problem, not what actually comes from the problem itself;

- Black swans can be both positive and negative: Although it may seem that most wild cards are negative, there are many that may have positive results, i.e. the credit crisis may lead to governance reform in the banking sector;

- One black swan event can set of another and can have synergistic effects: Two or more unrelated wild cards may show up in close proximity and even though one did not directly affect or precipitate the other, the net effect of them will be much greater as if they happened in isolation.

Since black swan events are, by definition, surprises, it might be assumed that there is nothing the company can do about them. In time of exponential change and uncertainty, it seems prudent to investigate them, as this would increase the possibility that some major future negative events may be avoided or mitigated (Petersen, 2006: 3). Three major questions must be asked:

i.   Which are the most important black swans for the organisation?

As there are so many variables, Petersen (2006) suggests a simple process based on the Arlington Impact Index that can be used to quantify the potential impact of a specific event. Although the process is relative, the conclusions are of great value. Three major characteristics are used – impact on human systems (vulnerability, timing opposition and power), large and profound implications (reach, outcome) and rate of change.

ii.   Can we (the board) anticipate their survival?

Early warnings are invaluable, as it allows a new set of opportunities to open up for the organisation. If some of the wild cards could be anticipated and assessed ahead of time, the board can plan for them and in some cases even prevent them from becoming a reality. The key is careful focuses and objective observation, coupled with new methods of accessing information.

iii.   Is there anything we can do about them?

When the best information is available, a new understanding of the potential problem is much more likely to suggest a new direction of action. The more that is known about a potential future event, the less threatening it becomes.

5.7   Phase 3: Designing preferred futures

Critical Learning Outcome 3	Participants should be able to use the futures methods (conversation circles, scenario-building) effectively and critically, showing responsibility towards the environment and its stakeholders in order to create a preferred corporate governance future for the organisation.
Culminating Learning Outcomes	In constructing a corporate governance gameboard, the participant should be able to not only evaluate the board's current governance and performance and position, but more importantly identify the position where they would like to be in the future. The participant should be able to engage internal and external stakeholders in a constructive discussion regarding creating a preferable corporate governance future in order to create attitudinal alignment and greater transparency and accountability through effective integrated sustainability reporting

The third phase of the shapeshifting framework (Figure 5.11) allows independent non-executive directors to actively engage stakeholders to create a preferred corporate governance future for the organisation by using futures tools, such as conversation circles. Furthermore, the futures tool of scenario building aids the independent non-executive director to critically assess the current performance of the board with regards to corporate governance practices and initiatives, or the lack thereof.
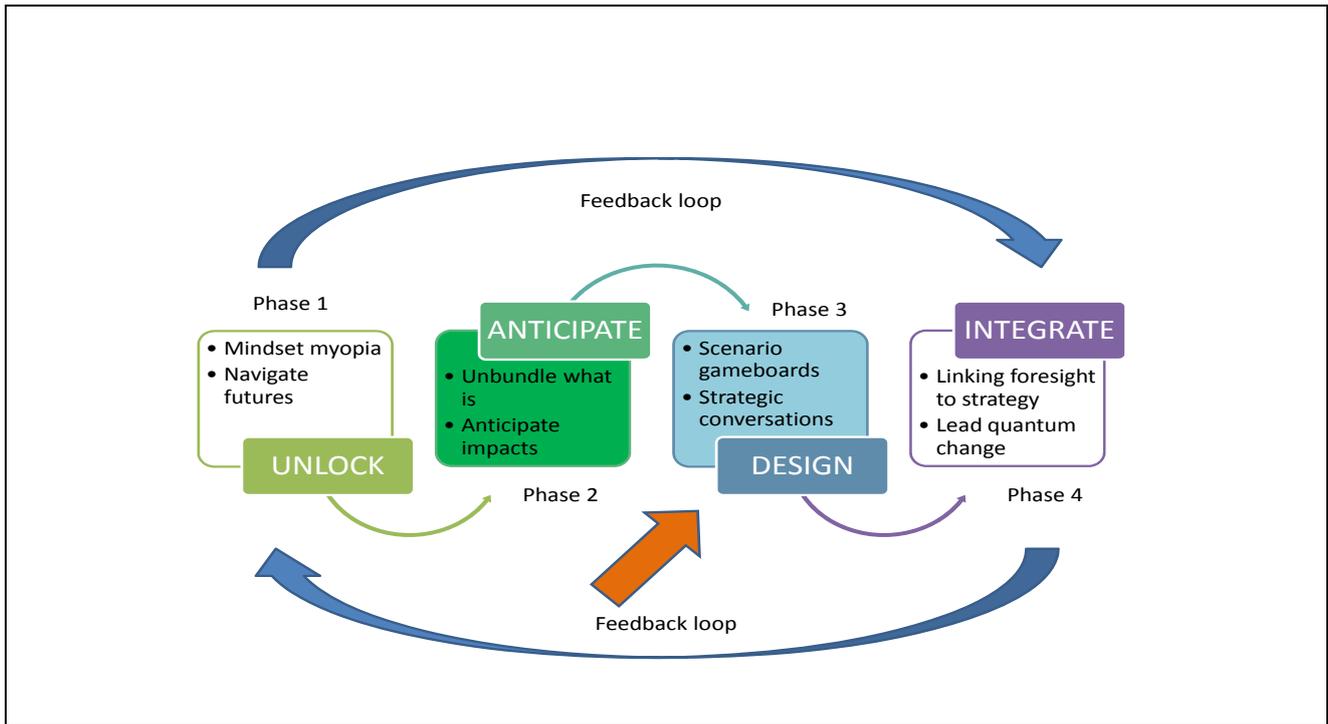
Figure 5.11 Phase 3 of the shapeshifting framework

Compiled by researcher.

5.7.1   Scenario gameboards

Enabling Learning Outcomes	The participant must be able to: • Use scenario-building as an effective futures tool to facilitate strategic foresight; • Draw up a corporate scenario gameboard using the software provided.

5.7.1.1 Rationale

According to the foresight principle, every decision a company makes in the present will have a potential set of different outcomes in the future. These possible outcomes are based upon key uncertainties constructed from internal and external variables that will affect corporate governance in South Africa.   Sunter (2009) calls these outcomes "scenarios" that interconnect to form a scenario gameboard.

The Oxford Dictionary (1992: 650) defines a scenario broadly as "an outline of a natural or expected course of events". Kahn and Wiener defined a scenario as a hypothetical sequence of events constructed for the purpose of focusing attention on causal processes and decision points. According to Pierre Wack (Royal Dutch/Shell), scenario planning is a "discipline for rediscovering the original entrepreneurial power of creative foresight in context of accelerated change, greater complexity and genuine uncertainty" (as cited in Illbury & Sunter, 2007: 187).

Literature on scenario-building revealed the following characteristics (Van der Heijden, 1996; Ringland, 2002; Man, 2001; Illbury & Sunter, 2007; Roux, 2007; Wilson, 2006):

- Scenarios are not predictions. They do, however, explore the emerging landscape of the future and reveal possible images of the future.

- Scenarios are sketches or outlines. They seek to identify key branching points of the future and to highlight the major determinants that might cause one future to evolve rather than another.

- Scenarios are not meant to be exhaustive descriptions of all possible outcomes, but focus the attention on the interaction of possible unfolding events.

- Scenarios are multifaceted and holistic. It represents a synthesis that captures important aspects of future reality and focus attention on this.

- If planned properly, scenarios may help the board cope with the uncertainty of the future, and to make informed decisions in the present about matters that have long-term consequences. The greatest benefit is probably its contribution to strategic thought and communication between stakeholders to enable the board to be more flexible in responding to environmental uncertainty.

- Scenarios as a tool for thinking will have failed in its purpose if they do not clarify the future, do not identify what needs to be changed, are not credible and intelligent, do not identify future problems and are not internally consistent and logical.

It is important to note that scenarios are not just simulations of various combinations of present and future realities, but that they are also decision making models about how an organisation can operate and improve its decision making process under a variety of future possibilities.

Scenario building is considered by academics to be an objective method, as it is mainly based on data and information; a multiple method, since it considers and uses subjective methods (such as Delphi techniques) at various stages; a systematic method, because interrelationships between areas and trends are stressed in many cases; and a synoptic as well as simultaneous method, since a variety of variables are analysed at the same time. Most versions of scenario building incorporate some combination of the following three defining characteristics (Schnaars & Ziamou, 2001: 28):

- Scenarios as stylised narratives: Scenarios are mostly written as stylised stories or narratives that provide vivid images of the future. They are contextual rather than numerical;

- There can be more than one: Scenarios usually come in sets and often examines multiple possibilities;

- Scenarios trace the progression of the present to the future: Rather that providing a single point forecast, scenarios trace the progression of the present to multiple futures.

The first stage in scenario planning attempts to construct the base or present state of the system, which will be used as a starting point. This image must be detailed and comprehensive, both quantitatively and qualitatively (McKay, 2009: 34). This is done by identifying key variables which characterises the general environment of the system, as seen within its demographic, socio-economic and political context.

The analysis should also contain a retrospective aspect in order to identify the mechanisms and role players which have influenced the development of the system in the past. The main argument, according to Khan, is that one should first go back in time as many years as one intends to speculate into the future (Neumann, 2002: 2). This would allow the scenario planner to examine the changes that have taken place from that time up to the present and use it as a point of departure. A historic overview may thus provide a benchmark, as it is "easier to face up to the uncertainties of the future if scenarios are placed in the context of a continuum" (Neumann, 2002: 4).

The outcomes of the investigation and identification of key variables are represented by hypotheses or final images. Allowing for the degree of uncertainty involved with these hypotheses, scenario building relies on questioning experts as to its probability, calculating probability ratios and carrying out a sensitivity analysis. This involves varying slightly the probability of one hypothesis and observing its influence on other outcomes. At this point, the scenario is merely represented by an outcome. The main problem is to describe the "pathways" from the present situation to the final images that were selected. By scanning the present environment, the political analyst can begin to uncover current trends. These are dominant features that seem to be able to persist under any future scenario and are known as predetermined elements. Next, driving forces such as increasing global competition and regional cooperation must be identified. Lastly, current trends such as increasing interest rates should be examined. These layers interact in complex ways and may lead to very different scenarios. It is of utmost importance that the "rules of the game" be incorporated into the scenario (Illbury & Sunter, 2005: 49).

The methodology of scenario building described below comprises a seven stage process which has evolved from a number of different sources (Van der Heijden, 1996; Ringland, 2002;, Illbury & Sunter, 2007; Roux, 2007). The terminology varies and the number of stages differs in alternative models, but the basic elements and processes remain the same.

- Decide on the key questions to be answered by the analysis

The first step of any scenario building process is to identify the most important issue in question or the specific decision that has to be made.

For this, we have to know what is on the organisation's agenda. This is done by asking the right questions related to the business purpose of the organisation. Examples may include long-term capital allocation decisions, new investment opportunities that involve unknown risk, market strategies, development strategies and, of course, corporate governance and sustainable development. An understanding of the business context and identity is crucial, as it allows an organisation to be more adaptable in a changing world. As much information as possible needs to be collected regarding the organisation's present goals, strategies and other investments. Next, a specific time-frame or "horizon" for the scenario needs to be determined. A usual time-frame is five to 10 years, but it ultimately depends on the use and application of the scenario.

- Identify stakeholders and role players

The next step in the process is to identify and specify the key factors influencing the success or failure of the decision identified in step one. This involves deciding who will be affected and has an interest in the possible outcomes. Commercial, social and political interests of stakeholders need to be identified. To create scenarios, observations from the real world must be built into the "story". The process thus involves extensive research. Based on the scenarios identified in the previous step, assess what information and research is required. This should be done both narrowly (facts needed for a specific scenario) and broadly (to allow the scenario planner to pose other related questions.

- Identify basic trends and "pathways"

Pathways or driving forces are the elements that move the plot of the scenario from one point to another and ultimately determine the outcome. This includes industrial, economic, political, technological, legal and societal trends. In this step of the process, brainstorming may be a useful tool. This allows the identification of a wide variety of trends that can be formally assessed at a later stage.

- Identify present/past/future key uncertainties

In every scenario, critical uncertainties exist. These uncertainties are often related to pre-determined elements. The point is to identify two or three factors that are most important and most uncertain. All driving forces that are considered unimportant are discarded. The following subheadings are most commonly used (Neuman, 2002: 267):

- Cultural: Included societal attitudes towards elements such as work, health, education, welfare, crime, environment and equality.

- Demographic: Identifies movements in population growth and change, including issues such as urbanisation, greater life expectation, enhanced opportunities for women and a general modernisation of attitudes and ideas.

- Economic: Economic growth rate, inflation rate, savings, availability of capital, etc.

- Environmental: Gaining importance, especially in Africa, with regard to the growing acceptance of the philosophy of "sustainable development" together with the steady rise in the number of environmental policy instruments in force and the general movement towards more responsible and effective resource planning and management.

- Institutional: Identifies changing power structures throughout the world, the polarisation and fragmentation of governance, the emergence of city states, the transformation of the role of the public sector and the policies and regulations by government.

- Technological: The scope, pace and direction of technological change, the nature and function of the interactive society, the impact of information technology upon work and the way in which urban structure might be affected by advances in communications.

5.7.1.2 Key concepts and ideas

5.7.1.2.1 Composing scenarios

Defining and constructing the different scenarios is, in effect, the heart of the scenario building process. Usually, two to four scenarios are constructed. The findings and outcomes of the previous steps produce the axes along which the scenarios will diverge. Determining these axes establishes a logical rationale and structure for the scenarios which can then be examined in depth. It is also at this stage of the process where intuition, insight and creativity play the greatest role. What are called the "scenario logics" thus constitute the rationales that underlie a scenario's plot or story – the "why" underlying the "what" and "how" of a plot (Schwartz, 1996: 128). One must assume and accept that any probable outcome exists and that an infinite number of outcomes may occur. This approach is known as identifying "wild cards" in an attempt to incorporate the unexpected. The analyst might end up with more than five possible scenarios and Wilson (2006: 3) suggests the following criteria to narrow it down:

- Plausibility: The selected scenarios must have a definite capability of actually occurring within the allocated time-frame.

- Differentiation: The scenarios should be structurally different and not simple variations on the same theme.

- Consistency: The development of relevant indicators in a scenario must ensure that there is no built-in internal inconsistency that would undermine its credibility.

- Decision making utility: Each scenario should contribute specific insights into the future that will allow the organisation to make crucial strategic decisions.

- Challenge: The scenarios should challenge the organisation's conventional wisdom about the future and not merely state the obvious. Organisations need to be aware that a wide variety of options are available.

Scenarios are almost always written as stylised stories or narratives that provide a vivid image of what the future might look like (Schnaars, 2002: 25). A scenario has a beginning, middle and an end that follows a sequence of plausible, interrelated and connected events that make it persuasive and believable. Useful techniques include a highly descriptive title that is memorable and conveys the essence of the plot, compelling story lines that are dramatic, forceful, logical and plausible and a table of comparative descriptions detailing what might happen to every key factor or force in each scenario. The last step poses the fundamental question of how the task, issue or decision identified at step one looks in the light of the scenarios constructed. What are the strategic implications? How does the decision fit into each scenario? What options are suggested? Are any particular vulnerabilities exposed? Is the decision or strategy robust enough? Does it seem to work in only one scenario and thus qualify as high-risk? How can the strategy or decision be adapted? Thus, the final stage enables decision-makers to turn the scenarios into strategy.

5.7.1.2.2   The scenario gameboard

A scenario gameboard is a 2×2 matrix constructed out of the variables considered to be the most important to the company (Sunter, 2009: 1). The variables may both be external (outside the control of the company) or internal (within the control of the company). For example, Sunter (2010) uses an 'international gameboard' to illustrate the different political and economic possibilities for the future state of the world (Figure 5.12) where:

The vertical axis relates to whether globalization continues to be the grand, unifying force it is or whether the world enters an era of fragmentation driven by national and religious rivalries. The horizontal axis is simply based on the global economic growth rate and whether (on the right) it can be sustained at over 5% per annum; or whether (on the left) it falls back into the zero to 3% range.
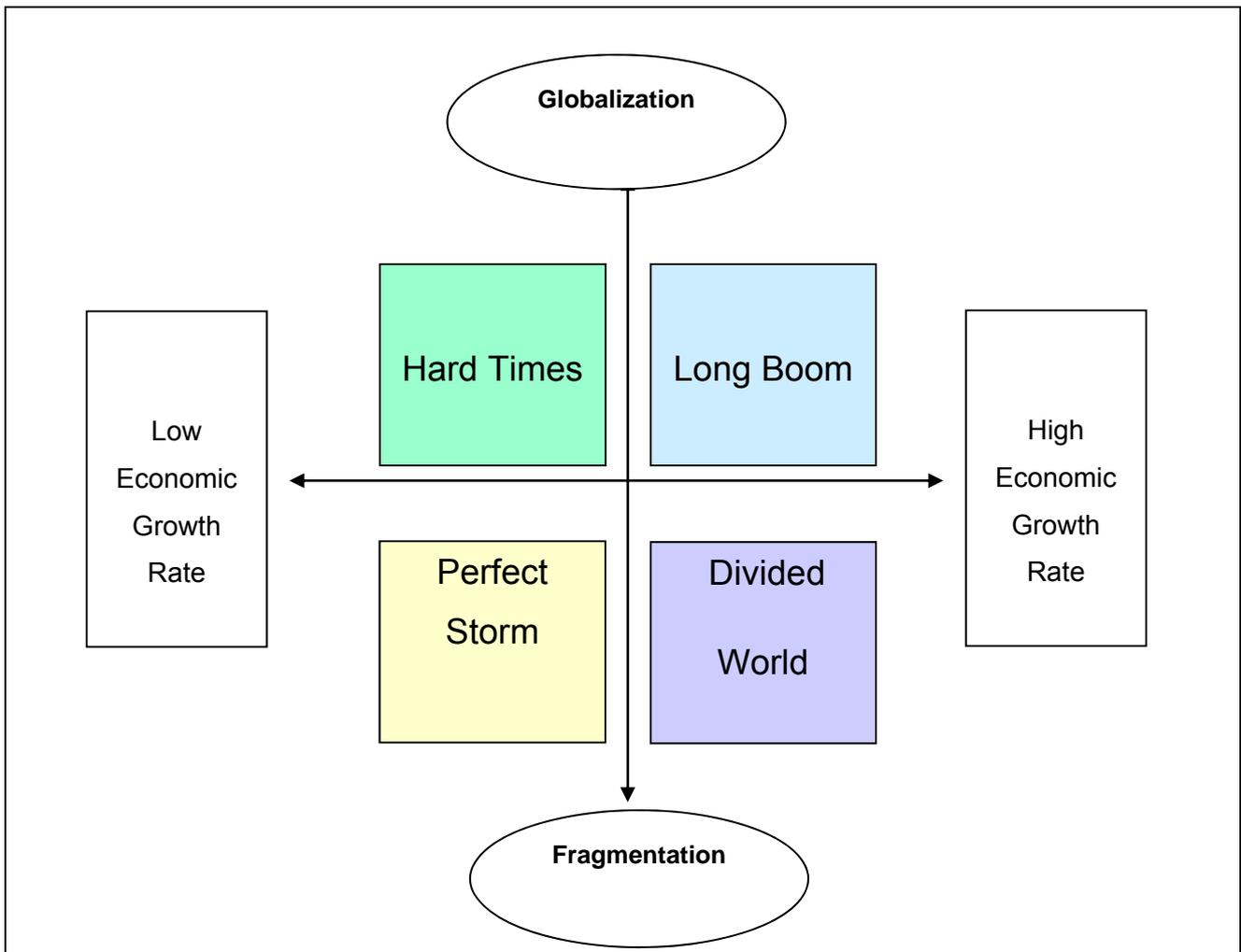
Figure 5.12 Scenario gameboards

Source: Sunter, 2010.

5.7.1.2.3   The corporate governance gameboard

The variables used for the construction of a corporate governance gameboard are both external and internal. The vertical axis relates to the level of compliance to good corporate governance practises (internal) as set out by the King codes, while the horizontal axis is based on the sustainability (external) of the organisation's business practices in the next five years.

Going clockwise from the top, there are four possible scenarios. It is important to note that the bottom left quadrant (black hole) has been marked with an "X". It signifies that we rule out this scenario altogether on the grounds that companies who do not support good corporate governance, are simply not sustainable in a complex economic environment. Hence, three scenarios remain, as illustrated by Figure 5.13.
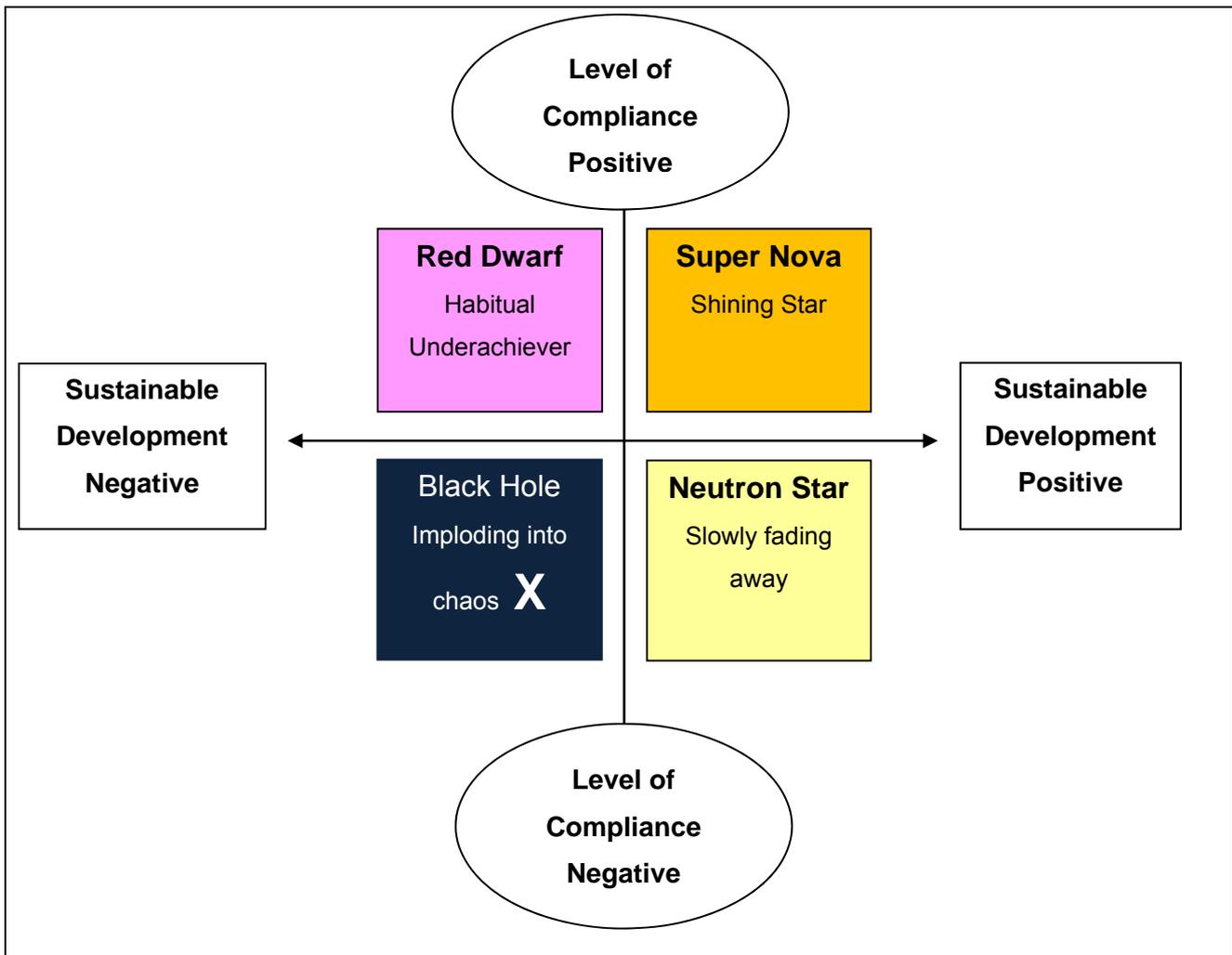
Figure 5.13 The corporate governance scenario gameboard

Source: Compiled by researcher.

i. Super Nova – Shining Star

To be in the Super Nova scenario, organisations must be in full compliance of all recommendations and guidelines as set out by the King reports. It has an acute awareness of the importance of human capital that includes forward thinking human resources policies that focus on the empowerment of employees. Time and resources are spent on educating and training employees and emphasis is placed on involving stakeholders who share the same principles and values regarding corporate governance.

The organisation has a well-defined sustainable development programme in place, and policies and practices are monitored and evaluated on a regular basis. Detailed accountability and transparency reports are published on a regular basis outlining the environmental and social impact of the organisation on the community in which it operates. It is characterised by a strong board of directors that display visionary leadership and is committed to not only increase shareholder value, but also goodwill and promote stakeholder involvement. The board employs an

effective mix of skills in regard to both executive and independent directors under the leadership of a strong chairperson. A code of conduct is in place that reflects the values and beliefs of the stakeholders and is in full compliance with GRI guidelines. A CSR programme has been implemented under the auspices of a strong committee that reports to a compliance officer. The emphasis here is substance over form.

ii.   Neutron star – Slowly fading away

Although there is an awareness of what constitutes good corporate governance, the level of compliance is low and the focus is merely on "ticking the boxes" to avoid penalties. A sustainable development programme is in place, but not fully implemented or monitored on a regular basis. Stakeholders have been identified, but are viewed as less important than increasing shareholder value. Brand and reputation has been tarnished due to a few incidents that resulted in the reduction of goodwill and shareholder value and increased regulatory scrutiny. The board expresses knowledge of corporate governance, but lacks the insight of the value of ethics and social responsibility. Accountability and transparency reports are few and far between and stakeholders feel sidelined and alienated. The organisation might experience financial loss in the future as a result of non-compliance and may even result in personal liability of directors.

iii.   Red Dwarf – Habitual underachiever

The organisation follows the "ticking the box" approach and although there is a high level of apparent compliance, it lacks depth and substance. The CSR programme and policy focuses on the intrinsic benefits to the company, rather than benefiting the community in which it operates. There is no growth in goodwill and the value of the company remains the same. The board is characterised by autocratic leadership directed at short-term benefits and shareholder wealth. There is little or no awareness of what constitutes sustainable development and the value of good corporate governance practices. Questionable operation activities are overlooked and accountability and transparency reports are difficult to obtain. Compliance is based on increased profit motive and little emphasis is placed on business ethics and an ethical code of conduct. Employees are unaware of what constitutes good corporate governance and little human capital investment takes place.

When evaluating the above scenarios, the questions to ask are:

- Where is the company on the gameboard at the moment and where have you come from during the last five years?

- Where should your company be positioned on the gameboard?

- Where would you place your major competitors on the gameboard?

- Do you think the company's corporate governance approach must change as a result of viewing the gameboard?

- Where would you like the company to be in the next five years?

Of course, a specific company wishing to shapeshift towards improved corporate governance will most probably have to design its own variables, as different parameters apply to different product and service offerings. However, by constructing a corporate governance gameboard, boards are able to evaluate their current position and identify where they would like to be in the future. Foresight is instrumental in this process, as it engages stakeholders to feel empowered to shape their own destiny by understanding the future implications and opportunities for their present day actions.

5.7.2 Strategic conversations

Enabling Learning Outcomes	The participant must be able to: - Identify internal and external stakeholders; - Understand importance of stakeholder engagement in ensuring transparency and accountability; - Be knowledgeable of what constitutes integrated sustainability reporting - Communicate effectively with stakeholders

The general concept of stakeholder management and engagement seems to be generally accepted, but companies still seem to favour financial interests rather than the balanced theory proposed by stakeholder theory (Hamel, 2006: 10). Many boards still think about stakeholders in terms of only morality, ethics and social responsibility ignoring their potential economic value. While the Profit Centred Model (PCM) presumes that capital formation is the only legitimate role of business, the Social Responsibility Model (SRM) focuses on social aspects (doing good) rather than improving profit and pure economic goals.

5.7.2.1 Rationale

Hamel (2006) states that what seems to be missing, is an economic rationale explaining the role of corporate stakeholders and propose a collaborative form of stakeholder collaboration. This involves a new dynamic in the relationship between stakeholders and boards of directors. What used to be a fairly one-way flow of information from boards to stakeholders is becoming more interactive as shareholders and stakeholders seek more of a voice in ways that the company governs itself. King & Lessidrenska (2009: 11) states that:

Today individuals should not only be asking how much a company has spent on traditional philanthropy or social investment, but they should be asking how a company has made its money. Has the company made its money as a responsible corporate citizen?

5.7.2.2 Key concepts and ideas

5.7.2.2.1   *Stakeholder engagement*

One of the major aspects of starting new strategic conversations is stakeholder engagement. Stakeholder engagement is defined as a trust-based collaboration between the board, directors and all stakeholders (Foo, 2007: 381). The notion of stakeholder engagement is especially of use in the area of Corporate Social Responsibility (CSR) that is drafted in Section 4 of the King II Report. In the *Integrated Sustainability Section* boards are encouraged to take account of the current business environment and the social and environmental concerns that influence it. According to Mervyn King, sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for how it has affected, both positively and negatively, the economic life of the community in which it operates (King & Lessidrenska, 2009: 15).

Internal policies and codes should be developed with the input of stakeholders. Stakeholder engagement is crucial to ensuring that the values that are advocated in the codes and policies become more than a minimalist rendition of supposedly universal wisdom (Painter-Morland, 2006: 357). Without a process of stakeholder engagement, codes of conduct cannot tap into the social grammar that would make the precepts meaningful and useful. The Global Reporting Initiative (2002) states clearly that the primary goal of reporting is to contribute to ongoing stakeholder dialogue (King & Lessidrenska, 2009: 16). BHP Billiton compares the relationship they build with stakeholders with the crafting of a rope (Painter-Morland, 2006: 357). The core of the rope consists of stakeholders they engage with regularly, such as employees, contractors and local communities. The strength of the rope is, however, reliant on stakeholder groups that are important influencers (government, media, business partners, community organisations) but do not interact with all stakeholders on a regular basis. In other words, a distinction is made between normative and derivative stakeholders. BHP provides an important insight into stakeholder engagement due to the fact that they acknowledge shifting boundaries of stakeholder relations that may result from powerful dynamics and complex interactions between the company and various stakeholder groups. Thus, creating an ongoing strategic stakeholder conversation requires nurturing and continuous dialogue. New ideas thrive in a climate where they are celebrated and encouraged, rather than constantly critiqued.

5.7.2.2.2   *Conversation circles*

Illbury and Sunter (2007) suggest using "conversation circles" to engage stakeholders in strategic conversation. The forward movement of the company towards food corporate governance practices can only be insured if the direction of the conversation between all stakeholders is circular.

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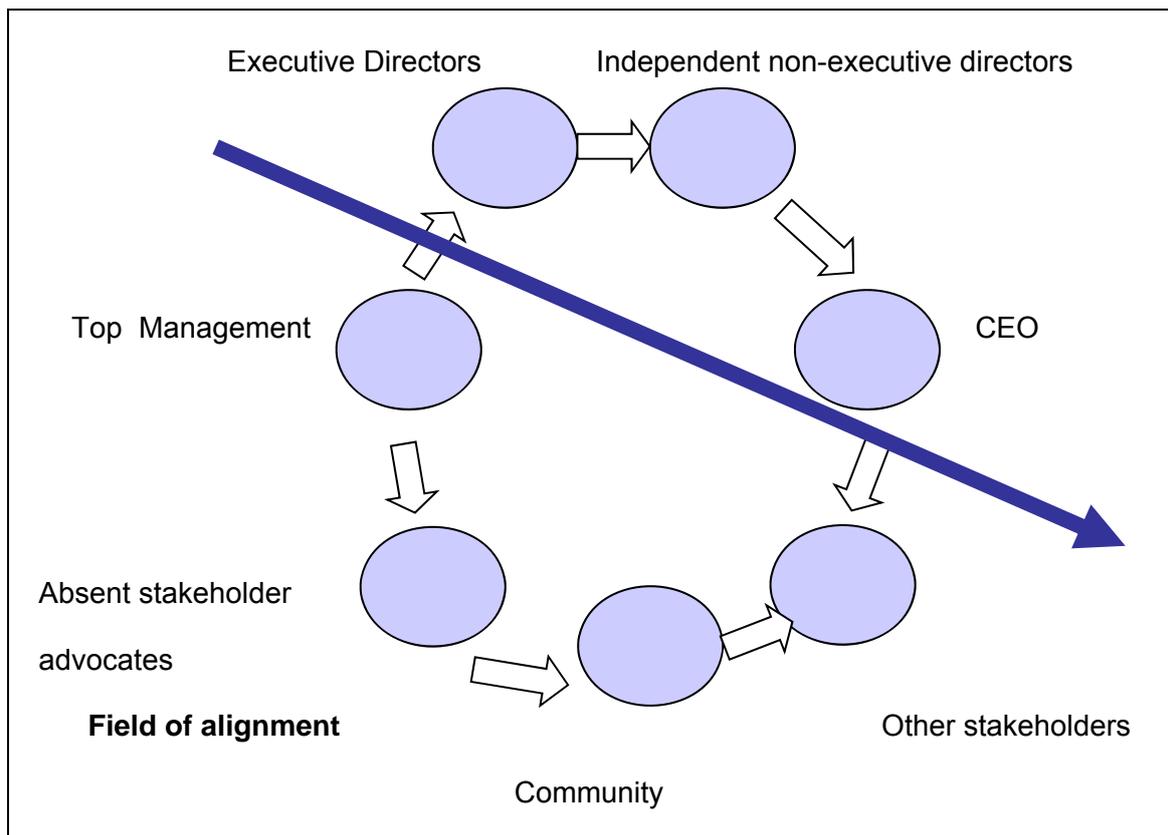
Figure 5.14 Conversation circles

Source: Illbury & Sunter, 2007 (Adapted by researcher).

Figure 5.14 illustrates that the direction of conversation in a "flat structure" encourage innovation. Ideas are passed on for continuous assessment, review and adaptation building momentum and direction (Illbury & Sunter, 2005: 30). Consequently, the conversation is inclusive and participatory. When the strategic conversation is circular, it encourages a richness that can only come from diversity and an insight into the "bigger picture" of the benefits of corporate governance. This in turn creates its own field of alignment where participants/stakeholders can have a better idea of their role in the company's shapeshifting process. Any strategic conversation ought to disseminate through the entire organisation. Conversation should start at the top with the independent non-executive directors and work their way down throughout the organisation and in close consultation with shareholders and stakeholders. This process may allow stakeholders to understand the board's direction in pursuing a specific corporate governance policy and create alignment and a sense of purpose and involvement in the company.

5.7.2.2.3   Strategic conversations and board members

Independent non-executive directors also need to enter in a constructive strategic conversation with other members in order to avoid symptoms of corporate collapse (Garratt, 2003a: 11):

- **One man rule**: Any individual board member who achieves absolute corporate power, will inevitably become organisationally disabling if it is not discussed, constructively criticised and debated on a regular basis.

- **Non-participating board**: Garratt (2003a: 12) states that most non-participating boards tend to stick to a legally orientated and constrained framework where administrative issues are given the same priority as strategic issues. Participation implies joint ownership and joint participation and independent non-executive directors are more open to debate and participation. Deciding "who owns what" on the board (power, roles and tasks) is a fundamental aspect organising an effective board.

- **Unbalanced top team**: This refers to the composition of the board or what Bob Garratt (2003a: 13) refers to as "cloning". Too many members of the same gender, educational background and professional training discourage participating, particularly when question assumptions and the validity of information.

Thus, it is imperative that the independent non-executive director understands his/her relationship with not only the other board members, but also the stakeholders of the company. It is this relationship that will shape and define his role and responsibilities and the ability to enter into a strategic conversation that includes the will and ability in terms of knowledge and experience to question the status quo in order to provide effective oversight, especially in dealing with potential conflict of interest situations

5.8 Phase 4: Integrate

Critical learning Outcome 4	Participants should be able to manage themselves and their board activities responsibly and effectively by assuming their leadership role within the organisation. Participants should be able to participate within board dynamics with the necessary responsibility steering the company towards a sustainable and preferred governance future.
Culminating learning outcomes	The participant must be able to ensure the practice of good directorship by acknowledging, understanding and embracing his/her role on the board by within a strategic foresight framework Through a principle centred approach, participants must be able to embrace their position of leadership by using a variety of futures tools to not only steer the company towards a preferred future, but also facilitate strategic foresight amongst other board members.

The last phase in the shapeshifting framework (Figure 5.15) encourages independent non-executive directors to assume their leadership role on the board and within the organisation.

Independent non-executive directors should be able to effectively participate within board dynamics with the necessary responsibility and skills.
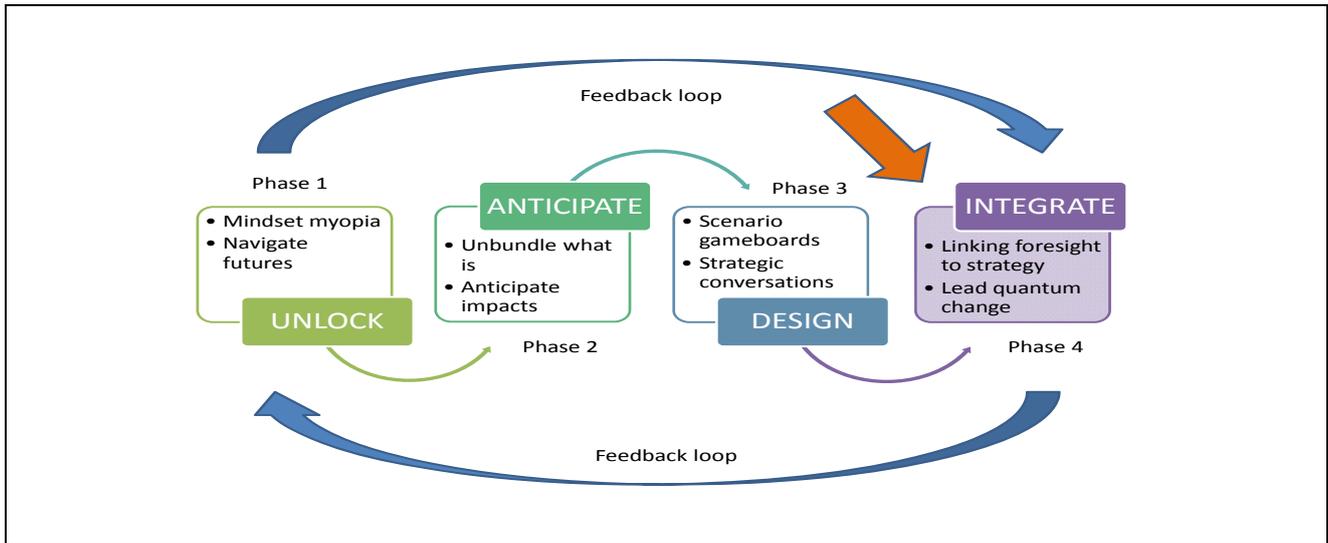
Figure 5.15 Phase 4 of the shapeshifting framework

Compiled by researcher.

5.8.1 Linking foresight with strategy

Enabling Outcomes	The participant must be able to:
	• Acknowledge the important role and responsibility of the independent non-executive director on the board;
	• Understand the need for directorship, not management skills;
	• Use backcasting as a strategic futures forecasting tool.

5.8.1.1 Rationale

According to Garratt (2006a: 2), the board's role is to derive strategy from their policy formation and foresight. Strategy has to be flexible and must never be set in concrete, as disruptions in an uncertain world should be expected.

Bob Garratt introduced the concept of *The Learning Board* for the first time in 1992 and has since then developed it into a model and process that assists board members in developing their meta-thinking skills, as well as implementing strategy and ensuring organisational capability.

5.8.1.2 Key concepts and ideas

5.8.1.2.1 The learning board

Figure 5.16 below illustrates the full learning board model (2003) that develops the fundamental notion of the board to continuously balance board conformance and board performance.
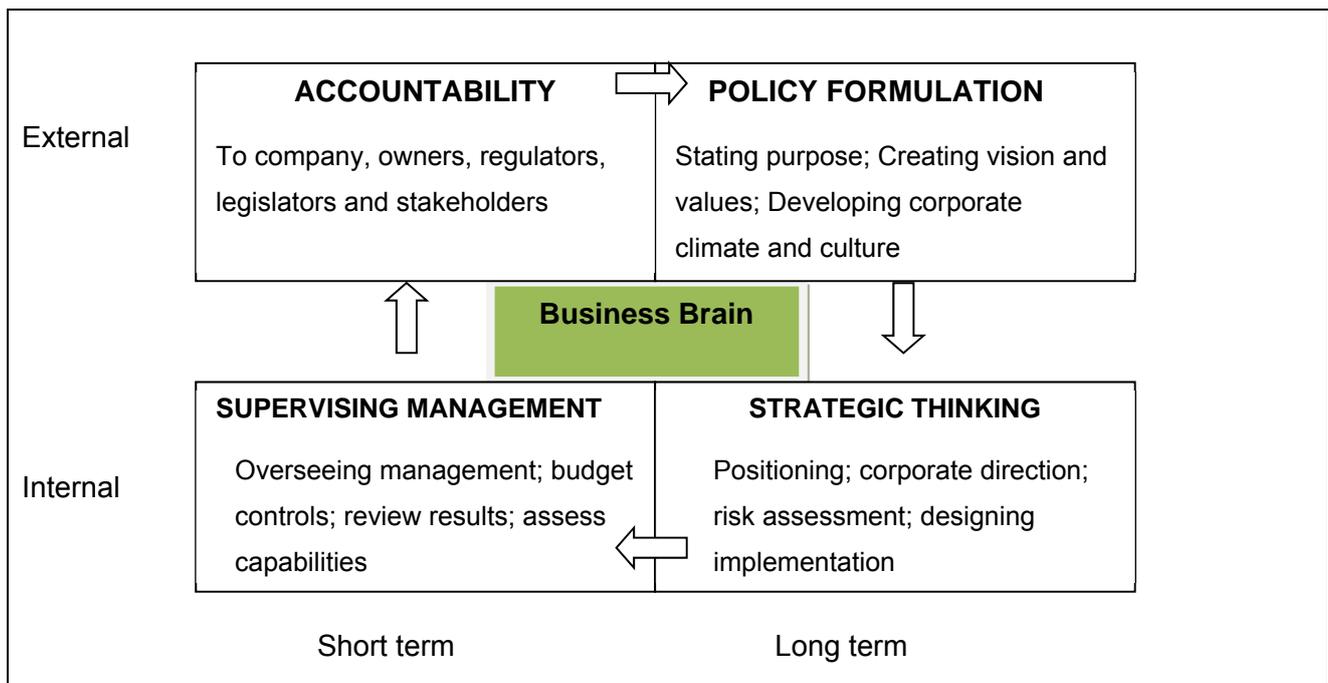
Figure 5.15 The learning board model

Source: Garratt, 2003a.

It uses the horizontal axis of time and the vertical axis of internal or external perspectives. Board performance covers the right right-hand quarters of policy formulation/foresight and strategic thinking, while board conformance covers the left-hand quarters of supervising management and accountability (Garratt, 2006a: 11). To increase directorial thinking and subsequent learning, Garratt (2006a) suggests the following methods:

- **Using intelligent naivety:** This involves the development of the acceptability and necessity of asking questions about financial and other operating details of the organisation. As the independent non-executive director often does not have access to details of daily operations, he should be able and encouraged to ask for explanations.

- **Developing divergent thinking styles**: Garratt (2005a) describes convergent thinking as a way of problem-solving that focuses mainly on one element and strips out all contextual information in order to obtain a single "right" answer. Instead, divergent thinking should be encouraged that allows for strategic judgment and risk assessment.

- **Profiling thinking intentions:** Garratt (2005a) suggests using *the Thinking Intentions Profile (TIP)* to quantify a person's thinking preferences or the preferred sequence of a person's thought as they attempt to solve a problem. It reviews three elements of effective thought. Firstly, judgment is past-orientated and builds on a personal level of logic, rationality, values and commitment. Secondly, describing the present builds on a personal

level of hard quantifiable facts and soft facts, i.e. political climate. Lastly, realising the future is about making the future happen and requires vision and ingenuity.

Table 5.5 presents a practical view of how boards can link foresight with strategy implementation and clarify the difference between direction and management.

Table 5.5: Linking foresight with strategy

Stage of strategy development	Board authorities	Managerial authorities	Clarifying joint or unclearly assigned authorities
Developing strategy	▪ Understand external changes ▪ Main forum for discussion of vision, values and goals ▪ Develop and agree on vision, values and culture ▪ Provides advice and support during development of the plan ▪ Check compliance ▪ Agree on final structure of strategy	▪ Undertake research to provide information for the development of the strategy ▪ Embed participation ▪ Provide feedback to board and stakeholders	▪ Who will write drafts of strategy and implement plans? ▪ Who will control the budget for strategy development?
Ratifying the strategy	▪ Approve strategy implementation ▪ Delegate to executives/senior management	▪ Present implementation plan to board ▪ Develop and execute plan	▪ Who will disseminate the strategy?
Monitoring implementation	▪ Monitor overall progress ▪ Help executives in problem solving ▪ Regular communication with stakeholders	▪ Manage implementation process ▪ Measure progress ▪ Report frequently to the board	▪ Who is responsible for frequency of feedback to the board and stakeholders?
Developing partnerships and alliances	▪ Identify and approach potential partners and alliances	▪ Manage partnerships and alliances	▪ Who will monitor partnerships and alliances?

Source: Adapted by researcher.

5.8.1.2.2 *Pathfinding through backcasting (FlashForwards)*

We have now reached a point where some future enquiries end (Garrett, 2007: 4). In the previous phases, pictures of the future were identified, but judgments and responses to the process must be transformed into strategy. The shapeshifting framework requires continuing through several more steps, such as evaluating the choices, delineating strategy and tactics and formulating and carrying out some form of action plan.

Turner and Crawford (1997: 234) suggest that companies incorporate "pathfinding" when linking foresight to strategy. Pathfinding is the corporate competence to identify, crystallise and articulate achievable new directions for the company (Major & Asch, 2007: 9). This stems from an outward

future orientation of stakeholders and intelligent use of systems and processes that empower the process. Pathfinding also involves a mixture of search and creativity (Major & Asch, 2007: 9). It depends on an understanding of the transformability of the company's corporate governance practices. The paths that a strategic planning meeting will reveal, are only relevant to the extent that the company is able to exploit them though a process of backcasting.

Backcasting is reverse planning, the future is accepted as having already occurred and the challenge is to remember the past (Inayatullah, 2007a: 225). The future is "remembered" and events and trends are posited. These can be broken down in a variety of ways, such as crucial indicators identified through environmental scanning, what others are doing in the business and change in distribution channels. While imagination is important, a logical sequence is crucial. These time spans have multiple purposes (Inayatullah, 2007a):

- To reveal how the future can change, how the desired future will play itself out;

- To empower independent non-executive directors to work towards the future they believe in;

- Independent non-executive directors are asked which corporate governance events/initiatives/programs they want to be responsible for, and for making it happen.

Dates closest to the present (i.e. 2012) are often the most difficult to remember as dates in the past (credit crisis of 2008) are easiest to remember. Backcasting usually includes the following steps:

- Independent non-executive directors have to assume that the company is in the desired corporate governance future as determined in previous steps.

- The past is remembered – what happened in the last 20 years to create the circumstances of today.

- Develop a map of the past that includes key events and trends or aspects agreed upon.

- Re-present these events and trend as actionable strategies.

5.8.2 Lead quantum change

Enabling learning outcomes	The participant must be able to: • Identify the skills needed for principled centred leadership; • Use strategic foresight as leadership skill; • Embrace futures skills and methodology to educate other board members.

5.8.2.1 Rationale

The ability of independent non-executive directors to balance the requirements of various constituents is likely to be affected by the expectations within the board (Barratt & Korac-Kakabadse, 2002: 34). By its very nature, it is argued by Floyd and Lane (2000: 58) that the independent non-executive director's work is "non-routine and strategic in nature". Independent non-executive directors can both inform and educate the board of the long-term consequences of their actions and as a result, initiate and facilitate more reflexive organisational behaviour, leading through to enacted responsiveness and more socially responsible corporate citizens.

5.8.2.2 Key concepts and Ideas

5.8.2.2.1   Principle centred leadership

The shapeshifting framework requires the independent non-executive director to rightfully assume his/her leadership position as the steersman of the company that incorporates the following four aspects:

i.   Principle centred

Steven Covey (2007) suggests that principle centred leadership may provide the attitudes, skills and strategies for creating and maintaining visionary leadership. The PLC model, as illustrated in Figure 5.17, has been slightly adapted to suit the requirements of the independent non-executive director.

Principle-centred leadership is practiced from the inside out on four levels:

- Personal: Relationship with self;

- Inter-personal: Relationship with other board members and stakeholders;

- Directorial: Responsibility as leader;

- Organisational: Responsibility to steer the organisation towards a sustainable future.

Covey (2007) states that each level is "necessary but insufficient", meaning a director will have to work at all levels on the basis of certain principles to acquire the required leadership skills.
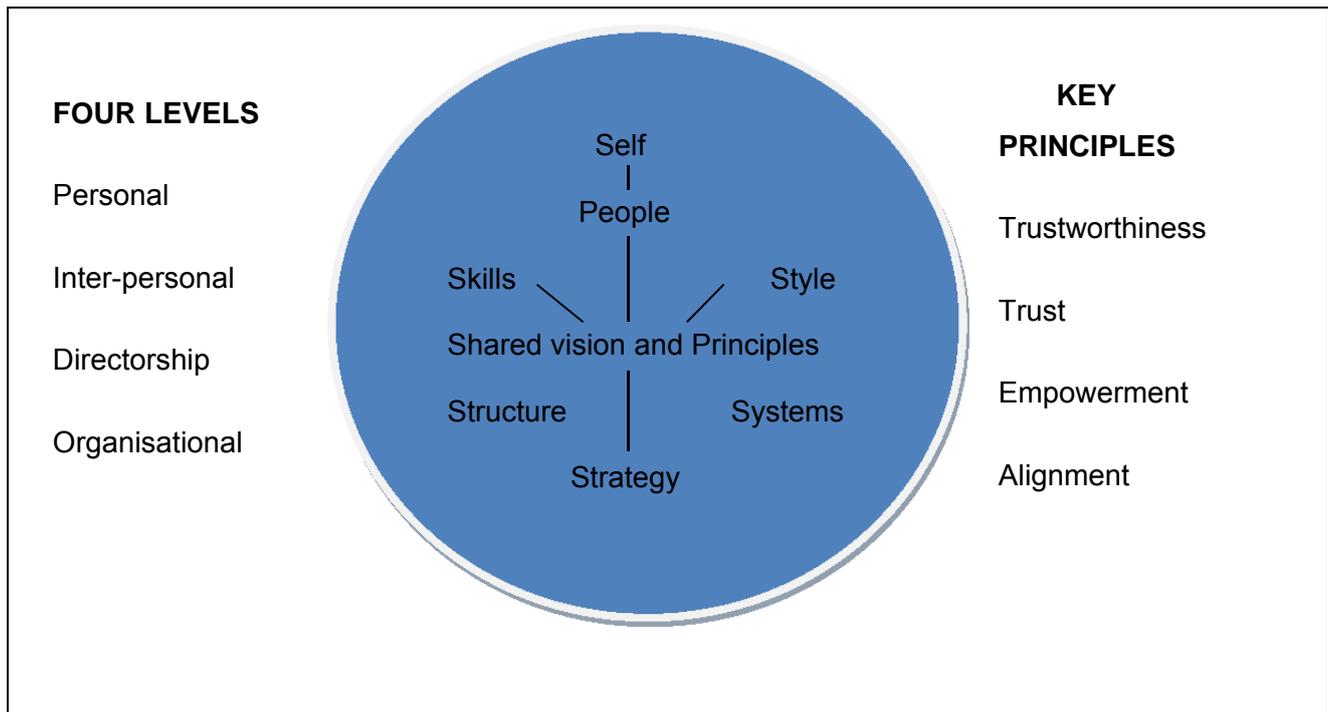
Figure 5.17 Principle-centered leadership paradigm

Source: Covey, 2007 (Adapted by researcher)

Trustworthiness at the personal level is based on character (personal attributes) and competence. Many independent non-executive directors gradually lose their professional trustworthiness as they allow themselves to become obsolete on the board. Board members must both have faith in good character of the individual, as well as trust in the independent non-executive director's competence. Without meaningful ongoing professional development, little trustworthiness or trust will occur. Trust at the inter-personal level is the agreement between the individuals on the board to facilitate clear communication, empathy, synergy and productive inter-dependency. The board may have concerns "out there" in the organisation, but if one wants to bring about meaningful change, one must start within the circle of influence -the board of directors. An empowerment style of director and leadership creates more innovation, initiative and commitment, but also more unpredictable behaviour (Covey, 2007: 184).

Board members must combine their skills and leadership styles through a win/win agreement process where desired results and guidelines are clearly established and specifics of accountability and consequences are agreed upon. Director skills are fundamental to the effective performance of the independent non-executive director and should be engaged upon in regular intervals. A shared vision and strategy around sustainable corporate governance practises that embodies deeply held values and is based on sound principles, such as responsibility and accountability, is of vital importance for effective leadership of the board. The key principle behind structure and system is alignment (Covey, 2007: 185). The critical directorial imperative is to align each of the principles

with stakeholder expectations. This takes tremendous resolve and commitment to overcome the gravity of structures and systems based upon old corporate governance paradigms.

    ii.   Anticipatory leadership skills

Anticipatory leaders understand the dynamics of their organisation's environment by thinking through and beyond the obvious. They are relentless students of emerging trends and are skilled in understanding and explaining how the strength and interaction between external and internal forces shape their company's context (Savage & Sales, 2008: 28). Anticipatory leaders are able to see the possibilities these trend may reveal by weaving seemingly disparate information into new combinations. They use their insight to communicate and collaborate with stakeholders to create opportunities and minimise threats. They are more than adept observers and rational analysts.

Anticipatory leaders engage their fellow board members in dialogue and mutual discovery of possibilities by compelling members' hearts and minds in the strategic thinking process. By understanding the dynamics of future possibilities, translating that understanding into present action and engaging others, anticipatory leaders possess a powerful advantage in a world of turmoil and uncertainty (Savage & Sales, 2008: 29). Although Table 5.6 is not meant to be a comprehensive inventory of the anticipatory leader's skills, knowledge, values and attitudes, it may assist the independent non-executive director to pay more attention to, perhaps underutilised, skills.

Table 5.6: Characteristics of anticipatory leadership

	Anticipatory Leadership Skills
Strategist	Possessing the ability to discern the system of forces at work in one's field well enough that one can foresee how events and outcomes would occur under various assumptions. Able to effectively leverage insights to produce desired results. At ease suggesting, setting and implementing an overall direction for the board. Aligning the assets and processes of the company to realise its overall strategic intent.
Futurist	Regularly and systematically scanning and analysing information on a wide range of topics, including those that are unfamiliar. Able to describe and critique one's own mental models of corporate governance At ease considering alternative futures Constantly playing out how the future might unfold by thinking, writing and talking about it and soliciting a variety of views.
Integrator	Being accessible and highly responsive to the board Reframing the thinking of others so that they become aware of possibilities in a situation.

	Comfortable seeking feedback from others.
	Seeking, valuing and taking advantage of good feedback within board dynamics.
	Open to learning from anyone
	At ease coaching and being coached

Source: Savage & Sales, 2008.

iii.   Participatory

In order to institutionalise good corporate governance, independent non-executive directors must embrace the leadership challenge. However, leading change can be an exhausting and frustrating experience, as stakeholders might prefer to maintain the status quo. Active involvement and participation by stakeholders are key factors in the shapeshifting process – it is not so much what change is implemented, but how it is being done.

Van der Helm (2007) states that participation is one of three pillars of foresight, the other two being anticipation and organisation. The rise of participation is closely linked to governance, as it parallels a change in accent from a more content-first to a more process-first approach (Van der Helm, 2007: 3).

 In order to encourage sound corporate governance, boards have to acknowledge the need for incorporating relevant stakeholders and develop a participation strategy based upon the following two principles (Van der Helm, 2007: 5):

- The future can be managed or shaped through collective action.

- This collective action has to be actively organised and facilitated.

In applying foresight to encourage participation, board members must acknowledge the importance of actor networks. Participation can be either conceptual (theoretical reasons for involving actor networks), ideological (desirable to involve) or instrumental (actor network is required to achieve objectives) (Van der Helm, 2007: 6).

Denton (1996) suggests four guidelines for leading change through participation:

- What are you trying to achieve? Assuming that there is a need for change in current corporate governance practices, directors must identify goals that are realistic and achievable. Any system has numerous interconnected parts and sub-systems and all participants must be aware of what changes are being proposed. The interdependence demands usually require a steering committee of some sorts. The objective will only be achievable once the board and/or steering committee has solicited and truly listened to the input of those who can contribute information and insight about current conditions (Denton, 1996: 7).

- Creating trust and buy-in: Independent non-executive directors and board members must be the first "actors" to buy into the need and importance of good governance practices. There must be a dramatic and sustained proof of its importance to them and value of the change should be communicated to stakeholders on a regular basis.

- Create disciples/followers: Even if efforts are made to bring all stakeholders on board, some will remain entrenched in the old ways of doing business. The board of directors should attempt to create a culture of trust between stakeholders, dealing with fears and develop a core of followers in the new order of things.

- Measure and monitor it: An essential piece to successful change is outcome measurement and the ownership of those measures of performance (Denton, 1996: 8). Independent non-executive directors should manage the vision by measuring progress towards the vision and insist that other stakeholders do the same.

- Accountable and responsible: Another aspect that is closely related to leading change is that of leadership accountability. Wood and Winston (2007) state that accountability requires a level of ownership that includes the making, keeping and proactive answering for personal commitments made. Accountable leaders should accept the responsibilities inherent in the leadership position to serve the well-being of the organisation and all its stakeholders. Stakeholders and employees have a right to expect leaders, not only to communicate the types of behaviour that supports the organisation's vision, value and effectiveness, but to publicly model those ideas as well (Wood & Winston, 2007: 169). Thus, accountable leadership, in line with corporate governance requirements, involves the expectation that the leader or board of directors may be called upon to explain their decisions, commitments or actions to constituents. By taking the initiative to explain decisions rather than waiting until a problem arises, accountable leaders add the benefit of engaging the commitment, support and resources of stakeholders.

5.8.2.2.2 *Corporate integrity and leadership*

Most definitions of integrity include some reference to characteristics of probity and honesty. However, corporate integrity goes beyond honesty to incorporate a wholeness that defines corporate character (Kennedy-Glans & Schulz, 2003: 7). In other words, corporate integrity is not a fixed end state, but an ongoing process. Compliance with laws and regulations is an important motivator for corporate integrity, but does not guarantee integrity. Directors have a responsibility to strategically lead the organisation's integrity outcomes beyond mere compliance towards a proactive approach. In an attempt to comply to company law and recommendations by the King reports, boards become reactive rather than proactive. Boards merely reacting to laws and regulations have less opportunity for the strategic leadership towards corporate integrity.

5.8.3. Creating synergy: Integrating the steps of the shapeshifting framework

The shapeshifting framework attempted to not only explore the "why" of corporate governance, but also the "how" of sustainable business practices and how independent non-executive directors can assist in changing their own mindsets and those of the boards they serve on, to initiate and sustain accountable corporate governance practices.

The four phases and eight steps in the shapeshifting framework collectively aim to create multi-level and dimensional shapeshifting, as illustrated in Figure 5.18 below and is loosely based on the work by Sunter and Visser (2002: 77).

Values are in its most basic form a reflection of what the companies "value" or deem as important. The values of companies and their boards who have undergone a change in mindset towards sustainable development are not betrayed by its actions. It is only by behaving like a good corporate citizen, and not by looking like one, that true shapeshifting will occur. It involves a pro-active approach that does not see the company as a pawn of the economy, international markets and shareholders, but an influential entity leading by example and collective moral pressure. Independent non-executive directors should not allow management to hide behind good intentions and paying mere lip-service to corporate governance, but become leaders who practice the values they profess.

Shapeshifting cannot occur without visionary leadership. It is up to the individual who is able to see the "bigger picture" to step out of the parochial present, challenge the status quo and make use of strategic foresight to envision a preferred future for the company. Anita Roddick (2005: 24) states that having a futures-orientated vision for the company involves a new business paradigm that shows that business can have a human face and a social conscience.

In the pure capitalistic business environment of the 20th century, companies have cultivated relationships predominantly from self-interest and to generate the maximum profit. Relationships were established mostly with shareholders, financial analysts, suppliers and customers. Multi-level shapeshifting requires boards to move beyond these paradigms and to establish and build long-term relationships with all its stakeholders, while protecting the rights of the absent stakeholder as well. This involves establishing a symbiotic relationships with stakeholders and engaging in genuine two-way communication with communities.

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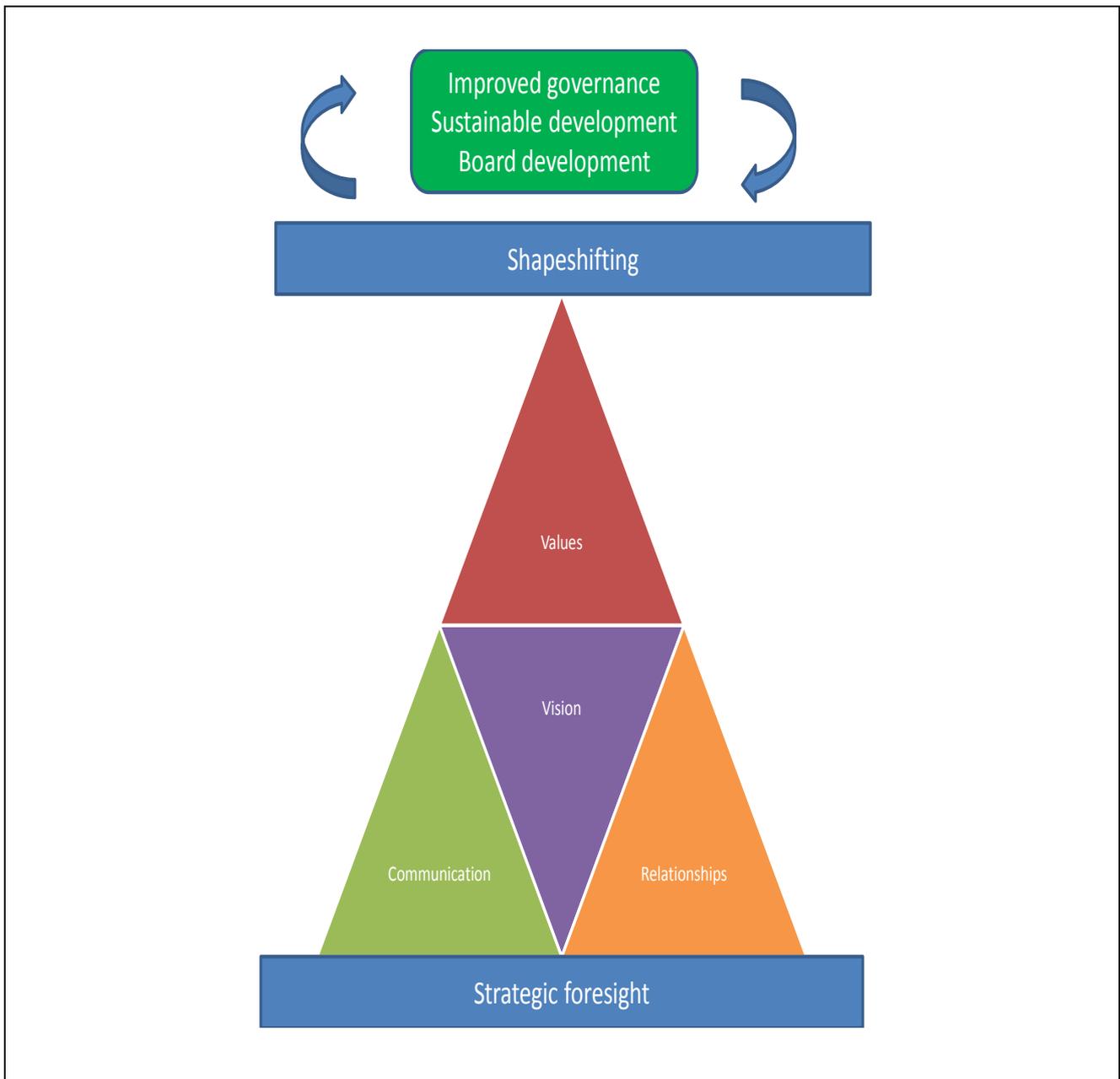
Figure 5.18 Multi-level shapeshifting

Source: Compiled by researcher.

Shapeshifting requires an on-going, two-way, interactive communication process between board members (as well as stakeholders), which involves challenging current business practices and listening as much as talking. The attitude of board members is critical to the process. Independent non-executive directors must use their unique position to engage board members in valuable and constructive conversation. Their futures-orientated fresh perspective may prove to be invaluable to the overall functioning of the board.

The basic premise of the shapeshifting is and remains the use of strategic foresight. While traditional governance codes state the objectives of what constitutes good corporate governance practices clearly, it is similar to the steersman of the company having a navigation plan, but no

radar system to indicate that the course of action and plan need to be changed due to changing circumstances.

5.9 THE SHAPESHIFTING FRAMEWORK AS AN INSTRUCTIONAL DESIGN

The previous section of the chapter provided the background for and a description of every step in the framework and how independent non-executive directors may use the methods and techniques to steer the company on whose board they serve to a preferable corporate governance future. The next section discusses the shapeshifting framework as a training and development intervention within an instructional design context that aims to facilitate strategic foresight to independent non-executive directors.

Within a 21st century highly volatile and competitive global market place, companies world-wide are waking up to the calling of director development (Jackson & Farndale, 2003: 185). The emerging popularity of values, such as honesty and integrity, together with recent revelations of unethical business practice have fuelled the need for directorial training regarding corporate governance and sustainable development.

The Institute of Directors (2010: 1) defines director development as "the systematic maintenance, improvement and broadening of knowledge, experience and skills and the development of personal qualities helpful in the execution of the role as director". Any director development that is undertaken should be carried out within a strategic framework rather than a separated and isolated process (Kakabadse *et al*., 2001: 6). The idea behind director development was, and still is, to provide advanced training and education to mature, educated, motivated and experienced adults. Approaches to development have differed from university programmes and in-house programmes, to short seminars and workshops. Whatever approach is adopted, there have always been problems such as doubt regarding the successful transfer of knowledge back to the job and resistance encountered by returnees by delegates (board members) who did not have the benefit from following the course (Tichy, 2002: 56).

University based (Wits Business School, University of Stellenbosch Business School and GIBS) in house (Ernst & Young Director programme and IOD initiatives) executive and directorial development today tends to cover global issues such as culture, employment conditions, business opportunities and how to survive in a globally competitive world. It stresses the importance of leadership, communication, customer relationships, strategy formulation and implementing organisational change in creating viable and winning business strategies (WBS, 2010; IOD, 2010).

The question that should be asked first of all is what additional benefits the shapeshifting framework and intervention could bring to an almost over-saturated market of executive development?

First of all, the shapeshifting framework is believed to lead to improved individual directorial performance within the board dynamic, as well as helping the director to become more professional in the performance of their duties and their compliance with legal requirements. Unlike current director development initiatives and programmes that focus on "how" to comply to legal and good corporate governance practices, the intervention will concentrate on "why" corporate governance makes good business sense and is fundamental for the survival of the company in the 21st century. The shapeshifting framework moves beyond the traditional directorial induction approach (Figure 5.20) where information and knowledge regarding corporate governance is conveyed. It aims to empower directors by allowing for personal and professional development through a carefully designed curriculum aimed at facilitating strategic foresight that will result in a long-term and sustainable view of the company's future. Thus, instead of treating the symptoms, the intervention will focus on the causes and viable solutions.
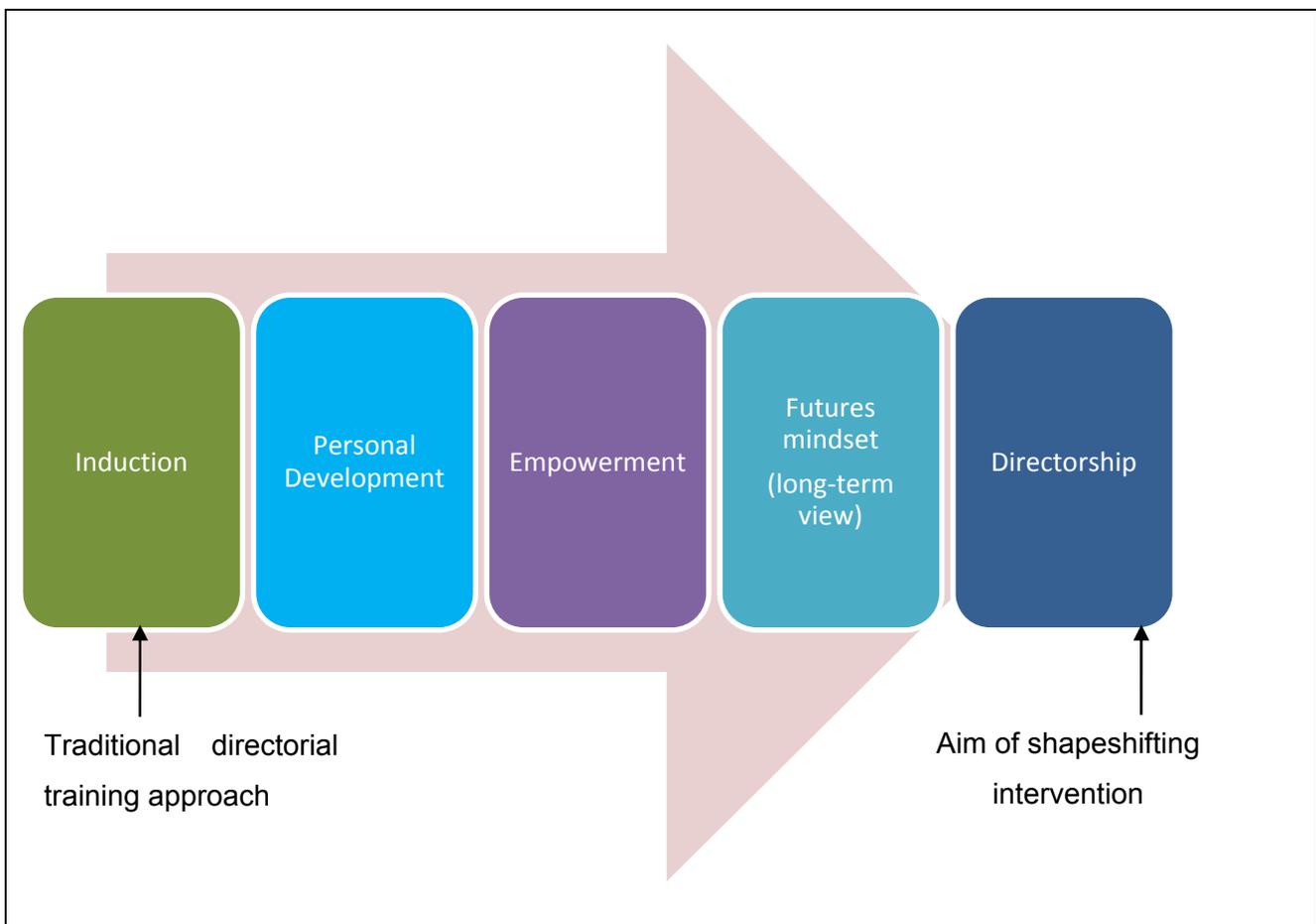
Figure 5.20: Towards directorship

Source: Compiled by researcher.

Secondly, the shapeshifting intervention is aimed specifically at non-executive independent directors. Board members (CEO and executive directors) have different responsibilities and perform different functions. Although some of these overlap, developmental requirements differ greatly. Kakabadse *et al.* (2001) state that non-executive directors need to undergo a development

process designed to help them understand the nature of their role and their contribution to the board. Unlike executive directors, they need to learn about the management practices of the company, how it relates to its stakeholders and how corporate governance practices are organised and motivated.

In the third place, the shapeshifting framework suggests that if boards want to establish a new and broader role model in keeping with good corporate governance practices within a changing economic environment, it needs less (over) legislation and rather an internally motivated change or metamorphosis. Strategic foresight can assist this change in enabling and empowering companies, boards and stakeholders to not only work towards good governance practices, but more importantly, to align their goals and steer the company towards a profitable and sustainable future.

5.10 FACILITATING LEARNING ABOUT THE SHAPESHIFTING INTERVENTION

The successful facilitation of the shapeshifting intervention relies heavily on the teaching/learning approach of the futurist practitioner (researcher) and the following aspects were carefully considered.

5.10.1 Curriculum

Even after defining and developing the theoretical base, re-purposing of the information and structuring the relevant outcomes, competencies, activities and assessment activities had to be carefully designed and integrated. A detailed programme outlay (lesson plan) for each of the steps in the shapeshifting framework may be found in Appendix 9. The researcher used an intervention mapping process (par. 4.10) that provides the designer with a practical manner of accommodating competency-based and outcome-based programmes. Coffin (1999:13) states very pertinently that the person facilitating the process must have a clear understanding of the curriculum, whilst the designer must be a content expert. In the case of the shapeshifting framework, the researcher was both the facilitator and designer and the process was conducted in two phases.

i.   Phase 1: Content design

As with most curriculum developments based on sound educational principles, the amount of work that was required for developing the learning contents of the shapeshifting framework was extreme. The researcher obtained advice and input from the Department of Education, University of the Witwatersrand, educational specialists from the Gauteng Department of Education and human resource managers from two listed companies. Different steps in the framework were tested on a frequent base with voluntary participants of the University of Witwatersrand to ensure the practicality, ease of understanding and use of the teaching strategies employed. Constant revision was done with the assistance of two curriculum developers of the Council of Higher

Education (CHE). Furthermore, the research project was sponsored by BANKSETA, a South African governmental organisation with the main aim of developing skills and promoting education.

ii.   Phase 2: Refinement and revision

Once the basic template of the curriculum had been determined, the intended programme had to be refined and formulated in outcomes-based terms. Once this was completed, the components of the curriculum were captured in a framework (Figure 5.2). The framework had to be revised on a continuous basis after its initial roll-out and pilot testing. It is acknowledged that the refinement and revision of the framework is an iterative process and revisions will be made as new opportunities and challenges emerge.

5.10.2 Time allocation

Futures work generally consists of three categories – process work, content work and culture/mindset change (Hines, 2003: 21). There is overlap, but there is value in having a rough sense of how the shapeshifting framework should evolve. The numbers will vary depending on the setting and needs of the participants.

Although ownership of process and content is fundamental as the researcher aims to involve participants in the creation of the futures work, culture/mindset change is fundamental as the aim of the shapeshifting framework is the institutionalisation of futures methods. It is also important to note that this is an advanced course aimed at independent non-executive directors who may need less time to understand, absorb and learn new techniques. The facilitator should take this under due consideration and adjust the time allocation for each step to suit the needs of the participants.

Consequently, it was decided that the course would be presented over two days with no more than 25 participants at a time. A specific amount of time was allocated to each step and activity of the shapeshifting framework (Appendix 9) with allowances made for group discussions and the specific needs of the group.

5.10.3 Audience

As the shapeshifting framework is aimed specifically at independent non-executive directors, the facilitator must ensure that that it acknowledges the nature of adult education. Adults are autonomous, self-directed individuals that bring a greater volume and quality of experience to the learning situation. They need to understand the rationale behind the learning process, i.e. how they may benefit from the new knowledge and how it may improve their effectiveness. Adults are relevancy orientated and they need to participate, reflect and apply the knowledge they received throughout the learning activities (Cervero & Wilson, 1994: 14). Senge (2004) identifies possible

challenges or forces that may come into play, as it is inevitable that some participants may oppose change:

- The challenge of control over one's time: "We do not have time for this".

- The challenge of relevance: "How is this relevant"?

- The challenge of fear and anxiety: "I do not understand what I am supposed to be doing".

- The challenge of isolation and arrogance: "We are already doing the right things".

- The challenge of diffusion: "We are re-inventing the wheel".

Green (1998: 2–11) defines andragogy as the art and science of helping adults learn and identifies the following fundamental differences when employing teaching strategies to an adult audience.

Table 5.7: Comparison between adult education and traditional pedagogy

	Adults (Andragogy)	**Pedagogy**
Demands of learning	Learner must balance life responsibilities with the demands of learning.	Learner can devote more time to the demands of learning because responsibilities are minimal.
Role of instructor	Learners are autonomous and self-directed. Teachers guide the learners to their own knowledge rather than supplying them with facts.	Learners rely on the instructor to direct the learning. Fact-based lecturing is often the mode of knowledge transmission.
Life experiences	Learners have a tremendous amount of life experiences. They need to connect the learning to their knowledge base. They must recognise the value of the learning.	Learners are building a knowledge base and must be shown how their life experiences connect with the present learning.
Purpose for learning	Learners are goal-oriented and know for what purpose they are learning new information	Learners often see no reason for taking a particular course. They just know they have to learn the information.
Permanence of learning	Learning is self-initiated and tends to last a long time.	Learning is compulsory and tends to disappear shortly after instruction.

Source: Green, 1998.

Taking these challenges and opportunities into consideration, the researcher employed a variety of strategies:

- Problem-orientated instruction: The use of case studies, simulations and problem solving techniques were designed to make the instruction and learning process relevant to the situation of the participants.

- Learning-orientated instruction: Instruction methods and strategies were designed, not about the memorisation of content, but to enhance and change skills, values, knowledge and attitudes of the participants to promote life-long learning.

- Open-ended questioning process: Involves the use of open-ended questions to bring out the vast experiences of the participants.

- Active participation: Adults learn best in a democratic, participatory and collaborative environment. They have a need to participate, reflect and apply the knowledge learnt through the various activities. Ample time was made available for participant contributions and open debates.

5.10.4 Learning styles

By adulthood, most learners have developed a personal preference for learning (Wodlinger, 2007: 7). An assessment of the adult's learning style is a useful tool to take into consideration when planning an educational activity, as it will identify the preferred conditions under which the instruction is likely to be most effective. The most frequent learning styles are visual, auditory and kinaesthetic. Although a detailed investigation into learning styles is beyond the scope of the study, certain points need further explanation.

Firstly, it is acknowledged that learners preferentially take in and process information in different ways. Therefore, the shapeshifting instructional design should at the very least incorporate a variety of learning styles that will be beneficial to the participants. This does not mean that each learner must be allowed to learn exclusively in his/her preferred style, but rather to achieve a balance of teaching methods. Van der Horst and McDonald (2006: 28) argue that although most people have a preferred learning style, it is up to the instructor to utilise whatever learning style fits a particular learning environment and make use of different combinations, i.e. visual/kinaesthetic.

Therefore, the learning style of each participant had to be acknowledged and considered. The design of the shapeshifting framework incorporates a variety of learning styles, i.e. visual aspects, hearing, reflecting, acting, reasoning, analysing, applying and doing. The idea is not to let each learner learn exclusively in the preferred style, but to strive for a balance between the instructional methods that were chosen.

5.10.5 Learning environment

The learning environment and context in which the learning takes place plays an important role in successful learning. The researcher acknowledges the role that technology plays in the learning environment and, where appropriate, has included it in the design of the shapeshifting framework. (scenario gameboards).

5.10.6 Available resources

Available resources need to be defined in terms of people, budget parameters, timelines and technology requirements. Identifying what resources are available allowed the researcher to determine possible shortcomings so that alternative resources and solutions could be found.

- **Personnel:** The shapeshifting framework was conceptualised, developed and initiated by the researcher with the advice, suggestions and assistance from a variety of experts in the fields of education, corporate governance, human resources and strategic management. For the facilitation of the shapeshifting intervention, the services of an additional facilitator from the auditing company Ernst and Young was acquired to contribute to the objectivity and reliability of the research. Two post-graduate students were employed as third-party observers to verify and contribute to the observations made by the facilitator during the intervention.

- **Organisation team**: Various subject specialists were consulted on a regular basis. Post-graduate students were used for the administrative functions in hosting the shapeshifting interventions. An information technology expert was used to assist and help find solutions to technical problems that were required.

- **Budget**: Data collection and the hosting of the shapeshifting framework proved to be extremely expensive. A combination of personal funds, sponsorships and funding from research institutions had to be used.

5.11 THE UNIQUE ROLE OF THE FACILITATOR AS CHANGE AGENT

The word "facilitation" carries a variety of meanings based on the context in which it is used. The Business Online Dictionary (2009) defines it as bring about the "increased ease of performance of any action, resulting from the lessening of nerve resistance by the continued successive application of the necessary stimulus". Within an organisational context, it is the facilitator's responsibility to help the group he/she has been assigned to meet its goals and objectives, as specified by the training programme. Facilitators have many roles, such as the provider of information (traditional teaching role), facilitate change (counselling and guiding) and guide decision making.

The movement from the traditional teaching role to the teacher as facilitator is a hallmark of adult education (Knowles, 1992: 17). This means that the "teacher" moves beyond the general constraints of the traditional classroom and treats the adult "learners" as equals. It is important to remember that this process does not take place on a neutral platform, as by entering the classroom, both facilitator and participants bring their positions, beliefs and even prejudices.

Participants often have high expectations on the knowledge and abilities of the facilitator. Participants often expect the facilitator to meet all their needs (learning goals, new skills, physical conform) while, on the other hand, the role of the facilitator calls for a degree of neutrality while supporting the valued of the group and sharing the responsibility at fulfilling these needs.

Rogers (2002: 27) defines a change agent as an individual who influences clients' decisions in a direction deemed desirable by a change agency and usually seeks to obtain the adoption of new ideas.

A change agent provides a communication link between a resource system and a client base and the main role is to facilitate the flow of information that matches the client's needs (Rogers, 2002: 368). He identifies seven roles of the change agent that were adopted by the facilitator of the shapeshifting framework:

- To develop a need for change: The change agent (in this case the facilitator) often initially helps clients to become aware of the need to alter their behaviour. The facilitator points out new alternatives to existing problems and may assure participants that they are capable of confronting these needs;

- Establish an information exchange relationship: Once the need for change is created, the facilitator must develop a rapport with the participants by being perceived as credible, competent and trustworthy. Rogers (2002: 369) states that as the change agent is such an integral part of the process, the content are judged in part on how the change agent is perceived;

- To diagnose problems: The facilitator is responsible for analysing participants' problems in order to determine why certain aspects of the seminar do not meet their needs;

- To create intent to change in the client: The facilitator must seek to motivate participants' interest in change at all times;

- To translate intent into action: The facilitator should seek to influence participants' behaviour change in accordance with the goals and objectives of the intervention.

- To stabilise acceptance and prevent discontinuance: The facilitator should attempt to stabilise new behaviour through reinforcing messages or, in other words, to "freeze" the new behaviour;

- To achieve a terminal relationship: The end goal for the facilitator is to develop self-renewing behaviour on the part of the participants. This implies developing the participants' ability to become their own change agents within the board dynamic.

5.12 ETHICAL CONSIDERATIONS OF THE FACILITATOR

The process of planning the different aspects of the framework can be viewed as a series of choices. Duhl (1976: iv) describes the role of the facilitator as follows:

The planner must bring to the forefront ideas, thoughts and concepts heretofore not part of the public consciousness. He must provide the guidance and education that will help the participants learn to use the process effectively.

This requires due diligence and ethical practices by the facilitator as indicated by Table 5.8 below:

Table 5.8. Ethical considerations

Ethical Concerns for Facilitator	Ethical concerns of Participants
Misrepresentation of the training practitioner's skills: This occurs when training practitioners distort or misrepresent their background, competencies or training.	**Voluntary consent:** Trainers should not implicitly coerce unwilling or sceptical participants into assessment activities or revealing personal issues.
Potential/technical ineptness: The potential for unethical behaviour stemming from lack of expertise often manifests itself in two ethical indiscretions. Using interventions and assessment methods that have a low probability of being helpful and using interventions and assessment methods that may exceed the training practitioner's expertise.	**Cost-effectiveness**: Activities should be based on demonstrated utility and demonstrated benefits with regard to costs.
Misuse of data: The need for absolute confidentiality in the spheres of training and development is essential. Data can be seriously distorted thereby impacting negatively on individuals or organisations.	**Accurate portrayal:** Claims regarding the benefits of the programme need to be accurate. Training materials and assessment methodology should be appropriately depicted.
Coercion: It is unethical to force participants into	**Competency in training**: Avoid teaching, learning facilitation and assessment methods that do not assist

settings where they are, in effect, required to disclose information about themselves or their company's which they prefer to keep quiet. **Promising unrealistic outcomes**: This may result in reduced credibility of both the training practitioner and the programme. **Conflicting values:** Any manifestation of a conflict between the values of the training practitioner and the participant could possibly give rise to a conflict of interest, with possible negative repercussions for all parties involved.	in accomplishing the goals of the training intervention. **Value:** Trainers should believe in the value of what they teach.

Source: Compiled by researcher.

As the participants had serious concerns about the confidentiality of the information they provided, a memorandum of agreement was signed between the researcher and the participants which included the following aspects:

- Results and data will be made available to participants after completion of the study;

- Transcripts of interviews conducted will not be made public unless written consent was obtained from the interviewee;

- Personal information would be kept confidential and only used for academic purposes.

5.13 CONCLUSION

The purpose of this chapter was twofold. Firstly, it set out to explain the design of the intervention (DD4) by unpacking each step in the shapeshifting framework by examining the learning outcomes and the rationale behind the key concepts (DD5) of the four phases and eight steps (DD6). In the second place, it discussed the shapeshifting framework as an intervention within an instructional design and identifying appropriate delivery, teaching and learning strategies (DD6).

In summary, the shapeshifting framework consists of four phases that bind all eight steps together:

- **Unlocking the future**: Independent non-executive directors need to understand what to let go of, what to focus on in the short term and where the focus should be to create a sustainable future. It aims to transform the mindset of independent non-executive directors by assisting them to think about how technological, social, economic, environmental and climatic developments can bear on business practices in the 21st century.

- **Anticipating the future**: Anticipating the future may help independent non-executive directors to understand the challenges and opportunities of the future. Anticipating a preferred future involves building a knowledge base, reduce uncertainty by identifying new and relevant trends, creating orientation on future developments and initialise and prepare strategic decisions.

- **Design with the end in mind**: A new strategy or design for the future must define how the board will act to create new opportunities. There are three aspects to the third phase of the shapeshifting framework in designing a preferred future. Firstly is vision (what do we want to accomplish), strategic planning (how can we best accomplish it) and lastly, initiating strategic conversations.

- **Integration:** This phase involves the integration of "where we want to be with where we are now" with an emphasis on leadership and strategy formulation. This includes the development of an effective governance strategy that is positioned for future sustainable profit and development.

This chapter discussed the design of shapeshifting framework (DD4,5 and 6) and the procedural elements of the shapeshifting intervention (DD7). It has put forward the idea that the use of strategic foresight provide independent non-executive with the ability to conceive and formulate systemic and sustainable solutions that are being sought in an increasingly complex economic environment. In order to initiate and institutionalise change in corporate governance practices through the use of foresight within the framework of the proposed shapeshifting model, directors must re-think or re-conceive their current corporate governance practices, as well as the role of sustainable development.

As the researcher are the key agent and facilitator of the shapeshifting framework, a variety of important factors, such as ethical concerns, learning styles of the participants and situational factors, need to be taken into consideration. The shapeshifting framework is a carefully designed intervention based on sound outcomes-based educational principles within an anticipatory action learning approach.

The following chapter provides the results obtained from the research as discussed in Chapter 2 and encompasses the Knowledge Evaluation (KE) phase of the interventionist design.

CHAPTER 6

ANALYSIS, RESULTS AND INTERPRETATION

6.1   INTRODUCTION

This chapter contains the results, analysis and interpretation of the research that encompasses the Knowledge Evaluation (KE) phase of the interventionist framework with the following objectives:

Outcomes Based Assessment

To determine the effectiveness of the intervention by establishing whether it:

KE1   Contributed to and increased independent non-executive director's knowledge and understanding of corporate governance, sustainable development, futures concepts, roles, responsibilities and liabilities;

KE2   The shapeshifting intervention influenced the level of altruism of independent non-executive directors with regard to concerns about environmental problems and harmful effects of commercial activities and an awareness of good corporate citizenship (social and environmental responsibility);

KE3   The shapeshifting intervention influenced the attitude of independent non-executive director's towards business ethics;

KE4   Resulted in a meaningful change in social responsible behaviour;

KE5   Caused a change in the corporate values of participants from self-interest (S) to transformation (T) and making a difference in the community in which it operates;

KE6   Developed more effective directorial skills such as leadership, effectiveness as a board members and communication within the boardroom context;

KE7   Empowered independent non-executive directors on micro- interface- and macro-levels;

KE8   Contributed and succeeded in facilitating strategic foresight as a core competence to independent non-executive directors towards adopting a futures-oriented anticipatory governance approach.

Process-Based Assessment

To determine the effectiveness of the intervention that is concerned with task performance rather than the output and focuses on the processes participants underwent to arrive at these outputs.

KE9 To investigate both positive and negative reactions to the shapeshifting intervention with regard to the general setting, amenities and the quality of the delivery;

KE10a To determine the effectiveness of the learning process with regards to the role of facilitator, the quality of the participant materials, and the opportunity for participation;

KE10b To determine the perceived value, relevance and interest of the intervention to independent non-executive directors;

KE11 To investigate and evaluate the impact of the intervention on the behaviour of the participants in their role as independent non-executive director on the board;

KE12 To understand why and if the intervention is perceived to work and identify areas for further development and refinement.

The research results, analysis and interpretation are presented by reflecting the research results obtained from both qualitative and quantitative methods in the pilot study, the first two formal interventions and the additional three interventions (Figure 6.1).

6.2. Research results of the pilot study

6.3. Quantitative research results of the formal shapeshifting Interventions

6.3.1. Introduction

6.3.2. Goodness of fit

6.3.3. Outcomes-based assessment results

6.3.4. Process-based assessment results

6.3.5. Medium to long term impact

6.3.6. Results from qualitative methods

6.3.7. Conclusions and recommendations from the formal shapeshifting interventions

6.4. Dissemination of the shapeshifting interventions

6.5. Quantitative research results of the additional shapeshifting interventions
6.5.1. Goodness of fit

6.5.2. Outcomes-based assessment results

6.5.3. Process-based assessment results

6.5.4. Results from qualitative methods

6.6. Summary of analysis and interpretation

Figure 6.1 Outline of the chapter

6.2 RESEARCH RESULTS OF PILOT STUDY

6.2.1 Introduction to pilot study

A pilot study consisting of two groups took place at two tertiary institutions in South Africa from July to October 2009, with the purpose of testing the shapeshifting intervention in its entirety and to ascertain problems with the roll-out of the intervention under similar settings. The purpose of the pilot study was threefold. In the first place, to roll out the shapeshifting framework -as an instructional design - to determine whether it could be implemented in natural agency settings and test its replicability. The pilot test study phase was intended to result in the refining and detailing of the intervention and the deliverance thereof. Secondly, to investigate the functionality and applicability of the measurement instruments for the formal interventions and in the last place to ensure that the research instruments as a whole functions well. Consequently, the statistical results of the pilot tests will not be reflected. Instead the analysis will examine the problems and challenges encountered and offer suitable solutions for the advanced development phase and the formal interventions.

The pilot tests took place over a period of 14 weeks from July to October 2009 that encompassed of 90 minutes of contact time per week.

The following questions guided the pilot phase:

- Can the shapeshifting instructional design be brought into being or actualised under conditions approximating the ultimate application setting?

- How did in work out in action? What problems were encountered?

- What were the procedures and conditions of implementation?

- Did it bring about the results expected of it?

6.2.2 Demographics

As per the purposive sampling criteria (Table 2.5), 50 people attended the pilot-test shapeshifting interventions and complete data was obtained from 33 participants indicating a response rate of 66%. The lower than expected response rate was due to the fact that participants had to complete various surveys at two time intervals. Only completed questionnaires at both time intervals could be considered.

The one-way frequency plot (N=33) indicates that most of the respondents (63.1%) were females with 36.9% indicating their gender as male. The majority of the respondents (62.4%) indicated their ethnicity as black, together with 21.6 per cent white, 1.4 per cent Asian and 14.6 per cent coloured

respondents. The majority of the sample ranged in the age group between 26 and 30 years (44.4%), while 24.4% of the respondents were between the age group 31 to 35 years. 8.6% of respondents were between 36 and 44 and 10 percent belonged to the age group 45 and above. 12.6% of respondents were between 18 and 25 years. All of the respondents attended university (55.8%) with 44.2 per cent obtaining a post-graduate qualification.

6.2.3   Assessment and evaluation

Two questionnaires were completed by the participants at various time intervals (Weeks 1 and 14) according to the pre-test and post-test design investigating a possible change in knowledge, altruism and attitude (Appendix 1, Sections A and B) and the roll-out and program management of the intervention itself. As with any pilot study, it is inevitable that a variety of problems would be encountered and that revisions would be required.

These aspects were addressed through both process-based and outcomes-based evaluations making use of quantitative methods (Table 2.8). It is important to note that the roll-out of the intervention brought several problems to light regarding questionnaire design, data collection and research methods. These problems and inconsistencies allowed the researcher to revise and re-design data collection methods and improve teaching and learning processes.

6.2.4   Problems and recommendations

The pilot study and observation indicated a positive reaction to the shapeshifting framework as an instructional design and its contribution to increased knowledge and the potential of facilitating a positive change in altruism and attitude. However, as anticipated, with the roll-out of a new programme, certain problems had to be addressed. Challenges experienced during the pilot-test are reflected in the observation field notes of the researcher (Appendix 2) and can be summarised as follows:

- **Level of learning and teaching**

It became clear from both the process-based and outcomes-bases assessment methods that the course should be re-positioned as an "advanced" course in futures thinking and corporate governance as the participants struggled with some of the content and the more advanced futures techniques such as causal layered analysis and scenario building.

For optimal effectiveness in both the teaching and learning processes of the shapeshifting intervention, participants need to have some basic knowledge of corporate governance and current trends in South Africa. Initially, the course was designed on Level 6 of the National Qualifications Framework. After the roll-out, the decision was made to re-design certain

aspects of the shapeshifting framework within the guidelines and recommendations of NQF Level 7.

- **Re-design of curriculum:**

After the pilot study, it was decided that the first step in the first phase of the shapeshifting framework had to be revised (Mindest Myopia). It became evident that if the first step and phase was unsuccessful in altering the mindset of at least some of the participants, it became increasingly difficult to apply the futures skills in the other three phases. In re-designing the curriculum, expert advice was obtained from two sustainability practitioners at auditing firms (Ernst & Young and KPMG) to make the content more practical and relevant to the duties and responsibilities of directors. Consequently, it was decided to involve a practitioner in the delivery of the formal interventions to contribute and enhance the teaching and learning process.

- **Time allocation:**

The programme time allocation had to be adjusted throughout the delivery of the shapeshifting framework according to participants' learning styles, discussions and to allow for the mastery of specific skills. Participants took longer than expected in applying futures skills, such as Causal Layered Analysis (CLA). More time was also allocated for group discussions and break-away groups.

- **Group participation:**

The level of group participation was deemed insufficient and certain aspects of the programme had to be revised. This was mostly due to time constraints and the lack of participants' knowledge of the subject matter and content. Time allocations were revised and additional activities were designed to enhance the level of understanding and question participants' assumptions about corporate governance.

- **Practical and logistical challenges:**

Pilot studies can also identify potential practical problems in following the research procedure. The distribution method of the questionnaires in 'hard copy' was regarded as impractical and difficult as it became difficult to ensure that they would be returned within a specific timeframe. It was consequently decided to make use of online surveys.

- **Motivation:**

Although the motivation behind the attendance of the interventions/courses was not officially recorded, it became evident through informal discussions and the process-based assessment that it is indeed an important factor. Participants who were forced by their employer to attend the course, showed more resistance to the learning process. It was therefore decided that the formal interventions would be purely based on voluntary participation by willing participants.

- **Questionnaire design:**

A variety of problems were encountered with the questionnaire design:

- Some of the questions were in some cases too ambiguous or difficult to understand. The adequacy of the instructions were re-evaluated and questions that were deemed to be poorly phrased or positioned inaccurately were corrected.

- It also became evident that the participants were not able to distinguish and answer negative and positive statements correctly, measuring the same variable.. As a result, the expert help of a statistician from University of Witwatersrand was enlisted to re-design the questionnaire and refine the data collection process.

- **Reliability and validity of scales:**

The issues of measurement validity had to be addressed when several problems were encountered with the scales itself.

When investigating the influence of the shapeshifting framework on altruism using Straughan and Robert's 9-point rating ECCB (Environmentally Conscious Consumer Behaviour) scale, it appeared that most of the participants replied inconsistently and were unable to distinguish between positive and negative statements. Furthermore, the Cronbach alpha did not meet the minimum criteria of 0.6 raising questions about the reliability of the scale. The researcher decided to use a different scale (GREEN Altruism) for measuring altruism for the formal interventions.

The scale measuring attitude towards corporate ethics (Hunt et al., 1986) also revealed problems of reliability and its uni-dimensionality could not be confirmed through a factor analysis. However, it was decided to include the scale in the formal intervention surveys as the sampling frame was identified as a possible contributing factor.

- **Item analysis**

After the pilot test, the researcher conducted an item analysis confirming which items/variables will make it to the formal interventions by determining which items perform well, revising those that could be better, and by eliminating any items which did not properly reflect upon the desired information. It was also decided to add an additional variable – socially responsible behaviour – in the formal intervention surveys as it was seen as an important contributing factor measuring the change in behaviour of the participants as a result of the intervention.

6.2.5   Summary

The pilot test and roll out of the intervention was a crucial phase in the study as many problems, challenges and opportunities for further development and refinement were identified. Accordingly, the researcher made several changes various aspects of the intervention to be field-tested again in the next two formal interventions.

6.3.   RESEARCH RESULTS OF THE FORMAL SHAPESHIFTING INTERVENTIONS

6.3.1. Introduction to the formal shapeshifting interventions

Based on the findings of the pilot phase, the shapeshifting framework was revised and improvements were made, both to the curriculum and the teaching/learning objectives and protocols. As design-based research is an iterative process that should be field-tested in a variety of real life settings, two additional and "formal" shapeshifting interventions were organised during May 2010.

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┌─────────────────────────────────────────────────────────────┐
│                    Formal Interventions                      │
│                         N = 47                               │
└─────────────────────────────────────────────────────────────┘
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Outcomes-based assessment ⟷ Process-based assessment

Pre- and post intervention quantitative measurements

Knowledge

Altruism

Attitude

Socially responsible behavior

Values

Post - intervention quantitative measurement

Empowerment

Directorial skills

Post- intervention quantitative and qualitative measurements

Level 1: Reaction

Level 2: Learning

Level 3: Behaviour

Level 4: Impact

Medium-long term impact

Iteration, advanced development and dissemination

Figure 6.2 Overview and analysis of the evaluation process of the formal shapeshifting interventions

6.3.2 SAMPLING AND GOODNESS OF FIT

The demographic results (gender, ethnicity, age and education distribution) from the two formal interventions were grouped together, as they were purposefully sampled according to the same criteria (N=47).

Even though the random stratified sampling method was used, it is important to determine whether the sample is a realistic depiction of the demographic distribution of independent non-executive directors in South Africa. This goodness-of-fit procedure, using a Chi Square test, involves determining what you expect to find and comparing it to the actual observation in the observed sample.

H$_0$ The sample distribution is similar to the population distribution

Subsequently a Chi Square test was performed on each of the demographic variables comparing the sample to the demographic characteristics of independent non-executive directors according to the IoD database.

6.3.2.1 Gender

To reduce the error in approximation, the Yates correction adjusts the formula for chi square test by subtracting 0.5 from the difference between each observed value and its expected value in a 2 × 2 contingency table. As the gender category consists of a 2×2 table, a Yates correction test was performed to determine the degree of freedom.

Table 6.1 Chi square test - Gender

Gender N=47	Observed Frequency	Expected Frequency	Test Statistic
Male	54.5	58	0.05
Female	45.5	42	

The Chi squared equals 0.05 (p > 0.05) indicating there was no significant difference in the gender ratio between the sample investigated and the IoDSA database, the universum to which it is compared. Therefore, the null hypothesis with regard to gender is accepted.

6.3.2.2 Ethnicity

The degree of freedom (Table 6.2) for the ethnicity category was calculated using the Chi-square table where the 5% level of three degrees of difference is 7.82.

Table 6.2 Chi square test -Ethnicity

Ethnicity N=47	Observed Frequency %	Expected Frequency %	Test statistic
Black	43.2	39	2.38
White	38.6	45	
Asian	15.9	12	
Coloured	2.3	4	

As the chi-square value equals 2.38 (p > 0.05), the null hypothesis in terms of ethnicity is confirmed indicating that the ethnicity distribution of the sample is similar to the ethnicity of independent non-executive directors.

6.3.2.3 Education

For the demographic category of 'education' a Yates correction test was performed for the 2 × 2 contingency table. The effect of Yates' correction is to prevent overestimation of statistical significance for small data (N=47).

Table 6.3 Chi square test - Education

Education N=47	Observed Frequency	Expected Frequency	Test Statistic
Degree	63.4	65	0.02
Post-graduate qualification	36.6	35	

The Chi squared equals 0.02 (p > 0.05) indicating there was no significant difference in the level of education between the sample and the expected level of education according to the IoDSA database (Table 6.3). The null hypothesis with reference to the level of education is therefore accepted.

6.3.2.4 Age

The degree of freedom for the age category was calculated using the Chi-square table where the 5% level of three degrees of difference is 9.49.

Table 6.4 Chi square test – Age

Age N=47	Observed Frequency	Expected Frequency	Test statistic
Above 55	23.2	22	4.24
46-55	32.4	35	
36-44	24.8	29	
30-35	16.4	11	
Below 35	3.2	2	

The Chi squared equals 4.24 (p > 0.05) indicating there was no significant difference in the different age groups between the observed and expected sample

6.3.2.5 Summary

The researcher used the goodness of fit test to test how well the expected demographic categories of independent directors in South Africa fit the set of observations. Measures of goodness of fit typically summarize the discrepancy between observed values and the values expected under the model in question. As all the categories confirmed the null hypothesis, it can be concluded that the sample distribution is similar to the expected population distribution.

6.3.3 OUTCOMES-BASED ASSESSMENT RESULTS

The purpose of applying outcomes-based assessment questionnaires of the shapeshifting framework was to obtain a measurement of its effect on knowledge, altruism, attitude, values, skills and empowerment as indicated by the critical learning outcomes in Chapter 5 (Table 5.1). It is important to note that some of these aspects may overlap and are inter-dependent as the framework should be viewed holistically, while the evaluation focused on specific aspects using both quantitative and qualitative methods. A relationship view between the critical learning outcomes, the methods employed and its corresponding embodied conjectures (Table 2.1) is summarised below in Table 6.5

Table 6.5 Correlation between the critical learning outcomes of the shapeshifting framework and the outcomes-based assessment methods

Critical Learning Outcomes	Measurement	Method	Approach	Embodied Conjecture
CLO 1: Unlock	Knowledge	Pre- and post intervention survey	Quantitative	KE1
	Attitude	Pre- and post intervention surveys Interviews	Quantitative and qualitative	KE 3
CLO 2: Anticipate	Knwledge	Pre- and post intervention surveys Interviews	Quantitative and qualitative	KE 1

	Altruism	Pre- and post intervention survey	Quantitative	KE2
	Values	Pre- and post intervention survey	Quantitative	KE4 KE5
CLO 3 : Design	Skills	Post-intervention survey – open ended questions Interviews Long-term impact survey	Quantitative and qualitative	KE 5 KE6
	Strategic foresight	Post-intervention survey – open ended questions Interviews Long-term impact survey	Quantitative and qualitative	KE8
CLO 4: Integrate	Empowerment	Post-intervention survey Interviews Long-term impact survey Post-intervention survey	Quantitative and qualitative	KE 7
	Socially responsible behaviour	Pre- and post intervention surveys	Quantitative	KE4
	Strategic foresight	Interviews Long-term impact survey	Quantitative and qualitative	KE 8

6.3.3.1 Knowledge

The acquisition of knowledge as a result of the intervention (Appendix 4, Section A) were measured using a four point Lickert scale that ranged from 1 = I am not familiar with the concept; 2 = I have heard the concept before, but have no in-depth knowledge; 3 = I have a good understanding and knowledge of the concept; 4 = I have thorough knowledge and understanding of the concepts and understand its relevance and importance.

H$_0$: The shapeshifting intervention did not result in an increase in knowledge of the triple bottom line, stakeholder engagement, corporate governance, sustainable development, 3P's, strategic foresight, scenario building ,residual risk, causal layered analysis and duties, liabilities and legal requirements of independent non-executive directors.

In order to test the null hypothesis the Wilcoxon non-parametric test was used in order to establish control for experimental variability. Like the t-test for correlated samples, the Wilcoxon signed-ranks test applies to two-sample designs involving repeated measures, matched pairs, or "before" and "after" measures. The test compared the two paired groups (Table 6.6) and analysed the differences.

Table 6.6 Descriptive statistics - Knowledge

N=47	Mean Time 1	Mean Time 2	Z	Asymp. Sigficance (2-tailed)
Stakeholder engagement	2.30	3.36	-5.52	.000
Corporate governance	2.72	3.43	-5.26	.000
Duties and responsibilities	2.53	3.36	-5.29	.000
Triple bottom line	2.23	3.13	-5.05	.000
Sustainable development	2.53	3.23	-4.48	.000
Planet, profit, people	2.19	3.32	-5.20	.000
Strategic foresight	1.55	3.19	-6.05	.000
Scenario building	2.00	3.13	-5.77	.000
Residual risk	1.89	3.23	-5.8	.000
Causal layered analysis	1.30	3.06	-6.20	.000

For each of the knowledge concepts, the responses were measured before and after the intervention. Before and after differences were then ranked by their absolute value, ignoring the sign, giving 1 for the smallest difference, 2 for the next smallest and so forth after which the ranks of the positive and negative differences are re-attached to the responses and summed for negative and positive values. Under the null hypothesis one would expect the two sums to be similar. Sums

which differ substantially lead to the rejection of the null hypothesis. The test statistic is based on the largest of the sums of the signed ranks. Table 6.6 shows a significant increase ($p<0.05$) in the knowledge acquisition regarding all the concepts. The strategic foresight component is especially important to the study and shows a significant increase from mean=1.55 to mean= 3.19. The Wilcoxon test statistics (Table 6.6) confirmed the results showing a significant increase at the level $α = 0.05$, that there is enough evidence to conclude that the intervention was successful in increasing the knowledge of the participants, thereby rejecting the null hypothesis (KE1).

6.3.3.2 Attitude towards ethics

The attitude towards corporate ethics of the participants were measured using the scale of Hunt, Wood and Chonko (1984) consisting of 6 items that are scored on a 9-point lickert scale where 1 – strong disagree and 9- strongly agree (Appendix 4). Reverse scoring was performed where required.

H$_0$: The shapeshifting intervention did not result in an increase in the participant's attitude towards corporate ethics.

Several problems were encountered with the scale and the initial results. The Cronbach Alpha both before and after the intervention was < 0.6 and a factor analysis could not confirm the uni-dimensionality of the scale. The researcher investigated the development and application of the scale from 1984 to 1993 (Hunt, Wood & Wilcox, 1984; Hunt, Wood and Chonko, 1986; Hunt & Chonko, 1993) and found that questions were first added (1986) and then reduced to a 5-item scale in 1993. The sample sizes of the various studies were also considered as a possible problem as the studies used larger sample sizes of more than 1000 respondents that tend to increase the reliability of the scale. Upon closer inspection of the questions of the original questions of the CET scale (1984), it was noticed that two statements did not seem to measure the attitude towards corporate ethics as indicated by the authors, but rather if respondents believed they would be rewarded/punished by their ethical/unethical behaviour. It was therefore decided to remove the two statements and repeat the analysis of the data. The Cronbach alpha increased to 0.682 (pre-intervention) and 0.708 (post-intervention) falling within acceptable levels of reliability. A factor analysis confirmed the intended uni-dimensionality of the scale as the cumulative percentage of the sums of squared loadings equalled 66.31%.

Table 6.7 Descriptive statistics – Attitude towards ethics

N=47	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	5.28	1.70	4.50	13.50	-5.696	.000
Time 2	6.63	1.18	21.62	1021.50		

Table 6.7 indicated an increase in the attitude of participants towards corporate ethics as the mean increased from 5.28 to 6.63 after the intervention. The Wilcoxon Test confirmed that there was a significant increase (p = 0.00) in the attitude of the participants after the intervention thus rejecting the null hypothesis (KE3).

The effect of the intervention on the attitude was an expected and a positive result as it confirmed one of the critical learning outcomes of the shapeshifting framework (CL0 1). However, the problems with the scale was acknowledge and would be re-tested and evaluated in the dissemination phase of the interventionist research framework.

6.3.3.3 Altruism

The level of altruism of the 47 participants of the shapeshifting intervention was measured using the GREEN scale. The GREEN scale consists of six items forming a single dimension (Antil, 1994). The items are assessed on a 9-point lickert scale where 1 = strongly disagree and 9 = strongly agree (Appendix 4, Section B).

H_0: The shapeshifting intervention did not result in an increase of the level of altruism of the participants.

The pre- and post-Cronbach alphas were 0.892 and 0.912 respectively indicating the reliability of the scale as confirmed by previous studies (Antil, 1984). The pre- and post- factor analysis corroborated the uni-dimensionality of the scale – cumulative percentage of sum of squared loadings equals 63.63%. (Table 6.8).

Table 6.8 Total variance explained and factor analysis

Component	Initial Eigen Values			Extraction Sums of Sqaured loadings		
	Total	%Variance	Cumulative%	Total	%Variance	Cumulative%
1	3.93	66.63	66.63	3.998	63.634	63.634
2	.783	13.05	76.69			
3	.572	9.54	89.23			
4	.305	5.08	94.31			
5	.208	3.47	97.78			
6	.133	2.20	100.00			

The Wilcoxon Test (Table 6.9) indicated that there was a significant increase ($p = 0.00$) in the levels of altruism of the participants after the intervention thus rejecting the null hypothesis (KE2).

Table 6.9 Wilcoxon Test Results - Altruism

N=47	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	6.09	1.58	20.38	81.50	-4.662	.000
Time 2	6.42	1.39	21.62	821.50		

The significant increase in the levels of altruism of the participants was a positive but unexpected result as the data obtained from 'altruism' component of the component was identified as a problem area for revision and changes were made to both the framework and the teaching and learning process of the intervention.

Increasing the level of altruism of participants has always been regarded as a fundamental component of the shapeshifting intervention as altruistic motivations are a key driver for change towards an anticipatory futures-orientated governance approach. Altruistic motivations are needed to reduce the transaction costs in human exchanges (North, 1993). This means that under certain circumstances, the private goals of those social actors with enough bargain power to alter the institutions produce institutional solutions that eventually become socially and ecologically efficient (North, 1990; Romeiro, 2000). In other words, changes in an approach to corporate governance result from the decisions made by the board of directors. These circumstances, in turn, are not

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entirely fortuitous but conditioned by preexisting cultural values and attitude towards ethics (Norgaard, 1994).

The positive results obtained for the two formal shapeshifting interventions confirmed the suitability of the iterations that resulted in an increase of the level of altruism of the participants (KE2).

6.3.3.4 Socially responsible behaviour

The possible adjustment of socially responsible behaviour of participants as a result of the shapeshifting intervention was measured the Socially Responsible Consumption Behaviour (SRCB) scale as was used by Johnson & Venter (2010) consisting of 9 lickert-scale items that ranges from 1 – strongly disagree to 9 strongly agree.

H$_0$: The shapeshifting intervention did not result in an increase in the participant's socially responsible behaviour

Although the Cronbach alphas at first glance judged the scale as reliable according the criteria specified in Chapter 2 ($>$ 0.6), a factor analysis could not confirm the uni-dimensionality of the scale. As a result, the researcher probed the shortened version of the SRCB and consulted with the authors. The sample size of the study (Johnson & Venter, 2010) was considered as a possible reason (N=$>$150), as well as the fact that the research was conducted amongst students at a tertiary institution in South Africa. Taking into consideration the possible limitations of the scale, two items were removed that both the researcher and the authors of the article considered not measuring the same variable and may be understood by adults as ambiguous and misleading.

In view of the adjustment, the factor analysis confirmed the intended uni-dimensionality of the scale with the cumulative percentage of variance calculated at 62.21%. The reliability of the scale was confirmed both pre- and post-intervention with Cronbach alphas of 0.839 and 0.832 respectively.

Table 6.10 Wilcoxon Test Results – Socially Responsible Behaviour

N=47	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	6.93	1.50	20.38	58.00	-5.022	.000
Time 2	7.42	1.06	21.62	888.00		

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After the administration of the Wilcoxon test (Table 6.10), the increase in the socially responsible behaviour of the participants (KE4) can be viewed as significant (p=<0.005) thus rejecting the null hypothesis.

According to Sheth *et al*. (2011:27), the change in responsible behaviour is closely related to the mindset of individuals pertaining to their attitudes, altruism and values. In this manner, the increase in socially responsible behaviour, altruism and values confirm their argument and supports their findings.

6.3.3.5 Values

The corporate values assessment was administered before and after the shapeshifting intervention (Appendix 4 and 5 Section E) and consisted of a list of organisational values on the three levels of Barrett's CTS Index from which individuals could choose only 10 values that best describe their current beliefs and values about organisational effectiveness. Each value/behaviour on the template is associated with one of the seven levels of consciousness indicating different values (Table 6.11). The CTS Index measures the percentage of values indicated by the participants that are situated in the upper three levels of consciousness (common good - C), the middle level of consciousness (transformation =T), and the lower three levels of consciousness (self-interest =S). The index is used to reflect an individual's espoused values regarding its organization's values and gain insight into the individual's perceptions of these values (Barrett, 1998:77).

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Table 6.11 CTS levels

Value/Behaviour	Level	Description
Self-interest		
Survival	1	Profit Survival Shareholder value
Relationship	2	Relationships Customer satisfaction Results
Self-esteem	3	Prestige Sales Competitive advantage
Transformation		
Transformation	4	Multiple goals Accountability Empowerment Transformation Diversity
Common good		
Internal cohesion	5	Innovation Employee fulfilment Creativity
Making a difference	6	Environmental awareness Making a difference Community
Service	7	Vision Global/society Stakeholder interests Ethics

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Figure 6.3 CTS Index - Results

	Pre-	Post-	TOTAL
Common good			
Service	22%	45%	+ 23%
Making a difference	7%	28%	+ 21%
Internal cohesion	21%	34%	+ 13%
Total			+ 57%
Transformation			
Transformation	36%	46%	+ 10%
Total			+10%
Self-interest			
Self esteem	41%	23%	-18%
Relationship	43%	41%	-2%
Survival	65%	36%	-29%
Total			-49%
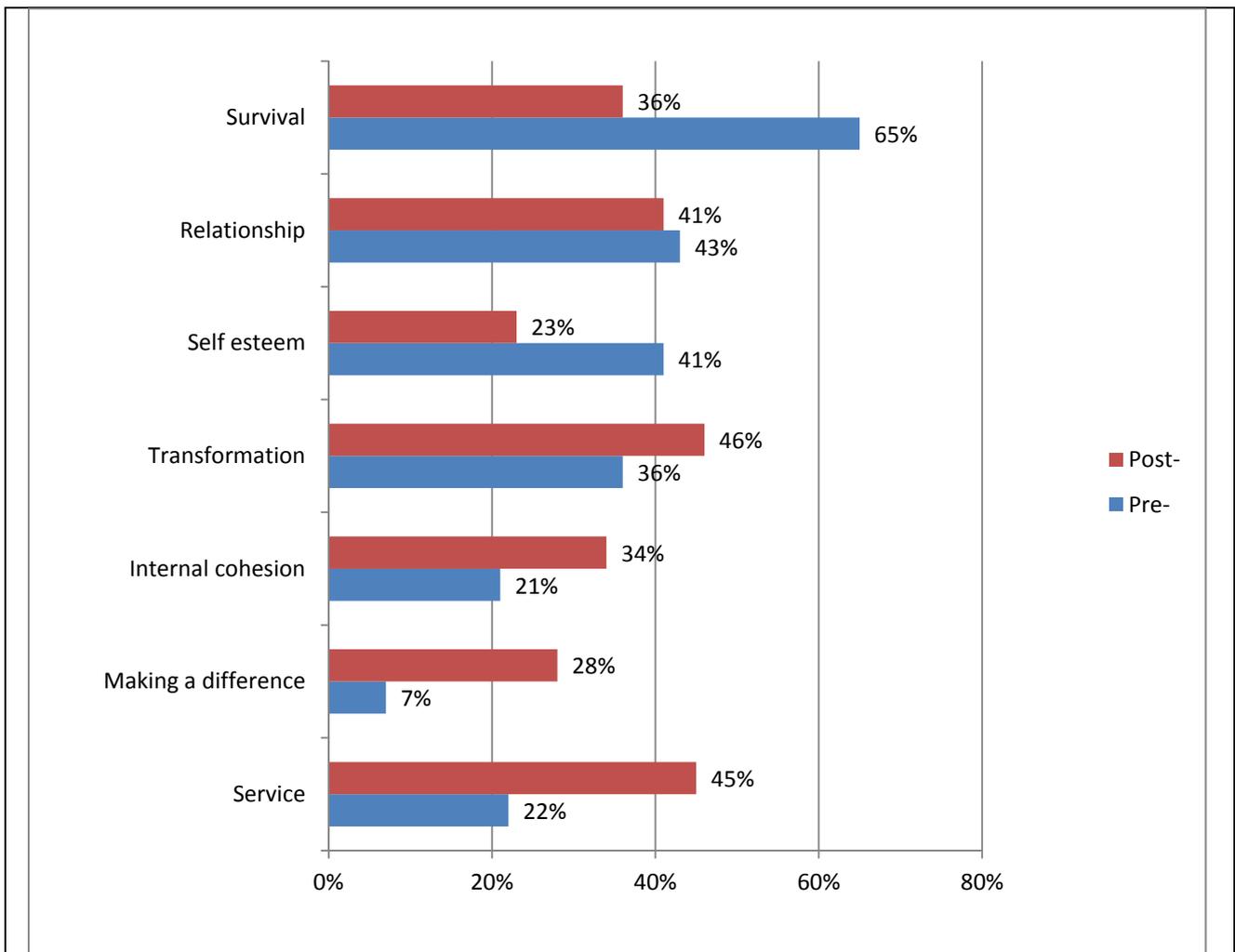
The influence of the shapeshifting intervention on organisational values was a quantitative measurement, as reflected in Figure 6.3. The results indicate a substantial increase in the three upper levels of organisational consciousness (common good) with an overall increase of 57 per cent. What is of significance is that the intervention caused a decrease of participants' self-interest (S) values (-49%) and an increase in the level of transformation (+10%).

Although an increase was expected in the three upper levels, the difference between the pre-test and post-test results is noteworthy. The results indicated a movement or shift in levels of the CTS index towards greater environmental awareness, a concern for the society in which it operates, protecting stakeholders' interests and making a difference in the community in which it operates.

Therefore, it can be said that the intervention quantitatively and measurably improved organisational values of the participants with regards to sustainable development, environmental and corporate responsibility and governance (KE5).

6.3.3.6. Empowerment

Once an intervention aimed at empowerment has been implemented, the facilitator needs to evaluate the success of the programme in terms of the aim of empowering the target group (Botha *et al*., 2007: 10) on micro-, interface- and macro levels. Changes in all three empowerment levels were measured quantitatively with the use of the post-intervention questionnaire (Appendix 5, Section F). Participants were asked to indicate what they personally would be doing differently and what effect it had on their role as an independent non-executive director after the intervention. Several options were given and participants were allowed to tick as many options as they found meaningful (Table 6.12).

Table 6.12 Levels of empowerment

Level of empowerment	Description
Micro-level empowerment	- Increase in knowledge and understanding of corporate governance - Decision making skills - Directorial skills - More capable as a director - Awareness
Inter-face level empowerment	- Leadership skills - Board member performance - Communication skills - Assertiveness as a board member - Confidence - Pro-activeness - Personal growth
Macro-level empowerment	-Futures-orientated thinking - Personal growth - Exercising influence - Ready to take action - Control over event - Self esteem -Problem-solving

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Micro-level empowerment	84	53%
Interface level empowerment	47	30%
Macro level empowerment	27	17%

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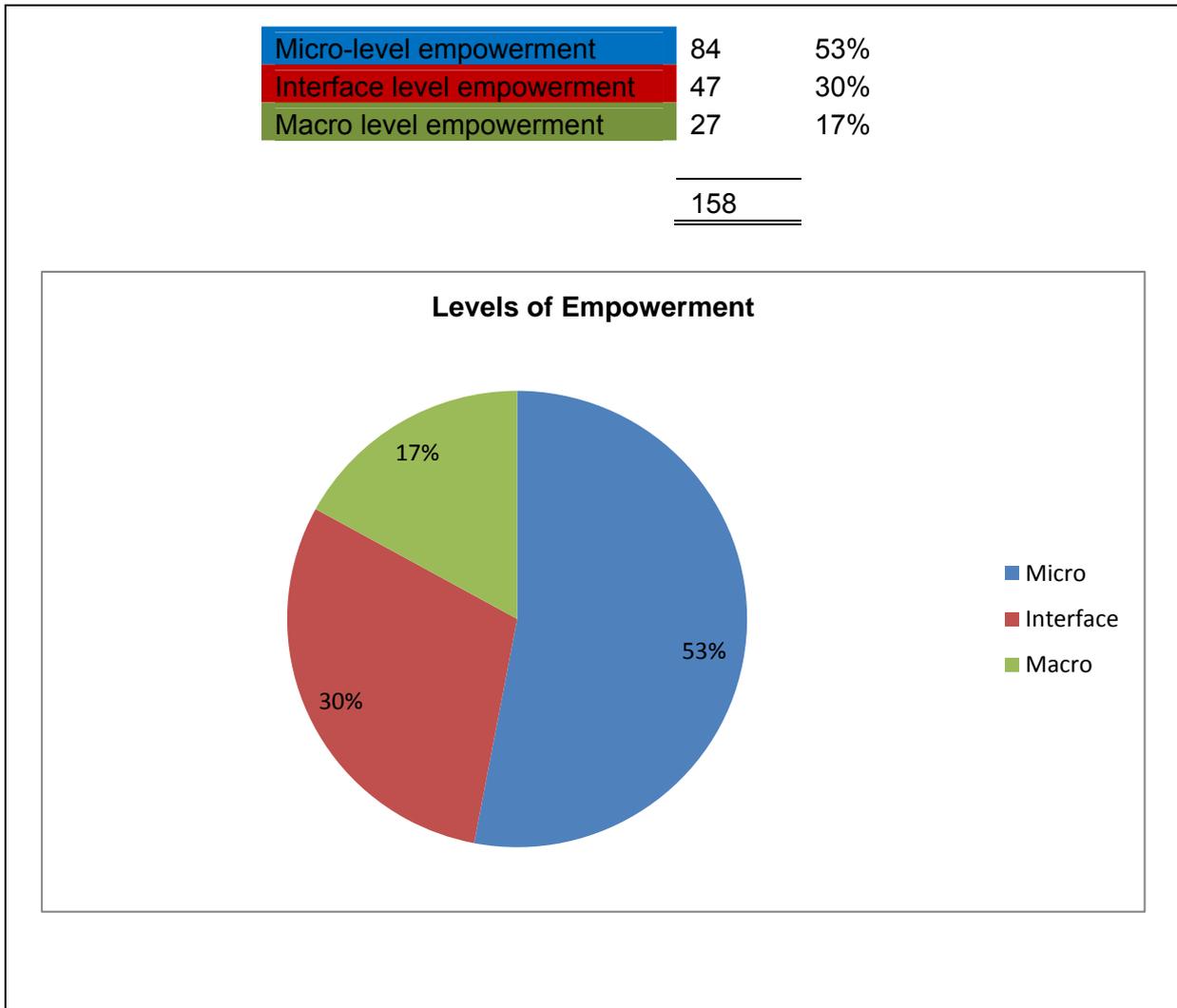
Figure 6.4 Levels of empowerment

Compiled by researcher

Out of the 158 responses that were chosen by the 47 respondents (n=47), 84 responses were chosen from micro-level empowerment indicators, while the interface- and macro-level empowerment indicators received 47 and 27 responses respectively. Micro-level empowerment reflected the most responses (53%) with interface level empowerment at 30 per cent and macro-level empowerment at 17 per cent (Figure 6.4). From the results, the shapeshifting intervention seems to have a meaningful effect on micro-level empowerment (KE7).

However, the level of macro-level empowerment was unexpectedly low. As discussed in the qualitative results, this is mainly due to the lack of the belief of being able to make a difference.

The lack of macro-level empowerment results were confirmed and verified through the use of structured interviews and will be expanded upon in results obtained from qualitative methods.

6.3.3.7 Summary

When reviewing the outcomes-based quantitative results, it is clear that it has had a significant influence on the knowledge, altruism, attitude and socially responsible behaviour of participants and in doing so rejected the null hypotheses. The intervention also resulted in an increase in the upper three levels of the CTS value index towards a greater concern for society. An issue of concern is the relatively low levels of macro-level empowerment and was marked for an area of revision for the dissemination of the shapeshifting intervention.

6.3.4 PROCESS-BASED ASSESSMENT RESULTS

6.3.4.1 Introduction to the processed-based assessment results

Process-based assessment of the shapeshifting intervention was based on the first three levels of Kirkpatrick's model of evaluation according to specific components (Table 2.9), each with their own descriptors. The questionnaire consisted of both structured and open-ended questions (Appendix 5). The fourth level of Kirkpatrick's model was assessed qualitatively and will be discussed at a later stage.

A number of important protocols were followed in the presentation of the process-based assessment. Quotes/comments from open-ended questions in the post-intervention survey are largely verbatim and selected because they represented an overall, generally held feeling that needed to be considered.

6.3.4.2 Level 1: Reaction

The first level assessed the reaction of participants to the process and delivery of the shapeshifting intervention according to four components that ranged from 1- Poor, 2- Average, 3 – Satisfactory, 4 – Good to 5 – Very good (Appendix 5, Section G):

- The standard and quality of facilities and amenities.

- Quality, recommendations and suggestions for more effective programme delivery.

Table 6.13 reflects the rating obtained for the two components. Recommendations and suggestions for effective programme delivery will be discussed in the analysis section of the chapter and indicated as such.

Table 6.13 Level 1: Reaction results

Compiled by researcher

N	Component	Mean (out of 5)	Median (out of 5)
47	Facilities and amenities	4.26	4
47	Delivery	4.79	5

It was evident that the rating for the components overall rated positively. Both the participant's reactions towards the facilities (mean = 4.26) and the quality of delivery (mean =4.30) were significant thereby completing the investigating into the reactions of participants towards the shapeshifting intervention (KE9).

Overall, the reaction to the intervention 'event 'was positive. Suggestions and recommendations on how to improve the programme are discussed as part of the qualitative results.

6.3.4.3 Level 2: Learning

The second level assessed the learning experience of participants to the process and delivery of the shapeshifting intervention according to five components (Appendix 5, Section H):

- Role of the facilitator (Questions 1 & 2);

- Quality of participant materials (Questions 3 & 4);

- Level of participation (Questions 5 & 6);

- Understanding of course objectives (Question 7);

- Relevance of learning experience and subject matter (Questions 8 & 9).

'Learning' was measured using Kirkpatrick & Kirkpatrick's (2006) Level 2 indicator statements that ranged from 1 – Strongly disagree to 5 – Strongly agree.

Table 6.14 Level 2 :Learning - Results

N		Mean(out of 5)	Median(out of 5)
47	Role of the facilitator	4.96	5
47	Quality of participant materials	4.83	5
47	Participation and engagement	4.85	5
47	Understanding of course objectives	4.43	5
47	Interest and relevance	4.21	5

The overall reaction to the learning process of the intervention was positive (Table 6.14). The transfer of knowledge through the educational expertise of the facilitator (KE10a) was rated the highest (mean = 4.96), while both the learning and teaching materials and the level of participation obtained a rating of 4.83 and 4.85 respectively (KE10a). Participants (n=47) indicated that they understood the course objectives (mean = 4.43) and found the subject matter of interest and relevance (KE10b) to their role as independent non-executive directors (mean = 4.21). The results were higher than expected and assisted in verifying the appropriateness of the teaching and delivery of the intervention.

6.3.4.4 Level 3: Behaviour

The third level (Appendix 5) assessed the intention to change behaviour as a result of the shapeshifting intervention according to five components (KE11):

- Change in behaviour as a leader (Question 1);

- Change in behaviour as strategic planner (Question 2);

- Change in behaviour regarding effectiveness as a board member; (Question 3).

- Improvement in communication skills with other board members (Question 4);

- Change in behaviour regarding in involment and participation as a board member; (Question 5).

The results for behaviour was measured (N=47) using Kirkpatrick & Kirkpatrick's (2006) Level 3 indicator statements that ranged from 1 – yes (orange), 2 – no (blue) and 3- not sure (purple) - Figure 6.5.
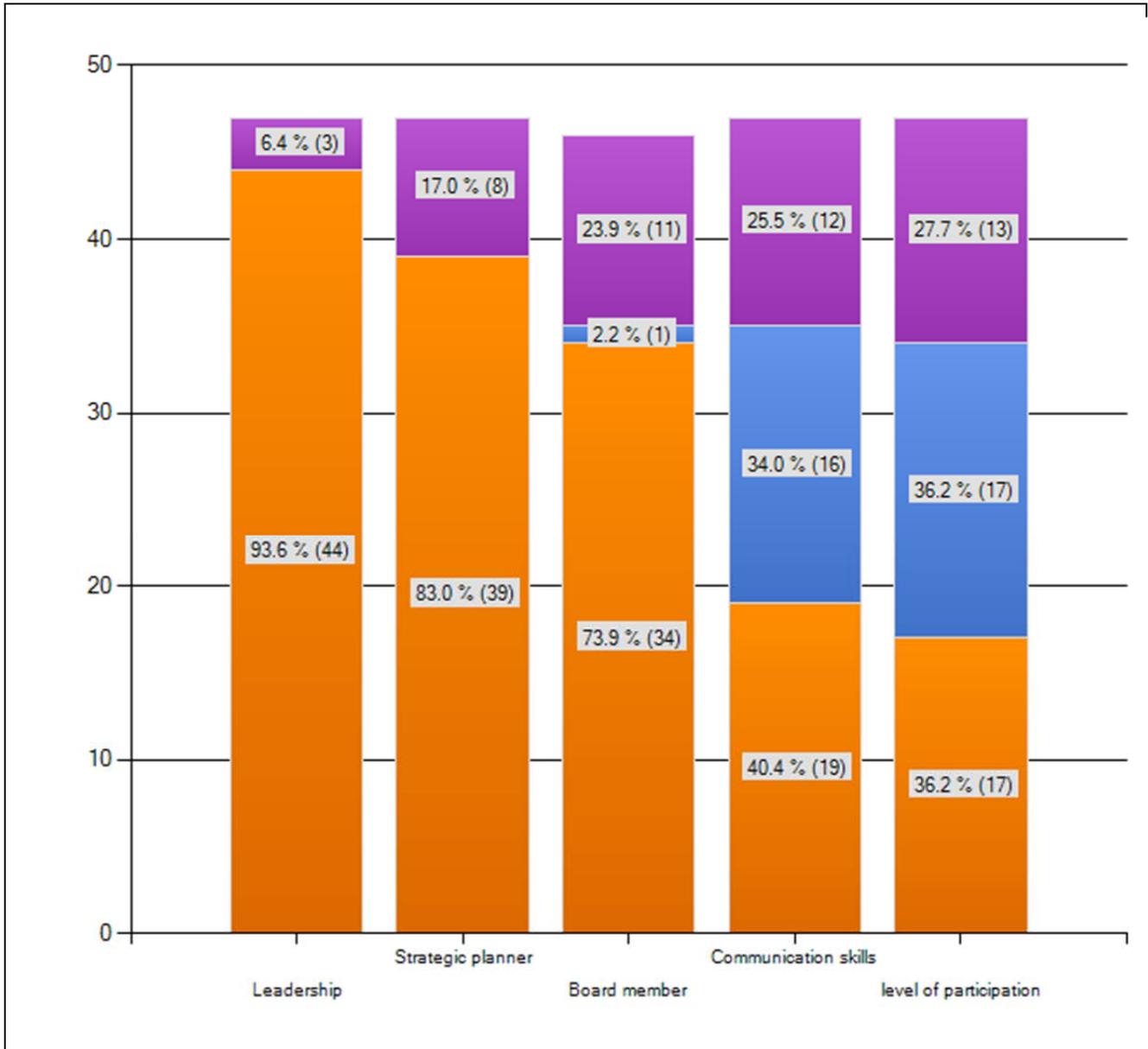
Figure 6.5 Change in behaviour

Compiled by researcher

Figure 6.5 indicates that the shapeshifting intervention had a meaningful effect (93.6%) on the improved leadership skills of the participants (n=47). Participants also indicated that the intervention improved their strategic planning skills (83%) and effectiveness as a board member (73.9%). However, the lower levels of improved communication skills and level of participation raised some issued for concern. Sixteen participants indicated that their communication skills have not improved and 36.2% of respondents felt that their level of participation on the board has not improved. The researcher hypothesizes that these results may be related to the low levels of macro level empowerment. A potential link between the two variables provides an opportunity for further research.

6.3.5 Medium to long-term impact

A third and final questionnaire was sent to all the forty seven participants of the first two formal intervention six months after the formal interventions with the primary aim of evaluating the extent to which the intervention succeeded or failed in facilitating strategic foresight towards a futures-orientated governance approach (KE8). Of the 32 surveys returned to the researcher only 25 were usable. This is due to the fact that a requirement for the successful completion of the questionnaire was to have attended a board meeting and/or a strategic planning during the six months since they attended the intervention.

As stated in Chapter 2 (par 2.7.6.) the purpose of the questionnaire (Appendix 7) was not to necessarily record and increase or decrease of a particular variable over time, but to gain a deeper understanding of the contribution of the intervention. The questions were designed using already existing variables and suggested statements and questions of level 4 of the Kirkpatrick model - results. The objective is not to record a statistically sound measurement, but to obtain information about intangible benefits of the intervention (Kirkpatrick and Kirkpatrick, 2007: 120):

- Transfer of knowledge and skills to other board members;

- Use of future skills, ideas and cencepts in practice;

- Empowerment;

- Intangible benefits (Change in behaviour);

6.3.5.1 Use of futures skills, ideas and concepts in practice

In Section A (Appendix 7), participants were given a list of concepts and/or ideas that they were able to incorporate into their approach, duties and responsibilities as an independent non-executive director. Participants could choose as few or as many options they preferred. The concepts of the absent stakeholder (83.3%), planet, profit, people (79.2%) and strategic foresight (75%) were seen as the most valuable concepts participants were able to incorporate into their duties and responsibilities (KE7). An interesting result (Figure 6.6) is the discrepancy between taking a futures orientated approach (66.7%) anticipatory governance (25%) and anticipatory leadership skills (12.5%). It may indicate that, although participants are able to incorporate a futures-orientated and anticipatory approach to corporate governance, they may lack the leadership skills or opportunity to implement it. However, further research will have to determine if a relationship between the two aspects exists.
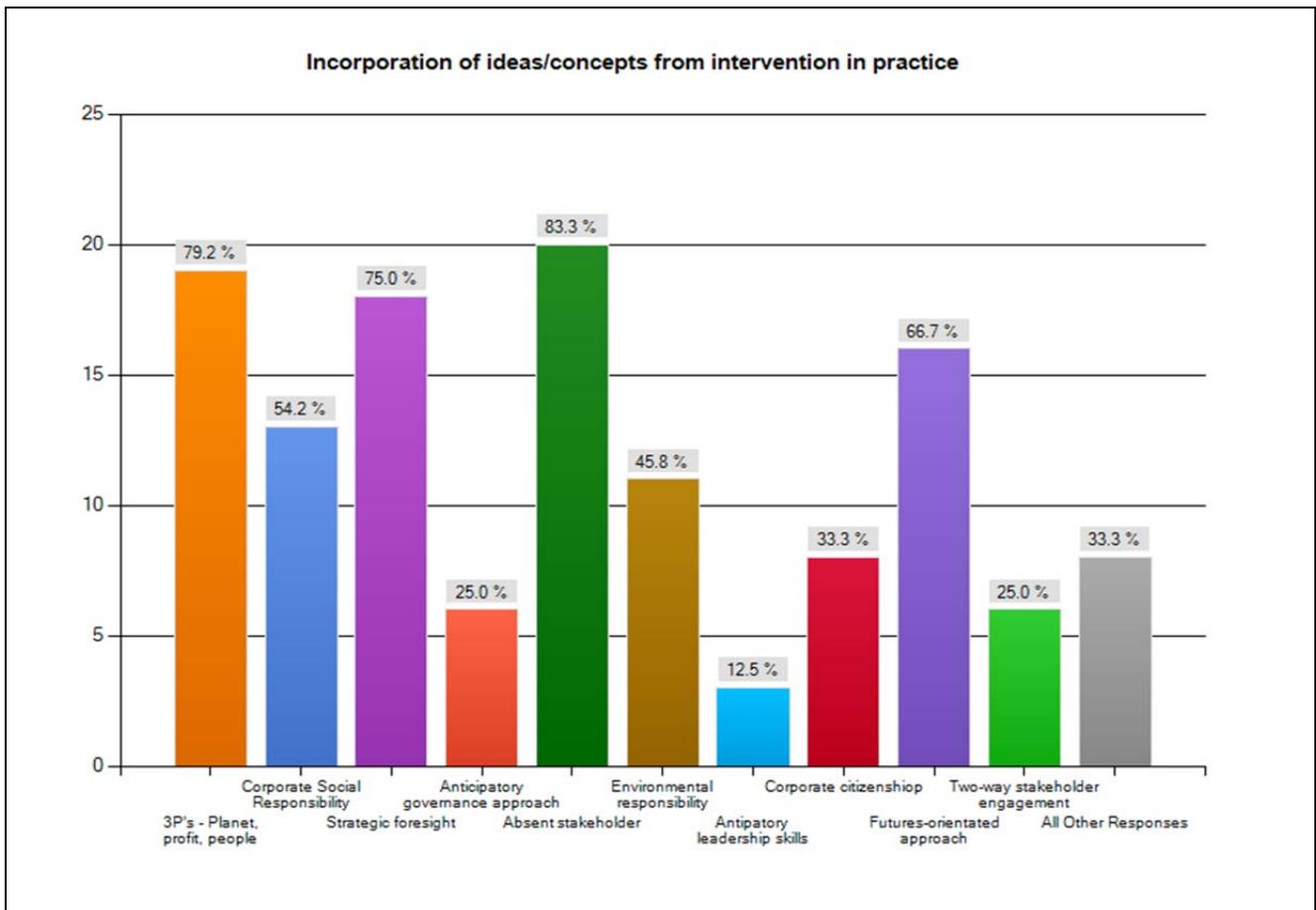
Figure 6.6 Incorporation of ideas/concepts from intervention

Compiled by researcher

6.3.5.2 Transfer of knowledge and skills to other board members

In Section B (Appendix 7) respondents were asked what skills, concepts and ideas they were able to introduce from the intervention to other board members over the six month period since they attended the intervention. Respondents could choose as few or as many options the preferred or found relevant (Figure 6.7).

The respondents indicated that the most important ideas or skills they were able to transfer to other board members were the concepts of strategic foresight (74.1%), the absent stakeholder (74.1%) and planet, profit and people (74.1%).These results are similar to the ideas, concepts and skills respondents incorporated into their approach, duties and responsibilities as an independent non-executive director. The futures skills that obtained the highest rate of transfers were the identification of black swans (70.4%), scenario gameboards (66.7%) and flashforwards (48.1%).
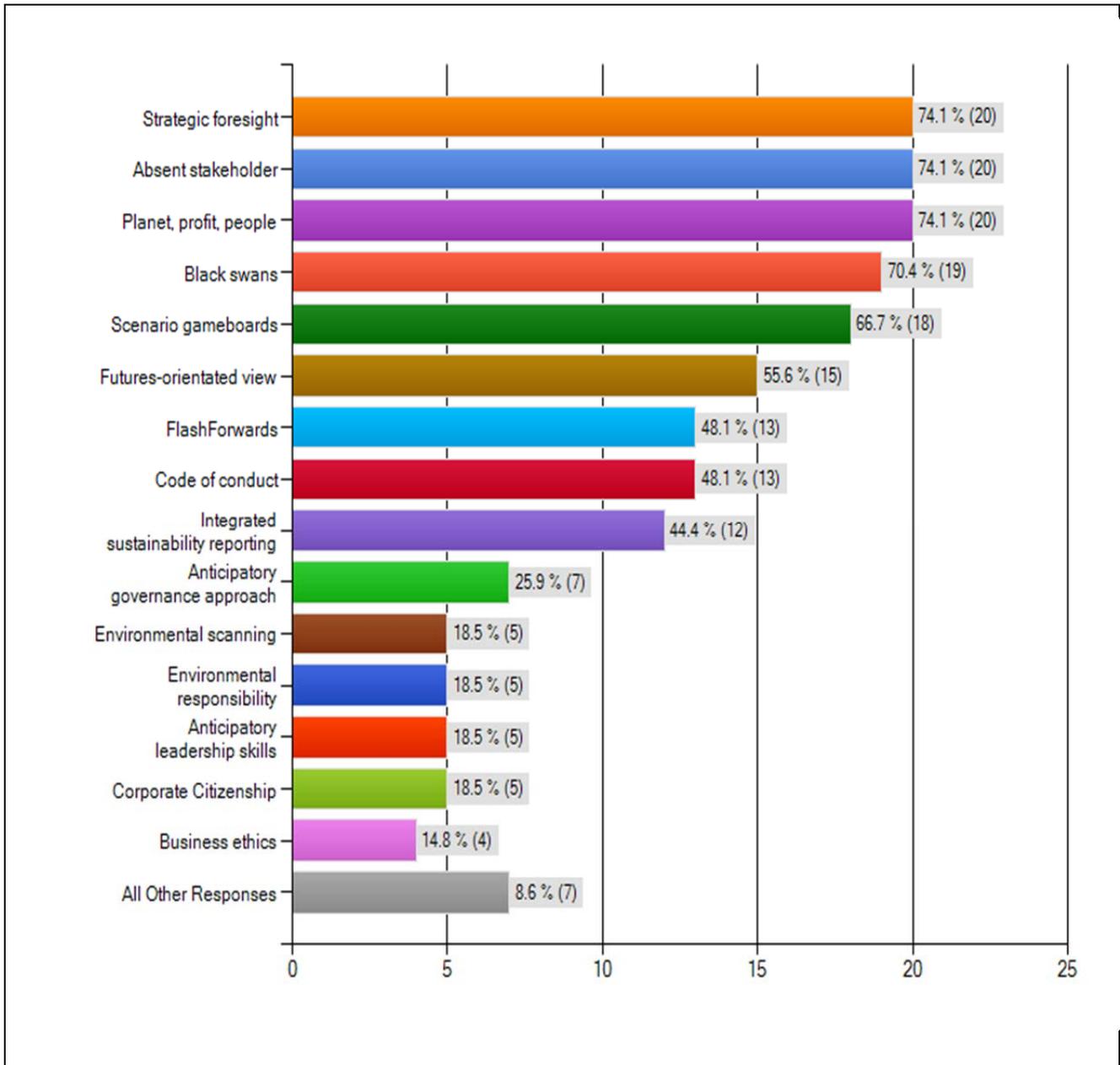
Figure 6.7 Transfer of knowledge and skills to board members

Compiled by researcher

6.3.5.3 Influence of intervention on micro- ,interface- and macro level empowerment

Due to the low levels of macro-level empowerment results from the formal intervention, the researcher was interested to see the long-term effect of the intervention on all three levels on empowerment. Changes in the three empowerment levels were measured quantitatively (Appendix 7, Section D). Participants were asked to indicate what they personally would be doing differently and what effect it had on their role as an independent non-executive director after the intervention. Several options were given and participants were allowed to tick as many options as they found meaningful (Table 6.15). Of the 170 responses received, micro- , interface-, and macro-level empowerment counted for 25%, 39% and 36% respectively.

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Table 6.15 Levels of empowerment

Level of empowerment	Description	Response count
Micro-level empowerment	- Increase in knowledge and understanding of corporate governance	6
	- Decision making skills	9
	- More capable as a director	10
	- Awareness	13
	- Understanding board dynamics	4
TOTAL		42
Inter-face level empowerment	- Leadership skills	15
	- Communication skills	6
	- Assertiveness as a board member	6
	- Confidence	5
	- Pro-activeness	10
	- Self empowerment	8
	- Personal growth	16
TOTAL		66
Macro-level empowerment	- Motivation to change	13
	- Personal growth	16
	- Exercising influence	6
	- Ready to take action	9
	- Control over event	11
	- Self esteem	7
TOTAL		62

Figure 6.8 compares the data from the levels of empowerment from the formal interventions and the long-term impact (six months after the intervention) to determine if a change in the levels of empowerment has occurred over time. Micro-level empowerment decreased from 53% to 25% while interface-level empowerment increased from 30% to 35%. Macro-level empowerment increased from 17% to 36% indicating a positive shift to macro-level empowerment.
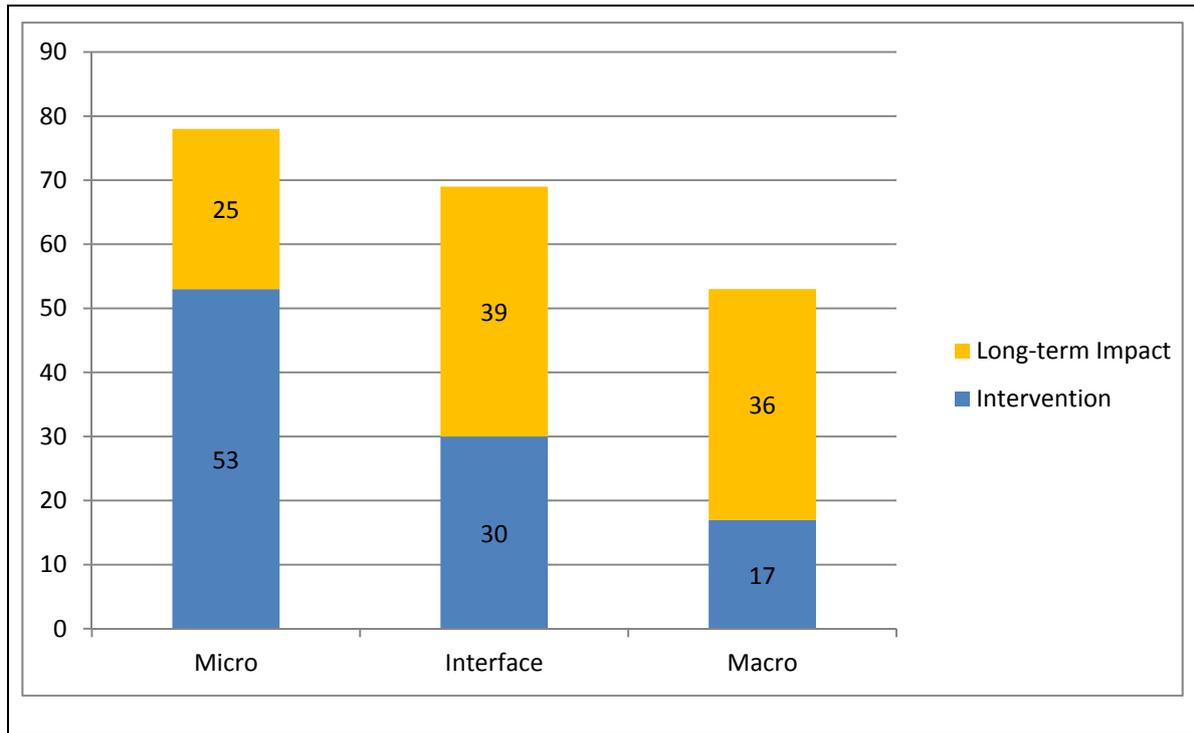
Figure 6.8 Comparison of empowerment levels

Compiled by researcher

6.3.5.4 Intangible benefits (change in behaviour)

Section D of the long-term impact questionnaire (Appendix 7, Section E) measured the intangible benefits of the interventions on the leadership, actions and behaviour of the respondents (Table 6.22).

Table 6.16 Intangible benefits of interventions

N	Criteria	Yes	N	Limited ways	N	No	N	Not sure	N
25	Effectiveness as leader	56%	14	36%	9	0%	0	8%	2
25	Effectiveness as board member	32%	8	64%	16	4%	1	0%	0
25	Communication skills with other board members	16%	4	56%	14	12%	3	16%	4
25	Attitude to good corporate governance	92%	23	8%	2	0%	0	0%	0
25	Adopting a futures-orientated governance approach	76%	19	20%	5	4%	1	0%	0

Compiled by researcher

Seventy six per cent of respondents (n=25) indicated that they have adopted a futures-orientated approach to corporate governance since the intervention, while 92 per cent indicated that they experienced a change in attitude to good corporate governance practices (Table 6.16). From the results, 32% of respondents confirmed an increase in their effectiveness as an independent non-executive director while 56% indicated that their effectiveness has been affected in limited ways. Respondents' communication skills with other board members (16%) were noted as a problem area and may be an aspect that could be included in a future revision of the shapeshifting framework.

When summarising the results from the long-term impact post intervention questionnaire, the researcher puts forward five conclusions:

i.   The first two shapeshifting intervention resulted in a substantial increase in the understanding of futures concepts and more specifically strategic foresight (KE8);

ii.   Strategic foresight was identified by the respondents as an important skill in adopting a futures-orientated approach (KE8);

iii.   The intervention had a noteworthy and positive long-term impact on facilitating and promoting a futures-orientated approach to corporate governance (KE8);

iv.   The intervention facilitated a change from micro-level or inter-face and macro-level empowerment (KE7);

v.   The intervention resulted in a long-term positive change in attitude towards corporate governance (KE3).

6.3.6 RESULTS FROM QUALITATIVE METHODS: OUTCOMES-BASED AND PROCESS-BASED ASSESSMENT

6.3.6.1 Introduction

This section contains the qualitative results of the study for the formal shapeshifting interventions. It uses all the inputs from the researcher's field notes, third-party observation notes (Appendix 8), qualitative questions from the post-intervention surveys (Appendix 5) and the partial transcripts from the structured interviews from the first two formal interventions (Appendix 6).

6.3.6.2 Data categories and themes

Identifying categories and themes involved listening to interview recordings, gaining insight from the third-party observers and the guest facilitator, and going through all the different data inputs in different phases:

- **Phase 1:** The data was considered to be thematic (what does it relate to) and contextual (what was said and in what way) and through the use of inductive coding procedures, various themes were first identified by the researcher and then tested using a qualitative research software programme (NviVo, Version 8) that was seen to tell the story of how participants viewed and experienced the shapeshifting intervention.

- **Phase 2:** This phase involved examining the data in a more specific and focused manner by identifying sub-themes within the broader categories that were considered of importance in the first phase.

- **Phase 3**: The last phase involved generating data categories and themes through the input of data in the statistical programme NviVo Version 8 and analysing results.

Figure 6.9 represents the conceptual representation of qualitative results and provides an overview of the grouping of data categories and themes. To make sense of the data, working definitions were compiled to describe each main data category and theme.

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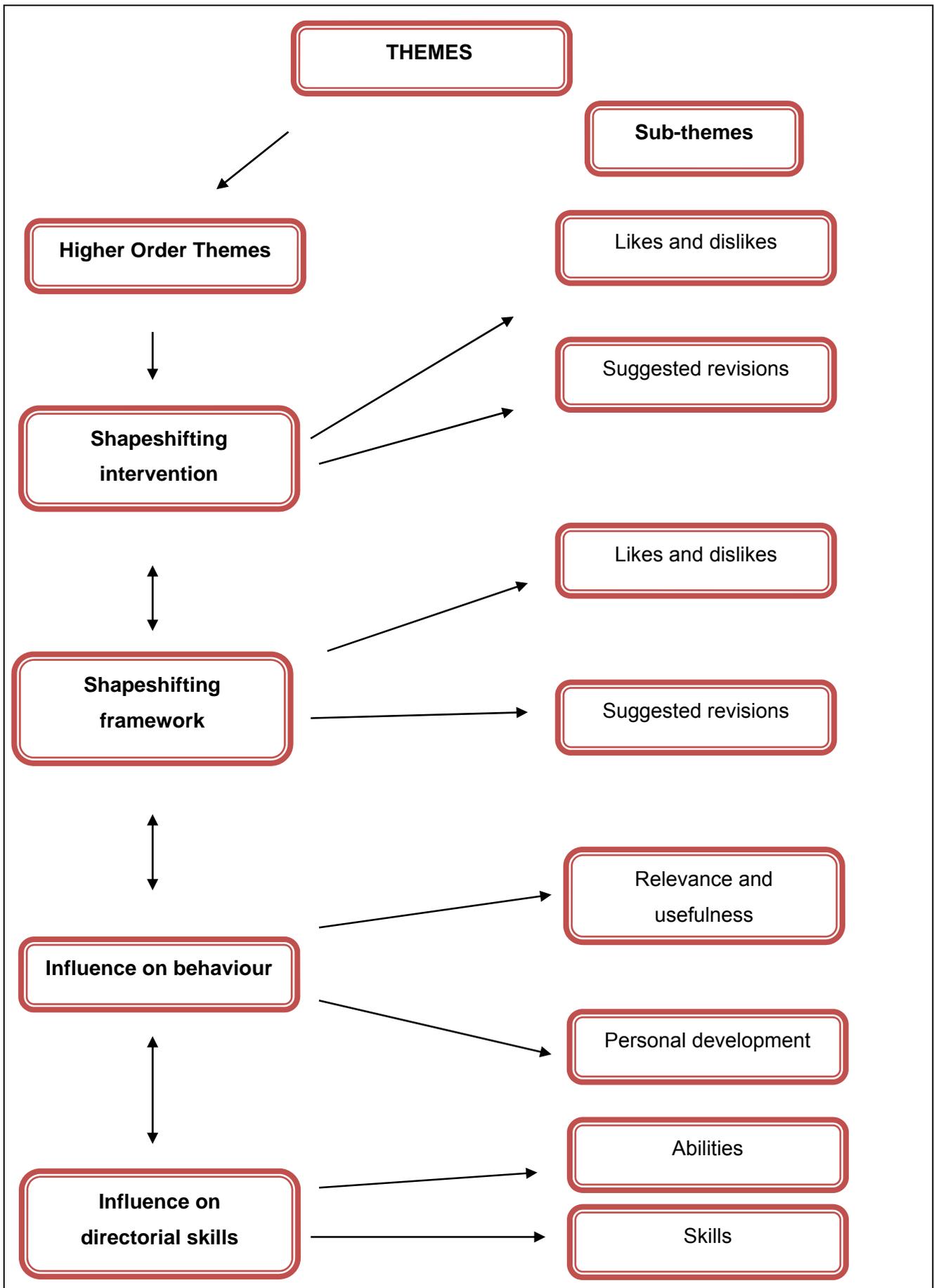
Figure 6.9 Conceptualization of the qualitative research

i. **Shapeshifting intervention:** Encompassed all the comments regarding the delivery and teaching and learning process of the intervention itself.

ii. **Shapeshifting framework:** Included all comments pertaining to the shapeshifting framework as an instructional design; its contents, perceived benefits and limitations and general learning experience. Likes and dislikes related to the reactions and feelings about the shapeshifting framework and suggested alterations included all results related to suggestions on how the shapeshifting framework could be improved and altered.

iii. **Influence of intervention on behaviour:** This category included all results that have a bearing on the impact of the intervention on changed behaviour of the participants. Skills and usefulness included all comments describing the perceived benefit of the intervention in improving directorial skills that may lead to altered behaviour. Personal development refers to individual levels of empowerment that were experienced as a result of the intervention. Attitude includes all the comments regarding the change in perceptions regarding corporate governance and sustainable development.

iv. **Influence of intervention on directorial skills:** Included all results that have a bearing on the impact of the shapeshifting intervention on job-specific knowledge and insight and more "productive" directorial behaviour.

A number of important protocols were followed in the presentation of the qualitative results. In the first place, quotes are verbatim and selected because they represented either an overall, generally held feeling or an outlier opinion or reaction that should be considered. Secondly, no differentiation was made between the comments as they pertained to demographic criteria, since these were not pertinent to the results. Thirdly, as requested by the participants that were interviewed, full transcripts are viewed as extremely confidential and only available on request from the researcher and with permission of the interviewee. In the fourth place, full quotes are reflected as such, whereas part quotes are interwoven into the presentation and indicated in inverted commas. Lastly, interpretation from the data was interwoven with the presentation of the results to allow for a "richer" understanding of the qualitative information that was gathered (Figure 6.10).
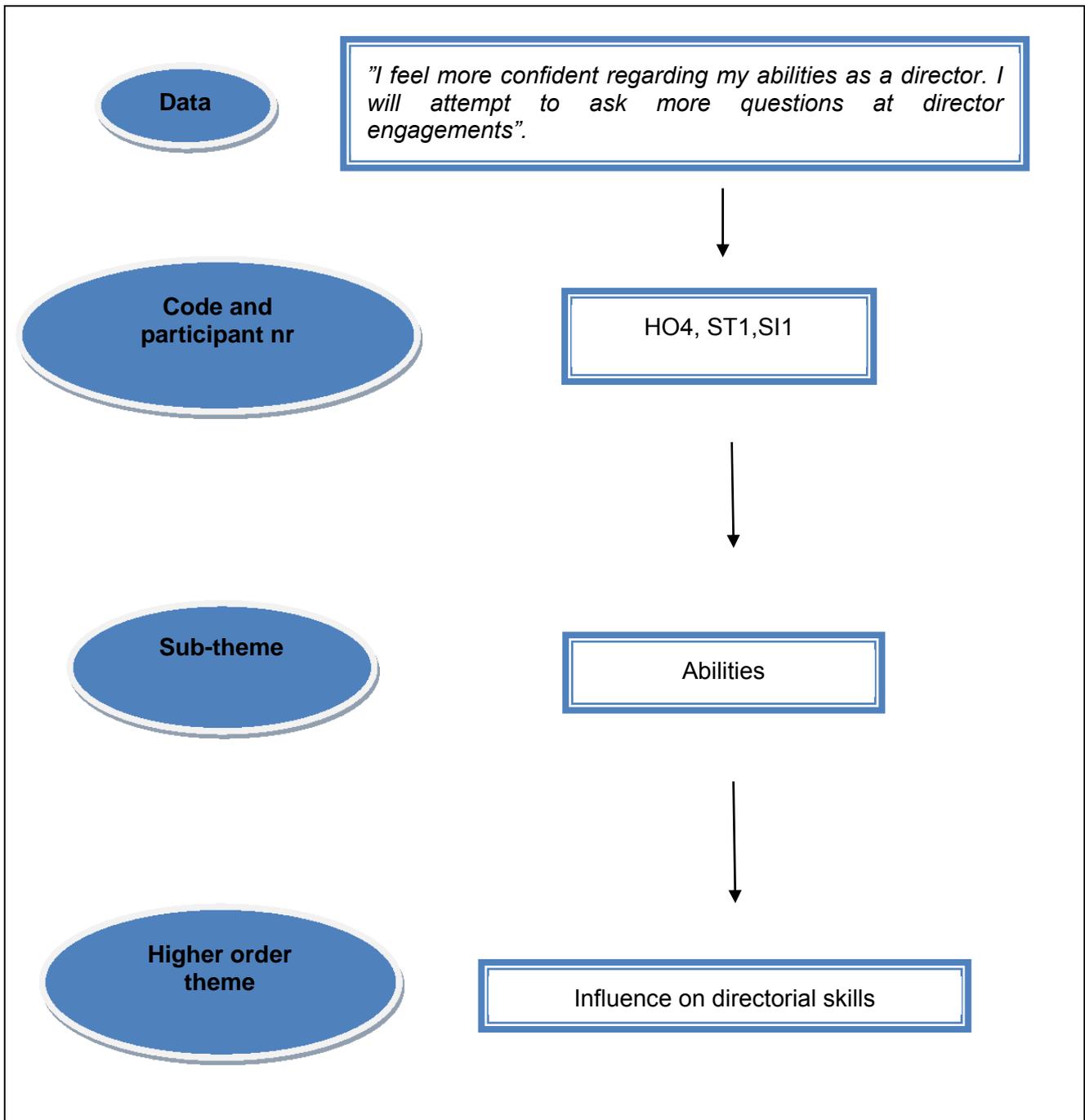
Figure 6.10 Research protocol

Adapted by researcher (NViVo Version 8)

Table 6.17 represents the data categories and themes and the corresponding coding structure as set out in Appendix 9.

Table 6.17 Summary of themes and sub-themes

Higher Order Theme	Code	Sub-Themes	Code
Shapeshifting intervention	HO1	Likes and dislikes	ST1
		Suggested revisions	ST2
Shapeshifting framework	HO2	Likes and dislikes	ST1
		Suggested Revisions	ST2
Influence on behaviour	HO3	Relevance and usefulness	ST1
		Personal development	ST2
Influence on directorial skills	HO4	Abilities	ST1
		Skills	ST2

Compiled by researcher

6.3.6.3 Feelings about the shapeshifting intervention (HO1)

Participants were clear about their positive and negative feelings about the intervention. Most participants thought the intervention was well-organized, structured and contributed to the learning process (KE8).

"Professional, interesting…well organised.." (HO1,ST1,P12)

"The facilitator was very creative and had good slides. It was one of the best training I've ever had and was very satisfied" (HO1, ST1,P4)

Suggestions for revisions included extending the length of the course (HO1,ST2,P18) and involving people from different levels in the organisation (HO1,ST2, P6).

".. should be a full academic course..perhaps 3 day corporate sessions on site" (HO1,ST2,P12)

The interviews further explored the reaction to the shapeshifting intervention and participants revealed that it caused a change in attitude towards business (HO1, ST1, SI3) and that a new strategic perspective towards governance is needed (HO1, ST1, SI1). The qualitative data showed an interesting and unintended negative consequence of the intervention. Three participants revealed that due to their newly acquired knowledge, they do not wish to continue as an independent non-executive director on the board.

"...change the company I work for" (HO3, ST2, SI3).

"Too many things can go wrong. There are too many responsibilities" (HO3,ST2, SI2).

In summary, the different aspects of the shapeshifting intervention were seen as relevant, interesting, applicable, comprehensive, and is presented in an easy-to-use and easy-to-understand format.

6.3.6.4 Feelings about the shapeshifting framework (HO2)

Most participants commented positively on the new knowledge and understanding they acquired through-out the different steps in the shapeshifting framework.

"As a newly appointed non-executive director, I wanted to understand and have in-depth knowledge about corporate governance as it is a core knowledge for directors. It was excellently outlined. All the topics touched on were very useful and will definitely contribute to my personal development and the development of those around me. (HO2, ST1, P12).

Participants particularly liked the various futures skills activities that were explained and simulated during the intervention (SQ13).

""Hard to say there were so many. Liked the Black Swan analogy, but also all the other info too." (HO2, ST11, P11)

"The scenario gameboard is a neat trick to show the board how we're doing and where we should be" (HO2, ST1, SI3)

Overall, there was a very positive reaction towards the shapeshifting framework as indicated by Table 6.18.

Table 6.18 Reaction to the shapeshifting framework

Component	KE	Data	Code
Strategy	KE5	*".....It showed me that we need a strategy for corporate governance"*	HO1, ST1, SI1
	KE7	*" I think it showed me that business has changed. Unless we change at the same rate, we simply won't make it"*	HO1, ST1, SI3
	KE7	*"I will change my resistance towards probing into the levels of corporate governance"*	HO3, ST2, P8
Forward-thinking	KE7	*"forward thinking strategies..had not really thought about it in this area before"*	HO2, ST1, P3
		"…to the point of strategic foresight.."	HO2. ST1,P6
Sustainable development	KE1-3	*"initiatives around integrated sustainability and futures approach"*	HO2, ST1, P22
	KE 7	*"introduction of the quadruple bottom line concept"*	HO2, ST1, P7

Compiled by researcher

When participants were asked how the framework could be improved upon, two themes emerged. The first theme involved group participation and activities. Participants felt that more and longer group discussions are required and more opportunities to test their new skills.

"There should be more case studies for people to work in small groups and give feedback to the larger groups" (HO2, ST2, P4).

"…Maybe build a simulation exercise for directors to reflect on learning" (HO2, ST2, P4).

The second theme provided valuable information regarding the complexity of the programme. Some participants felt that they needed a better basic understanding of concepts.

"It should be taught at lower levels...." (HO2, ST2, P5).

"Longer and more explanation on the simple concepts such as corporate governance" (HO2, ST2, P12).

6.3.6.5 Influence of intervention on personal development

The data collected revealed that participants found the intervention useful and relevant to their position as independent non-executive directors (KE10b).

"…new insight into my role as an independent director" (HO3, ST2, P15)

The intervention also had a positive effect on the personal development of the participants.

"…being more pro-active on corporate governance" (HO3, DT2, P29)

"All the topics touched on were very useful and will definitely contribute to my personal development and the development of those around me" (HO3, ST2, P10)

However, two of the interviewees commented on the increasing pressure placed on independent non-executive directors and a feeling of powerlessness (HO3, ST1, SI1):

"Too many things can go wrong. There are too many responsibilities" (HO3, ST2, SI2)

6.3.6.6 Influence of intervention on behaviour

Participants felt that their behaviour will change as a result of the shapeshifting intervention. The most prominent theme that emerged from the participants' responses indicated that they will change their level of engagement at board meetings (KE10):

"Voice my opinion where I think the company is doing something unethical. Ask questions even if they are not intelligent" (HO4, ST2, SI1).

"I feel more confident regarding my abilities as a director. I will attempt to ask more questions at director engagements" (HO4, ST 1, P7).

6.3.6.7 Influence of intervention on directorial skills

Participants liked the practical and job-specific knowledge and skills imparted through the intervention. Generally, the comments regarding the influence of the intervention on directorial skills centred around two themes.

The first theme was stakeholder engagement and communication and participants noted the importance of open communication between the board, employees and its stakeholders.

"…better communication with stakeholders" (HO4, ST2, P30)

"We need to encourage two-way stakeholder engagement for example buy-in by employees. This is urgent" (HO4, ST2, P22).

The second theme involved the role and functions of the board and the realization that re-structuring will have to occur. This is an important result as the third critical learning outcome of the shapeshifting framework involves the design of a preferred future for the company and its stakeholders:

" when designing a board you must be very careful. Re-design our structure" (HO4, ST2, P9).

"Monitoring, evaluating and auditing the board as soon as possible" (HO4, ST2, P13).

6.3.6.8 Influence of intervention on macro-level empowerment

After reviewing the results of the survey on empowerment, the researcher decided to utilize the interviews to determine the reasons behind the low levels of macro-empowerment. As expected, the majority of participants indicated in the survey that they felt empowered on a micro-level, but the low levels of macro-level empowerment were worrying. In the interviews, the most prominent theme was the sense of powerlessness that was experienced by the respondents.

" The board is very resistant to it all. I don't think my behaviour will make a difference" (HO3, ST2, SI3)

"I understand a new strategy for governance is needed but I don't have any authority on the board" and *"my board doesn't care about those things like climate change.."* (HO3, STI, SI3)

As empowerment of independent non-executive directors is one of the objectives of the shapeshifting framework, additional steps need to be added in the future development of the intervention.

6.3.7 Conclusions and recommendations after the formal shapeshifting interventions

After evaluating both the quantitative and qualitative results from the first two formal shapeshifting interventions, it was concluded that the shapeshifting framework as an intervention has resulted in the change of participants' knowledge, attitude, altruism, socially responsible behaviour, values, empowerment, directorial and leadership skills. However, several areas were marked for further revision as part of the iterative intervention process for the further dissemination of the intervention:

- Knowledge component: The general knowledge of the participants regarding corporate governance and corporate law still seemed to be an issue for concern. As this forms the basis of the shapeshifting framework, additional time was added for in-depth explanation of the relevant aspects of governance and new legislation. As a result, the

assistance of an additional facilitator - a corporate law expert - was added to improve the knowledge and understanding of the participants. Furthermore, a package of pre-intervention readings and summaries of important documents would be sent to participants one week before the intervention in future to adequately prepare them for the intervention.

- Time allocation: The time allocation of group activities had to be reviewed and revised again (after the pilot tests) as participants took longer than expected to complete certain activities. This was noted as a positive iteration as participants seemed willing and enthusiastic to engage with the facilitator and fellow participants. As a result, it was decided to include more time and opportunity for discussion and debate in future interventions.

- Empowerment: The low level of macro-level empowerment remained a concern. The empowerment aspect of the intervention has always been seen as a critical component to bridge the gap between 'knowing' and 'doing' - in other words becoming a catalyst for change in the behaviour of the individual director. After critically evaluating the shapeshifting framework for possible areas of improvement, the researcher decided to maintain the curriculum as it but to add another facilitator who specializes in transformation and empowerment.

- Team-Teaching: Co-teaching or team-teaching has long been recognized as a useful teaching technique (Van der Horst & McDonald, 1997; Hanusch & Volcic, 2009) providing a means through which participants receive specialized instruction and related services in the context of the general educational setting. As mentioned above, it was decided to incorporate the expertise of two additional facilitators in the delivery of the shapeshifting intervention. The Canadian Council of Education (CEC) defines this technique as when two or more professionals with equivalent licensure or status are co-teachers, one who is a general educator and one who is a special educator or specialist in a particular field. Both professionals participate fully, although differently in the instructional process. The primary responsibility of the learning process remains with the facilitator while the additional educators enhance the facilitation of the learning experience (CEC, 2011). The use of additional facilitators in the shapeshifting intervention aims to facilitate participant's understanding of concepts from a variety of viewpoints that are designed to encourage a co-operative effort in which all parties are actively engaged in an intellectual exchange (Wenger & Hornyak, 1999:313). This complements the Anticipatory Action Learning (AAL) approach of the intervention by altering the status of the facilitator as an omniscient authority who transmits knowledge to passive participants to a more inclusive appreciation of participants as knowledge constructors and co-creators of solutions (Biggs, 1999).

6.4 DISSEMINATION OF THE SHAPESHIFTING INTERVENTION

The final step in the final phase of the interventionist research framework involves the advanced development and subsequent dissemination of the intervention in practice. The dissemination process (Figure 6.11) involved three additional shapeshifting interventions employing the same outcomes- and process-based assessment criteria as for the first two formal shapeshifting interventions in order to confirm and verify the results. The dissemination of the intervention is at the heart of intervention research because it focuses on the further development of the design as well as on requirements for adapting previously used interventions to changing conditions (Rothman and Thomas, 1994:xii).
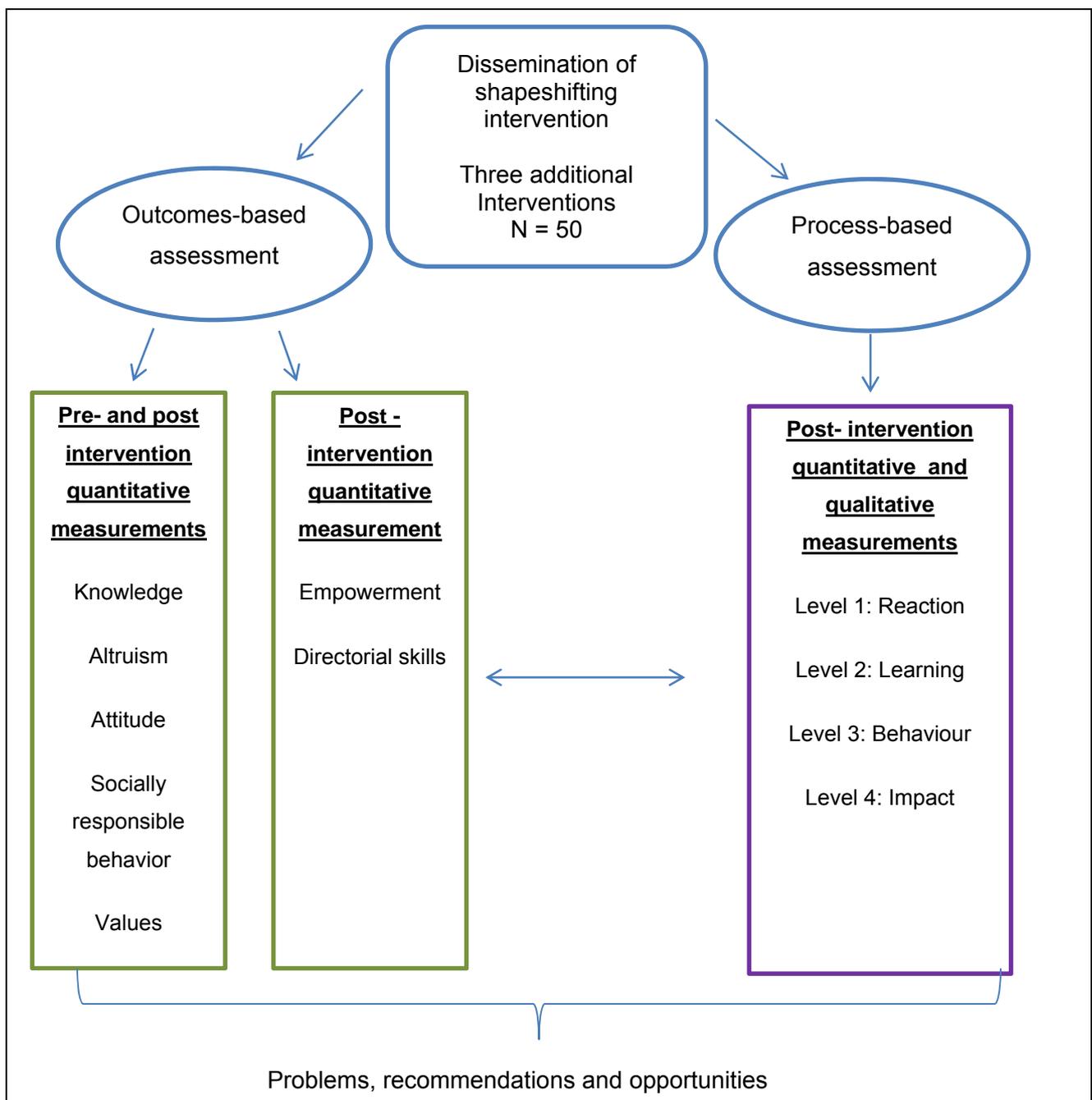
Figure 6.11 Outline of the dissemination process

6.5. RESULTS OF THE ADDITIONAL THREE FORMAL SHAPESHIFTING INTERVENTIONS

After the intervention has been field-tested and evaluated, it is ready to be disseminated to companies and other target audiences (Rothman & Thomas, 1994:39-43). The following activities make the process of dissemination and adaptation more successful:

- Identifying potential target audiences for the intervention;

- Creating a demand for the intervention;

- Replicate the intervention under similar conditions;

- Encourage appropriate adaption if required;

- Final revision of the intervention.

Consequently, three additional shapeshifting interventions were held in Gauteng from July 2010 to February 2011.

The intention of the dissemination phase is to confirm its replicability in practice and to verify the statistical results obtained from the first two interventions. Therefore, the collection of data of the additional three interventions was limited. In terms of quantitative assessment, a medium-term impact survey could not be conducted due to the 6 month time delay criteria. Qualitative assessment only involved the data obtained from the open-ended questions from the surveys and no interviews were conducted.

6.5.1 Sampling and goodness of fit

The sampling method (quota) and criteria was exactly the same as for the first two formal shapeshifting interventions. Sixy-two participants attended the additional three on-site interventions and complete data was obtained from 50 participants. The results were grouped together as they we purposefully sampled by means of stratified random sampling steps according to the same criteria.

As with the first two formal interventions, a Chi square goodness of fit test was conducted in order to determine that the sample is a realistic depection of the demographic distribution of independent non-executive directors in South Africa.

H_0 The sample distribution is similar to the population distribution

A Chi Square test was performed on each of the demographic variables comparing the sample to the demographic characteristics of independent non-executive directors according to the IoD database.

6.5.1.1 Gender

The gender category consists of a 2×2 table and Yates correction test was performed to define the degree of freedom.

Table 6.19 Chi square test - Gender

Gender N=50	Observed Frequency	Expected Frequency	Test Statistic
Male	48.2	58	0.46
Female	51.8	42	

The Chi squared equals 0.46 (p > 0.05) indicating there was no significant difference in the gender ratio between the sample investigated and the expected gender distribution of independent non-executive directors in South Africa (Table 6.19).

6.5.1.2 Ethnicity

The degree of freedom for the ethnicity category was calculated using the Chi-square table where the 5% level of three degrees of difference is 7.82.

Table 6.20 Chi square test -Ethnicity

Ethnicity N=50	Observed Frequency %	Expected Frequency %	Test Statistic
Black	38.6	39	4.87
White	43.4	45	
Asian	9.8	12	
Coloured	8.2	4	

As the chi-square value equals 4.87 (p > 0.05), the null hypothesis in terms of ethnicity is confirmed indicating that the ethnicity distribution of the sample is similar to the ethnicity of independent non-executive directors. The null hypothesis is thereby confirmed.

6.5.1.3 Education

For the category of 'education' a Yates correction test was performed for the 2 × 2 contingency table.

Table 6.21 Chi square test - Education

Education N=50	Observed Frequency	Expected Frequency	Test Statistic
Degree	67.8	65	0.04
Post-graduate qualification	32.2	35	

The Chi squared equals 0.04 ($p > 0.05$) indicating there was no significant difference in the level of education between the sample and the expected level of education according to the IoDSA database confirming the null hypothesis (Table 6.21).

6.5.1.4 Age

The degree of freedom for the age category was calculated using the Chi-square table where the 5% level of three degrees of difference is 9.49.

Table 6.22 Chi square test – Age

Age N=47	Observed Frequency	Expected Frequency	Test Statistic
Above 55	25.4	22	4.097
46-55	32.2	35	
36-44	35.6	29	
30-35	7.6	11	
Below 35	0	2	

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The Chi squared equals 4.097 (p > 0.05) indicating there was no significant difference in the different age groups between the observed and expected sample confirming the null hypothesis.

6.5.1.5 Summary

The goodness of fit test was used test how well the expected demographic categories of independent directors in South Africa fits the set of observations for the three additional interventions. As all the categories confirmed the null hypothesis, it can be concluded that the sample distribution is similar to the expected population distribution. This is the direct result of the sampling strategy employed – random stratified sampling.

6.5.2 OUTCOMES-BASED ASSESSMENT RESULTS

6.5.2.1 Knowledge

The acquisition of knowledge as a result of the intervention (Appendix 4, Section A) were measured exactly the same as for the previous interventions using a four point Lickert scale that ranged from 1 = I am not familiar with the concept; 2 = I have heard the concept before, but have no in-depth knowledge; 3 = I have a good understanding and knowledge of the concept; 4 = I have thorough knowledge and understanding of the concepts and understand its relevance and importance.

H_0: The shapeshifting intervention did not result in an increase in knowledge of the triple bottom line,   stakeholder engagement, corporate governance, sustainable development, 3P's, strategic foresight, scenario building ,residual risk, causal layered analysis and duties, liabilities and legal requirements of independent non-executive directors.

For each of the knowledge concepts, the responses were measured before and after the intervention. Table 6.23 shows a significant increase (p<0.05) in the knowledge acquisition regarding all the concepts. The Wilcoxon test statistics (Table 6.7) confirmed the results showing a significant increase at the level α = 0.05, that there is enough evidence to conclude that the intervention was successful in increasing the knowledge of the participants, thereby rejecting the null hypothesis (KE1).

Table 6.23 Descriptive statistics - Knowledge

N=50	Mean Time 1	Mean Time 2	Z	Asymp. Sigficance (2-tailed)
Stakeholder engagement	2.50	3.48	-5.85	.000
Corporate governance	2.40	3.42	-6.016	.000
Duties and responsibilities	2.54	3.38	-5.771	.000
Triple bottom line	2.38	3.42	-5.98	.000
Sustainable development	2.36	3.40	-5.77	.000
Planet, profit, people	2.00	3.18	-5.92	.000
Strategic foresight	1.64	3.29	-6.13	.000
Scenario building	2.42	3.30	-5.10	.000
Residual risk	2.30	3.31	-5.51	.000
Causal layered analysis	1.60	2.44	-5.03	.000

The results confirmed the findings of the first two formal interventions that it definitely increase the knowledge of the participants.

6.5.2.2 Attitude towards ethics

The additional three interventions allowed the researcher to confirm the findings from the adjusted CET scale (Hunt, Wood & Chonko, 1984) after two items were removed that were regarded as superfluous and not measuring the variable it was intended to.

The attitude towards corporate ethics of the participants were measured using the amended scale of Hunt, Wood and Chonko (1984) consisting of 4 items that are scored on a 9-point lickert scale where 1 – strong disagree and 9 – strongly agree (Appendix 4). Reverse scoring was performed where required.

H$_0$: The shapeshifting intervention did not result in an increase in the participant's attitude towards corporate ethics.

The reliability of the amended scale was confirmed with pre- and post-intervention Cronbach alphas of 0.783 and 0.746 correspondingly. Although the factor analysis confirmed the uni-dimensionality of the scale, the cumulative percentage of the sums of squared loadings was much lower at 58.59% in comparison to 66.31% for the first two interventions.

Table 6.24 Descriptive statistics – Attitude towards ethics

N=50	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	5.88	1.55	3.50	3.50	-6.004	.000
Time 2	6.61	1.14	24.95	1172.50		

Table 6.24 indicated an increase in the attitude of participants towards corporate ethics after the Wilcoxon test as there was a significant increase (p = 0.00) in the attitude of the participants after the intervention thus rejecting the null hypothesis (KE3). The change were slightly more noteworthy in the additional intervention (z=-6.004). The researcher rationalizes this change as a possible result of the use of an additional facilitator that ratifies the iteration in the teaching and learning processes after the first interventions.

6.5.2.3 Altruism

The level of altruism was measured using the GREEN Altruism scale that consists of six items forming a single dimension (Antil, 1994). The items are assessed on a 9-point lickert scale where 1 = strongly disagree and 9 = strongly agree (Appendix 4, Section B).

H$_0$: The shapeshifting intervention did not result in an increase of the level of altruism of the participants.

The pre- and post-Cronbach alphas were 0.882 and 0.894 respectively indicating the reliability of the scale as confirmed by the results from the first two interventions. The factor analysis substantiated the uni-dimensionality of the scale with the percentage of sum of squared loadings pre- an- post interventions equalled 66.21% and 63.9% (Table 6.25).

Table 6.25 Total variance explained and factor analysis – Altruism

Component	Initial Eigen Values			Extraction Sums of Sqaured loadings		
	Total	**%Variance**	**Cumulative%**	**Total**	**%Variance**	**Cumulative%**
1	3.83	63.90	63.89	3.835	63.896	63.896
2	.783	13.05	76.94			
3	.602	10.03	86.97			
4	.299	4.98	91.95			
5	.264	4.40	96/35			
6	.219	3.64	100.00			

The Wilcoxon Test indicated that there was a significant increase (p = 0.00) in the levels of altruism of the participants after the intervention thus rejecting the null hypothesis.

Table 6.26 Wilcoxon Test Statistics - Altruism

N=50	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	5.94	1.58	14.50	29.00	-5.701	.000
Time 2	6.40	1.39	24.42	1099.00		

The significant increase in the levels of altruism (Table 6.26) of the participants vindicated the change in the shapeshifting framework and the teaching and learning processes. However, the researcher believes that the level of altruism of the participants plays a crucial part in the shapeshifting process and further revisions may be considered in the future if deemed necessary.

6.5.2.4 Socially Responsible Behaviour

The possible adjustment of socially responsible behaviour of participants as a result of the shapeshifting intervention was measured by the amended Socially Responsible Consumption Behaviour (SRCB) scale(Johnson & Venter ,2010) consisting of an 9 item lickert-scale that ranges from 1 – strongly disagree to 9 strongly agree.

H$_0$: The shapeshifting intervention did not result in an increase in the participant's socially responsible behaviour

The Cronbach alphas were 0.839 before and 0.832 after the intervention. The scale can be considered uni-dimensional as the percentage of sum of squared loadings pre- an- post interventions equalled 58.24% and 65.21% respectively. As a result the SRCB scale may for future use be reduced to an 8-item scale. However, further research will have to be undertaken to substantiate such claims (Table 6.24).

In view of the adjustment, the factor analysis confirmed the intended uni-dimensionality of the scale with the cumulative percentage of variance calculated at 62.21%. The reliability of the scale was confirmed both pre- and post-intervention with Cronbach alphas of 0.839 and 0.832 respectively.

Table 6.27 Wilcoxon Test Statistics – Socially Responsible Behaviour

N=47	Mean	Standard deviation	Mean rank	Sum of ranks	Z	Asymp.Sig (2-tailed)
Time 1	6.93	1.50	20.38	58.00	-5.022	.000
Time 2	7.42	1.06	21.62	888.00		

After the Wilcoxon test, the increase in the socially responsible behaviour of the participants can be viewed as significant (p=<0.005) thus rejecting the null hypothesis (KE4).

6.5.2.5 Values

The corporate values assessment was administered before and after the shapeshifting intervention (Appendix 4 and 5) and consisted of a list of organisational values on the three levels of Barrett's CTS Index from which individuals could choose only 10 values that best describe their current beliefs and values about organisational effectiveness. Each value/behaviour on the template is associated with one of the seven levels of consciousness indicating different values (Table 6.28).

Table 6.28 CTS index – Change in values

	Pre-	Post-	TOTAL
Common good			
Service	18%	26%	+ 8%
Making a difference	10%	28%	+ 18%
Internal cohesion	15%	36%	+ 21%
Total			+ 47%
Transformation			
Transformation	26%	51%	+ 25%
Total			+25%
Self-interest			
Self esteem	32%	16%	-16%
Relationship	40%	24%	-16%
Survival	52%	16%	-36%
Total			-68%

The influence of the shapeshifting intervention organisational values was a quantitative measurement, as reflected in Table 6.28. The results indicate a decrease in the three lower levels (self-interest) of 68%. In comparison with the first two shapeshifting interventions, the transformation level increased substantially from 26% to 51%. Although the upper levels of organisational consciousness (common good) show an overall increase of 47%, it is 10% lower than the first interventions. After careful investigation, there seems no apparent reason for the difference was marked for an opportunity for further research.

6.5.2.6 Empowerment

Changes in all three empowerment levels were measured quantitatively with the use of the post-intervention questionnaire (Appendix 5). Participants were asked to indicate what they personally would be doing differently and what effect it had on their role as an independent non-executive director after the intervention. Several options were given and participants were allowed to tick as many options as they found meaningful (Figure 6.12).

Micro-level empowerment	92	53%
Interface level empowerment	26	15%
Macro level empowerment	56	32%

174

Levels of Empowerment
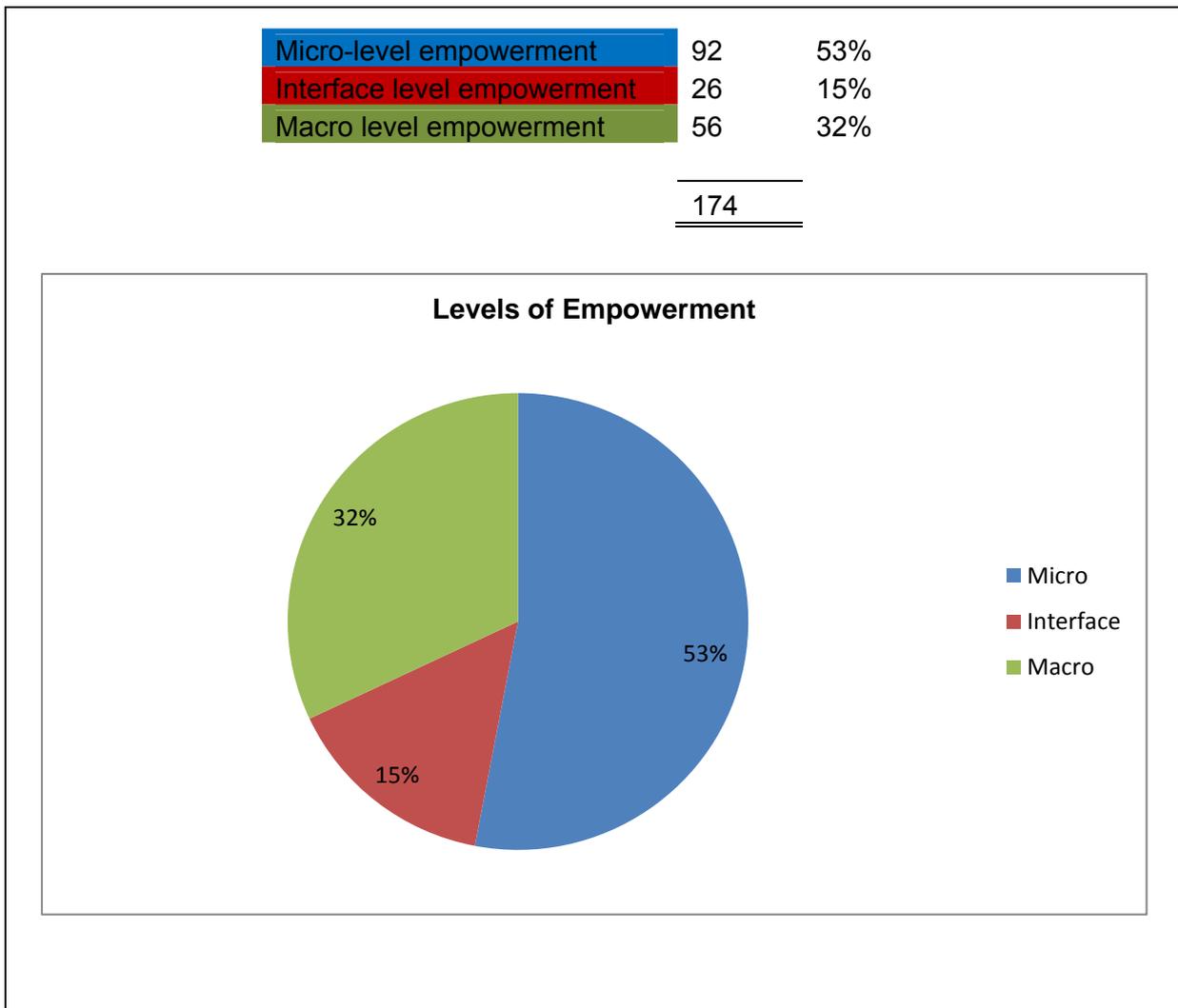
Figure 6.12 Levels of empowerment

Out of the 174 responses that were chosen by the 50 respondents (n=50), 92 responses were chosen from micro-level empowerment indicators, while the interface- and macro-level empowerment indicators received 26 and 256 responses respectively.

Micro-level empowerment still reflected the most responses (53%) with interface level empowerment declining to 15%. What is of importance is the increase in macro-level empowerment from 17% to 32% compared to the results in Figure 6.4. The results substantiated the change in teaching and learning process with the inclusion of an additional facilitator. Nevertheless, the macro-levels of empowerment are still regarded as insufficient and marked as a possible are of revision for the future.

6.5.2.7 Summary

When reviewing the outcomes-based quantitative results, it is evident that the additional three interventions confirm the results from the first two formal interventions as it had a significant influence on the knowledge, altruism, attitude and socially responsible behaviour of participants

and in doing so rejected the null hypotheses. A difference in the distribution of values according to the CTS was noted and discrepancies investigated without any definite explanation. The relatively low levels of macro-level empowerment still remain an area for concern and further investigation to the systemic factors relating to empowerment is required.

6.5.3 PROCESS-BASED ASSESSMENT RESULTS

6.5.3.1 Introduction

As with the first two formal shapeshifting interventions, process-based assessment of the shapeshifting intervention was based on the first three levels of Kirkpatrick's model of evaluation according to specific components. The fourth level of Kirkpatrick's model was assessed qualitatively and will be discussed at a later stage.

6.3.5.2. Level 1: Reaction

The first level assessed the reaction of participants to the process and delivery of the shapeshifting intervention according to four components that ranged from 1- Poor, 2- Average, 3 – Satisfactory, 4 – Good to 5 – Very good (Appendix 5):

- The standard and quality of facilities and amenities.

- Quality, recommendations and suggestions for more effective programme delivery.

Table 6.29 reflects the rating obtained for the two components. Recommendations and suggestions for effective programme delivery will be discussed in the analysis section of the chapter and indicated as such.

Table 6.29 Level 1: Reaction results
Compiled by researcher

N	Component	Mean (out of 5)	Median (out of 5)
50	Facilities and amenities	4.32	4
50	Delivery	4.12	4

The rating for the components was very positive. Both the participant's reactions towards the facilities (mean = 4.32) and the quality of delivery (mean =4.12) were significant. Thus, the reaction to the additional interventions remained positive. Suggestions and recommendations on how to improve the programme are discussed as part of the qualitative results.

6.5.3.3 Level 2: Learning

The second level assessed the learning experience of participants to the process and delivery of the shapeshifting intervention according to five components (Appendix 5, Section):

- Role of the facilitator (Questions 1 & 2);

- Quality of participant materials (Questions 2 & 3);

- Level of participation (Questions 4,5);

- Understanding of course objectives (Question 6);

- Relevance of learning experience and subject matter (Questions 7-8).

'Learning' was measured using Kirkpatrick & Kirkpatrick's (2006) Level 2 indicator statements that ranged from 1 – Strongly disagree to 5 – Strongly agree

Table 6.30 Level 2: Learning - Results

N		Mean(out of 5)	Median(out of 5)
47	Role of the facilitator	4.92	5
47	Quality of participant materials	4.56	5
47	Participation and engagement	3.96	4
47	Understanding of course objectives	4.12	4
47	Interest and relevance	4.06	4

The overall reaction to the learning process of the intervention was positive (Table 6.30). The transfer of knowledge through the educational expertise of the facilitator (KE10a) was rated the highest (mean = 4.92), confirming the importance of using additional facilitators to enhance the learning experience. The quality of participant materials (mean =4.56) was corroborated from the results from the previous intervention. Participants (N=50) indicated that they understood the course objectives (mean = 4.12) and found the subject matter of interest and relevance (KE10b) to their role as independent non-executive directors (mean = 4.06). On the other hand, the perceived level of participation and engagement decreased from 4.85 to 3.96. Possible reasons for this decrease are discussed as part of the qualitative results.

6.5.3.4 Level 3: Behaviour

The third level (Appendix 5) assessed the intention to change behaviour as a result of the shapeshifting intervention according to four components (KE11):

- Change in behaviour as a leader (Question 1);

- Change in behaviour as strategic planner (Question 2);

- Improvement in communication skills with other board members (Question 3);

- Change in behaviour regarding in involment and participation as a board member; (Question 4).

The results for behaviour was measured (N=50) using Kirkpatrick & Kirkpatrick's (2006) Level 3 indicator statements that ranged from 1 – yes (orange), 2 – no (blue) and 3- not sure (purple) – Figure 6.13
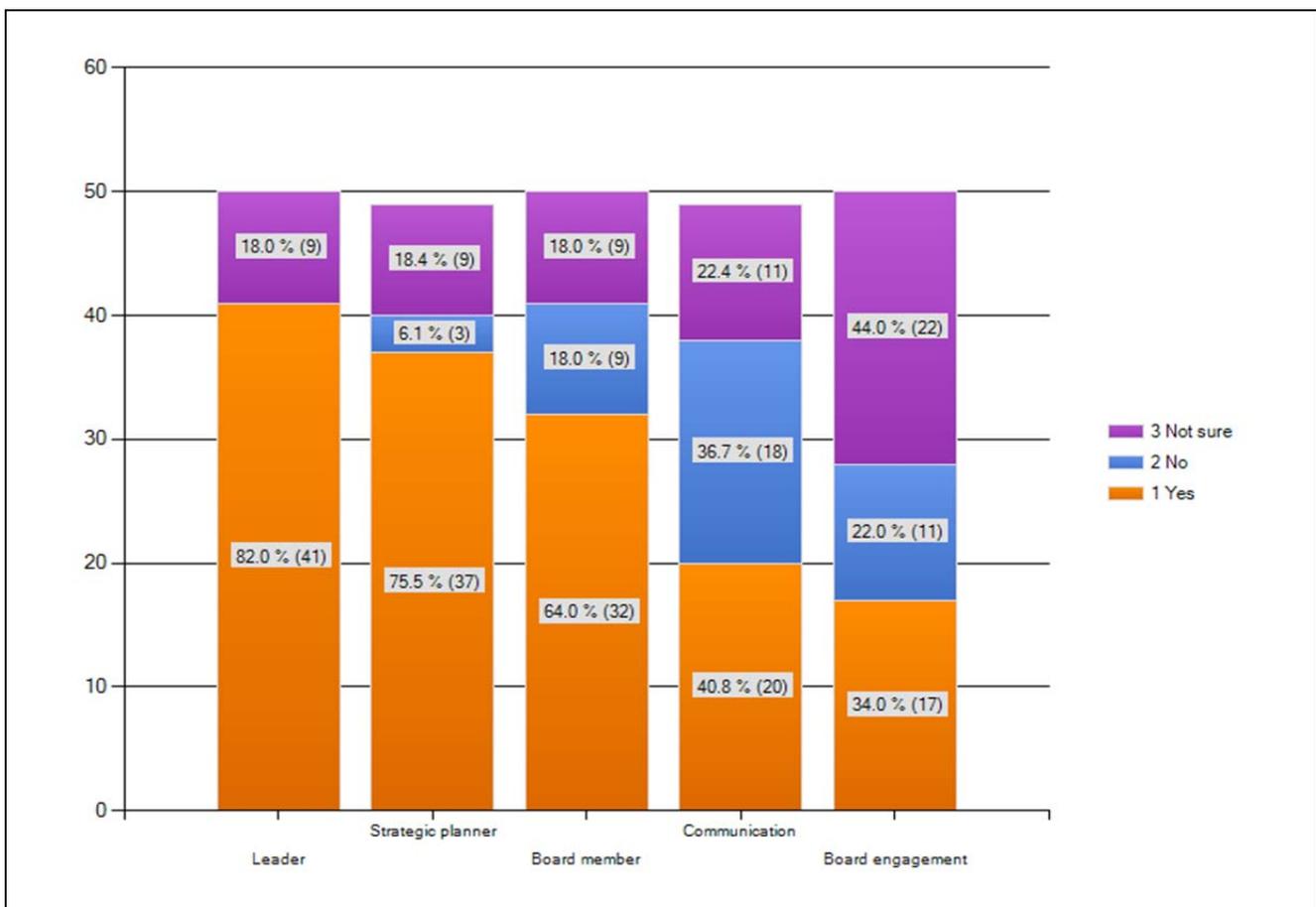
Figure 6.13 Change in behaviour

Compiled by researcher

Figure 6.13 indicates that the shapeshifting intervention had a significant effect (82%) on the improved leadership skills of the participants (n=50). Participants also indicated that the intervention improved their strategic planning skills(75.5%) and effectiveness as a board member (64%). However, the lower levels of improved communication skills (40.8%) and level of participation (34%) remained an issue for concern. Further exploration into the relationship between empowerment and board engagement provides an opportunity for further research.

6.5.3.5 Summary

The process-based results from the three additional interventions corroborated and confirmed the results from the first two interventions. It can therefore be concluded that the intervention is not only replicable in practice, but that further dissemination of the intervention is a viable tool to provide independent non-executive directors with the tools to take a strategic and anticipatory approach towards corporate governance.

6.5.4 RESULTS FROM QUALITATIVE METHODS FOR ADDITIONAL INTERVENTIONS

6.5.4.1 Introduction

This section contains the qualitative results of the study for the additional three shapeshifting interventions. It uses all the inputs from the researcher's field notes, third-party observation notes (Appendix 8) and qualitative questions from the post-intervention surveys (Appendix 5).

6.5.4.2 Feelings about the shapeshifting intervention (HO1)

Participants were clear about their positive and negative feelings about the intervention. Similar comments were made by participants regarding the structure and value of the learning process.

"….everything is understandable and useful…." (HO1, ST1, P57)

Participants gave positive feedback regarding the use of additional facilitators and confirmed the usefulness of their involvement in the teaching and learning process.

" I finally understood how the companies act and king report fit together…" (HO1, ST1, P70)

Suggestions for revisions regarding time allocation were similar to the suggestions from the previous two interventions and the benefits and limitations of extending the duration of the intervention need to be seriously considered for future interventions:

"..this course should be a certificate course over a longer period of time..this will give us time to practice what we have learnt" (HO1, ST2, P83)

"I didn't finish all the activities…I need more time to understand some of the topics" (HO1, ST2, P55)

6.5.4.3   Feelings about the shapeshifting framework (HO2)

Participants commented positively on the new knowledge and understanding they acquired throughout the different steps in the shapeshifting framework, especially the futures concepts, tools and techniques.

"I never thought about risk that way..the black swan idea is a pretty useful way of thinking about the future" (HO2, ST2, P71)

Participants particularly liked the various futures skills activities that were explained and simulated during the intervention:

"The scenario game board was the best part. Our company is in a black hole right now" (HO2, ST2, P63)

6.5.4.4   Influence of intervention on personal development (HO3)

Comparable to the first two interventions, the data collected revealed that participants found the intervention useful and relevant to their position as independent non-executive directors (KE10b).

"I now realise that I had no idea what this job involved..I will pay a whole lot more attention now" (HO3, ST2, P60)

"I will now be able to contribute to board discussions and decisions…" (HO3, ST2, P62)

Unlike in the first two interventions, participants felt more motivated about their position as independent non-executive directors:

"I wasn't prepared for the responsibility before but now I feel more in control" (HO3, ST2, P86)

6.5.4.5   Influence of intervention on directorial skills (HO4)

Participants felt that their behaviour will change as a result of the shapeshifting intervention. The most prominent theme that emerged from the participants' responses indicated that they will change their involvement in the boardroom:

" I will ask more questions and ask for clarification" (HO4, ST1, P90)

"*I will make sure I attend more board meetings and AGM's*" (H04, ST1, P75)

6.6 SUMMARY OF ANALYSIS AND INTERPRETATION

In considering the quantitative and qualitative results from the first two interventions and the additional three interventions, it is evident that the shapeshifting framework can be judged as an effective intervention according to the research conjectures stated in Chapter 2. All the components of the shapeshifting framework were rated positively, although some unintended negative consequences were found.

The shapeshifting intervention was seen to be particularly useful to convey knowledge regarding futures methodologies and skills and has an overall positive impact on leadership and directorship.

In conclusion, the results of the study reveal (Table 6.31) that the shapeshifting intervention was seen to achieve all the success criteria that were defined by the research objectives (Table 2.1). The study did not reveal a problem or design flaw with the shapeshifting framework, but additional revisions will benefit the educational value of the intervention.

Table 6.31 Summary of Analysis and Interpretation

Research Objectives		Evidence	Conclusion
Outcomes-based assessment			
KE1	**Knowledge**	The first two formal interventions (Table 6.6) indicate a significant increase ($p<0.05$) in the knowledge of the participants. The results from the dissemination phase confirms these results (Table 6.23) where an increase in the knowledge of participants before and after the intervention was significant at the level a = 0.05.	The shapeshifting intervention caused a significant increase in the knowledge of participants regarding the triple bottom line, stakeholder engagement, corporate governance, sustainable development, 3P's, strategic foresight, scenario building ,residual risk, causal layered analysis and duties, liabilities and legal requirements of independent non-executive

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			directors.
KE2	**Altruism**	The Wilcoxon Test (Table 6.9) indicated that there was a significant increase (p = 0.00) in the levels of altruism of the participants after the intervention. The results were confirmed by the additional interventions (Table 6.26).	The shapeshifting intervention resulted in an increase of the level of altruism of the participants**.**
KE3	**Attitude towards ethics**	Table 6.7 indicated an increase in the attitude of participants towards corporate ethics as the mean increased from 5.28 to 6.63 after the intervention. The Wilcoxon Test confirmed that there was a significant increase (p = 0.00) in the attitude of the participants after the intervention. The additional shapeshifting interventions confirmed the results (Table 6.24).	The shapeshifting interventions resulted in an increase in the participant's attitude towards corporate ethics and ethical behaviour.
KE4	**Social Responsible behaviour**	After the administration of the Wilcoxon test (Table 6.10), the increase in the socially responsible behaviour of the participants can be viewed as significant (p=<0.005) and was confirmed in the results from the dissemination phase (Table 6.27). Furthermore, the quantitative results are supported by the qualitative results (Table 6.18) as participants acknowledged and supported the notion of socially responsible behaviour to ensure their company's sustainability.	The shapeshifting intervention resulted in an increase in the participant's socially responsible behaviour.

KE5	Values	The results of the influence of the shapeshifting intervention on organisational values (Figure 6.3) indicate a noteworthy increase in the three upper levels of organisational consciousness (common good) with an overall increase of 57 per cent. Of importance is that the intervention caused a decrease of participants' self-interest (S) values (-49%) and an increase in the level of transformation (+10%).	The results indicated a movement or shift in levels of the CTS index towards greater environmental awareness, a concern for the society in which it operates, protecting stakeholders' interests and making a difference in the community in which it operates.
		Table 6.28 reflects the results from the additional interventions and indicate a decrease in the three lower levels (self-interest) of 68%. The transformation level increased substantially from 26% to 51%. The upper levels of organisational consciousness (common good) show an overall increase of 47%.	
KE6	Skills	Figure 6.5 indicates that the shapeshifting intervention had a significant effect (93.6%) on the improved leadership skills of the participants in the first two formal interventions. Participants also indicated that the intervention improved effectiveness as a board member (73.9%). However, the lower levels of improved communication skills and level of participation is an issue for concern. Similar results were obtained in the dissemination phase (Figure 6.13) with the level of communication and board engagement at 40.8% and	The shapeshifting intervention resulted in the improvement of participants' directorial skills that encompasses leadership and effectiveness as a board member. Even so, the positive effect of the shapeshifting intervention on the communication skills of participants and their consequent board engagement could not be confirmed and was marked
KE5	Values		

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		34% respectively. On the other hand, qualitative results from the last interventions indicated that participants believed they had obtained the knowledge and skills to improve their communication skills and become more involved on the board (par. 6.5.4.4)	as an area for revision.
KE7	**Empowerment**	Changes in all three empowerment levels were measured quantitatively and were further investigated through qualitative methods. In the first two formal interventions, micro-level empowerment reflected the most responses (53%) with interface level empowerment at 30 per cent and macro-level empowerment at 17 per cent (Figure 6.4). From the results, the shapeshifting intervention seems to have an important effect on micro-level empowerment. However, the level of macro-level empowerment was unexpectedly low. The reasons for the low levels of macro-level empowerment were probed through the interviews and it was found that the lack of self-empowerment this is mainly due to the lack of the belief of being able to make a difference (par 6.3.6.8). The results of the intervention's medium- to long-term effect on empowerment (Figure 6.8) show a decrease in micro-level empowerment (from 53% to 25%). Macro-level	The shapeshifting caused a meaningful increase in micro-level empowerment. The effect on macro-level empowerment remained unexpectedly low through all the phases and was marked as an area for revision.

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		empowerment increased from 17% to 36% indicating a positive shift to macro-level empowerment Similar results were obtained in the dissemination phase (Figure 6.12). Nevertheless, the macro-levels of empowerment are still regarded as insufficient and marked as a possible are of revision for the future.	
KE8	**Strategic foresight**	The results from the knowledge component of the assessment framework indicated a significant increase in the knowledge of participants of strategic foresight (Table 6.6) from mean=1.55 to 3.19. Furthermore, the qualitative results indicated participants' understanding of the importance of strategic foresight (Table 6.18). The medium- to long-term survey results revealed that 75% of participants have incorporated strategic foresight into their duties and responsibilities as an independent non-executive director (Figure 6.6). Most participants (74.1%) also indicated that strategic foresight was the most important concept that they would be able to transfer to other board members (Figure 6.7).	Results obtained from the both quantitative and qualitative methods confirm that the shapeshifting intervention succeeded in: - Increasing the knowledge of participants regarding the futures concept of strategic foresight' - Increasing the understanding of participants regarding the importance of using strategic foresight in strategic decision making - Incorporate strategic foresight into their duties and responsibilities.

Process-based assessment			
KE9	**Level 1: Reaction**	In both the first two formal interventions (Table 6.13) and the dissemination phase (Table 6.29) the reaction and rating of the general setting, amenities and quality of delivery was very positive. The qualitative results provided important insights regarding both positive and negative reactions and suggestions for revisions (par 6.3.6.3)	The reaction of the participants towards its general setting, amenities and quality of delivery was very positive. Suggestions for revision were acknowledge and will be incorporated in further iterations if deemed necessary.
KE10	**Level 2: Learning**	The overall reaction to the learning process of the first two formal intervention was positive (Table 6.14). The transfer of knowledge through the educational expertise of the facilitator (KE10a) was rated the highest (mean = 4.96), while both the learning and teaching materials and the level of participation obtained a rating of 4.83 and 4.85 respectively .The results were more positive than expected and assisted in verifying the appropriateness of the teaching and delivery of the intervention. The additional interventions confirmed the results. The transfer of knowledge through the educational expertise of the facilitator was again rated the highest (mean = 4.92), confirming the importance of using additional facilitators to enhance the learning experience. The quality of participant materials (mean =4.56) was	The shapeshifting intervention had a positive effect on the learning process through the expertise of the facilitators, the quality of materials and group engagement. Furthermore, the intervention was deemed by participants as relevant and of interest to their position as independent non-executive directors.

		corroborated from the results from the previous intervention.	
KE11	**Level 3:** **Behaviour**	Over 75% of participants indicated that their strategic planning skills have improved as a result of the intervention (Figures 6.5 and 6.13). Results from the medium- to long-term influence survey indicated (Figure 6.6) that the most important concepts participants were able to incorporate into their position were the absent stakeholder (83.3%), planet, profit, people (79.2%) and strategic foresight (75%). The qualitative results showed that participants felt that their behaviour will change as a result of the shapeshifting intervention (par. 6.3.6.6) and especially liked the practical and job-specific knowledge and skills imparted through the intervention (par 6.3.6.7).	The shapeshifting intervention had a positive impact on the behaviour of participants in their role as independent non-executive directors with specific regard to: -Strategic planning; - Incorporation of futures concepts; - Practical tools and Methods.
KE12	**Refinement**	Both positive and negative reactions and results from quantitative and qualitative research methods were examined in order to identify areas for further development and training. Three areas for revision were identified: - The lack of macro-level empowerment (Figure 6.4); - Adjustment to the facilitation process with regard to time and involvement (par. 6.3.6.3); - Low level of board communication	After critically reviewing both the outcomes-based and process-based evaluation criteria that were assessed quantitatively and qualitatively, the researcher concluded that the shapeshifting intervention can indeed be regarded as a successful and meaningful 'intervention'. As interventionist research is a continuous and iterative process, areas for

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		and board engagement (Figure 6.13).	improvement and refinement were marked for revision.

The last chapter will provide an overview of all the research results (knowledge development, design and development as well as knowledge evaluation) to provide a holistic and critical review of the findings, as well as identifying limitations of the study and further research opportunities.

CHAPTER 7

SUMMARY, CRITICAL REFLECTION, CONCLUSIONS AND RECOMMENDATIONS

7.1   INTRODUCTION

The best candidates to shape the strategic direction towards good corporate governance practices for companies in South Africa are those who are ultimately responsible and accountable for initiating and implementing it – the board of directors. The independent non-executive director plays a vital role in this process, as they provide specialist skills and bring objective reflection, constructive criticism and external judgment on issues of strategy and standards of conduct and evaluation.

As South Africa at present (2010) has a shortage of qualified, experienced and knowledgeable independent non-executive directors. Compliance with the King III Report's recommendations may result in independent non-executive directors with no business governance experience being hired to "fill the gaps", instead of talented and independent-minded, well-educated and experienced candidates. It is therefore imperative that companies have a proper strategy in place for the continuous training of the board and independent non-executive directors in particular.

The study put forward an instructional design – The Art of Shapeshifting – aimed specifically at South African independent non-executive directors to empower them as invaluable board members by providing them with the skills and knowledge that will eventually translate into increased personal development awareness of the need for sustainable development and good corporate governance.

The aim of the final chapter is not only to provide a short overview of the study, but also to critically review the research undertaken, consider its limitations and identify opportunities for further research (Figure 7.1).

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Figure7.1 Overview of chapter

7.2   SUMMARY

This section will provide a summary of the study from its theoretical frame of reference, context, literature reviews, the research methodology and the research results according to the three facets of interventionist research – knowledge development (KD), design and development (DD) and knowledge evaluation (KE).

7.2.1. Knowledge development

One of the key objectives of knowledge development (KD) facet was to identify and analyse key problems surrounding the current state of corporate governance in South Africa. The second objective involved critically examining the duties and responsibilities of South African independent non-executive directors and to highlight their important role on the board and thirdly to indicate the potential of futures concepts to facilitate a strategic an anticipatory approach to corporate governance. Chapter 3 provided a detailed literature review of issues surrounding corporate governance, sustainable development and futures concepts and methodologies that were later used in the design and development phase.

As discussed in Chapter 3, companies do not operate in a vacuum, but are important and influential citizens in the ever-changing global economy of the 21st century. By adopting, initiating, implementing and sustaining good corporate governance practices, companies may not only increase profit sustainability, but also contribute to the long-term sustainable development of the community in which it operates. According to South African legislation and the recommendations of the King Reports, the board of directors is both responsible and accountable for implementing good corporate governance practices.

The important role of the independent non-executive director was highlighted and the needs of qualified, knowledgeable and empowered individuals were recognised. The capability of strategic foresight with a range of futures tools and methods was identified as one of the most important skills that will assist directors in encouraging transformational change within the field of corporate governance in South Africa. It provides independent non-executive directors with the capability to understand, interpret and respond to current challenges and to conceive and explore as yet unimagined approaches and solutions to these problems.

7.2.2   Design and development of the shapeshifting intervention

The design and development (DD) facet in interventionist research involves utilising and synthesising the information, knowledge and insights gained from the knowledge and development facet to develop the intervention. The main objective of the DD phase was to develop an efficient, effective, practical and useful instructional design for independent non-executive directors to

acquire strategic foresight capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices.

The fourth chapter provided an introduction and overview of instructional design theory, learning theory and interventions. It also presented the case for using an intervention design framework incorporating outcomes-based education principles that underpin the instructional design methodology of the shapeshifting framework.

Chapter 5 presented the shapeshifting framework as the newly developed instructional design and intervention that aims to facilitate strategic foresight to independent non-executive directors and is concerned with understanding, improving and applying methods that improve relevant learning in order to create preferred corporate governance futures. It consists of four phases and eight steps. It is based on teaching about the future (mindset myopia, navigating futures), teaching for the future (unbundle what is, engaging stakeholders), teaching about and for alternative futures (anticipate impacts, scenario-building) and teaching in the future (strategic conversations and leadership).

7.2.3 Knowledge evaluation of the shapeshifting intervention

The second chapter presented the procedural framework of the research with the main aim of evaluating the shapeshifting framework as an instructional design and its perceived impact and influence on the knowledge, altruism, attitude, socially responsible behaviour values, empowerment, as well as the intervention. The evaluation model was presented consisting of both outcomes-based and process-based assessment within the realm of design-based research.

The main aim of the research was underpinned by specific research objectives, also known as embodied conjectures. The purpose of the research was explorative and interpretive, as it aimed to gain insight and understanding of the effects (both positive and negative) of the shapeshifting intervention. The aim of the research and its purpose was operationalised in the research methodology. The sixth chapter presented the research results and the interpretation and analysis thereof.

The study was approached from an interpretivist point of view, employing both quantitative and qualitative data gathering methods, as promoted by the design-based research methodology. Quantitative data was obtained by means of pre- and post-intervention surveys, while qualitative data was gathered through structured interviews, open-ended questions in the surveys and observation. The integrity of the research was confirmed through the rigour, quality and trustworthiness of the methods used.

7.2.4   Research results and analysis

The sixth chapter presented the research results and the interpretation and analysis of the pilot tests, advanced development (first two interventions), as well as the dissemination of the shapeshifting intervention (additional three interventions).

7.3   CONCLUSIONS

The conclusions from the research are reflected in Tables 7.1 to 7.3 according to the three facets of the interventionist research – Knowledge Development (KD), Design and Development (DD) and Knowledge Evaluation (KE). It is based on the aim of the research and the research objectives/conjectures underpinning the main aim of answering the three research questions:

RQ 1:   How can strategic foresight assist independent non-executive directors in steering the company towards sustainable corporate governance outcomes?

RQ 2:   How can a purposively developed and designed instructional intervention be utilized to facilitate strategic foresight to independent non-executive directors?

RQ 3:   What are the reactions to and the effect of the *Art of Shapeshifting* directorial intervention on the knowledge, altruism, attitude, socially responsible behaviour, values, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices?

7.3.1   Knowledge and development

RQ 1:   How can strategic foresight assist independent non-executive directors in steering the company towards sustainable corporate governance outcomes?

The aim of the knowledge and development phase of the interventionist framework was to explore and examine if and how strategic foresight can assist independent non-executive directors in steering the company towards a preferred future of achievable and sustainable corporate governance outcomes.

It consisted of a situational analysis of corporate governance practices in South Africa, the need for sustainable business practices and the role of the independent non-executive director. Information was gathered from a variety of primary and secondary sources within the trans-disciplinary fields of corporate governance, futures studies, development economics and education. It was concluded that through acquiring the skill of strategic foresight by means of an instructional intervention,

independent non-executive directors may play a fundamental role in initiating and sustaining good corporate governance practices in South Africa. Table 7.1 provides a summary of the findings and conclusions from the knowledge and development facet.

Table 7.1 Results from the Knowledge and Development facet

	Research Objectives	Evidence and conclusions	
KD1	To identify and analyse key issues and challenges surrounding the current state of corporate governance in South Africa.	An overview of the current state of corporate governance in South Africa was presented in Chapter 3. It was concluded that although significant progress has been made to bring attention to the importance of corporate governance through the King Reports and the Amended Companies Act (2010), compliance to all the recommendations and codes were rare. Differences between the King Reports were discussed and the importance of South Africa's inclusive approach to governance on an "apply or explain" basis.	Confirmed
KD2	To examine the need for sustainable business practices in the 21st century and its inter-relationship with good corporate governance practices.	An overview of the changing business environment of the 21st century was provided, identifying the company as a key role player in ensuring socio-economic sustainability. The benefits of good corporate governance for both the company and the society in which it operates were provided, emphasising the inter-relationship between good corporate governance and sustainability.	Confirmed
KD3	To examine the inter-relationship between business activities and its social and environmental responsibility to the community in which it operates.	The definitions and arguments for sustainable business practices in the 21st century were extended in Chapter 3 to include the need for "sustainable development". It was concluded that the company, as a good corporate citizen, has a responsibility to all stakeholders, including the environment and the community in which it operates.	Confirmed

KD4	To extend the concept of triple bottom line financial reporting to the inclusion of the interests and needs of the absent stakeholder.	The concept of the absent stakeholder was introduced as an additional to triple bottom line reporting. As a good corporate citizen with an unlimited "life span", the company has a duty to ensure a sustainable and profitable future of generations still to come. Companies need to pursue policies that will at the very least, not harm the needs and futures of their "absent" stakeholders.	Confirmed
KD5	To identify strategic foresight as the core capability to improve sustainable business practices and initiating an anticipatory corporate governance approach in South Africa.	The researcher proposed that companies wishing to remain profitable and sustainable in the future should take a strategic and anticipatory approach to corporate governance. Anticipatory corporate governance requires companies to change short-term orientated decision making practices to long term profitable and sustainable policies with insight, vision and strategic foresight. Strategic foresight was defined as the ability to create and maintain a high-quality, coherent and functional forward view, and to use the insights arising in useful organisational ways. Consequently, strategic foresight enables the individual and the company to move beyond the traditional short-term view of the future and will assist them in developing a well-crafted world-view that reduces the uncertainty and reveals different strategic options leading to a sustainable and profitable future.	Confirmed
KD6	To critically examine the important role of the independent non-executive director to use strategic foresight to encourage and initiate a futures-orientated governance approach on the board.	The important role of the independent non-executive director on the board was highlighted in Chapter 3 as he/she is a fundamental part of bringing independence to the board and ensuring good corporate governance practices. The independent non-executive director plays an important role on the board due to his/her objectivity, independence and breadth of experiences. The role of the independent non-executive director in strategy formation is to provide	Confirmed

		a creative and informed contribution and to act as a constructive critic in looking at the objectives of the company. Strategic foresight has the potential to empower independent non-executive directors by enhancing an understanding their role on the board regarding corporate governance and the future implications and opportunities of their present day actions. It provides them with the capability to understand, interpret and respond to current challenges, and to conceive and explore as yet unimagined approaches and solutions to these problems.	
KD7	To identify the current gaps in futures-orientated strategic thinking and need for skills and training specifically aimed at independent non-executive directors in South Africa.	There is a shortage of independent non-executive directors in South Africa and there is a need for futures-orientated training and development aimed specifically at these directors assisting them in fulfilling their duties and responsibilities. Directors tend to be over-trained as executives and under-trained as strategic direction givers. While, managers are essentially action-orientated, directors should be reflexive thinkers that must develop the necessary attitudes and skills to think strategically and effectively about the future of the company. An anticipatory approach to corporate governance requires the independent non-executive director to rightfully assume his/her leadership position as one the steersman of the company and using strategic foresight to develop anticipatory leadership skills.	Confirmed

The knowledge and development facet (Chapter 3) provided the theoretical foundation of the intervention, as it identified strategic foresight as a core capability for independent non-executive directors to steer their companies towards a sustainable and profitable future. It introduced key concepts of the shapeshifting framework such as sustainable development, anticipatory corporate governance and the absent stakeholder. Furthermore, it emphasised the important role of the independent non-executive director in designing a preferred corporate governance future for the company and identified the need for a futures-orientated training programme or intervention aimed

specifically at facilitating strategic foresight to these directors. Once the knowledge and development phase was completed, the study transcended to the design and development phase of the intervention.

7.3.2 Design and development

RQ 2: How can a purposively developed and designed instructional intervention be utilized to facilitate strategic foresight to independent non-executive directors?

The design and development (DD) facet concerned the transformation and conversion of the developed knowledge (KD) into application concepts and theories that resulted in the development of the shapeshifting framework as an intervention. It consisted of two distinct parts. In the first part (Chapter 4), knowledge and information regarding instructional design and intervention theory was gathered in order to choose the most effective learning theory and intervention model for the shapeshifting intervention. The second part (Chapter 5) involved the actual design of the shapeshifting framework and methods of facilitating strategic foresight.

Table 7.2: Results from the design and development facet

	Research Objectives	Evidence and Conclusions	
DD1	To utilise the information gathering and synthesis in the knowledge and development (KD phase to conceptualise the shapeshifting framework as an intervention.	The information gathered in the knowledge and development phase from both primary and secondary sources, as well as company publications were crucial in the conceptualisation and development of the intervention and forms the theoretical foundation of the framework.	Confirmed
DD2	To develop an efficient, effective, practical and useful framework based on sound educational principles for independent non-executive directors to acquire strategic foresight.	In developing an effective theoretical intervention based on educational principles several professionals and practitioners were consulted. The education department from the University of Witwatersrand played a crucial role in assisting with the instructional design aspect of the framework.	Confirmed
DD3a	To identify the most appropriate learning theory for the instructional design that will lead to personal and professional development of	After evaluating different learning theories, the researcher decided that a constructivist learning approach would be taken that incorporates the principles of Anticipatory Action Learning (AAL).	Confirmed

	independent non-executive directors.		
DD3b	Identify the most appropriate intervention model for the design and development of the shapeshifting framework.	After reviewing different instruction/intervention models, the Kemp model was found to be most appropriate and modified according to the constructivist learning approach and the interventionist framework.	Confirmed
DD3c	Initiate and conduct the intervention mapping process.	Intervention mapping is a planning and design process to create programmes that are feasible and have the likelihood of being effective. This process involved conducting a gap analysis, determine the needs of participants, and determine outcomes. Expert guidance was obtained and suitable capabilities were acquired	Confirmed
DD4	To develop an intervention programme capable of translating futures concepts, methodologies and skills for the purpose of initiating and sustaining good corporate governance practices.	Learning outcomes of the shapeshifting framework was determined according to the principles of outcomes-based education (Table 5.1) The shapeshifting framework is an instructional design (Figure 5.2) based on teaching about the future (mindset myopia, navigating futures); teaching for the future (unbundle what is); teaching about and for alternative futures (anticipate impacts, scenario-building); and teaching in the future (strategic conversations and leadership).	Confirmed
DD5	Determine enabling-, culminating- and critical outcomes of the shapeshifting intervention.	Enabling learning outcomes are the essential building blocks that will constitute culminating outcomes i.e. knowledge of what constitutes good corporate governance practices and the duties and responsibilities expected from an independent non-executive director that will result in the critical learning outcomes being achieved (Figure 5.4) and is summarised in Table 5.2.	Confirmed

DD6	Design and development of the four phases and eight steps of the shapeshifting framework.	The design of the shapeshifting framework (Chapter 5) involved dividing the intervention in four phases – unlock, anticipate, design, integrate – with eight distinct steps aimed at achieving the critical learning learning outcomes.	Confirmed
DD7	To design appropriate delivery, teaching and learning strategies for the shapeshifting intervention in practice.	The shapeshifting framework is a carefully designed intervention based on sound outcomes-based educational principles within an anticipatory action learning approach. As the successful facilitation of the shapeshifting intervention relies heavily on the teaching/learning approach of the futurist practitioner (researcher) the curriculum, time allocation, nature of the audience and learning styles were examined (Chapter 5). Ethical considerations were examined and addressed and the important role of the facilitator as an agent of change was recognised.	Confirmed

The design and development phase (DD) is a crucial phase in the intervention research process. It concerns the transformation and conversion of the developed knowledge (knowledge and development) into application concepts and theories and the development of the shapeshifting intervention. Once the information and knowledge (Chapter 3) was synthesised in a constructive and coherent matter, the shapeshifting framework was conceptualised. The merits and disadvantages of a variety of teaching and learning strategies were evaluated and the anticipatory action learning approach (AAL) within a construtivist framework was deemed most appropriate. The shapeshifting intervention was designed and developed with both theoretical and practical goals in mind. Therefore, several experts, academics and practitioners were consulted throughout the process.

Once the shapeshifting framework was fully designed and developed, it was ready to be pilot-tested in a variety of settings to determine its benefits, limitations and areas of revision.

7.3.3 Knowledge evaluation

RQ 3: What are the reactions to and the effect of the *Art of Shapeshifting* directorial intervention on the knowledge, altruism, attitude, values, socially responsible behaviour, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices?

The main aim of the knowledge evaluation (KE) facet was to qualitatively and quantitatively measure and evaluate the effect of the *Art of Shapeshifting* intervention on the knowledge, altruism, attitude, values, socially responsible behaviour, skills and empowerment of the participants as well as investigate the positive and negative reactions to the intervention itself to understand why/if the intervention is seen to work and identify areas of/for improvement. It consisted of both process- and outcomes-based assessment and an overview of the findings is summarised below. This aspect included the advanced development of the intervention (first two formal interventions) and its consequent dissemination (additional three interventions). A summary of the results of all five interventions are discussed in Table 7.3 as the dissemination process confirmed and substantiated the results from the advanced development phase.

Table 7.4 Results from the knowledge and evaluation facet

	OUTCOMES-BASED ASSESSMENT		
	To determine the effectiveness of the intervention by determining whether it:		
	Research Objectives	**Evidence and conclusions**	
KE1	Contributed to and increased independent non-executive director's knowledge and understanding of corporate governance, sustainable development, futures concepts, roles, responsibilities and liabilities.	Table 6.6 indicates that there was a significant increase in the knowledge of participants regarding the triple bottom line, stakeholder engagement, corporate governance, sustainable development, 3P's, strategic foresight, scenario building, residual risk, causal layered analysis and duties, liabilities and legal requirements of independent non-executive directors. The null hypothesis is thereby rejected. The additional three interventions (Table 6.23) confirmed the results (0= <0.05).	Confirmed

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		Thus, it can be said that the shapeshifting interventions increased the knowledge of independent non-executive directors with regard to all of the above concepts.	
KE2	The shapeshifting intervention influenced the level of altruism of independent non-executive directors with regard to concerns about environmental problems and harmful effects of commercial activities and an awareness of good corporate citizenship (social and environmental responsibility)	The level of altruism was measured using the one-dimensional GREEN scale. The Cronbach alpha's confirmed the reliability of the scale (>0.6) and the factor analysis indicated that the scale was uni-dimensional as expected. Tables 6.9 and 6.26 show a significant increase in the levels of altruism ($p = <0.05$) and in doing so rejects the null hypothesis. As a result it can be said that the shapeshifting interventions cause a significant increase in the level of altruism of participants.	Confirmed
KE3	The shapeshifting intervention influenced the attitude of independent non-executive directors towards business ethics.	After initial problems were experienced with the CET scale and rectified (par. 6.3.3.2), it confirmed that the interventions cause a significant increase ($p = <0.05$) in the attitude of the participants towards business ethics (Table 6.7). The additional interventions provided the opportunity to replicate the results and verify the reliability and validity of the scale. The pre- and post Cronbach alpha's were 0.783 and 0.746 and a factor analysis confirmed the uni-dimensionality of the scale. As with the first two interventions there was a significant increase in the attitude of participants (N=50) towards business ethics thereby rejecting the null hypothesis (Table 6.24)	Confirmed
KE4	Resulted in a meaningful change in social	Results indicate (Table 6.10) a significant increase in the socially responsible	Confirmed

	responsible behaviour;	behaviour of the participants (p=<0.005) and was confirmed in the results from the dissemination phase (Table 6.27).	
KE5	Caused a change in the corporate values of participants from self-interest (S) to transformation (T) and making a difference in the community in which it operates.	The results for the formal interventions indicate a noteworthy increase in the three upper levels of organisational consciousness (common good) with an overall increase of 57 per cent (Figure 6.3). What is of importance is that the intervention caused a decrease of participants' self-interest (S) values (-49%) and an increase in the level of transformation (+10%). Results from the dissemination phase confirmed the results (Table 6.28).	Confirmed
KE6	Developed more effective directorial skills such as leadership, effectiveness as a board members and communication within the boardroom context;	The results for the change in behaviour, leadership and communication skills were measured using Level 3 indicators of the Kirkpatrick model. Figure 6.5 indicates that the shapeshifting intervention on leadership skills and effectiveness as a board member. However, only 36.2% of participants indicated that the intervention improved their level of participation on the board. The additional interventions showed similar distributions (Figure 6.13) with board participation (34%) and communication (40.8%) obtaining the lowest scores.	Partially Confirmed Marked for revision
KE7	Empowered independent non-executive directors on micro- interface- and macro- levels;	The post- intervention questionnaire indicated that the micro-level empowerment reflected the most responses (53%) with interface level empowerment at 30 per cent and macro-level empowerment at 17 per cent. From the results, the two shapeshifting intervention seem to have a significant effect on micro-level and interface- level (Figure	Partially Confirmed Marked for revision

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		6.4). The distribution and the level of macro-level empowerment was unexpectedly low leading to an initial revision that the intervention empowered participants on micro- and interface- levels. The additional three interventions showed similar results (Figure 6.13) with macro-level empowerment slightly higher at 32% resulting in a decrease in interface level empowerment from 30% to 15%.	
KE8	Contributed and succeeded in facilitating strategic foresight as a core competence to independent non-executive directors towards adopting a futures-oriented anticipatory governance approach.	Results obtained from the both quantitative and qualitative methods confirm that the shapeshifting intervention succeeded in: - Increasing the knowledge of participants regarding the futures concept of strategic foresight: The results from the knowledge component (Table 6.6) of the assessment framework indicated a significant increase in the knowledge of participants of strategic foresight from mean=1.55 to 3.19. - Increasing the understanding of participants regarding the importance of using strategic foresight in strategic decision making: The medium- to long-term survey results revealed that 75% of participants have incorporated strategic foresight into their duties and responsibilities as an independent non-executive director (Figure 6.6).	Confirmed

		- Incorporate strategic foresight into their duties and responsibilities**:** Most participants (74.1%) also indicated that strategic foresight was the most important concept that they would be able to transfer to other board members (Figure 6.7). Findings were confirmed through the qualitative data (Table 6.18).	

PROCESS-BASED ASSESSMENT

To determine the effectiveness of the intervention that is concerned with task performance rather than the output and focuses on the processes participants underwent to arrive at these outputs:

KE9	To investigate both positive and negative reactions to the shapeshifting intervention with regard to the general setting, amenities and the quality of the delivery.	The rating for the components indicated positive results (Table 6.13). Both the participant's reactions towards the general setting (mean = 4.26) and the quality of delivery (mean =4.79). Overall, the reaction to the intervention was positive and suggestions and recommendations on how to improve the programme were discussed as part of the qualitative results. Similar results (Table 6.29) for the additional interventions reiterated the findings although the ratings were slightly lower at general setting (mean=4.32) and quality of delivery (mean = 4.12).	Confirmed
KE10a	To determine the effectiveness of the	Table 6.14 indicates an overall positive and significant reaction (out	Confirmed

	learning process with regards to the role of facilitator, the quality of the participant materials, and the opportunity for participation.	of 5) to the role of the facilitator (mean = 4.96), the quality of participant materials (mean=4.83) and the opportunity for participation mean = 4.85). Results were confirmed through the qualitative results and data obtained from the additional interventions (Table 6.30).	
KE10b	To determine the perceived value, relevance and interest of the intervention to independent non-executive directors;	The perceived value and relevance of the intervention (out of 5) was above average (mean=4.21) and was verified by the qualitative results. The additional interventions corroborated the findings (mean = 4.06).	Confirmed
KE11	To investigate and evaluate the impact of the intervention on the behaviour of the participants in their role as independent non-executive director on the board;	Open-ended questions from the questionnaires and the structured interviews assessed the results in practice that emanate from exposure to the shapeshifting intervention qualitatively. Participants highlighted different aspects that will influence their behaviour and position as independent non-executive directors that range from increased participation in board discussion, changes in priorities regarding board composition and effectiveness and improved motivation to institute corporate governance measures. Figures 6.5 and 6.13 indicated that over 75% of participants suggested that their strategic planning skills have improved as a result of the intervention .	Confirmed
KE12	To understand why and if the intervention is	Open-ended questions from the questionnaires and the structured	Confirmed

	perceived to work and identify areas for further development and refinement.	interviews assessed the positive and negative aspects of the shapeshifting intervention qualitatively. Suggestions for further development and revisions were acknowledged. Three areas for revision were identified: - The lack of macro-level empowerment (Figure 6.4); - Adjustment to the facilitation process with regard to time and involvement (par. 6.3.6.3); - Low level of board communication and board engagement (Figure 6.13)	

7.4 CRITICAL REFLECTION

In reviewing the study and the research results, a critical reflection on a number of points emerges. This section provides a critical reflection on the success of the study by considering the following factors:

- Success of the research;

- Impact of results on theory and extension of literature;

- Impact of results on practice.

7.4.1 Success and contribution of the research

The success of the research is considered through reviewing if it set out to do what was intended (par 2.2.1):

The main aim of the research is to (1) design , (2) develop and (3) implement the shapeshifting framework as an instructional design for the South African independent non-executive director.

This study will consequently evaluate whether participation in the intervention would lead to a change in the knowledge, altruism, attitude, values, socially responsible behaviour, skills, behaviour and empowerment of independent non-executive directors with regard to directorial duties and good corporate governance practices that in turn would contribute to an increased awareness of sustainable development, and the need for futures-orientated anticipatory approach to corporate governance. Lastly, it will evaluate the relevance of the intervention as an instructional design itself and identify areas for refinement and improvement.

The success of the research does not depend exclusively on only one of the facets of the interventionist research framework – Knowledge Development, Design and Development, Knowledge Evaluation – but on each one individually, as well as simultaneously, to obtain a holistic evaluation of the success, benefits, contributions and limitations to the study.

7.4.1.1. Impact of the results on theory and extension of literature

In terms of theory, the study undertook a trans-disciplinary approach that included the fields of developmental and environmental economics, corporate governance, education and futures studies. It has a distinct futures-orientated approach to corporate governance and sustainable business practices that contributes to extending the literature in both the fields of futures studies and corporate governance.

The shapeshifting intervention put forward in this study therefore extends, broadens and deepens the literature by positioning it within corporate governance and futures studies. It introduces futures concepts and tools to independent non-executive directors identifying strategic foresight as a core directorial skill. Although some of the theoretical concepts are not new in academic discipline, the study introduces the inter-relationship between yet unexplored aspects such as corporate governance and futures methods (causal layered analysis, scenario-building and black swans).

The knowledge and development phase (Chapter 3) shows that strategic foresight has the potential to empower independent non-executive directors by enhancing an understanding their role on the board regarding corporate governance and the future implications and opportunities of their present day actions. It allows them the capability to understand, interpret and respond to challenges by taking a futures-orientated strategic approach to corporate governance and sustainable development. It also introduced new concepts and terminology within the field of corporate governance such as the *absent stakeholder, the quadruple bottom line* and adopting an *anticipatory governance approach.* Utilizing an anticipatory action learning approach (AAL), the intervention created an awareness of the strategic nature of the role of the independent non-executive director that resulted in the change or 'shapeshifting' of participants' knowledge, behaviours and attitudes towards traditional governance practices and adopt an anticipatory governance approach.

The design and development facet (Chapters 4 and 5) of the shapeshifting intervention was undertaken by the researcher with the advice of a variety of educational experts and practitioners from two tertiary institutions and the Council of Higher Education (CHE). It is based on an in-depth examination of education theory and philosophy and critically examining teaching and learning strategies within the realm of adult education. The iterative nature of the interventionist research process allowed for the continuous revision of the shapeshifting framework itself and the facilitation thereof in practice. The knowledge and expertise obtained from the design and development facet provides a possible blueprint for the development and implementation of other training models and programmes that may add value to directors, boards and companies. This provides academic and private institutions with a set of guidelines -based on sound educational principles and tried-and-tested teaching and learning strategies – to design and implement effective executive training programmes. Perhaps the best indication of the shapeshifting framework's value as an instructional intervention based on sound educational principles is that it has been accredited as a training course as an executive training course on NQF Level 8 by the South African Qualifications Association under the condition that the contact time is extended. Its accreditation provides evidence to the success of the carefully designed framework and its relevance as an instructional design within an interventionist framework.

7.4.1.2. Impact of results on practice

The results of the knowledge and evaluation facet show that the shapeshifting intervention may offer an extended value-added instructional design model for directorial training from a strategic viewpoint with regards to corporate governance. Through its pilot-testing, roll out and implementation, it was proven that the shapeshifting intervention may be seen to provide independent non-executive directors with the knowledge needed to fulfil their duties and responsibilities. The shapeshifting intervention is shown to positively impact on the altruism, attitude towards ethics, socially responsible behaviour and values of the participants towards corporate governance and sustainable development that will positively affect their future behaviour on the board

The results (Chapter 6) also indicate that the shapeshifting intervention assists in the empowerment of independent non-executive directors through the use of strategic foresight to initiate and sustain good corporate governance practices in their companies. However, the research results also show that the shapeshifting intervention was not without any problems. It showed a limited impact on macro-levels of empowerment that is deemed to be insufficient. Examining the relationship between attitude, altruism and values provide an opportunity for future research. Depending on results, some steps in the shapeshifting intervention may have to be revised. Using a design-based approach means that the design and development phase of the intervention is a continuous and iterative process. As the intervention is applied in a variety of

settings over time, the design-based approach allows the researcher to continue to refine and revise the framework. . Further research, whereby the shapeshifting intervention is implemented in a variety of different settings and quantitative measures of its impact, will enhance further practice.

Possibly one of the best indications of the results of the shapeshifting intervention is demonstrated by the increased demand of the intervention by directors and companies across South Africa. Since the two formal interventions at the Wits Business School in May 2010, the intervention has been offered by the researcher at five industry-related national conferences, two industry-related international conference and to the board members of 15 companies. It has also been incorporated into executive education programmes at the University of Stellenbosch Business School.

Even though the study focused specifically on the role of the independent non-executive director in moving towards an anticipatory governance approach, the shapeshifting intervention may be successfully utilized in other settings to promote a futures-orientated approach to governance in South Africa. The focus on the 'independent non-executive director' was specifically chosen for the study as the King III report (2010:12) recommends that the majority of the board and the chairperson should consist of independent non-executive directors. However, the potential of the intervention for all directors, independent or otherwise, should not be underestimated. The shapeshifting framework can be used and replicated in a variety of settings including family-orientated business models and executive directors (listed or non-listed) on board of companies. While the roles of the individual members may slightly differ, all directors are responsible for steering the company towards a sustainable and profitable future taking into consideration the needs of future stakeholders by taking an anticipatory approach to corporate governance.

Furthermore, the shapeshifting intervention also has the potential to make an important contribution in South African government institutions and state-owned enterprises. In a developing country such as South Africa, the role of SOE's is of significant importance as they are key role players in infrastructure and service industries including water, energy and transportation. Enhancing the performance of state-owned enterprises through better governance practices has great potential to improve social and economic outcomes taking care of the needs of future generations.

Thus, the iterative and design-based approach of the shapeshifting intervention allows its usability, contribution and impact to extend far beyond the role of the independent non-executive director and can be used by a variety of settings.

7.4.1.3 Summary

In summary, the contribution of the study consists of three distinct aspects as per the interventionist research tactic employed – Knowledge development, Design and Development and Knowledge Evaluation

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Theoretical contribution

- Trans-disciplinary futures-orientated approach between corporate governance and futures studies;

- Introduction of the inter-relationship between yet unexplored aspects such as corporate governance and futures methods;

- Introduction and framing of new concepts in realm of corporate governance literature;

- Extension of current and mostly retrospective body of literature on corporate governance by proposing an anticipatory governance approach;

- Framing the important strategic role of the independent non-executive director on South African boards and the need for personal development and training.

Instructional design and development

- Critical examination of adult education theory and philosophy within the context of directorial training programmes;

- Provides private and public institutions with a framework or blueprint to develop and design educationally sound training programmes;

- Iterative process allowed for optimization of teaching and learning strategies within an executive education context that can be replicated and utilized by other educational developers.

Training and Intervention Evaluation

- Proposed an integrated training and/or intervention assessment model incorporating both outcomes-based and process-based education that can be used by private and public institutions to evaluate executive training programmes.

Contribution to practice

- Able to facilitate strategic foresight to independent non-executive directors in South Africa towards an anticipatory governance approach;

- Can provide independent non-executive directors with the futures tools to initiate and introduce sustainable business practices in line with good corporate governance guidelines;

- Able to increase the values, altruism, socially responsible behaviour and attitude towards ethics of independent non-executive directors that may in turn lead to greater board involvement and the initiation and support for sustainable development and the incorporation of the absent stakeholder.

Figure 7.2 Contributions of the research

7.5   RECOMMENDATIONS AND REVISIONS

The recommendations and revisions emanating from the research relates to (Table 7.4):

i.   recommendations about the design of the intervention;

ii.   recommendations about the implementation of the intervention.

Table 7.4: Revisions and recommendations

	Recommendations
Design of the intervention	**Altruism:** Iterations and revisions were made to the intervention to increase the impact of altruism on participants.. **Empowerment:** Revisions to the shapeshifting intervention will be made in the future to enable and facilitate macro-level empowerment. **General:** It is important to note that the design and development of the shapeshifting intervention remains a continuous and iterative process as further results and recommendations are obtained. The researcher does not anticipate a point in time where no further revisions will be required.
Implementation of the intervention	**Additional resources:** Due to the close interaction between corporate governance and the 2010 Amended Companies Act, a legal expert was employed to act as a guest speaker. It is a possibility that in future iterations of the shapeshifting intervention another step focusing on compliance and legal recommendations will be added. **Time allocation:** As a result of the recommendations by participants in the formal interventions, changes to time allocations were made. This included more time for discussion and open debate. **General:** The researcher does not anticipate a point in time where no further changes to the implementation of the shapeshifting intervention will be required. Facilitating learning is an evolving process that requires flexibility from the researcher, designer and facilitators.

7.6   FURTHER RESEARCH OPPORTUNITIES

Recommendations for further research are twofold. Firstly, by extending the scope of the shapeshifting intervention by its implementation in other settings and secondly, the implementation of the shapeshifting intervention itself.

- **Implementation in other settings**
  - The measurement of Level 4 (results) of the Kirkpatrick evaluation model one year after the shapeshifting intervention may provide further evidence of the efficacy of the intervention;

  - It would be interesting and relevant to the results of the study if a longitudinal and comparative evaluation of the shapeshifting model compared to other existing directorial training practices is undertaken;

  - Extending the scope of the shapeshifting intervention by its implementation in the public sector and for non-profit organisations;

- **Inter-relationships between variables**
  - The results revealed that, although the intervention had a significant impact on the attitude towards governance and sustainable development, it showed no significant impact on altruism. The relationship or lack thereof needs further explanation and opportunities for further research;

  - The low level of macro-level empowerment and its influence on the adoption rate of the intervention is an aspect that also requires further research.

The researcher plans to continue her research regarding the intervention and continuously refine, revise, update and verify results.

7.7   LIMITATIONS

The main limitations stem from the methodological choices when choosing to take one direction instead of another. The first limitation concerns the sample. The two interventions obtained data for only 47 participants. However, when one takes into consideration that all the participants were independent directors on boards of listed companies or companies of substance, the possible sample size was limited to begin with.

The second limitation concerns the replication of the intervention in a variety of different settings. After the formal interventions in May 2010, the researcher has rolled out the Art of Shapeshifting across South Africa. Due to time constraints, the researcher has sourced the services of additional presenters and facilitators which imply that the intervention can be replicated in any setting and is not facilitator- or individual-specific.

The last limitation involves the complexity of the study. In similar studies, an intervention would either be designed for educational purposes or the success/failure of the intervention is evaluated. In this study, the researcher attempted – and was involved in – all three phases of the interventionist research framework. However, the researcher's academic and professional background as educator, curriculum designer, academic and facilitator allowed her to obtain a holistic view of the interventionist framework and become an active participant in all three facets.

7.8   CONCLUSION

In conclusion, it is suggested that the shapeshifting intervention put forward in this study is theoretically grounded in the trans-disciplinary fields of corporate governance, sustainable development and futures studies and was designed and developed as an instructional design within an interventionist framework for South African independent non-executive directors.

It is proposed that exposure or participation in the shapeshifting intervention will lead to a change in the knowledge, altruism, attitude, social responsible behaviour, values, skills, behaviour and empowerment of participants (independent non-executive directors) with regard to directorial duties and good corporate governance practices that in turn would contribute to an increased awareness of sustainable development, and the need for futures-orientated anticipatory approach to corporate governance.

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APPENDIX 1: PILOT TEST QUESTIONAIRES

Pre- Implementation Pilot Test Questionnaire

Information

- This questionnaire is part of my PhD research at the University of Stellenbosch Business School and its purpose is for academic use only.

- This questionnaire is strictly anonymous and confidential. Do not include personal details (name) or contact details

- Please try to answer the questions as **honestly as possible.**

- There is no right or wrong answer.

- Please answer all the questions to the best of your ability

SECTION A

For the following statements, state your current level of understanding of the following concepts, where 1 = I am not familiar with the concept, 2 = I have heard the concept before, but have no in-depth knowledge, 3 = I have a good understanding and knowledge of the concept, 4 = I have thorough knowledge and understanding of the concepts and understand its relevance and importance.

1	Triple bottom line	1	2	3	4
2	Stakeholder engagement	1	2	3	4
3	Corporate governance	1	2	3	4
4	Corporate citizenship	1	2	3	4
5	Sustainable development	1	2	3	4
6	The 3P's	1	2	3	4
7	Risk and liabilities of directors	1	2	3	4
8	Strategic foresight	1	2	3	4
9	Scenario-building	1	2	3	4

SECTION B

For the following statements state your level of agreement, where 1 = strongly disagree, 9 = strongly agree and 5 = neutral.

1. Ethical behaviour may hamper/hinder one's chances of being successful in business

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

2. Business is a competitive struggle in which only the fittest survive

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

3. Although unethical conduct by board members is wrong, it is not harmful to its stakeholders

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

4. Companies should <u>not</u> be held responsible for the pollution levels they create

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

5. There is no need to be concerned with the current environmental issues like climate change as it won't affect my business directly

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

6. The only purpose of a company is to generate profit and maximise shareholder value.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

7. All that matters is the financial bottom line.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

8. A company does <u>not</u> have a responsibility to the local community in which it operates.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

9. Businesses should pursue activities that are socially responsible

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

10. There is no need to be concerned with current environmental issues. The Earth will naturally restore itself over time.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

11. If the product we manufactured caused harm to the environment, we would still manufacture it as long as it is profitable

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

SECTION C

I am:

☐ Male

☐ Female

What racial group do you belong to?

☐ White

☐ Black

☐ Coloured

☐ Asian

☐ Other ----------------- (Specify)

Tick the age bracket you belong to.

☐ 18 to 25 years

☐ 26 to 30 years

☐ 30 to 35 years

☐ 36 to 40 years

☐ 41 to 45 years

☐ 45 to 50 years

☐ Above 50 years

Tick the educational levels you have attained.

☐ Primary school

☐ High school

☐ University

☐ Postgraduate

Post Implementation Pilot-Test Questionnaire

Information

- This questionnaire is part of my PhD research at the University of Stellenbosch Business School and its purpose is for academic use only.

- This questionnaire is strictly anonymous and confidential. Do not include personal details (name) or contact details

- Please try to answer the questions as **honestly as possible.**

- There is no right or wrong answer.

- Please answer all the questions to the best of your ability

---

SECTION A

For the following statements, state your current level of understanding of the following concepts, where 1 = I am not familiar with the concept, 2 = I have heard the concept before, but have no in-depth knowledge, 3 = I have a good understanding and knowledge of the concept, 4 = I have thorough knowledge and understanding of the concepts and understand its relevance and importance.

1	Triple bottom line	1	2	3	4
2	Stakeholder engagement	1	2	3	4
3	Corporate governance	1	2	3	4
4	Corporate citizenship	1	2	3	4
5	Sustainable development	1	2	3	4
6	The 3P's	1	2	3	4
7	Risk and liabilities of directors	1	2	3	4
8	Strategic foresight	1	2	3	4
9	Scenario-building	1	2	3	4

SECTION B

For the following statements state your level of agreement, where 1 = strongly disagree, 9 = strongly agree and 5 = neutral.

1. Ethical behaviour may hamper/hinder one's chances of being successful in business

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

2. Business is a competitive struggle in which only the fittest survive

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

3. Although unethical conduct by board members is wrong, it is not harmful to its stakeholders

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

4. Companies should <u>not</u> be held responsible for the pollution levels they create

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

5. There is no need to be concerned with the current environmental issues like climate change as it won't affect my business directly

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

6. The only purpose of a company is to generate profit and maximise shareholder value.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

7. All that matters is the financial bottom line.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

8. A company does <u>not</u> have a responsibility to the local community in which it operates.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

9. Businesses should pursue activities that are socially responsible

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

10. There is no need to be concerned with current environmental issues. The Earth will naturally restore itself over time.

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

11. If the product we manufactured caused harm to the environment, we would still manufacture it as long as it is profitable

Strongly Disagree	1	2	3	4	5	6	7	8	9	Strongly Agree

SECTION C

The next part of the questionnaire relates to your experience with the **course.** Please rate the way you feel about each of the following using the scale provided.

	Excellent 4	Good 3	Fair 2	Needs Improvement 1	For each aspect rated 1, briefly tell us why
A: CONTENTS					
Easy to understand					
Well explained					
Relevance to my (future) job					
Interesting					
B:ASSESSMENT					
Relevant to my (future) job					
Enhanced my understanding of CG					
Interesting					
Enhances Learning					

What I liked least about the course......

_____

_____

_____

_____

_____

_____

The course can be improved upon by.......

_____

_____

_____

_____

_____

_____

_____

For the following statements, state your level of agreement where:

1 – Needs improvement

2 – Fair

3 – Good

4 – Excellent

1	The facilitator was prepared for each session	1	2	3	4
2	The facilitator explained concepts, theories and ideas clearly	1	2	3	4
3	The facilitator made appropriate use of multi-media	1	2	3	4
4	The facilitator allowed participants to make comments and suggestions during the sessions	1	2	3	4
5	The sessions provides enough time for group work and group discussions	1	2	3	4

Comments and/or suggestions

………………………………………………………………………………………………………

………………………………………………………………………………………………………

………………………………………………………………………………………………………

………………………………………………………………………………………………………

………………………………………………………………………………………………..

SECTION D

I am:

☐ Male

☐ Female

What racial group do you belong to?

☐ White

☐ Black

☐ Coloured

☐ Asian

☐ Other ----------------- (Specify)

Tick the age bracket you belong to.

☐ 18 to 25 years

☐ 26 to 30 years

☐ 30 to 35 years

☐ 36 to 40 years

☐ 41 to 45 years

☐ 46 years and above

Tick the educational levels you have attained.

☐ Primary school

☐ High school

☐ University

☐ Postgraduate

APPENDIX 2: FIELD JOURNAL AND ADVERTISEMENTS

Analysis of Baseline Assessment Q

- Current knowledge of CG questionable (Group 1)
  ↓
  provide intro or make SS an advanced course?

- Demographics have influence of knowledge
  and understanding → age and motivation

- Perception towards CG negative in Groups 1
  and 2. Ambivalent perception in Group 3

- Perception to CG ≠ Perception to CG
  Why?

NB!! Attitudes to ethical business practices
     directly related to negative perception

Note: Attitude to CG: participants can't
      link concepts

Baseline Questionnaire needs
revision.

How will it change for NxIp's?

Week 1: Mindset Myopia

- participant struggle with futures orientated approach
  ↓
  fixed mindset of how world works
  barrier to learning

- Lack of trust → participants + stakeholder
  Method of instruction needs
  revision

  ? not clear

- concepts understood
- Participants seem to enjoy interaction
- Learner material = good ✓✓

  ↓

Arranged consultation with HR
department at Wits. Not much help.
Lack of leadership at directoral level
evaluation

Challenge : Openness to change
Pre-conceived ideas of
role of company in society

Week 2 : Navigate futures

• **Concerns** ——————— Group 2 :

Better understanding
Demographics prob
reason
↓
BUT : negative
attitude continues
to influence learning
process.
Little respect for
ethics.

Group 1 :

Lack of ground knowledge
SS required indepth know-
ledge of CC
↓
Result:

MUST check knowledge
of NXID first
↓
Advanced, not intro

include in learner
material?

Group 3 :

• Adequate understanding
• More open to change
• Demographics?
• Motivation different

ID DIRECTORSHIP

better directors. better boards. better business

Apr / May / Jun 2010

POLICY PROMISES MEET COMMERCIAL REALITY

SA's new Industrial Policy

EXECUTIVE REMUNERATION
Non-execs: pay for performance, too!

THE BUCK STOPS… WHERE?
Implications of the new Companies Act

TALES OF THE UNEXPECTED • REGIME CHANGE • LEADERSHIP AND MANAGEMENT

him or her accountable. At the same time, the shareholder is unable to hold the board accountable, having deprived it of the ability to implement via an accountable CEO.

Where there is no accountability there is no governance, and vice versa. It is often said that South Africans are characterised by our pessimism. It could also be argued that we can be characterised by our lack of accountability. In fact, the two are linked – no accountability implies no performance implies no hope for the future. We deserve better, and are achieving better, but can achieve far more.

Rather than the current SOE model where the shareholder appoints the CEO, the shareholder should define parameters within which the board appoints a CEO, perhaps even giving the shareholder a veto right. Of course, if the shareholder does not have confidence in the board he or she appointed, how can he or she rely on the board to appoint a CEO? This supports the argument that the shareholder should spend much more time on the appointment of the directors, their mandate

> "Where there is no accountability there is no governance, and vice versa."

and the assessment of their effectiveness.

Whilst on the topic, the practice of appointing SOE boards en masse, for a three-year term, should end in favour of appointing individual directors for overlapping and renewable three-year terms, providing for both continuity and new blood.

Without an appropriate accountability framework there is little chance of securing transparency, fairness and effective performance.

Creatures of statute often have ill-defined governance models. A potential solution in this regard would be to extend the provisions of the Companies Act, where appropriate, and in areas where this would not conflict with the founding legislation, to all such entities. The PFMA has caused as many problems as it has addressed in relation to the governance of SOEs. It is time that it be revised. The same applies to the Protocol on Corporate Governance in SOEs. In fact, there is little reason not to apply King III, as is, to SOEs.

Non-executive directors should never be allowed to become executives, even in an acting capacity, in the same SOE. Not for any reason whatsoever. This will immediately remove a source of tension in many SOEs. They should also not be allowed to consult into such entities.

Corporate governance training should not be restricted to directors. When it comes to understanding corporate governance, role clarity, accountability, strategic leadership, performance management and similar topics, shareholders and senior managers can benefit almost as much as directors from being exposed to governance training. SOEs are often viewed as training grounds for directors – this is perhaps not appropriate, as the governance environment in an SOE is often more complex than in the private sector. At the very least, the induction and ongoing development of SOE directors deserves more attention.

South Africa can spend a fortune on auditors and consultants in an attempt to ascertain the reasons for the underperformance, or outright failure of many of our SOEs, but until there is clarity about governance models we will not see a permanent improvement. In summary, the failure of many of our SOEs, and the underperformance of many others, is not a failure of the company model, but a failure to harness the power of the company model.

A final thought - at a time when China is closing down thousands of under performing SOEs, telling the employees to find jobs in the private sector, South Africa continues to pour billions into our SOEs, a rethink of the entire SOE model seems appropriate. ❖

Nigel is an experienced non-executive director. He presents the Being a Director series and the Alumni Update for the IOD.

APPENDIX 3: PHOTO DIARY

Branding of the shapeshifting intervention

Original photographs:

Demelza Bush

Conceptualization of the intervention

Release of King III in September 2009

Lindie Engelbrecht Chief Executive of Institute of Directors

A new era in corporate governance

Pilot Testing

Participants from two tertiary academic institutions

Formal shapeshifting interventions

"Team shapeshifting"

**Venue:
Wits Business School**

Shapeshifting packs

Facilitator

Marianne Engelbrecht

25 participants per intervention
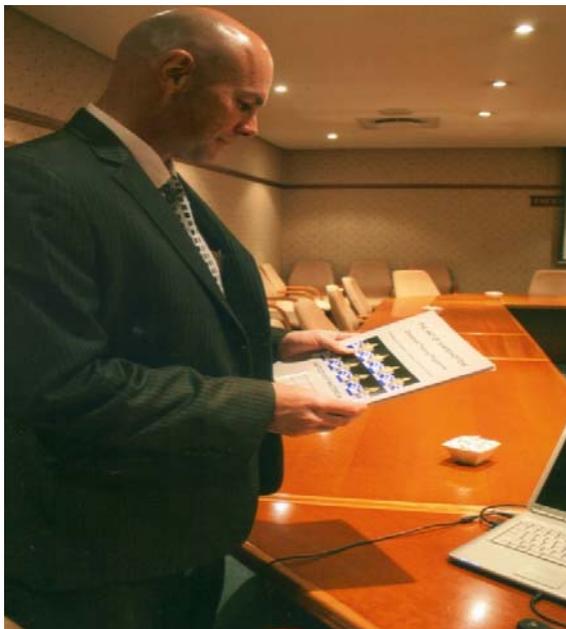
Use of additional facilitators

Derek Engelbrecht

Lesego Moagi

Roanna Tay

Further development and dissemination

APPENDIX 4: PRE-INTERVENTION QUESTIONNAIRE

PRE-INTERVENTION QUESTIONNAIRE

Dear participant

Thank you for registering for the ART OF SHAPESHIFTING seminar. In order to confirm your place, please complete the following questionnaire.

This research project forms part of my doctoral thesis at the University of Stellenbosch Business School.

The questionnaire is strictly anonymous and confidential. Please do not include any personal details or contact details on the survey.

Please answer the questions as honestly as possible. There is no right or wrong answers.

Kind Regards

Marianne Engelbrecht

SECTION A:

For the following statements, state your current level of understanding of the following concepts where:

1 – I am not familiar with the concept

2 – I have heard the concept before, but I have no in-depth knowledge

3 – I am familiar with the concept

4 – I have a good understanding and knowledge of the concept

		1	2	3	4
1	Triple bottom line				
2	Stakeholder engagement				
3	Corporate governance				
4	Sustainable development				
5	3 P's				
6	Strategic foresight				
7	Scenario building				
8	Residual risk				
9	Causal layered analysis				
10	Duties, liability and legal requirements of independent non-executive directors				

SECTION B:

For the following statements, please state your level of agreement

1 – Strongly disagree

2 – Disagree

3 – Mostly disagree

4 – Sometimes disagree

5 – Neutral

6 – Sometimes agree

7 – Mostly agree

8 – Agree

9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	It is important to me that products I use do not cause harm to the environment									
2	I consider the potential environmental impact of my actions when taking many decisions									
3	My purchase habits are affected by my concerns for the environment									
4	I am concerned about wasting the resources of the planet									
5	I would describe myself as socially responsible									
6	I am willing to be inconvenienced in order to take actions that are more socially and environmentally friendly									

SECTION C:

For the following statements, please state your level of agreement

1 – Strongly disagree

5 – Neutral

9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	Ethical behaviour may severely hamper one's chances of being successful in business									
2	Although unethical conduct is wrong, it is not harmful to society									
3	My ethical behaviour won't make a difference is a pre-dominantly un-ethical business environment									
4	In order to succeed in my company, it is often necessary to compromise one's ethics									
5	*Board members in my company often engage in behaviours that I consider to be unethical									
6	*The chairperson has let it be known in no uncertain terms that unethical behaviour would not be tolerated									

*Questions were removed to increase the validity and reliability of the scale

SECTION D:

For the following statements, please state your level of agreement

1 – Strongly disagree

5 – Neutral

9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	There is no need to be concerned with the current environmental issues as the earth will naturally restore itself									
2	Pollution is not yet a problem of significance in the country									
3	I take into consideration if workers in less developed countries are paid low wages (less than $1 a day) before I buy the product									
4	A company does not have a responsibility to the community in which it operates									
5	Environmental legislation is needed to preserve the earth's resources									
6	It genuinely infuriates me that the government is not doing more to prevent harm to the environment									
7	*Developed countries are more responsible for environmental problems such as climate change									
8	*Trying to control water pollution is more trouble than it is worth									

*Questions were removed to increase the validity and reliability of the scale

SECTION E:

From the list or organizational values below, choose **only 10** values that most represent the values you think a highly functional and successful organization in the 21st century should possess.

Prestige		Survival		Global/society	
Innovation		Making a difference		Vision	
Multiple goals		Empowerment		Results	
Relationships		Sales		Transformation	
Environmental awareness		Shareholder value		Stakeholder interests	
Accountability		Customer satisfaction		Diversity	
Profit		Competitive advantage		Community	
Employee fulfillment		Creativity		Ethics	

SECTION F:

I am:

MALE	FEMALE

My date of birth:

Note: This information **will only** be used for administrative purposes to align before and after responses of participants.

D	D	M	M	Y	Y

In what industry does your board membership fall?

Education	
Pharmaceutical	
Construction	
Banking/Finance	
Government	
Other – Please specify	

What racial group do you belong to?

Black/African	
White	
Indian	
Coloured	
Asian	
Other	

If "other", please specify _____

My age group:

21-29 years	
30-35 years	
36-45 years	
46-55 years	
Above 55 years	

Indicate the highest level of education you have attained

Primary School	
High School or Equivalent	
University	
Post-graduate degree	
Masters degree or MBA	
PhD	

APPENDIX 5: POST-INTERVENTION QUESTIONNAIRE

POST-INTERVENTION QUESTIONNAIRE

Dear participant

Thank you for attending the ART OF SHAPESHIFTING intervention and I hope you have enjoyed the experience.

Please complete the survey below to allow me to continuously improve the intervention, its contents and delivery.

The questionnaire is strictly anonymous and confidential. Please do not include any personal details or contact details on the survey.

Please answer the questions as honestly as possible. There is no right or wrong answer.

Kind Regards

Marianne Engelbrecht

SECTION A:

For the following statements, state your current level of understanding of the following concepts where:

1 – I am not familiar with the concept

2 – I have heard the concept before, but I have no in-depth knowledge

3 – I am familiar with the concept

4 – I have a good understanding and knowledge of the concept

		1	2	3	4
1	Triple bottom line				
2	Stakeholder engagement				
3	Corporate governance				
4	Sustainable development				
5	3 P's				
6	Strategic foresight				
7	Scenario building				
8	Residual risk				
9	Causal layered analysis				
10	Duties, liability and legal requirements of independent non-executive directors				

SECTION B:

For the following statements, please state your level of agreement

1 – Strongly disagree

2 – Disagree

3 – Mostly disagree

4 – Sometimes disagree

5 – Neutral

6 – Sometimes agree

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9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	It is important to me that products I use do not cause harm to the environment									
2	I consider the potential environmental impact of my actions when taking many decisions									
3	My purchase habits are affected by my concerns for the environment									
4	I am concerned about wasting the resources of the planet									
5	I would describe myself as socially responsible									
6	I am willing to be inconvenienced in order to take actions that are more socially and environmentally friendly									

SECTION C:

For the following statements, please state your level of agreement

1 – Strongly disagree

5 – Neutral

9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	Ethical behaviour may severely hamper one's chances of being successful in business									
2	Although unethical conduct is wrong, it is not harmful to society									
3	My ethical behaviour won't make a difference is a pre-dominantly un-ethical business environment									
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6	*The chairperson has let it be known in no uncertain terms that unethical behaviour would not be tolerated									

*Questions were removed to increase the validity and reliability of the scale

SECTION D:

For the following statements, please state your level of agreement

1 – Strongly disagree

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9 – Strongly agree

		1	2	3	4	5	6	7	8	9
1	There is no need to be concerned with the current environmental issues as the earth will naturally restore itself									
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*Questions were removed to increase the validity and reliability of the scale

SECTION E:

From the list or organizational values below, choose **<u>only 10</u>** values that most represent the values you think a highly functional and successful organization in the 21st century should possess.

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Relationships		Sales		Transformation	
Environmental awareness		Shareholder value		Stakeholder interests	
Accountability		Customer satisfaction		Diversity	
Profit		Competitive advantage		Community	
Employee fulfillment		Creativity		Ethics	

SECTION F:

Which of the following attributes/attitudes/actions have changed as a result of the intervention? You may tick as many blocks as you find relevant

Motivation to change		Leadership	
Decision-making skills		Pro-activeness	
Self-empowerment		Self-esteem	
More capable as a director		Problem-solving	
Confidence		Awareness	
Ready to take action		Personal growth	
Assertiveness as a board member		Control over events	
Exercising influence		Communication skills	
Increase in knowledge of corporate governance		Futures-orientated thinking	

SECTION G:

What did you think of the general setting and service that were provided?

5	4	3	2	1
Very good	Good	Satisfactory	Average	Poor

Comments and suggestions to improve our service?

……
……
……

Were you satisfied with the quality of the refreshments and amenities provided?

5	4	3	2	1
Very good	Good	Satisfactory	Average	Poor

How would you rate the facilities and equipment used in the teaching and learning process?

5	4	3	2	1
Very good	Good	Satisfactory	Average	Poor

How would you rate the delivery (Classroom, computer-use and multimedia) as part of the teaching and learning process?

5	5	3	2	1
Very good	Good	Satisfactory	Average	Poor

SECTION H

For the following statements, please indicate your level of agreement

1 – Strongly disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly agree

		1	2	3	4	5
1	The facilitator was prepared and organized for the intervention					
2	The facilitator kept participants actively engaged in the learning process					
3	The course materials were easy to follow and I will refer back to them in the future					
4	Participant materials and hand-outs were useful during the seminar					
5	I had an opportunity to give input and/or make comments throughout the intervention					
6	Participants were encouraged to participate in the learning process					
7	I clearly understood the course objectives					
8	The intervention was relevant to my personal development					
9	The subject matter was pertinent to my needs and interests as a director					

SECTION I

Do you think the intervention will improve the following actions?

		1 - Yes	2- No	3 – Not sure
1	Your effectiveness as a leader			
2	Your effectiveness as strategic planner			
3	Your effectiveness as a board member			
4	Your communication skills with other board members			
5	Your level of participation on the board			

What are you considering doing differently as a result of what you have learnt?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………………..

What was the most valuable piece of information and/or new learning that you received during the intervention?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………………..

What specific elements of the Art of Shapeshifting intervention had the most positive impact on you? Why?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………..

What three skills that you have learnt at the intervention will you be able to apply most?

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
…………………………………………………………………………………………..

SECTION J:

I am:

MALE	FEMALE

My date of birth:

Note: This information **will only** be used for administrative purposes to align before and after responses of participants.

D	D	M	M	Y	Y

In what industry does your board membership fall?

Education	
Pharmaceutical	
Construction	
Banking/Finance	
Government	
Other – Please specify	

What racial group do you belong to?

Black/African	
White	
Indian	
Coloured	
Asian	
Other	

If "other", please specify _____

My age group:

21-29 years	
30-35 years	
36-45 years	
46-55 years	
Above 55 years	

Indicate the highest level of education you have attained

Primary School	
High School or Equivalent	
University	
Post-graduate degree	
Masters degree or MBA	
PhD	

APPENDIX 6: STRUCTURED INTERVIEW QUESTIONS

STRUCTURED INTERVIEW QUESTIONS

Thank you for agreeing to be interviewed as part of THE ART OF SHAPESHIFTING research project.

Your answers,comments and suggestions will assist me in improving the programme and make it more relevant to your professional needs.

Please remember, that with your permission, this session will be recorded. Your comments will be partially transcribed to be included in my final thesis but any confidential comments will automatically be excluded. You will also receive a copy
of the transcribed interview and the use of your comments in my thesis before its final submission.

I implore you to be as honest and frank as possible. Please let me know if any of the questions make you feel uncomfortable in any way.

Please take note of the following aspects of our agreement regarding the interview:

- You may choose to end the interview at any point in time;
- You may choose not to answer questions you find unsuitable, irrelevant or uncomfortable;
- You have the right to make comments 'off the record' but they must be clearly indicated as such.

SECTION A:

1. Where did you hear about the ART OF SHAPESHIFTING seminars? What sparked your interest?

2. Why are/were you interested in attending a course in corporate governance and strategy? Would you categorize your primary motivation as professional or personal? What motivated you to become an independent non-executive director?

3. Before the seminar, did you fully comprehend your duties and reponsibilities as an independent non-executive director?

a. What was the most valuable knowledge regarding your duties and responsibilities that you learnt during the seminar?

b. Has your attitude towards your responsibilities change? Positive/Negative?

4. How would you describe your ability to use the futures methods/tools (Causal Layered Analysis and Scenario Gameboards) in your current postion? Relevance? Usefulness?

5. Has the ART OF SHAPESHIFTING seminar in any way change your skills/ability as an independent non-executive director? If so, how?

6. How valuable was this course to your personal development?

7. What specific behaviour/actions have changed since the seminar with regard to board communication and strategy?

8. Which/what parts of the shapeshifting framework did you apply in the last tqo months? If not, why not?

9. Do you view corporate governance differently?

APPENDIX 7: MEDIUM TO LONG-TERM IMPACT QUESTIONNAIRE

Medium to Long-term Impact Survey

Dear participant

It has been 6 months since you have attended THE ART OF SHAPESHIFTING directorial course.

Please complete the survey below in order for me to continuously improve and revise the course.

Please be as honest as possible. There are no right or wrong answers.

All answers are highly confidential.

Kind Regards

Marianne Engelbrecht

Have you attended a board meeting since THE ART OF SHAPESHIFTING seminar?

YES	NO

Have you attended/completed/participated in a strategy planning session for the company on whose board you serve since THE ART OF SHAPESHIFTING seminar?

YES	NO

SECTION A

Indicate which of the following concepts/ideas have you been able to incorporate into your approach, duties and responsibilities as an independent non-executive director.

You may indicate more than one option

3 P's		Absent stakeholder	
Corporate social responsibility		Environmental responsibility	
Strategic foresight		Anticipatory leadership skills	
Anticipatory corporate governance		Corporate citizenship	
Futures-orientated approach		Scenario-building	
Two-way stakeholder engagement		Environmental scanning	

SECTION B

Indicate which of the following concepts you were able to introduce to the other board members and incorporate into your governance approach.

You may choose as many options as you find relevant.

Environmental scanning		Absent stakeholder	
Causal Layered Analysis		3 P's	
Strategic foresight		Integrated sustainability reporting	
Black swans		Anticipatory governance approach	
Environmental responsibility		Scenario gameboards	
Anticipatory leadership skills		Corporate Citizenship	
Futures-orientated view		Residual risk	
Flashforwards		Code of conduct	
Creating preferred futures		Business ethics	

SECTION C

Which of the following characteristics/attributes have changed as a result of the ART OF SHAPESHIFTING course? You may tick as many options as you find relevant.

Motivation to change		Leadership	
Decision-making skills		Pro-activeness	
Self-empowerment		Self-esteem	
More capable as a director		Problem-solving	
Confidence		Awareness	
Ready to take action		Personal growth	
Assertiveness as a board member		Control over events	
Exercising influence		Communication skills	
Knowledge regarding corporate governance		More capable as a director	
Ability to affect others		Understanding board dynamics	

SECTION D

Do you think the intervention will improve the following actions?

		1 - Yes	2- In limited ways	2- No	3 – Not sure
1	Your effectiveness as a leader				
2	Your effectiveness as a board member				
3	Your communication skills with other board members				
4	Your attitude towards what constitutes good corporate governance				
5	Adopting a futures orientated approach				

SECTION E:

I am:

MALE	FEMALE

My date of birth:

Note: This information **will only** be used for administrative purposes to align before and after responses of participants.

D	D	M	M	Y	Y

In what industry does your board membership fall?

Education	
Pharmaceutical	
Construction	
Banking/Finance	
Government	
Other – Please specify	

What racial group do you belong to?

Black/African	
White	
Indian	
Coloured	
Asian	
Other	

If "other", please specify _____

My age group:

21-29 years	
30-35 years	
36-45 years	
46-55 years	
Above 55 years	

Indicate the highest level of education you have attained

Primary School	
High School or Equivalent	
University	
Post-graduate degree	
Masters degree or MBA	
PhD	

APPENDIX 8: THIRD-PARTY OBSERVATION NOTES

SEMINAR 1 (11 May 2010)

1. Why do we do Corporate Governance? (Marianne)
2. Why is China not using their available resources at their disposal to help the world with the economic crisis?

DEREK

1. **Corporate Governance post 1994, should it not be rule based?**
2. **Isn't Corporate Governance purely defined by power?**

Comments

- People comply with corporate governance because they want to and not because they have to.
- The existence of a company is to create wealth.

3. Can't we have a rule based system?
4. How can foreign investors be encouraged on Corporate Governance?
5. How does Corporate Governance contribute to the bottom line? (Marianne)
6. What is shapeshifting? (Marianne)
7. If directors are in tune with their business, how long do they have to remain in the business?
8. What makes a director competent? What skills does a director need to have? (Marianne)
9. Can a director be liable for eight company boards, can he/she be trusted with the skills?
10. What are you the present directors doing for the next generation on the board? (Marianne)
11. Why is Corporate Governance seen as a punitive measure? (Marianne)
12. Why are some directors not thinking of the future? (Marianne)

    Comments

    - There is no incentive for CEOS/Directors to spend time creating future plans for their successor. They only act on what is needed in their term of contract. Shareholders are threats to other stakeholders. Shareholders often behave in direct conflict from other stakeholders and often do not care about what happens to the other shareholders and stakeholders.

13. What is strategic foresight? How do we incorporate future plans? (Marianne)
14. What is myopia? (Marianne)
15. Why do we avoid talking about the future? (Marianne)
16. What do you want to happen before you hit the core? (Marianne)
17. Are the 3p's the bottom line?
18. Isn't generational change dependent on educational levels?
19. Why can't we create a customer? (Marianne)
20. Do we create shareholders or do they create us? (Marianne)
21. How are the scorecard appointments cards used?

22. How do you see Corporate Governance in your company?
    <u>Comments</u>

   - Training for new young employees who know nothing about corporate governance.
   - Some directors also have no idea what corporate governance is.
   - Corporate governance cannot be effective when people do not know or understand what it is.
   - Directors are in denial of corporate governance because they know its existence and do not address or use it.

23. Why are people afraid of SARS?
24. Does Corporate Governance form top priority in every organization?
25. Does SARS have to force companies to comply?
26. What is a director? What are the roles and responsibilities of a director?
    <u>Comments</u>

   - Directors need to have certain skills and to keep improving on these skills.
   - Majority of directors in South Africa do not know what it means to be a director.

27. How does one differentiate between a bribe and a commission?
28. Do you think economic policy is a threat? (Marianne)
29. What would influence one's business? (Marianne)
30. Who is the Corporate Governance theory directed at?
31. What are the risks that companies are experiencing? (Marianne)
    <u>Comments</u>

   - Companies should have documents of their meetings. Electronic recordings can be used to records minutes at the meetings.
   - Most companies fall flat when documentation is involved.
   - People do not understand or see no differentiation between management and the board.

SEMINAR 2 (20 May 2010)

1. Do they have non-executive directors in your organisation/ small companies? (Marianne)
2. Aren't non-executive directors involved in strategic planning?
3. Aren't companies losing on the role of directors in certain strategies?
4. Are employees aligned with the vision of the companies they work for? (Marianne)
5. What are the competencies that a director should have? (Marianne)
6. Why are companies resistant of overall evaluation? (Marianne)
7. Resistance in assessment, can business school have voluntary courses/lessons on directorship?
8. Competencies, looking for people focused on long-term achievements, some people are good and have become successful with short-term strategic planning. Can people have their horizons changed?

   Comments

   - People who can look broader than what they are doing are needed in companies.
   - People need to develop themselves and look at the bigger picture. People aren't obviously inherently and employees are categorized by different attitudes in a company.

9. How can one person serve on 6 boards and know what is going on in all of them?
10. Legislating good governance, who checks whether companies are practising governance measures? Are directors ethical?

    Comments

    - Directors should make sure that companies are run ethically. Companies can be profitable short term if they are unethical. Directors do not know that they are responsible for damages caused by their company's products.

11. Do have to be unethical to succeed in business?
12. Whose responsibility is it to monitor governance?
13. Who does air and water belong to?
14. How do you measure the role of stakeholders? How do you quantify it?
15. How does one get information to discuss on behalf of the absent stakeholder?
16. If corporate governance is not/cannot be quantifiable, won't companies buy into it?

    Comments

    - Clearly define the absent stakeholder. Get a picture of what a striving company look like, and then you can start looking at measurement since you know what you are measuring?

17. Can we create our own customer?
18. Do you know where the papers in your company come from?

<u>Comments</u>

- The evolution of capitalism. You do not have to have legislation to have a tickbox. People should change their mentality about tickboxes.

19. What are the values of your company? (Marianne)
20. Principles vs. Values. (Marianne)

Derek

1. **Was there a problem with the New York Stock Exchange?**
2. **Is technology underlined?**
3. **What are Derek's feelings about the next disruptive technology?**

21. Where does one draw the line between corruption and ethical behaviour? Especially when it comes to tenders.
22. What do see as a risk in your company in the next 3 to 5 years? (Marianne)
23. What are the reasons for South Africans to not want to attend AGM meetings?
24. Where do see yourself/company in 2015? (Marianne)
   <u>Comments</u>

- Black swans become a risk that companies should think about.

25. Doesn't the black swan book leave people with paranoia?
   <u>Comments</u>

- Most directors re not appointed for their competencies, but for a good alliance of companies. Attributes that a nomination board should take in consideration.

26. What are the duties and responsibilities of a director?
   <u>Comments</u>

- New young markets neglect older people and are focusing all their energy on these market of the younger generation. They are planning for the future.
- There are consequences in technology for the young, and there is lack of morality and judgement.
- Consumers are far from ethical. People no longer have a conscience. Personal element is lacking.

27. Is there spiritual aspect in business?
28. Engagement with stakeholders?
29. What logos do you use in your companies and what do they symbolise? (Marianne)
   <u>Comments</u>

- Leading by example, good communication, wisdom, people development.
- The more visionary, the fewer crises there is to manage.
- Companies need to be grounded.

<u>Final comments</u>

- Presentation was very good. Challenging to the identity to directors and it all comes down to ethics and how we are raised.

APPENDIX 9: QUALITATIVE DATA MATRIX

Note: All answers and comments made by participants with regard to the open-ended questions in the post-intervention questionnaire were coded according to the higher order theme and sub-theme.

Data	Higher Order theme	Code	Sub-Theme	Code	Participant nr
"...Professional, interesting, well organised..."	**Shapeshifting intervention**	HO1	Likes and dislikes	ST1	12
"It was excellent. I hardly see where anything could've been done better. Professional, interesting, well organized"	**Shapeshifting intervention**	HO1	Likes and dislikes	ST1	4
The facilitator was very creative and had good slides. It was one of the best training I've ever had and was very satisfied."	**Shapeshifting intervention**	HO1	Likes and dislikes	ST1	34
"..everything is understandable and useful.."	**Shapeshifting intervention**	HO1	Likes and dislikes	ST1	58
"I finally understood how the companies act and king III fits together"	**Shapeshifting intervention**	HO1	Likes and dislikes	ST1	70
"Should be a full academic course.....Perhaps 3 day corporate sessions on site"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	12
"It should be longer. Perhaps a week. Attaching a form of certification and assessment for delegates will be great."	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	18

"week programme…"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	30
Follow up sessions"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	47
"This course should be a certificate course over a long period of time…this will give us the time to practice what we learnt"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	83
"Invite different kinds of people from different levels in the organization"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	6
"Perhaps 2 day corporate sessions on site for the whole board"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	32
"I didn't finish all the activities…I need more time to understand some of the topics"	**Shapeshifting intervention**	HO1	Suggested revisions	ST2	55
"As a newly appointed non-executive director, I wanted to understand and have in-depth knowledge about corporate governance it as it is a core knowledge for directors. It was excellently outlined. All the topics touched on were very useful and will definitely contribute to my personal development and the	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	12

development of those around me".					
"…everything is understandable and useful….."	**Shapeshifting framework**	HO2	Likes and dislike	ST1	3
" Taught me out of the box thinking.."	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	9
"Hard to say there were so many. Liked the Black Swan analogy, but also all the other info too."	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	11
"forward thinking strategies had not really thought about it in this area before"	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	22
"I learnt a lot"	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	17
"Really good content"	**Shapeshifting Framework**	HO2	Likes and dislikes	ST1	7
"The initiatives around integrated sustainability and futures approach"	**Shapeshifting framework**	HO2	Likes and dislikes	ST1	22
To the point explanation of strategic foresight"	**Shapeshifting framework**	HO2	Likes and dislikes	ST1	6
"Introduction of the quadruple bottom line concept"	**Shapeshifting framework**	HO2	Likes and dislikes	ST1	7
"There should be more case studies for people to work in	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	4

small groups and give feedback to the larger groups"					
"…Maybe build a simulation exercise for directors to reflect on learning"	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	4
"It should be taught at lower levels...."	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	5
"Longer and more explanations on the simple concepts such as corporate governance"	**Shapeshifting framework**	HO2	Suggested revisisions	ST2	12
"More external presenter involvement"	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	28
"I never thought about risk that way before…the black swan idea is a pretty useful way of thinking about the future"	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	71
" The scenario game board was the best part. Our company is in a black hole right now"	**Shapeshifting Framework**	HO2	Suggested revisions	ST2	63
"we need forward thinking strategies..planning for our future.."	**Influence on Behaviour**	HO3	Relevance Usefulness	ST1	3
"Strategy for corporate governance is needed"	**Influence on Behaviour**	HO3	Relevance Usefulness	ST1	18
"Take corporate governance more seriously and see it as part	**Influence on Behaviour**	HO3	Relevance Usefulness	ST1	33

of business strategy.”					
“I have more duties and responsibilities than I thought”	**Influence on Behaviour**	HO3	Personal development	ST2	14
“New insight into my role as an independent director”	**Influence on Behaviour**	HO3	Personal development	ST2	15
“I will change my resistance towards probing into the levels of corporate governance”	**Influence on Behaviour**	HO3	Personal development	ST2	4
“...new strategy for governance is needed but I don't have any authority on the board...”	**Influence on Behaviour**	HO3	Personal development	ST2	37
“I have a new found respect for the environment and the effects of our current behaviour on the future generation. I did not really see the impact before”	**Influence on Behaviour**	HO3	Personal development	ST2	16
“Being more pro-active on corporate governance”	**Influence on Behaviour**	HO3	Personal development	ST2	29
I will change my resistance towards probing into the levels of corporate governance	**Influence on behaviour**	HO3	Personal development	ST2	8
“Ethics and values are important”	**Influence on Behaviour**	HO3	Personal development	ST2	23
“View governance differently”	**Influence on Behaviour**	HO3	Personal development	ST2	19
"Open minded and lateral thinking towards governance"	**Influence on Behaviour**	HO3	Personal development	ST2	19

"..all the topics touched on were very useful and will definitely contribute to my personal development and the development of those around me"	**Influence on Behaviour**	HO3	Personal Development	ST2	10
"Opened up a new way of thinking"	**Influence on Behaviour**	HO3	Personal Development	ST2	11
"The extent to which we are important in boardroom. I have to start thinking about future stakeholders"	**Influence on Behaviour**	HO3	Personal Development	ST2	24
"I will not be passive but actively involved in ensuring businesses are ethical"	**Influence on Behaviour**	HO3	Personal Development	ST2	21
"New insight into my role as an independent director"	**Influence on Behaviour**	HO3	Personal Development	ST2	14
I now realise that I had no idea what this job involved. I will pay a whole lot more attention now"	**Influence on Behaviour**	HO3	Personal Development	ST2	60
"I will now be able to contribute to board discussions and decisions"	**Influence on Behaviour**	HO3	Personal Development	ST2	62
"I wasn't prepared for the responsibility before but now I feel more in control"	**Influence on Behaviour**	HO3	Personal Development	ST2	86
"......I will adopt social responsibility in the company"	**Directorial skills**	HO4	Abilities	ST1	18
"I finally know what I'm supposed to be doing…"	**Directorial Skills**	HO4	Abilities	ST1	4

"I feel more confident regarding my abilities as a director"	**Directorial Skills**	HO4	Abilities	ST1	23
"I feel more confident regarding my abilities as a director. I will attempt to ask more questions at director engagements."	**Directorial skills**	HO4	Abilities	ST1	7
"I will ask more questions and ask for clarification"	**Directorial skills**	HO4	Abilities	ST1	90
"I will make sure I attend all board meetings and AGM's"	**Directorial skills**	HO4	Abilities	ST1	75
"….Thinking strategically"	**Directorial skills**	HO4	Abilities	ST1	25
"..better communicate with stakeholders"	**Directorial Skills**	HO4	Skills	ST2	30
"Planning more effectively to minimise risk. Aligning values with a business plan to work ethically"	**Directorial Skills**	HO4	Skills	ST2	35
"Make sure the board is doing what they're supposed to. Compliance"	**Directorial Skills**	HO4	Skills	ST2	6
".. when designing a board you must be very careful. Re-design our structure"	**Directorial Skills**	HO4	Skills	ST2	9
"Use a revised frame of reference in corporate governance"	**Directorial Skills**	HO4	Skills	ST2	8

"Planning more effectively to minimise risk. Aligning values with a business plan to work ethically"	**Directorial Skills**	HO4	Skills	ST2	16
"Get the board structured properly and training them"	**Directorial Skills**	HO4	Skills	ST2	12
"Encourage two-way stakeholder engagement for example buy-in by employees. This is urgent."	**Directorial Skills**	HO4	Skills	ST2	22
"Monitoring, evaluating and auditing the board as soon as possible"	**Directorial Skills**	HO4	Skills	ST2	13

Data obtained from structured interviews (SI)

Data	Higher Order theme	Code	Sub-Theme	Code	Interview
" I think it showed me that business has changed. Unless we change at the same rate, we simply won't make it"	**Shapeshifting Intervention**	HO1	Likes and dislikes	ST1	I3
".....It showed me that we need a strategy for corporate governance"	**Shapeshifting Intervention**	HO1	Likes and dislikes	ST1	I1
"There should be some minimum qualification for becoming a director. This course is a good start." "..presented to SME directors, emphasis on the synergy with BBBEE compliance and Corporate governance"	**Shapeshifting Intervention**	HO1	Likes and dislikes	ST1	I4
"Be taught at lower levels to build ethical values to the young generations so that they will embrace corporate governance from an early stage and think about their future"	**Shapeshifting Intervention**	HO1	Suggested revisions	ST2	SI2
"The existence of black swans has given me a new perspective regarding risk assessment"	**Shapeshifting Framework**	HO2	Likes and Dislikes	ST1	SI3
"The scenario gameboard is a neat trick to show the board how we're doing and where we should be" the scenario game showed me we are in the black hole…"	**Shapeshifting framework**	HO2	Likes and Dislikes	ST1	SI4
"The problem is directors are not	**Shapeshifting**	HO2	Revisions	ST2	SI1

	Framework				
qualified. You should look at black-owned companies of businesses and see how they view corporate governance"					
"I have a new found respect for the environment and the effects of our current behaviour on the future generation. I did not really see the impact before"	**Influence on Behaviour**	HO3	Relevance	ST1	SI1
"We need to do things differently.....Deploy different people on my board…."	**Influence on Behaviour**	HO3	Relevance	ST1	SI3
I understand a new strategy for governance is needed but I don't have any authority on the board..." *"My board doesn't really care about those things like climate change…"*	**Influence on behaviour**	HO3	Relevance	ST1	SI3
"I am considering to change my attitude and my thinking parttern, Improve on teamwork, discipline and do things differently."	**Influence on behaviour**	HO3	Personal develop-ment	ST2	SI2
"...change the company I work for." *"The board is very resistant to it all. I don't think my behaviour will make a difference"*	**Influence on Behaviour**	HO3	Personal develop-ment	ST2	SI3

"..Too many things can go wrong. There are too many responsibilities"	**Influence on behaviour**	HO3	Personal develop-ment	ST2	SI2
"I feel more confident regarding my abilities as a director. I will ask more governance related questions at board meetings."	**Influence on Behaviour**	HO4	Abilities	ST1	SI4
"I feel more confident regarding my abilities as a director. I will attempt to ask more questions at director engagements".	**Influence on behaviour**	HO4	Abilities	ST1	SI1
"Voice my opinion where I think the company is doing something unethical. Ask questions even if they are not intelligent"	**Directorial Skills**	HO4	Abilities	ST1	SI1
"We need to encourage two-way stakeholder engagement for example buy-in by employees. This is urgent" *Monitoring, evaluating and auditing the board as soon as possible"*	**Directorial Skills**	HO4	Skills	ST2	SI1
I'm not sure the board is doing what they're supposed to. How will I know anyway?" *"I can ask more questions but it won't help anything"*	**Directorial Skills**	HO4	Skills	ST2	SI2

APPENDIX 10: LESSON PLANS

Mindset Myopia

| Phase: | 1 | Step: | 1 | Theme: | **Creating futures sense** |

Overview & Purpose:	**Critical Learning Outcomes:**
Step 1 in the framework challenges participants assertions about the future with the purpose of overcoming short-sightedness and embrace a sustainable futures-orientated approach.	Participants (independent non-executive directors) should be able to identify problems and opportunities regarding the sustainability of the company by becoming more futures-orientated and using critical and creative thinking skills. This requires a greater willingness to think differently about the future, embrace change and view sustainable development as not only an economic imperative, but a global and societal concern. .

Culminating Learning Outcomes:	The participant must be able to question his/her current views, attitudes and values towards the duties, roles and responsibilities of the company within the 21st century business environment in creating a sustainable future for all stakeholders.
Enabling Learning Outcomes:	The participant must be able to do the following: -Acknowledge that the role of the company will have to be vastly different in the 21st century economic environment; -Recognize the importance of sustainable development for the economic prosperity of the company; -Question his/her current views about the company's future and its impact on the environment; -Show an understanding of the inter-dependence of the 3P's (planet, profit and people) and the importance of the absent stakeholder.

Facilitator's Guide

Entry situation:	�čParticipants all independent-non executive directors of companies of substance ✽ Only 67% of participants have worked through the King III report ✽ Limited knowledge of integrated sustainability reporting ✽ No exposure to futures methodologies and terms	**Materials Needed** • Participant material • PPT
Rationale	✽ Sustainable business practices requires a long-term perspective ✽ Business leaders often reluctant to question the future ✽ Changing economic circumstances of the 21st century requires new skill-set	
Sequence	✽ Short-sightedness: what is a mindset myopia? ✽ Unawareness of the future leads to four futures neuroses ✽ Why is the future important? Changing circumstances i.e. shortage of natural resources ✽ Global call for corporate responsibility through the Global Compact ✽ 3P's – Planet, profit, people ✽ The concept of the absent stakeholder is introduced ✽ Introduction of the quadruple bottom line ✽ Relationship between quadruple line and corporate governance explained	
Verification (Steps to check for student understanding)	✽ Open discussion about neuroses ✽ Question and Answer session at end of step	**Other Resources** • Media clip
Activity (Describe the independent activity to reinforce this lesson)	✽ New concepts introduced ✽ No structured activities introduced as yet ✽ Participants often have many questions and concerns	
Summary	This forms one of the most important steps of the shapeshifting framework as participants current paradigms and mental models needs to be challenged and the developed into a more more-openminded approach that will form the foundation of the steps to follow.	**Duration:** 60 minutes

Navigating Futures

Phase: 1   **Step:** 2   **Theme:** Identifying different futures

Overview & Purpose:	Critical Learning Outcomes:
The second step takes place in two phases: **Phase 1:** Presentation by director from Ernst & Young about top 10 global trend influence the future of South African companies in the next 25 years **Phase 2:** Introduce the concept of different futures for different purposes Six pillars of a sustainable corporate governance future is examined directly Related to Phase 1.	Participants (independent non-executive directors) should be able to identify problems and opportunities regarding the sustainability of the company by becoming more futures-orientated and using critical and creative thinking skills. This requires a greater willingness to think differently about the future, embrace change and view sustainable development as not only an economic imperative, but a global and societal concern.

Culminating Learning Outcomes:	The participant must be able to critically examine the different futures of the company by questioning current governance beliefs and practices and analyzing its relevance and/or contribution to creating a preferred and sustainable future.
Enabling Learning Outcomes:	The participant must be able to do the following: -Distinguish between different types of futures; -Show an understanding of the six concepts of futures thinking; -Investigate the futures of the company; -Acknowledge that a preferred future may be created through good corporate governance practices.

	Facilitator's Guide	
Entry Situation	❋ Awareness created of long-term perspective for a sustainable future ❋ Understanding of concepts regarding integrated sustainability and sustainable development ❋ Introduction to futures terminology	**Materials Needed** • Participant material • PPT slides
Rationale	❋ The future is not pre-determined and there is more than one future ❋ Companies determine own future – choice ❋ Boards must question the current governance future in order to identify preferred governance future	
Sequence	❋ There is more than one future: Probable, possible, preferable ❋ Companies must design own preferable future ❋ Transient caretakers, act in best interest of the company for the future ❋ Six pillars of futures thinking examined one by one	
Verification (Steps to check for student understanding)	❋ Open discussion about 6 pillars ❋ Question and answer session ❋ Group participation encouraged	**Other Resources** • Parrot White Board • Materials for group activity
Activity (Describe the independent activity to reinforce this lesson)	❋ Group activity (pg. 29) in participant material ❋ Groups of four directors combine their ideas of a preferred governance future	
Summary	**Phase 1** plays an important role in the 'setting of the stage' of issues and challenges that boards will have to anticipate in the future **Phase 2** aim to empower directors that they are not passive participants in an ever-changing environment, but can play an active role in creating a preferred future.	**Duration:** 90 minutes

Causal Layered Analysis

Phase: 2   **Step:** 1   **Theme:** **Causal Layered Analysis**

Overview & Purpose:	**Critical Learning Outcomes:**
Unbundling what is currently happening in the organization should be pre-empted by the mapping of the inner dimension of the company. How does the board really view corporate governance? Do they see the relevance of a stakeholder approach? This step focuses on the attitudes towards ethical business practices and corporate governance.	Participants should be able to think more deeply and systematically about corporate governance and sustainable development in order to demonstrate a practical understanding of the complex world in which the organisation operates and be able to use futures methods to anticipate problems, opportunities and challenges using strategic foresight as core competence.

Culminating Learning Outcomes:	The participant must be able to identify, analyze, organize and critically evaluate information regarding current practices by understanding and acknowledging the 'meanings assigned', and importance given to governance compliance and initiatives by the various stakeholders.
Enabling Learning Outcomes:	The participant must be able to: -Use the futures tool of causal layered analysis (CLA) to map the inner and outer dimensions of the company's governance practices; -Identify and examine the world-views and mindsets of the stakeholders towards corporate governance.

	Facilitator's Guide	
Entry situation:	✳ Participants have now been introduced to various futures concepts and ideas ✳ Causal layered analysis is a difficult exercise and requires honest introspection ✳ Step 3 is possibly the most difficult step to facilitate ✳ Resistance and negativity are direct possibilities and should be anticipated	**Materials Needed** • Participant material • PPT
Rationale	✳ There may be a huge difference between 'what is' and 'what should be' in an organization ✳ CLA assists directors to map the inner dimensions of their boards activities as well as that of the organization ✳ Good corporate governance practices must be initiated by directors who are willing to 'walk the talk'.	
Sequence	✳ Introduction to CLA as a futures tool ✳ Explanation of three layers and practical examples regarding corporate governance ✳ Questions and answers to ensure understanding	
Verification (Steps to check for student understanding)	✳ Open discussion ✳ Question and answers session ✳ Participant engagement and involvement	**Other Resources** • CLA volcano
Activity (Describe the independent activity to reinforce this lesson)	✳ Individual activity using a "stakeholder volcano card' ✳ Participants are required to explore their board's ideas, feelings and attitudes about stakeholders and their role in the organization by using the four layers of CLA ✳ Discussion	
Summary	Participants explore attitudes, opinions and reflections regarding aspects of corporate governance. Results are often controversial and negative and needs to be explored constructively.	**Duration:** 60 minutes

Environmental Scanning and Wild Cards

Phase:	**2**	**Step:**	**2**	**Theme:**	**Rules of the game and Risk**

Overview & Purpose:	**Critical Learning Outcomes:**
Environmental scanning has become a popular exercise. However, it focuses on the binary nature of risk – 'what we already know'. This step encourages independent non-executive directors to think about 'what we don't know we don't know' and thereby truly anticipate risk. This can be done by firstly identify the rules of the game, then acknowledge the existence of risk and lastly by identifying wild cards.	Participants should be able to think more deeply and systematically about corporate governance and sustainable development in order to demonstrate a practical understanding of the complex world in which the organisation operates and be able to use futures methods to anticipate problems, opportunities and challenges using strategic foresight as core competence.

Culminating Learning Outcomes:	The participant must be able to demonstrate an understanding of the business activities of the company as a set of related systems, by recognizing that problem-solving contexts do not exist in isolation.
Enabling Learning Outcomes:	The participant must be able to: -Identify the rules and context of corporate governance in SA; -Conduct an environmental scan focusing on residual risk -Identify possible wild cards.

Facilitator's Guide

Entry situation:	❋ Participants have now become familiar with various futures concepts tools ❋ Participants are aware what is 'wrong' and are interested in how to change things.	**Materials Needed** • Participant material • PPT • Media clips
Rationale	❋ Before the board can envision, model and create a preferred governance future, the rules of the game must be examined – the game you want to play in the future is equivalent to choosing the strategic direction of the business. ❋ In order to develop 20/20 strategic foresight, all four levels of risk must be identified. Independent non-executive directors must move beyond binary view of risk and environmental scanning results presented to them ❋ Investigate the possibility of wild cards that may affect the future – asking 'what if' questions	
Sequence	❋ Overview of traditional environmental scanning exercises and its shortcomings ❋ Strategic questions introduced regarding rules of the game introduced and answered ❋ Residual risk explained ❋ Risk and its relationship and responsibilities with regards to stakeholders explained ❋ Importance of risk in 21st century ❋ How to envision and anticipate possible wild cards	
Verification (Steps to check for student understanding)	❋ Open discussion ❋ Question and answers session ❋ Case study regarding wild cards in the last year	**Other Resources** • White Parrot board
Activity (Describe the independent activity to reinforce this lesson)	❋ Case study: Iceland volcano and airline industry ❋ Case study: BP and Gulf of Mexico spill ❋ Identify possible Black Swans for company	
Summary	Participants explore attitudes, opinions and reflections regarding aspects of corporate governance. Results are often controversial and negative and needs to be explored constructively.	**Duration:** 90 minutes

Scenario Gameboards

Phase:	3	Step:	1	Theme:	Scenario Gameboards

Overview & Purpose:	**Critical Learning Outcomes:**
Instead of conducting a traditional scenario-building exercise, a scenario game-board is presented to participants with four possible scenarios. With a software programme using MS Access, participants are able to calculate their current position on the gameboard and corrective actions that need to be taken.	Participants should be able to use the futures method of scenario-building to determine the possible outcomes of current actions and decisions. Participants must acknowledge the importance of strategic conversations by showing responsibility towards the environment and its stakeholders in order to create a preferred corporate governance future for the organisation.

Culminating Learning Outcomes:	In constructing a corporate governance gameboard the participant should be able to not only evaluate the board's current governance and performance and position, but more importantly identify the position where they would like to be in the future.
Enabling Learning Outcomes:	The participant must be able to: -Use scenario-building as an effective futures tool to facilitate strategic foresight; -Draw up a corporate scenario gameboard using the software provided.

	Facilitator's Guide	
Entry situation:	�֍ Participants are becoming knowledgeable about strategic foresight ✖ Participants are becoming aware of changing circumstances, opportunities and challenges that may present itself in the future ✖ Participants are more positive towards long-term view and the importance of corporate governance	**Materials Needed** • Participant material • PPT • CD's
Rationale	✖ Every decision a company makes in the present will have a set of different outcomes in the future ✖ Scenario gameboard provides an outline of a natural expected course of events based on current decisions	
Sequence	✖ Principles of scenarios explained ✖ Corporate governance scenario gameboard introduced and explained ✖ CD with gameboard and questions handed out ✖ Discussion about findings	
Verification (Steps to check for student understanding)	✖ Open discussion ✖ Question and answers session ✖ Assistance provided with programme	**Other Resources** • Participant's laptop • Three laptops provided
Activity (Describe the independent activity to reinforce this lesson)	✖ Corporate governance scenario gameboard CD ROM exercise is provided ✖ 55 questions each with a unique rating ✖ Board and company placed in one of four scenarios ✖ Represent outcome of current strategy if without change	
Summary	Participants get a glimpse into their governance future. The scenario represents the future they may themselves in if decisions and programmes remain unchanged. The exercise is usually quite an eye-opener for most participants and long discussions usually ensue.	**Duration:** 120 minutes

Strategic Conversations

Phase:	3	Step:	2	Theme:	Strategic conversations

Overview & Purpose:	Critical Learning Outcomes:
Phase 1: It is important for all board members to be engaged in strategic conversations with one another, within the board and with its stakeholders **Phase 2:** Stakeholders a fundamental part of corporate success in the future. It is often remarked that companies exist by the grace of their stakeholders alone. Stakeholders need to be engaged at various levels of the organization and be informed of strategic changes and possible risks.	Participants should be able to use the futures method of scenario-building to determine the possible outcomes of current actions and decisions. Participants must acknowledge the importance of strategic conversations by showing responsibility towards the environment and its stakeholders in order to create a preferred corporate governance future for the organisation.

Culminating Learning Outcomes:	The participant must empower him/herself to become involved in strategic conversations at board level. The participant should be able to engage internal and external stakeholders in a constructive discussion regarding creating a preferable corporate governance future in order to create attitudinal alignment and greater transparency and accountability through effective integrated sustainability reporting.
Enabling Learning Outcomes:	The participant must be able to: -Understand the importance of strategic conversations on board level - Engage and contribute to strategic conversations both on board level and with stakeholders -Identify internal and external stakeholders; -Understand importance of stakeholder engagement in ensuring transparency and accountability;

	-Be knowledgeable of what constitutes integrated sustainability reporting
	-Communicate effectively with stakeholders

Facilitator's Guide

Entry situation:	�֍ Participants understand 'why' corporate governance �֍ Participants would like to know 'how' they can achieve strategic foresight and improved corporate practices	**Materials Needed** • Participant material • PPT
Rationale	�֍ Independent non-executive directors need to enter in constructive strategic conversations with other board members (and stakeholders) to avoid symptoms of corporate collapse ✖ Relationship with stakeholders like crafting rope. The core of the rope consists of a variety of internal stakeholders i.e. shareholders. The strength of the rope is reliant on external stakeholders such as the community or government	
Sequence	✖ Concept and importance of strategic conversations introduced ✖ Important role of independent non-executive director in ensuring strategic conversations emphasized ✖ Different dimensions of lack of strategic conversations identified such as a one-man rule, group think and an unbalanced top team. ✖ Stakeholder engagement and the importance thereof introduced ✖ Suggestions for positive and strategic stakeholder conversations through the use of conversation circles	
Verification (Steps to check for student understanding)	✖ Open discussion ✖ Question and answers session ✖ Problems/Issues surrounding ineffective boards discussed	**Other Resources** • White Parrot board
Activity (Describe the independent activity to reinforce this lesson)	✖ Participants identify top 5 reasons why they may feel disempowered ✖ Strategies on how this situation can be improved upon is discussed	

Summary	Strategic two-way conversations are of fundamental importance for sustainability. This involves both the empowerment of individual directors and stakeholders to engage in such conversations on a regular basis.	**Duration:** 60 minutes

Linking foresight with strategy

Phase:	4	Step:	1	Theme:	Learning Board

Overview & Purpose:	Critical Learning Outcomes:
Bob Garatt (2005) developed a learning board model that assists board members in developing their meta-thinking skills, as well as implementing strategy and ensuring organizational capability. Garrat's concept of the learning board is explained and its importance for independent non-executive directors highlighted.	Participants should be able to manage themselves and their board activities responsibly and effectively by assuming their leadership role within the organization. Participants should be able to participate within board dynamics with the necessary responsibility steering the company towards a sustainable and preferred governance future.

Culminating Learning Outcomes:	The participant must be able to ensure the practice of good directorship by acknowledging, understanding and embracing his/her role on a learning board by within a strategic foresight framework.
Enabling Learning Outcomes:	The participant must be able to: -Acknowledge the important role and responsibility of the independent non-executive director on the board; -Understand the need for directorship, not management skills; -Use backcasting as a strategic futures forecasting tool.

Facilitator's Guide		
Entry situation:	� Participants becoming comfortable and adept in futures thinking skills and methodologies ✖ Participants express need to learn directoral skills	**Materials Needed** • Participant material • PPT
Rationale	✖ Directorship require different skills than management ✖ Directoral skills must be developed that involves meta-thinking skills	
Sequence	✖ Distinction is made between management and directorship ✖ Bob Garratt's concept and ideas surround 'The learning board' is introduced and discussed ✖ Participants receive two articles by Bob Garratt regarding meta-thinking skills ✖ Garratt's TIP thinking skills are consequently explored ✖ Difference between board and material authorities explored	
Verification (Steps to check for student understanding)	✖ Open discussion ✖ Question and answers session	**Other Resources** • Articles
Activity (Describe the independent activity to reinforce this lesson)	✖ No formal activity ✖ Time is provided to read through articles	
Summary	Directoral skills of independent non-executive directors must be developed on a continuous basis. This include meta-thinking skills and strategic foresight.	**Duration:** 60 minutes

Lead Quantum Change

Phase: 4   **Step:** 2   **Theme:**   **Principle-based leadership**

Overview & Purpose:	Critical Learning Outcomes:
Phase 1: Guest lecturer from Steven Covey Foundation SA introduces and explains importance of principled-based leadership. **Phase 2:** Principle-based leadership is combined with strategic foresight into anticipatory leadership encouraging multi-level shapehifting	Participants should be able to manage themselves and their board activities responsibly and effectively by assuming their leadership role within the organization. Participants should be able to participate within board dynamics with the necessary responsibility steering the company towards a sustainable and preferred governance future.

Culminating Learning Outcomes:	Through a principle centered approach, participants must be able to embrace their position of leadership by using a variety of futures tools to not only steer the company towards a preferred future, but also facilitate strategic foresight amongst other board members.
Enabling Learning Outcomes:	The participant must be able to: -Identify the skills needed for principled centered leadership; -Use strategic foresight as leadership skill; -Become anticipatory and visionary leader -Embrace futures skills and methodology to educate other board members.

Facilitator's Guide		
Entry situation:	✾ Participants show signs of fatigue after two days of workshop ✾ Synergy is created through combing all eight steps ✾ Use of a guest speaker creates interest and excitement	**Materials Needed** • Participant material • PPT • Multi-media • Media clips
Rationale	✾ Independent non-executive director's work non-routine strategic in nature. ✾ Can and should inform board of long-term consequences of their actions and as a result initiate and facilitate more reflexive organizational development ✾ Encourages and empowers director assume his/her full leadership position on the board	
Sequence	✾ Principle-centered leadership introduced and explained ✾ Difference between values and principles is emphasized ✾ Anticipatory leadership explained ✾ Ability of strategic leadership to create multi-level shapeshifting ✾ Flashforwards	
Verification (Steps to check for student understanding)	✾ Flashforward (Backcasting)	**Other Resources** • Guest speaker
Activity (Describe the independent activity to reinforce this lesson)	✾ **Activity 1:** Formal activity by guest speaker ✾ **Activity 2:** Last 10 minutes is spent on 'flashforward' or backcasting exercise	
Summary	Directors have a responsibility to strategically lead the organization's integrity outcomes beyond mere compliance towards a pro-active corporate governance approach.	**Duration:** 90 minutes

APPENDIX 11: PARTICIPANT MATERIAL

Shaping ideas, shifting mindsets, building futures

The information, surveys and THE ART OF SHAPESHIFTING SEMINARS form part of a doctoral research project conducted by Marianne Engelbrecht in collaboration with the University of Stellenbosch Business School.

Sponsors:

Critical Learning Outcomes

Critical Learning Outcome 1 **UNLOCK**	Participants should be able to identify problems and opportunities regarding the sustainability of the company by becoming more futures-orientated and using critical and creative thinking skills. This requires a greater willingness to think differently about the future, embrace change and view sustainable development as not only an economic imperative, but a business opportunity.
Critical Learning Outcome 2 **ANTICIPATE**	Participants should be able to think more deeply and systematically using futures methods and concepts in order to demonstrate an understanding of the complex world (in which the organization operates) as inter-related and inter-dependent.
Critical Learning Outcome 3 **DESIGN**	Participants should be able to use the futures methods (causal layered analysis, scenario-building) effectively and critically, showing responsibility towards the environment and its stakeholders in order to create a preferred corporate governance future for the organisation.
Critical Learning Outcome 4 **INTEGRATE**	Participants should be able to manage themselves and their board activities responsibly and effectively by assuming their leadership role within the organization. Participants should be able to participate within board dynamics with the necessary responsibility steering the company towards a sustainable and preferred governance future.

What is shapeshifting?

Shapeshifting is a common theme in Navajo Indian folklore, Greek mythology and more recently in science fiction. Shapeshifting refers to characters that change form on their own, whether voluntarily or involuntarily, while transformation refers more commonly to externally imposed change of form.

In an organisational context, shapeshifting involves a process of profound and radical change that orients an organisation in a new direction and takes it to an entirely different level of effectiveness.

Beyond change management...

Unlike 'organizational change' or 'change management' which implies progress on the same plane, shapeshifting entails a basic change of character and little or no resemblance with the past configuration or structure.

In its broadest sense, shapeshifting is a change in the physical form or shape of an entity. The process is distinguished from natural processes such as ageing as it involves actual physical changes or a metamorphosis. There are two levels of shapeshifting. The first level is personal shapeshifting. That is when an individual decides to transform their personality and usually implies that individuals become more of what they expect in themselves. The second form of shapeshifting is about transforming the society that we live in, whether it is at corporate level or the institutions that help shape our lives.

An important aspect of shapeshifting is whether the process is voluntary or punitive. When a form is taken involuntary, the thematic effect is one of confinement and restraint. Voluntary forms on the other hand are means of liberation and freedom. The abilities specific to the new form allow the character or entity to act in a manner that previously seemed impossible. Shapeshifting indicates that the changes are lasting, while a transformation indicates that the changes are internally imposed.

- Change in physical form or shape
- Not part of natural process, but metamorphosis
- Process must be voluntary
- Becomes symbol of liberation and freedom
- New form allows character/entity to act in a manner that previously seemed impossible

Metamorphosis of mindset towards what constitutes good corporate governance

**Dispel resistance, willingly re-invent and re-define approach**

Strategic foresight as core competence

Views sustainable development as business opportunity

In modern fantasy literature, the extent to which the change affects the mind can be mind. J.K. Rowling observed that when a wizard who became a rat had a rat's brain slowly transforming his mind and allowing the entity to forget its origin.

The Shapeshifting Framework©
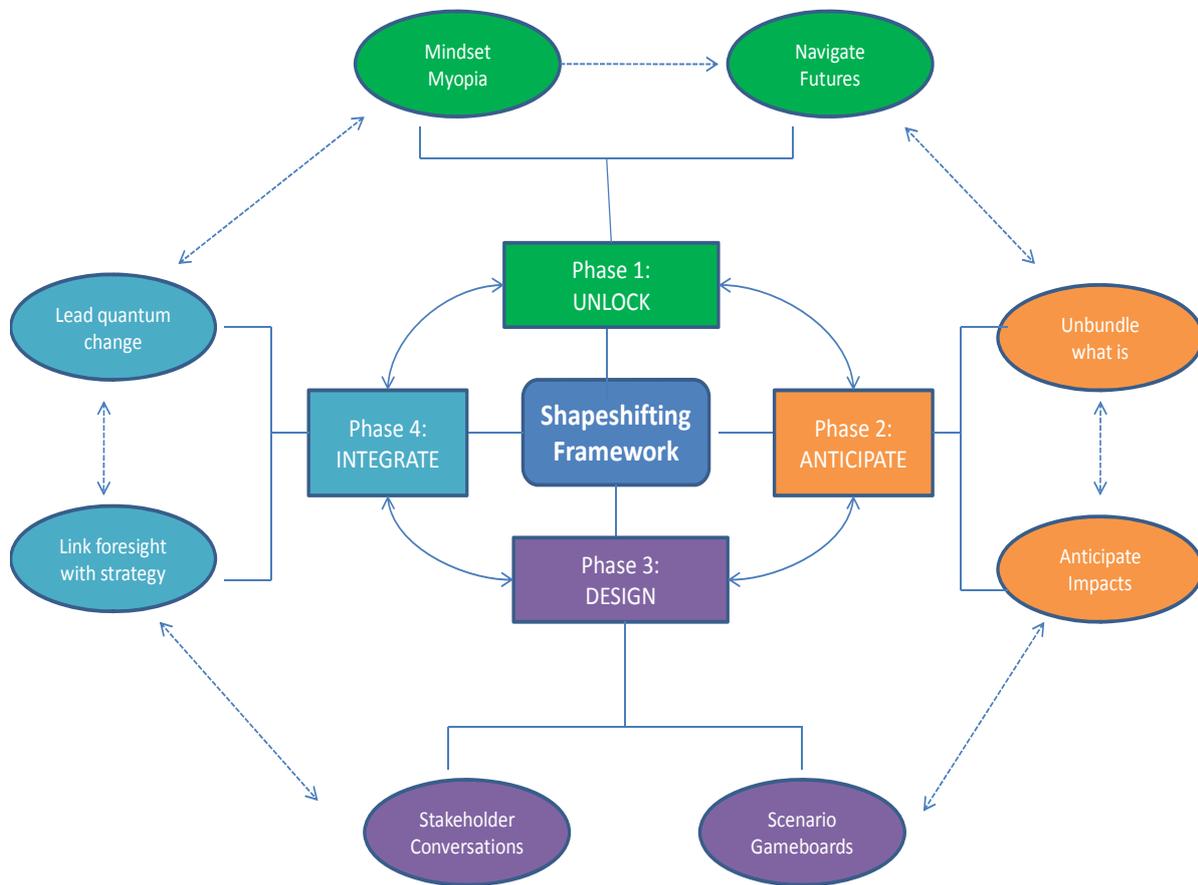
AIM:

The aim of the shapeshifting framework is to provide independent non-executive directors with tools and methods to better understand the future of the company.

The implementation of good governance practices does not only involve a change in practices, but more importantly a **shift in mindset**. The shapeshifting framework can assist, enable and empower independent non-executive directors to not only work towards good governance practices, but more importantly to align their goals with stakeholders and steer the company towards a profitable and sustainable future.

The shapeshifting framework consists of four phases:

* **Unlocking the future:** Journeys to the future starts in the present. Independent non-executive directors need to understand what to let go of, what to focus on in the short term and where the focus should be to create a sustainable future. It aims to transform the mindset of independent non-executive directors by assisting them to think about how technological, social, economic, environmental and climatic developments can bear on business practices in the 21st century.

* **Anticipating the future:** Anticipating the future may help independent non-executive directors understand the challenges and opportunities that may influence the business practices of their company within a 5-25 year framework. Anticipating a preferred future involves building a knowledge base, (reduce uncertainty by identifying new and relevant trends, creating orientation on future developments and initialise and prepare strategic decisions.

* **Design with the end in mind:** A new strategy or design for the future must define how the board will act to create new opportunities. Steven Covey (2004) states that "all things are created twice". It is first created in the mind and then by taking control of this creation allows the individual to "write and re-write our own scripts". There are three aspects to the third phase of the shapeshifting framework in designing a preferred future. First is vision (what do we want to accomplish), strategic planning (how can we best accomplish it) and last initiating strategic conversations.

* **Integration:** This phase involves the integration of 'where we want to be with where we are now' with an emphasis on leadership and strategy formulation. This includes the development of an effective governance strategy that is positioned for future sustainable profit and development. In *Principle-Centered Leadership* (2007:46) Covey states that, "like the hub of a wheel, principle centred leadership unifies and integrates. It is the core of personal and

organization missions. It is the foundation of culture. It aligns shared values, structures and systems."

Learning Outcomes (Four Phases)

|	**Enabling Outcome**	**Culminating Outcome**
Mindset Myopia	The participant must be able to do the following: -Acknowledge that the role of the company will have to be vastly different in the 21st century economic environment; -Recognize the importance of sustainable development for the economic prosperity of the company; -Question his/her current views about the company's future and its impact on the environment; -Show an understanding of the inter-dependence of the 3P's (planet, profit and people) and the importance of the absent stakeholder.	The participant must be able to question his/her current views, attitudes and values towards the duties, roles and responsibilities of the company within the 21st century business environment in creating a sustainable future for all stakeholders.
Navigate Futures	The participant must be able to do the following: -Distinguish between different types of futures; -Show an understanding of the six concepts of futures thinking; -Investigate the futures of the company; -Acknowledge that a preferred future may be created through good corporate governance practices.	The participant must be able to critically examine the different futures of the company by questioning current governance beliefs and practices and analyzing its relevance and/or contribution to creating a preferred and sustainable future.
Unbundle what is	The participant must be able to: -Use the futures tool of causal layered analysis (CLA) to map the inner and outer dimensions of the company's governance practices; -Identify and examine the world-views and mindsets of the stakeholders towards corporate governance.	The participant must be able to identify, analyze, organize and critically evaluate information regarding current practices by understanding and acknowledging the 'meanings assigned', and importance given to governance compliance and initiatives by the various stakeholders.

Anticipate impacts	The participant must be able to: -Identify the rules and context of corporate governance in SA; -Conduct an environmental scan using the four quadrants; -Identify possible wild cards.	The participant must be able to demonstrate an understanding of the business activities of the company as a set of related systems, by recognizing that problem-solving contexts do not exist in isolation.
Scenario gameboards	The participant must be able to: -Use scenario-building as an effective futures tool to facilitate strategic foresight; -Draw up a corporate scenario gameboard using the software provided.	In constructing a corporate governance gameboard the participant should be able to not only evaluate the board's current governance and performance and position, but more importantly identify the position where they would like to be in the future.
Stakeholder conversations	The participant must be able to: -Identify internal and external stakeholders; -Understand importance of stakeholder engagement in ensuring transparency and accountability; -Be knowledgeable of what constitutes integrated sustainability reporting -Communicate effectively with stakeholders	The participant should be able to engage internal and external stakeholders in a constructive discussion regarding creating a preferable corporate governance future in order to create attitudinal alignment and greater transparency and accountability through effective integrated sustainability reporting.
Linking foresight with strategy	The participant must be able to: -Acknowledge the important role and responsibility of the independent non-executive director on the board; -Understand the need for directorship, not management skills; -Use backcasting as a strategic futures forecasting tool.	The participant must be able to ensure the practice of good directorship by acknowledging, understanding and embracing his/her role on the board by within a strategic foresight framework.
Lead Quantum change	The participant must be able to: -Identify the skills needed for principled centred leadership; -Use strategic foresight as leadership skill; -Embrace futures skills and methodology to educate other board members.	Through a principle centred approach, participants must be able to embrace their position of leadership by using a variety of futures tools to not only steer the company towards a preferred future, but also facilitate strategic foresight amongst other board members.

In South Africa, corporate governance recommendations and legal requirements are mostly seen as PUNITIVE measures.

When all you have is a hammer, every problem looks like a nail

Corporate Governance in SA

Future?

King III (2009)

King II (2002)

King I

Pre-1994
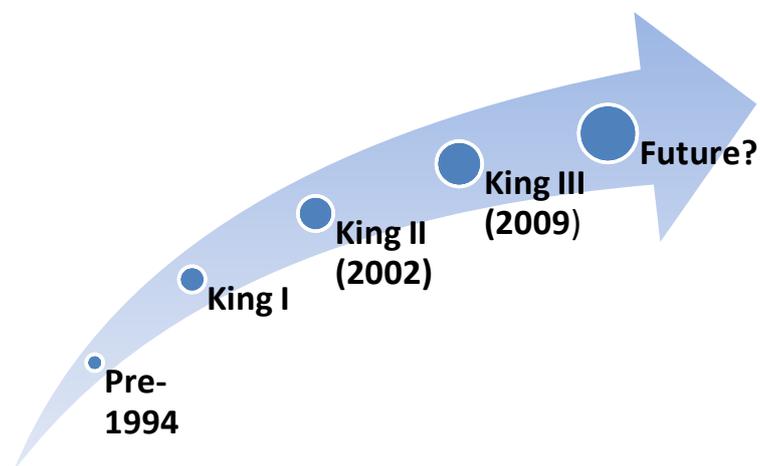
Why are independent non-executive directors so important?
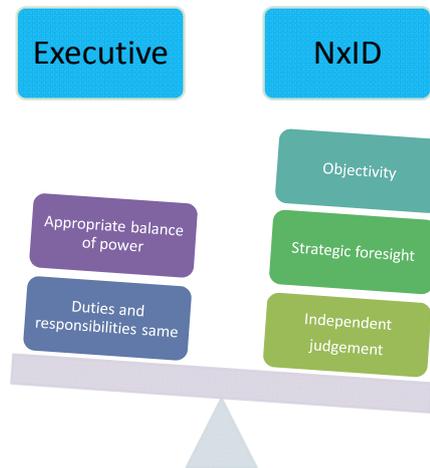
Managing versus Directing

The most important strategic decision-making body in the company – the Board of Directors – often does not appear on the typical organisation chart, and the most significant decision makers – the independent non-executive directors – receive little or no training in strategic thinking.

Most business leaders spend their careers managing, <u>not directing</u>

- Over-trained as executives, undertrained as direction-givers
- Action orientated versus reflexive thinkers
- Different attitudes, knowledge and skills required

Retrospective | Creating preferred future | Strategic foresight
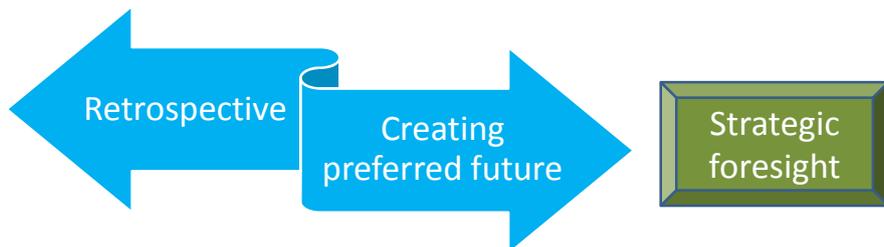
Strategic planning and management comes AFTER strategic foresight

Notes:

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Strategic thinking means SEEING AHEAD. But you cannot see ahead if you can't see BEHIND. And seeing from ABOVE requires an understanding of what is BELOW

Strategic foresight

Foresight is defined as the universal capacity which allows people to think ahead and consider, model, create and respond to future eventualities. It is a universal capacity which allows people to think ahead, consider, model, create and respond to future eventualities Foresight is an attribute, a competence and process that attempts to broaden the boundaries of perception in four ways:

* By assessing the implications of present actions and decisions (consequence assessment).

* By detecting and avoiding problems before they occur (early warning and guidance).

* By considering the present implications of possible future events (pro-active strategy formulation).

* By envisioning aspects of desired futures (normative scenarios).

Notes:

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Detect adverse conditions

Creating Preferred futures

Incorporates Futures methods into strategy

Strategic foresight

The ability to create and maintain a high-quality, coherent and functional forward view, and to use the insights arising in useful organisational ways.

Society

Economy

Environment

CORPORATE GOVERNANCE = BUSINESS OPPORTUNITY