RHETORIC ANALYSIS ON THE CONDITIONING FACTORS THAT WILL MAKE EXECUTIVE COMPENSATION PACKAGES RELATE TO PERFORMANCE OF PUBLIC ENTERPRISES IN NAMIBIA FROM 2017-2020

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ABSTRACT
Salaries especially the packages of top executives has become a thorny discussion worldwide. In Namibia the executives are not only known for exorbitant packages but equally man the inefficient organisations. The purpose of this paper was conducted to achieve the following specific objective which is to determine the conditioning factors that will make compensation packages of executives relate to the performance of Commercial PEs in Namibia. It was all in the context of mixed research approach for data collection using a questionnaire as a tool. The paper found that 72% of participants indicated "Yes" to challenges with compensation packages of executives that hinder performances. It is recommended that the Government (shareholder) consider using an inclusive method to determine the compensation package for both internal and external arrangement, this relationship should be strengthened, by establishing an independent high-level committee on Commercila Public Enterprises (CPE) compensation. This would consequently reduce the 72% indication on Yes to challenges with compensation packages of executives that hinder performances. Government should invest in scrutinizing critical factors such as the age and academic levels of the CEOs, during appointments. It is further recommended that a study be conducted, to investigate the relationship between the roles of an independent high-level committee on executive compensation packages, aimed at enhancing performance in Commercial Public Enterprises in Namibia.
KEYWORDS: ***Compensation Package; Performance; Commercial Public Enterprises; Executives***

1.1 INTRODUCTION

Most developing countries have realised that the active role played by the Public enterprises in the economic development demand a good management team. The evaluation of management being part of the intangible assets of the organisation is a challenging undertaking since many aspects of their job are neither appearing on the company accounting balance sheet as an assets. It is clear that shareholders cannot always be sure of the performance of the organisation by only relating to the availed annual financial reports. The need of highlighting the qualitative features of a company has become clear in light of the failure of American businesses like Enron, WorldCom, and ImClone. There isn't a magic formula for judging management, but there are some things that should be responsively considered (Investopedia, 2019).

Recent local Reports eyeing into the remuneration developments of executives in Namibia Public Enterprises include the Mumbuu (2022) highlighted the finance minister recommendation action against Executives whereby the four TransNamib executives earned N$700 000 in performance bonuses in 2019 without evidence to back up their purported excellence. The damning finding is contained in a leaked forensic report by audit firm Ernst and Young (EY), which suggests that the four executives dubiously received performance bonuses, although a performance management system was not in place (as cited in Mumbuu, 2019). On the contrary, Ngatjiheue et. al. (2021) reported that the Namibian government will spend around N$300 million to pay salaries of Air Namibia employees who will stay at home while the 74-year-old airline is shut down. The closure of the national airline marks the end of an institution that has gobbled up N$11 billion in government bailouts over the past two decades.

In the same vein its worth noting the report by Gaoes (2013) expresses concern over the circumstance that despite the absence of formal performance evaluations including the inadequate institutions of the performance management processes a number of the PEs in Namibia CEOs who resigned from their contracts have been offered compensation perks by the boards.

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Equally on this are the procedures that are adopted in the acquisition of Managing Directors at local PEs and completely signals the lack thereof. Even more badly still, really due to the unqualified members of Boards of Directors at the PEs suspend and/or fire CEOs with no regard of the prevailing labour laws. As a result of this it has led to the PEs financial losses and weaken them when they had to pay compensation or give golden handshakes to inappropriately dismissed executives.

Given the aforementioned considerations, Commercial Public Enterprises in Namibia are well known for receiving government bailouts every year (Ngatjiheue, 2018, Government spent N$12 billion on SOEs last year, para. 1). Ngatjiheue (2018) reported that the Namibian government spent more than N$12 billion supporting the public enterprises in just the 2017–18 fiscal year. Commercial SOEs received a N$868 million subsidy from the government and a N$4, 9 billion government guarantee, while financial SOEs earned a N$60 million subsidy.

Another pertinent detail provided by the Public Enterprises Minister was that N$6.1 billion of the $12 billion allocated budget for PEs in the 2017–18 fiscal year was assigned for the remuneration bill, which was unsustainable given the current level of performance and financial ramifications resulting from PEs (as cited in Ngatjiheue, 2018).

As summarised in the statistics above, the performance of Commercial PEs, would recommend that there might be a discrepancy among the earnings of executives and the actual performance of the Public Enterprises in Namibia. Therefore, considering the prevailing global calamities, economic situations and abating government revenues, it is fitting that a solution be found for the problem of CEOs of PEs administrating over inefficient organisations while drawing hefty packages.

The purpose of this paper was conducted to achieve the following specific objective:

- To determine the conditioning factors that will make compensation packages of executives relate to the performance of Commercial PEs in Namibia.

2. THEORETICAL FRAMEWORK

The study to determine the conditioning factors that will make compensation packages of executives relate to the performance of Commercial PEs in Namibia is combined with the scholarship in these studies in a way that contributes to the body of knowledge.

Usman, Akhter and Akhtar (2015) found that board effectiveness has negative influence on CEO compensation. Opposite to agency theory and current studies from developed countries, Usman, Akhter and Akhtar (2015) have found a negative association between the firm performance (firm value and firm profitability) and CEO compensation. These study results are due to different business environment of Pakistani and poor corporate governance structure. So, it is concluded that board of directors of Pakistani companies are not that much effective to facilitate the objective determination of CEO compensation and they failed to design contracts that can link CEO pay with firm performance. It is yet not known as to how this fact influences the case of Namibia's Commercial Public Enterprises.

Another study by Mazumdar (2017) found that institutional ownership (both financial and corporate) is negatively related to the level of executives' compensation. Such a finding is in line with efficient monitoring hypothesis which claims that the presence of institutional shareholders provides direct monitoring over managers, limits managerial self-dealing and curbs the increase in top-executives' pay. This study results further show that managerial ownership is positively related to their compensation which supports managerial power theory hypothesis. That is, management-controlled firms are more likely to extract more compensation from the business than other firms.

Overall, this study confirms that corporate control has significant impact on cash compensation paid to Japanese top-executives after controlling for the conventional pay-performance relationship. Despite its limitations, Mazumdar's study motivates for similar studies to be extended to other developing countries. Hence, a similar study in Namibia with special characteristics such as young economy, small population and above all the predicaments experienced of which negatively impact the prevailing performance of SOES in Namibia. Taking the above into consideration, this study adopted the organisational equilibrium and agency theories as the main guiding theories.

2.1 Performance Related Conditioning factors in Compensation Packages of Executives in Namibian CPEs.

Examining the association between relative factors and executive pay is not new. However, in a study by Dai (2014), have mentioned that it is relatively few studies focus on the monopoly industries. Among the highlighted studies cited by Dai included Conyon and He (2011) that took Chinese listing companies as sample, finding that corporation executive compensation was positively correlated with enterprise scale, enterprise performance and growth opportunities, while negatively with the risk of the company. Meanwhile, the study by Dai (2014) also aimed to study the main affecting factors of the executive compensation of state monopolies, with 1280 firm-year observations of 183 monopoly companies in China. The study has revealed three major findings namely; 1) Executive compensation is positively correlated to firm performance, firm size, CEO duality; 2) Executive compensation is negatively correlated to state share proportion and independent director proportion; 3) Company location, industry both have significant influence on executive compensation.

Having noted that the focus of Dai study is the compensation of CEOs in China's monopoly enterprises. Dai's study collected the cross-sectional data from 2004-2011 released by monopoly listed companies. In addition, regression statistical model was adopted to analyze the influencing factors of executive compensation. The analysis results also provided scientific evidences on affecting factors, presenting a relatively objective status of executive compensation of China's monopoly enterprises, which has a great help to executive compensation designs. As highlighted in Dai's (2014) study that China has achieved impressive economic growth since market reforms were first introduced some 30 years ago. Accompanied by the economic modernization of China is the corporatization of State-Owned Enterprises (SOEs), among them are monopoly enterprises. The China monopoly enterprises mainly concentrated in the industries that concern the national economy, such as transportation, electric power, telecommunications, and energy.

These enterprises do not participate in the market rivalry, but have an absolute advantage in resources, policies, and obtain huge profits by virtue of its monopoly position. The astronomical salary of executives has caused great dissatisfy action and is not conducive to the establishment of the harmonious society. Relating Namibia economic reform since 1990 which is exactly now 32 years ago is to a certain extend similar to the Chinese.

In a media article by Ngatjiheue (2017) Namibia Public enterprises are created to execute social obligations placed in good governance by a government worried about the well-being of people. They are entrusted with public goods such as energy, water, transport and linked social services, which contribute to the welfare of ordinary citizens. The performance of public enterprises has been a burning topic in the country with a number of public enterprises requesting bailouts from government. This led to the establishment of the public enterprises ministry in 2015 as public enterprises were governed by the State-Owned Enterprises Act of 2006, falling under the Office of the Prime Minister whilst some other acts are still governed by underline ministries (Ngajiheue, 2017).

Government had to set up a completely new legislation and the policy had to be completely revised. The 2019 year, the MPE started taking over all the commercially viable public enterprises but it continued to face a gap. Therefore, a study aiming to find out the factors affecting executive compensation is of great importance to establish effective and equitable compensation mechanism in a different economy characteristics including a small market and economy , small population like Namibia and above all adopting a different data methodology directly collecting from the primary source.

According to the study by Arif (2019), an employee's performance is measured by the quality and quantity of work results they provide, which show how successfully they meet organizational or corporate objectives. According to the study's findings, which concur with Edarmayanti (2007: 167), "performance" can also refer to "work performance," "work implementation," "work achievement," or "work outcome." Performance is therefore described as the outcome or product of a process. Furthermore, Arif (2019) also found that the most influential factors are the managerial competencies. Mari (2018) has supported this view, adding that organisational culture, compensation and commitment were the influential factors in his research: organisation culture has a significant influence on the performance of the bank's employee; compensation and commitment have no significant influence on their performance. These three factors have become crucial because good culture and satisfied employee will result in good commitment, which, in turn, leads to good performance (Mari, 2018).

As per the information revealed in the report by Ngatjiheue (2018) when the public enterprises minister Leon Jooste stressed that out of the 12 billion fund allocated to SOEs'the N$6,1 billion is earmarked for a wage bill which is described to be not sustainable at the present level of performance and financial results coming from SOEs even though the idea for government is to pay market-related salaries. A study grounded with such empirical evidenced study is of vital importance to conduct and bring out objectively such appropriate factors to enhance the executive and their organisations performances amicably.

The study by Yahya and Ghazali (2017) (as cited in Arif, 2019) also found that CEO compensation is positively associated with operating and market performance. The evidence also provides partial support to the agency perspective that board independence and optimal board size could positively moderate the relationship between operating performance and CEO compensation, while CEO duality distorts this association. However, Yahya and Ghazali's study highlighted that none of these mechanisms namely: board independence, optimal board size and CEO duality are proved to be effective in aligning market performance to CEO compensation. In fact, dividend policy negatively moderates the association between firm performance (operating and market) and CEO compensation.

Owing to the lack of disclosure and transparency in the capital market of Pakistan, this study was not able to include all types of CEO's socio-psychological characteristics and board attributes (e.g. CEO tenure, CEO age, CEO education). Acquiring data on these variables was very difficult because it is not available publicly as a secondary source. Hence, a similar study on Namibia's commercial SOEs, which had adopted a mixed method approach, had used mainly primary data.

Elmagrhi, Ntim, Wang, Abdou, & Zalata (2018) contributed to the literature by conducting a study that broadened the corporate governance disclosure indices factor on pay for executives by looking at it from two angles. Firstly, they employ principal component analysis technique to develop and introduce an alternative UK corporate governance disclosure index to the US-centric ones. . In order to assess the level of executive pay (including that of CEOs, CFOs, and all executive directors) in UK listed corporations, they also looked into whether the governance systems may be used to reduce the sensitivity to pay-for-performance. Using information on corporate governance, CEO pay, and performance for the years 2008 to 2013, they discovered that, generally speaking, companies with better corporate governance pay their executives less than those with poorer corporate governance.

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Methodological wise, Emarghi, *et al.*, (2018)'s study collected data from two main sources: First, the corporate governance, board characteristics, ownership mechanisms and executive pay data were collected manually from the annual reports of the examined sample. Those reports were downloaded from companies' websites and the Perfect Information database, whereas DataStream was used to collect the financial data. Additionally, their study findings suggested that the pay-for-performance sensitivity (PPS) is generally positive, but improves in firms with high corporate governance quality, implying that the pay-for-performance sensitivity is contingent on the quality of internal governance structures.

Prior research cited in Emarghi *et al.*, (2018) suggests that corporate governance disclosure indices impact positively on performance/market value (e.g., Beekes and Brown, 2006; Beiner *et al.*,., 2006; Gompers *et al.*,., 2003; Ntim *et al.*,., 2012).Jouber and Fakhfakh (2012) and Newton (2015) have reported largely similar findings for UK and US listed companies, respectively. Thus, and in line with the objectives of the considerable corporate governance reforms (e.g., 1992 Cadbury Report and 2010 Combined Code) that have been pursued in the UK over the past 30 years, they expected that in firms with strong corporate governance structures, executives will have less influence over their own remuneration.

Prior research as cited in Emarghi *et al.*, (2018) implies that performance/market value are positively impacted by corporate governance disclosure indexes. For UK and US listed businesses, respectively, Jouber and Fakhfakh (2012) and Newton (2015) have reported findings that are generally comparable. They therefore anticipated that in companies with strong corporate governance structures, executives will have less influence over their own remuneration. This expectation was in line with the goals of the significant corporate governance reforms (e.g., 1992 Cadbury Report and 2010 Combined Code) that have been pursued in the UK over the past 30 years. The findings of their analysis have significant ramifications for regulators and policymakers in other nations who plan to or are now working to modify corporate governance and executive director pay policies. In terms of empirical expansions, this paper focused only on the UK, however, the current study extends their study by determining if corporate governance is a determinant factors on executive pay and consequently whether corporate governance moderates the PPS and/or influences the executive performances in Namibia CPE which is a different international governance environments (i.e., developing international country with different economic characteristics).

However, Emarnghi et al.'s study has certain limitations, including the fact that it only examined internal corporate governance procedures. Despite the fact that the study's findings are resistant to different estimations and models. Thus, the current analysis may take into account how both internal and external corporate governance measures are influencing CEO compensation as data becomes available. The current research employs a mixed research methodology that can improve their understanding by conducting in-depth interviews and qualitative analysis to gain additional insights relating to the drivers of executive pay and the PPS. Emarghiet al., 2018 study examined the factors driving executive pay from a quantitative perspective.

Ujah & Okafor (2019) study examined an executive contractual clause known as a golden parachute (GP). Specifically, we ask the following questions: for firms that their CEO have a golden parachute, do these firms manage earnings more? Does the age of the CEO matter for firms that have adopted a GP concerning the managing earnings? The sample was based on a review of the literature on golden parachutes and managed earnings. Research data come from COMPUSTAT, CRSP, EXECUCOMP, and Risk Metrics and consist of 1,184 US firms from 1992 to 2011. A GP is binary, whereas researchers represent managed earnings through accruals and real activity. Researchers found that the propensity to manage earnings varies on the type of methods strategically used. However, controlling for the effect of SOX reveals that GP firms are more likely to manage earnings. Younger CEOs are less likely to exacerbate earnings upward.

To the authors' knowledge, this is the first study that explores the effect of a GP on a firm's propensity to manage earnings. The evidence shows that GP alleviates CEOs' concerns on short-term profits. However, it entrenches CEOs. Particularly, CEOs with a GP are more likely to exacerbate earnings. Thus, a call to compensation committees to give considerable attention to how GPs are assigned. Broadly, the literature extensively documents the association between managers' compensation and managed earnings. For instance, Healy (1985) hypothesizes that managers have an economic incentive to manipulate earnings to increase their cash compensation.

The empirical evidence, which is similar to Cohen and Zarowin (2004, 2008), shows that the real-activity approach is on the rise since the enforcement of the Sarbanes-Oxley Act of 2002. As such, the consideration of this evidence should show and reflect the positions of managed earnings in the sample. Now this alone is a major limitation of this study and may not be generalised to all other context in terms of its geographical sphere and out dated time frame. Hence, a need to conduct similar studies to a developing nation such as Namibia where the corporate governance is voluntarily and not mandatory as it is the case in the US firms given the Sarbanes Oxley Act enaction in 2002.Moreover, the study in Namibia Public Enterprises is of necessity to assess the impact of compensation packages on the executive performances in particular, with the objective of spelling out some factors needed to form part of the existing compensation packages to influence performances.

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3. METHODOLOGY

A mixed-methods strategy was used in this investigation. The mixed methods methodology is well known for performing investigations intended to reveal intricate details in an operational human dynamic. In this instance, it was the CEO compensation package and its impact on the performance of Namibia's commercial public enterprises. The study adhered to an explorative, descriptive, and contextual research design within the framework of the mixed research approach. The research methodology used allowed the researcher to meet the following goals and purposes for the study:

Objective: **To determine the conditioning factors that had led compensation packages of executives to relate to the performance of PEs in Namibia**

The data was collected from the answers to the part of the questionnaire that required the participants to state the factors that in their view were important in relating executive compensation packages to performance in the commercial public enterprises. The hypothesis about this objective was tested by the use of exploratory factor analysis and confirmatory factor analysis.

3.1. Population

The population of CPEs in Namibia is around 22.This study focuses on the commercial CPEs, where in each of 22 Commercial CPEs there will be a CEO/MD and one Board Chairperson. In addition, there are three separate tiers of businesses within the 22 CPEs covered by the MPE, which are categorized according to size, revenue, and market share.

3.2. Sample Size

The CEO/MD and board chairs of 22 CPEs in Namibia, including organizations like the Namibia Airports Company, Namibia Institute of Pathology, Namibia Ports Authority, Namibia Post and Telecommunications Holdings, Namibia Power Corporation, TransNamib Holdings, Zambezi Water Front, etc., served as the study's target population. According to the Public Enterprise Governance Act of 2018, these organizations answer directly to the Public Enterprise Ministry. The CEO/MD and Board Chairperson of each of the twenty-two (22) Public Enterprises listed comprise the study's sample, which totals 44.

The CEO/MD and/or Senior Manager of each of the 22 commercial public firms who have completed the structured CEO/MD questionnaire was present. A unique questionnaire created for each of the 22 Board Chairpersons (Principals) was simultaneously given to them. The board Chairpersons were involved since they are the ones in charge of overseeing the CEO/MD, whereas the CEO/MD was specifically chosen because they are the executives of the public enterprises and this study is for executives. This made the CEO/MD and the board chairpersons the ideal responders for this study, as they could provide their insights on the crucial subject of the conditioning elements that had caused executive compensation packages to be correlated with PE performance in Namibia.

The Ministry of Public Enterprise's Department of Economic and Corporate Governance provided a list of all the listed commercial PE executives and board chairs, which was used to find the responders' direct contact information. Each CEO/MD of the commercial public enterprises as well as each chairperson were contacted and invited to participate in the study.

3.3. Research Instruments

The study used structured questionnaires for CEOs (Appendix 1) and Board Chairpersons (Appendix 2) to collect data on the compensation packages of executives including the conditioning factors that had led compensation packages of executives to relate to the performance of PEs in Namibia. . The study employed documentary analysis to operationalize the performance data of the PEs into validated measurable factors pertaining to the accessibility of the most recent financial data, profitability, tax and dividend payments, and the financial support received from the government. The self-administered surveys contained five components, the fifth of which focused on identifying the confounding variables that have caused executive compensation packages to be related to the performance of PEs in Namibia.

3.4 Data Collection Procedure

First, the researcher obtained approval from participating CEOs and board chairs through cover letters to the executive director of the ministry of public enterprises. The main sources of information for the study were structured questionnaires and the websites of PE. Face-to-face, telephone, and email surveys were used to conduct the structured questionnaire survey. In order to prevent any concerns with missing data, follow-up contact was conducted via phone calls and emails to encourage participants to fill out the questionnaire entirely. Data on the effectiveness of Commercial PEs was gathered from published Annual Reports of the relevant company from its official website, which have already been published and approved by the IPPR and the Namibian government.

3.4. Data Analysis

The returning surveys were examined to see if they had been correctly filled out. The questionnaires that were analyzed did not include any that were not correctly completed. A code book was created when the screening was finished and was used to code the questions. The IBM Statistical Package for Social Scientists (SPSS) version 26 was used to collect and analyze the data. While for the Bootstrapping Path Analysis, IBM SPSS Amos version 23 was employed.

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Three steps were also taken in the analysis of the quantitative data. Descriptive statistical analyses were performed in the first stage. The PEs' performance profile and the study sample's characteristics were described using the descriptive analysis, which was also utilized to examine the variables for any violations of the assumptions underlying the statistical techniques that were used to address the research questions (Pallant, 2013). While, the second step, included factor analysis, which was critical to the modification of variables for multivariate analyses and inference. The factor analysis involved statistical analyses that explored underlying relationships between the variables. The third phase, involved inferential multivariate statistical analyses that were used to address the research objectives.

The study then employed Bootstrapping Path Analysis in SPSS AMOS to establish if there were any significant relationships and effects between the PE's performance data and the executive compensation data collected from the survey. The study follows Kline (2011)'s suggestion of using bootstrapping on the testing of models based on non-normal data, based on the study's small sample size (less than 50) (Byrne, 2016).

The SPSS AMOS bootstrap Path Analysis process offers a way to deal with circumstances where the cumbersome statistical presumptions of a large sample size and multivariate normality may not be true. Additionally, the benefit of bootstrapping in SEM is that it automatically refines the common asymptotic theories from samples of moderate (but not excessively tiny) sizes, such as higher-order accuracy. The analysis in SPSS AMOS was performed using Gaskin & Lim's (2016) AMOS estimate macros and plugins using the Pattern Matrix output from SPSS Statistics' Exploratory Factor Analysis (EFA). While the EFA procedure by Pallant (2013) and the Bootstrap Procedure recommended by Bryne (2016) were adhered to. A Bootstrapping Path Analysis's findings were then used to answer the objective of the study.

3.5. Ethical Considerations

The University's ethical approval was acquired in order to conduct this research, and the bona fide letter was successfully approved. Letters of support and approval requested from the Ministry of Public Enterprises, namely the Executive Director Office, were also granted, allowing the researcher to complete the study. Although all participants had to sign a letter of informed consent, the Ministry of Public Enterprises letters were very helpful in getting their consent. Additionally, participants were made aware of their freedom to revoke consent at any point if they felt uncomfortable. Since the questionnaire didn't ask for any identifying information, all data and personal information were kept private. Participants had the option to decline.

4. RESULTS AND FINDINGS

This study looked into the relationship between executive officer performance and compensation packages in Namibian commercial public enterprises. As a result, the Public Enterprise Governance Act of 2018's definition of the twenty-two (22) Commercial Public Enterprises reporting directly to the Public Enterprise Ministry was used to collect data from the CEO/MD and board chairperson of each of those entities, totaling 44 participants. The following conclusions are based on the study's research objective:

- To determine the conditioning factors that led compensation packages of executives to relate to the performance of PEs in Namibia

4.1. Demographic Information of the Respondents

The information was gathered via a survey form that involved in-person, structured interviews with the executives and board chairs of each of the 22 Commercial PEs. Executives (17) responded to the study at a rate of 68%, while Board Chairpersons responded at a rate of 32%. 12 Chief Executive Officers (CEOs) and 5 Deputy or Acting CEOs were among the executives. The summary of the respondents' demographic data is shown in Table 4.1

Table 4.1: Demographic Information of the Respondents

		Tier 1		Tier 2		Tier 3	
Variable	**Description**	**N**	**%**	**N**	**%**	**N**	**%**
Gender	Male	3	*60.0%*	9	*100.0%*	8	*72.7%*
	Female	2	*40.0%*			3	*27.3%*
Age	31-40 years	1	*20.0%*	1	*11.1%*	3	*27.3%*
	41-50 years	4	*80.0%*	2	*22.2%*	5	*45.5%*
	51-60 years			3	*33.3%*	3	*27.3%*
	61-65 years			3	*33.3%*		
Academic qualification	Diploma	0	*0.0%*	0	*0.0%*	0	*0.0%*
	Bachelor's degree	1	*20.0%*	2	*22.2%*	0	*0.0%*
	Master's degree	4	*80.0%*	5	*55.6%*	9	*81.8%*
	Doctorate (PHD)	0	*0.0%*	1	*11.1%*	2	*18.2%*
	Professional	0	*0.0%*	1	*11.1%*	0	*0.0%*

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Job Level	Chairperson	2	*40.0%*	2	*22.2%*	4	*36.4%*
	Chief executive officer CEO	2	*40.0%*	5	*55.6%*	5	*45.5%*
	Deputy chief executive officer DCEO	1	*20.0%*	2	*22.2%*	2	*18.2%*
Years served in the organization	1-5 years	3	*60.0%*	6	*66.7%*	7	*63.6%*
	6-10 years	1	*20.0%*	2	*22.2%*	2	*18.2%*
	11-15 years			1	*11.1%*		
	16-20 years	1	*20.0%*			2	*18.2%*
	21+ years						

Table 4.1 Is the statistics summary of the respondents demographic information which in specific is indicated by the remuneration tiers. Included in the The demographic information are gender, age, job level, experience in the organisation and highest educational level. According to the statistics, men made up the majority of respondents across all three tier groups in terms of gender. With 60% (3), 100% (9) and 72.7% (8) of the males in Tiers 1, 2, and 3, respectively. According to the data, there were only 2 female executives, and one of them served as a deputy or acting CEO. The bulk of the women in the sample were board chairs (3). Only 40% of respondents in Tier 1 were women, as shown by the fact that 60% of respondents were men. The results imply that men are primarily hired for executive positions. However, gender mainstreaming is exercised to some extent in board appointments, enabling women to hold senior roles in Namibian CPEs.

In support of the study results is the 2015 annual report by the Employment Equity Commission's (EEC) where it was stated that some employers continue to violate Namibia's affirmative action law by failing to submit affirmative action reports on time, failing to advertise vacant positions to give qualified Namibians a fair chance and failing to correct identified shortcomings. (Newera, 2015, Employers still violate affirmative action law, para. 1). During the 2013/14 period, the EEC received 664 affirmative action reports from employers across the country, covering an aggregate total number of 167,502 employees. During the same period the EEC received numerous complaints, including alleged racial discrimination in terms of pay, promotion and other employment opportunities.

The published report by Newera (2015) also noted the former EEC Commissioner Usiku's remarks as follows: "Fairness in the workplace makes good business sense", "Employment equity can only bolster Namibia's ability to make use of its many and diverse talents in order to push back the frontiers of poverty and under-development. Various industrial sectors of which CPE's is no exemption can benefit from fair employment practices by attracting individuals who can give fresh impetus to productivity and operational efficiency. (Newera, 2015, Employers still violate affirmative action law, para. 1).

According to Table 4.1's breakdown of the respondents' age range, the bulk of the respondents (11) were between the ag es of 41 and 50 (44%).

While 80% of Tier 1 CPEs were between the ages of 41 and 50

Only 22.2% of people in this age range were in Tier 2; in Tier 3, that number doubles to 45.5%.

However, 66.7% of Tier 2 respondents and 27.3% of Tier 3 CPEs respondents were above the age of 50. The results indicate that Tier 2 enterprises may experience difficulties with company continuity and succession in th e near future because 33.3% of respondents fell into the 61-65 age group.

Additionally, it appears from the results of the years of service that two thirds of the of the executives across all tiers, are serving their first 5-year contract terms with 60.0%, 66.7% and 63.6% of the respondents reporting 1 to 5 years of service for Tier 1, Tier 2 and Tier 3 CPEs respectively.

A related and recent US-based study by Ujah and Okafor (2019), which investigated the influence of executive compensation on the propensity to manage earnings, found that the propensity to manage earnings depends on the type of methods strategically used. However, their research results, on a question of the study to whether the age of the CEO matter for firms that have adopted a Golden Parachute concerning the managing of earnings. Ujah and Okafor's (2019) study revealed that younger CEOs are less likely to exacerbate earnings upward which are contradictory to this study results in consideration of the 80% and 66, 7% in the age range 41-60 in their first 5-year contract terms with 66, 7% and 63.6% of the respondents in Tier 2 and Tier 3 which are the better performing CPEs as indicated in Table 4.1.

4.2 Namibia's Commercial Public Entities' Performance Profile

Results from data on the performance of Commercial PEs gathered from public Annual Reports of the relevant company from its official website are presented in this section. All 22 of the organizations listed under the Public Enterprises Act of 2018 provided data for the study. Only 17 CEOs and 8 board chairs from the PEs solicited, however, gave a response. The Performance Profiles of PEs who replied to the questionnaire survey are thus shown in Table 4.2.

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A new IPPR report called "The Public Enterprise Annual Rankings" is released every year in the first quarter. The evaluation of commercial state-owned businesses used to determine the rankings was done using publicly available data. (IPPR, 2020). Additionally, the study uses the gazetted remuneration guidelines for public enterprises, which divides PEs into three tiers: Tier 1, Tier 2 and Tier 3. Findings in Table 4.2 indicated the performance metrics of Commercial Public Entities, which were used in the Annual Public Enterprises ranking report by IPPR (2020). Three different categories are according to revenue, number of employees, their skills and total assets, with the executives and board members in the highest tier (Tier 3) companies earning the most, with the compensation packages of CEOs regulated to a maximum of N$ 1, 6 million. The entities in this category includes NamPower, NamPort, Telecom, RCC, Air Namibia, Telecom, TransNamib, NamPost and MEATCO.

Table 4.2: Performance Profile of the Commercial Public Entities in Namibia

Remuneration Tier	Public Enterprise	Availability of Information	Profitability	Tax	Dividends	Financial support
Tier 1 (max N$ 1 million)	AGRIBUSDEV	Full AR for FY16/17	Loss-making	None paid	None paid	Budget support required
	AMTA	None	Loss-making	None paid	None paid	Budget support required
	Zambezi Waterfront	None	Loss-making	None paid	None paid	Budget support required
Tier 2 (max N$ 1,3 million)	Epangelo Mining Company	None	Loss-making	None paid	None paid	Budget support required
	NamCor	Full AR for FY16/17	Profitable	Tax paid	None paid	None budgeted
	Namibia Airports Company	Full AR for FY15/16	Loss-making	None paid	None paid	None budgeted
	Namibia Wildlife Resorts	None	Loss-making	None paid	None paid	None budgeted
	National Fishing Corporation of Namibia	Full AR for FY16/17	Profitable	Tax paid	Dividend paid	None budgeted
	NIP	Full AR for FY17/18	Profitable	Tax paid	Dividend paid	None budgeted
	Windhoek Country Club	Full AR for FY18/19	Profitable	Tax paid	Significant dividend paid	None budgeted
Tier 3 (max N$ 1,6 million)	Air Namibia	None	Loss-making	None paid	None paid	Loan guarantee granted
	Meatco	Full AR for FY18/19	Loss-making	None paid	None paid	None budgeted
	Mobile Telecommunications (NPTH)	Full AR for FY16/17	Profitable	Significant tax paid	Significant dividend paid	None budgeted
	NamPower	Full AR for FY18/19	Profitable	Significant tax paid	Significant dividend paid	None budgeted
	NamWater	Full AR for FY16/17	Profitable	Tax paid	Dividend paid	None budgeted
	Roads Contractor Company	None	Loss-making	None paid	None paid	Budget support required
	TransNamib	None	Loss-making	None paid	None paid	None budgeted

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The results of Table 4.2 showed that NamPower's performance profile, which includes (Full AR for FY18/19), retains the most desirable state for a Tier 3 public enterprise due to its current financial statements. The annual report assessment revealed that the business was not dependent on government loans or the national budget. The Tier 3 firm should also be profitable and declare in writing that it has made sizeable tax and dividend payments to the government. The second tier PEs included in the sample, as shown in Table 4.2, are Epangelo, NamCor, NAC, NWR, FISHCOR, NIP, and Windhoek Country Club. Others include NBC, DBN, and AgriBank. CEOs in Tier 2 are restricted to earning a maximum of N$ 1,3 million annually.

As a result, organizations like New Era Publication Company, Electricity Control Board, Meat Board of Namibia, Namibia Qualification Authority (NQA), and Namibia Tourism Board (NTB), among others, fall under the lowest pay bracket (Tier 1), with CEO remuneration packages typically valued at N$ 1 million. However, the sample included Zambezi Waterfront, AMTA, and AgriBusDev. Given that the majority of its budget is sponsored by the federal government and that its financial data has been updated to the end of 2017 (Full AR for FY16/17), AgriBusDev had the greatest performance metrics in this category. However, several of the green schemes in its portfolio, according to its annual report for 2017, were losing money, which had an impact on its profitability. As a result, the public enterprise made no tax or dividend payments in 2017.

The responsibility for strategic directions and operations is given to the separate Boards of Directors for the PEs and their management under the most recent performance framework. As a result, after the Board of Directors is appointed, the agency relationship between the Board and management determines how well the PE performs. Some PEs have performed well as a result of these agency ties, while others have not.

4.3 Data Pre-processing and Validation

The combined data from the documentary analysis and the questionnaire survey are pre-processed and validated in this section. The company's variable served as the matching key as the data were first combined into a single SPSS data file. This produced 35 item variables, which were then analyzed using IBM SPSS version 26's Cronbach's Alpha if Item is Deleted option to screen for variables and they provided better scale reliability. From a negative value to an excellent dependability value of 0.707 using the 16 item variables shown in Table 4.4, the Cronbach's alpha increased.

Table 4.4: Cronbach's Alpha Reliability Test Results

Code	Description	Mean	Std. Dev.	Cronbach's Alpha if Item Deleted
Compensation	Remuneration tiers	2.24	0.78	0.687
secA_1.2	Age	3.28	0.94	0.709
secA_1.3	Academic qualification	3.08	0.64	0.692
secB_2.1	Statement best fits your understanding of compensation package	2.32	0.85	0.692
secB_2.2b	Do you think better compensation package is needed	1.80	0.41	0.704
secB_2.3	What is your expectation for a better compensation package	2.04	0.61	0.713
secC_3.4d	Benefits of executive compensation package - a way of commitment to customer satisfaction through motivation executive	2.48	1.23	0.677
secC_3.4c	Benefits of executive compensation package - a way of achieving your organisations vision and human resource	2.44	1.19	0.718
secD_4.1	Have you any successes with compensation package of executives in your organisation	2.04	0.68	0.709
secD_4.3	Which of the following is often used to determine executive compensation package	2.80	1.00	0.707
secD_4.4	Have you had any challenges with compensation packages of executives that hinder performances	1.72	0.46	0.713
SecF2	Availability of the current Financial & Annual Report on website	2.36	1.52	0.696
SecF3	Profitability (reports a profit in the audited financial reports)	1.36	0.49	0.673
SecF4	Tax Paid	1.48	0.71	0.667
SecF5	Paid Dividends to Government	1.44	0.77	0.673
SecF6	Financial support from Government	2.28	0.94	0.650

The 16 item variables in the cleaned dataset, which matched the normality conditions for an exploratory factor analysis, are summarized and statistically reliable in Table 4.4. Prior to testing the hypotheses, factor analysis was conducted to minimize the number of variables, identify structure in the relationships between variables, and identify the underlying constructs that account for the variance in order to give statistical meaning to the analysis.

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Additionally, factor analysis was done to verify the reliability and validity of the questionnaire's components. The EFA is unique in that the factors are derived from statistical data rather than theory. the Varimax rotation with the Principal Component Analysis (PCA). The Kaiser Normalization technique is one of the finest methods for reducing error and identifying the six components from the 16-item variables. Each of the 16 items pertaining to the study goals was evaluated using EFA.

Confirmatory factor analysis and path analysis were performed in the study using Gaskin's (2017) model fitness tools and techniques. In contrast, no normality increases with a small sample size of 25, which prevents the model from converging or leads to an incorrect solution. As a result, bootstrapping functions as a resampling technique where the initial sample is thought to reflect the population.

4.5 Results from Bootstrapping Confirmatory Factor and Path Analysis

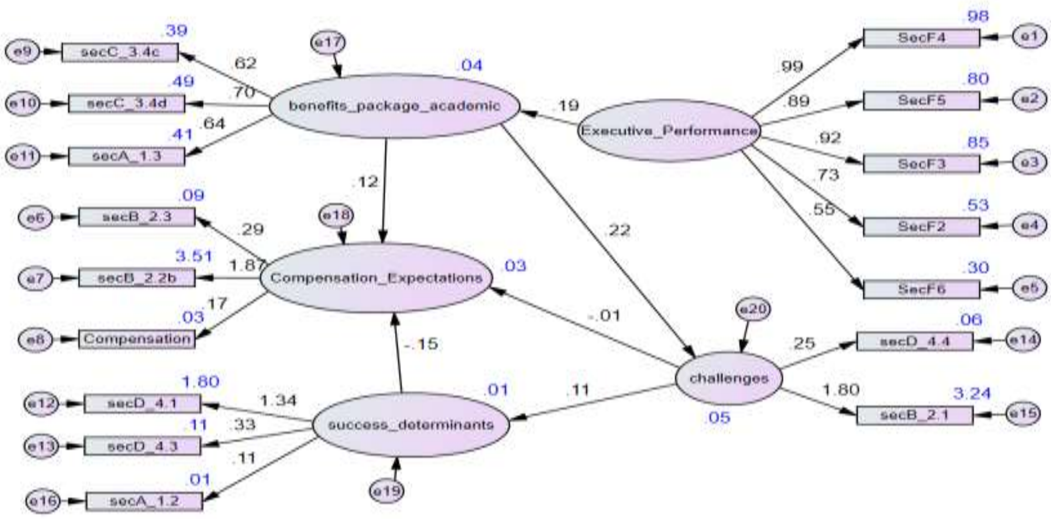
In order to determine whether there are any meaningful connections or effects between the executive compensati on data gathered from the survey and the performance data from the CPE, this part shows the results of Bootstrapping P ath Analysis in SPSS AMOS.

The process began with data screening to make sure the data could be used, relied upon, and validly tested causal hypothesis.

According to Gaskin's

In line, with Gaskin's (2017) approach, Exploratory Factor Analysis (EFA) was used to prepare the variables to be used for more

Figure 4.1 Executive Performance and Compensation Package Expectations Model



Cutoff Criteria*

Measure	Terrible	Acceptable	Excellent
CMIN/DF	> 5	> 3	> 1
CFI	<0.90	<0.95	>0.95
SRMR	>0.10	>0.08	<0.08
RMSEA	>0.08	>0.06	<0.06
PClose	<0.01	<0.05	>0.05

Measure	Estimate	Threshold	Interpretation
CMIN	133.971	--	--
DF	98	--	--
CMIN/DF	1.367	Between 1 and 3	Excellent
CFI	0.786	>0.95	Need More DF
SRMR	0.140	<0.08	Terrible
RMSEA	0.124	<0.06	Terrible
PClose	0.028	>0.05	Acceptable

Efficient Confirmatory Factor Analysis (CFA). The Rotated Components Matrix results was transferred to SPSS AMOS version 23 using a “Pattern Matrix Model Builder” (PMMB) plugin developed by Gaskin and Lim (2016). The model builder plugin automatically creates a covariance model within SPSS AMOS based on the results of an EFA done in the conventional SPSS EFA. The CFA was then Bootstrapped to ensure convergence of a valid model fitting Path Analysis. The Model and Path Analysis are presented in Figure 4.1.

Figure 4.1 shows that the Executive Performance and Compensation Package Expectations Model measurement was acceptable and this is supported by the measurement descriptive measures, which all fall within acceptable threshold. The model fit descriptive statistics are provided through Hu and Bentler's (1999) cut-off criteria for fit indexes in covariance structure analysis, which forms the basis of Gaskin and Lim's (2016) SPSS AMOS plugin for model fit measures.

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Despite having a small sample of 25 cases, bootstrapping which involved randomly selecting with replacement, non-normal, multiple subsamples of the same size (25). The model fit was excellent. To solidify, the evidence PClose fit statistic was 0.028 (recommended to be between 0.01 and 0.05).

However, the root mean square error of approximation (RMSEA) fit statistic with a value of 0.124 (recommended to be between 0.06 and 0.08) was terrible. Similarly, the standardized root mean residual (SRMR) of 0.140 (recommended to be <0.08) was terrible. The measures also included the comparative fit index (CFI) which was 0.786 (recommended to be >0.95), compares the absolute fit of the specified model to the absolute fit of the independence model. These results support Byrne's (2016) observation that non-normal data typically causes model fit indices like the Tucker-Lewis Index (TLI; Tucker & Lewis, 1973) and the Comparative Fit Index (CFI; Bentler, 1990) to produce values that are slightly underestimated, as was the case in this study with a CFI of 0.786 (recommended to be >0.95).

These poor fit measures rationalise the use of bootstrapping. Bootstrapping is important for confirming the mediation effect due to its accuracy in computing confidence intervals for mediation effect when the mediation effect is non-zero. Consequently, the findings from Figure 4.1 indicated that there is no direct relationship between ‘Executives Performance’ and their ‘Expectations of their Compensation Packages’. As such, hypothesis testing was done to establish the mediating or conditioning factors of that would make the compensation packages of the executives relate to the performance of PE’s in Namibia.

5. CONCLUSIONS AND RECOMMENDATIONS

The paper was guided by the research objective in subsection below:

5.1 Research objectives outlined below:

- To determine the conditioning factors that will make compensation packages of executives relate to the performance of Commercial PEs in Namibia.

5.2 Conclusions

According to a review of the study's research findings, Windhoek Country Club (WCC), which has the most recent audited financial statements (Full AR for FY18/19), had the most exceptional performance in 2019. The annual report stated that in addition to making a profit for the year and having paid all of their taxes, 2019 will see a sizeable dividend payment of N$ 6 million.

Companies like Meatco were consequently included in the lowest pay bracket (Tier 1), where CEO remuneration packages averaged N$ 1 million. However, the sample included Zambezi Waterfront, AMTA, and AgriBusDev. AgriBusDev had the greatest metrics in this area in terms of performance, with majority of its budget coming from the federal government and its financial data current as of the end of 2017.

The findings conclude that for the method used to determine executive compensation package is 60% of respondents said the methods used is both internal and external arrangement, sadly 72% indicated Yes to challenges with compensation packages of executives that hinder performances. Therefore, the finding implies that the determination of executive compensation package for CPEs in Namibia is both internal which the boards is and external which is the government.

The findings suggest that compensation benefits and successes are conditioned by factors such as the age and academic levels of the CEOs for CPEs in Namibia.

5.3 Recommendations

Considering the conclusions provided above, the following recommendations are made by the researcher:

- Government should invest in scrutinizing critical factors such as the age and academic levels of the CEOs, during appointments, since this has significant indirect effects on executive performance. Again, a high-level independent committee may carry out this function well to avoid any severe political interference, for a successful implementation of executive compensation package in order to influence performance effectively.

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