

**Gordon Institute  
of Business Science**  
University of Pretoria

Governance vacuum: drivers of voluntary corporate governance adoption by  
emerging asset managers in South Africa

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## **ABSTRACT**

The outcomes of corporate governance mechanisms in addressing the agency problem between shareholders and managers is well researched in extant literature. This has been extended further to the asset management industry to contextualise its importance to protect the interest of investors. However, South African emerging asset management firms operate in a governance vacuum, where prescriptive corporate governance requirements are absent and voluntary adoption depends on managerial conviction. This study explored how self-efficacy beliefs influence the voluntary adoption of corporate governance practices in such firms.

Using self-efficacy as an interpretive lens, the study employed an inductive qualitative design. Twelve semi-structured interviews were conducted with executive directors across eight emerging asset management firms and were analysed thematically.

The findings show that managerial confidence, built through learning by doing, credible external validation, and peer observation, drives voluntary corporate governance adoption when regulation is silent. The study also shows that psychological mechanisms like self-belief, resilience, and social validation can be substitutes for formal institutional enforcement. Accordingly, managerial self-efficacy acts as the behavioural infrastructure that drives voluntary corporate governance adoption. The study concludes that strengthening self-efficacy can close governance gaps, enhance legitimacy, and improve sustainability in South Africa's asset management sector.

## **KEYWORDS**

Agency problem; corporate governance; emerging asset managers; self-efficacy beliefs.

## **DECLARATION**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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## LIST OF ABBREVIATIONS AND ACRONYMS

<b>Abbreviation/Acronym</b>	<b>Meaning</b>
AI	Artificial Intelligence
AIE	Analytical and Inferential Efficacy
ARC	Audit and Risk Committee
AUM	Assets Under Management
BN 90	Board Notice 90 of 2014
BOD	Board of Directors
CEO	Chief Executive Officer
CG	Corporate Governance
CIO	Chief Investment Officer
CPD	Continuous Professional Development
EF	Entrepreneurial Firm
ESG	Environmental, Social and Governance
FAIS	Financial Advisory and Intermediary Services Act
FICA	Financial Intelligence Centre Act
FSCA	Financial Sector Conduct Authority
FSP	Financial Service Provider
GDP	Gross Domestic Product
JSE	Johannesburg Stock Exchange
MDMSEQ	Managerial Decision-Making Self-Efficacy Questionnaire
MSME	Micro, Small and Medium Enterprise
NED	Non-Executive Director
ODD	Operational Due Diligence
PA	Prudential Authority
POPIA	Protection of Personal Information Act
Reg 28	Regulation 28 of the Pension Funds Act
RemCo	Remuneration Committee
RQ1	Research Question 1
SA	South Africa or South African (contextual)
SE	Self-Efficacy
SIE	Social Influence Efficacy
SLA	Service Level Agreement
SME	Small and Medium Enterprise
TCE	Thought Control Efficacy
ZAR	South African Rand

## **CHAPTER 1: DEFINITION OF PROBLEM AND PURPOSE**

### **1.1 Introduction**

This research aims to study the phenomenon of voluntary corporate governance (CG) adoption by emerging asset managers in South Africa that are not listed on the Johannesburg Stock Exchange (JSE). The study uses an inductive qualitative approach to explore how self-efficacy beliefs drive the voluntary adoption of good CG practices in emerging asset management firms, which find themselves in a governance vacuum.

The study applies a behavioural lens to voluntary CG adoption to explore how the self-efficacy beliefs of the executive management team influence their perceived capability to adopt good CG practices. The focus of the study is on emerging asset management firms that operate in a governance vacuum; prescriptive CG regulations are silent, but a voluntary national CG framework exists. However, the agency problem between the asset manager and investor remains the same in both a prescriptive CG environment and a governance vacuum. This highlights the importance of voluntary CG adoption by emerging asset managers to mitigate the agency problem. The study provides new insights into the phenomenon by applying a novel theoretical perspective to non-listed, small and medium enterprise (SME) asset managers (or emerging asset managers) in a developing market context where prescriptive CG requirements are silent.

The study makes a theoretical contribution by examining how voluntary CG adoption is perceived by the executive management team by assessing their self-efficacy beliefs in performing the task at hand. Extensive CG research has been conducted on publicly listed companies where CG requirements are prescriptive but remain under-researched in SMEs where a governance vacuum exists. This unique institutional factor, the lack of prescriptive national level institution CG regulations, will create a cornerstone to understand the antecedents of CG characteristics adoption for unlisted SMEs by applying a behavioural lens.

The successful adoption of good CG practices and disclosures will be driven as much by the self-efficacy of the person tasked with the responsibility as by the requirements

of the regulatory environment and, where the latter is silent; self-efficacy will be an important driver of voluntary CG adoption. The study provides regulators and investor insights on which aspects of self-efficacy drives voluntary CG adoption in emerging asset managers. This creates a fundamental understanding of the perception of CG among emerging asset managers and future resources can be directed to expand further on this phenomenon or to inform CG regulations and frameworks to accommodate SME configurations better. Voluntary adoption and disclosure of CG practices will not only improve the legitimacy of emerging asset management firms and their sustainability but will also advance the integrity and sustainability of the financial services sector in South Africa.

This chapter outlines the need for the research, based on the governance vacuum related to emerging asset managers in South Africa. Over the past two decades, developing markets have grown significantly in importance, increasing their role in the world economy by becoming more integrated in global trade and finance (Ararat et al., 2021). CG is globally regarded as a framework that promotes structure and processes that realise organisational outcomes, which are aligned with stakeholders (Teixeira & Carvalho, 2024) and performs an important role in the absence of strong institutions and judicial systems (Ararat et al., 2021), but this phenomenon remains under-researched, especially in unlisted SMEs.

This chapter further argues the importance of studying voluntary CG adoption by emerging asset managers, given not only the agency problem and governance vacuum but also the quantum of their involvement in the savings and investment industry and the general importance of SMEs in socioeconomic development.

## **1.2 Background to the Research**

Papadimitriou et al. (2024) state that an agency problem exists between the fund managers (or asset managers) and investors, where the fund manager will manage the investor's money in such a way that is in its own best interest and not that of the investor, in terms of its reputation and the fees earned from allocations to its funds. The authors believe that conflict of interest is more pronounced in the asset management industry owing to the separation of ownership and management of the assets, and its implications for the industry is understudied (Papadimitriou et al., 2024). Furthermore, asset managers are required to exercise their powers and duties

under their contractual arrangements “honestly and fairly, and with due skill, care and diligence, in the interest of clients” (Republic of South Africa, 2002, p. 30). This leads to the question: how do investors ensure that their interests are not secondary to that of the asset manager?

South Africa’s current national voluntary CG framework, the King IV report, commonly referred to as the King Code, was published on 1 November 2016 by the Institute of Directors in Southern Africa and the King Committee on Corporate Governance in South Africa (Institute of Directors in Southern Africa, 2016). King IV is a set of voluntary CG principles and practices but, in some instances, CG has been legislated, creating a hybrid system of CG in parallel with the King IV codes of CG (Institute of Directors in Southern Africa, 2016). An example of this hybrid CG system is the JSE listing requirements incorporating the King IV principles, which will be discussed below. Furthermore, the Institute of Directors in Southern Africa (2016) define CG as the outcomes of “ethical culture, good performance, effective control, and legitimacy” (p. 11) by the governing body (those charged with governance duties) through ethical and effective leadership. The roles and responsibilities of the governing body, supported by management, are determined by four sequential functions, namely: “steering and setting the direction of the organisation; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance” (Institute of Directors in Southern Africa, 2016, p. 43).

The JSE is the largest stock exchange in Africa, measured by market capitalisations, and remains the premium listing destination for a range of asset classes and instrument types, notably companies looking to raise capital (JSE Limited, n.d.). Companies seeking a listing for the first time or are currently listed on the JSE in South Africa, must adhere to the JSE listing requirements (JSE Limited, 2019). The JSE listing requirements are governed by seven general principles to ensure, among other things, that investors are protected and that the JSE promotes investor confidence through strong disclosures, CG practices and ensuring full, equal, and timely disclosure of price-sensitive information (JSE Limited, 2019). Additionally, paragraph 3.84 and 8.63(a) of the JSE listing requirements deals with CG obligations stating that issuers, or companies listed on the exchange, must implement specific

CG practices and disclose compliance thereof in their annual reports (JSE Limited, 2019).

Consequently, the CG sections of the JSE listing requirements state that the “effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary” (JSE Limited, 2019, p. 55). It is important to highlight this, given that asset managers listed on JSE must not only adhere to the exhaustive JSE listing requirements, but also to its mandatory CG practices and disclosure requirements.

This is in stark contrast to CG requirements for asset managers that are not listed on the JSE. To fulfil their contractual obligations to investors, asset managers are only required to register as financial service providers (FSP) with the Financial Sector Conduct Authority (FSCA) to act as a discretionary asset manager on behalf of investors in terms of the Financial Advisory and Intermediary Services Act of 37 of 2002 (FAIS) of South Africa (Republic of South Africa, 2002). In section 37 of the determination of fit and proper requirements for FSPs of the FAIS Act, the governance framework of FSPs must “(1) be proportionate to the nature, scale, risks and complexity of the business of the FSP; (2) include, but not limited to, effective and adequate systems of corporate governance, risk management (including conduct risk management) and internal controls” (Financial Sector Conduct Authority, 2017, p.391). However, the FAIS Act does not require asset managers to list on the JSE or any other approved exchange, irrespective of scale or complexity, nor does it prescribe any mandatory CG practices or disclosure requirements linked to any CG framework like the King Code. This creates a governance vacuum for emerging asset managers, which leads to the question: why does this matter in the context of South Africa?

Although the exact size of the investment and savings industry in South Africa is not published actively, 27four Group (2024) conducted an industry-wide survey in 2024 and established that the total assets under management (AUM) across 93 asset managers is ZAR 8.42 trillion. Of the 93 respondents, only eight asset managers, representing 67.31% of the industry’s total AUM or ZAR 5.67 trillion, must comply with the JSE listing requirements. This means that a staggering 85 asset managers, representing ZAR 2.75 trillion of investor’s assets, do not have mandatory CG

practice or disclosure requirements and manage asset in a governance vacuum. South Africa's nominal gross domestic product (GDP) was ZAR 7.3 trillion at the end of 2024 (Statistics South Africa, 2025), which means the asset managers in the governance vacuum manage assets equivalent to 37.67% of South Africa's nominal GDP. Asset managers listed on the JSE has an obligation to have a governing body, or board of directors (BOD), made up of a majority of independent non-executive directors (Institute of Directors in Southern Africa, 2016; JSE Limited, 2019). Notably, only 21.18% of the emerging asset managers fulfil this requirement (27four Group, 2024).

The vast majority of the 85 emerging asset managers are classified as SMEs, in accordance with the Revised Schedule 1 of the National Small Enterprise Act 102 of 1996 (Republic of South Africa, 2019). In addition, these asset managers employ a total of 3 107 people (27four Group, 2024). Although the sustainability of SMEs is beyond the scope of this study, SMEs play a key role in the South African economy. A South African study has shown that SMEs plays a pivotal role in the socioeconomic development of both developing and developed countries through their contributions to employment, GDP growth and poverty alleviation (Ngo Ndjama & Van Der Westhuizen, 2024). In South Africa, it is estimated that SMEs contribute between 52% and 57% to national GDP and account for 43% of the total national wage bill (Ngo Ndjama & Van Der Westhuizen, 2024). To this end, SMEs and their sustainability are instrumental in driving economic growth and development in South Africa through innovation and entrepreneurship by creating economic opportunities (Ngo Ndjama & van Der Westhuizen, 2024).

### **1.3 Motivation for the Study**

As outlined in the previous sections of this chapter, emerging asset managers as SMEs do not only play a crucial role in the investment and savings industry but are also a key contributor to socioeconomic development in South Africa. However, the nature of their businesses and incentive models creates an agency problem with investors that leads to potential and/or actual conflicts of interest (Papadimitriou et al., 2024). One effective tool that can be used to mitigate this agency problem is the implementation of CG practices (Pandey et al., 2023) but these asset managers operate in a governance vacuum where CG guidelines, not obligations, are both

structured opaquely and not well entrenched in these businesses. Consequently, the business need for researching and understanding voluntary CG adoption by emerging asset managers will provide novel insights into how self-efficacy beliefs are driving this phenomenon and will assist regulators with future drafting of CG regulations to address the governance vacuum.

CG and its importance in addressing the agency problem have been researched extensively (Pandey et al., 2023). However, academic research in this area has focused predominantly on listed companies in developed markets and there is a call for this research to incorporate the unique institutional factors in developing markets by applying a behavioural lens (Li et al., 2020). Also, Singh and Pillai (2022) state that there is limited research on CG for SMEs, and this lack of research is amplifying the gap in governance practices between small and large businesses. Based on the call for future CG research to focus on SMEs in developing markets by applying a behavioural lens, combined with the lack of relevant literature in this context, this indicates the theoretical need for this research and why it has been conducted.

In summary, while CG research has developed extensively in the context of listed companies, little is known about the behavioural antecedents that enable unlisted emerging asset managers to adopt CG voluntarily. These firms operate in a governance vacuum where the agency problem between investors and asset managers persists despite the regulatory regime. This results in a lack of understanding between the structural requirements and behavioural capabilities required to implement CG. This study addresses this gap by exploring how managerial self-efficacy beliefs influence the voluntary adoption of CG practices among emerging asset managers.

#### **1.4 Purpose of the Research**

The research aims to explore how self-efficacy beliefs influence the voluntary CG adoption by emerging asset managers given their unique institutional factors.

## **CHAPTER 2: LITERATURE REVIEW**

Based on the research objectives outlined in the previous section, this chapter aims to create a better understanding of CG in SMEs and the related behavioural aspects of self-efficacy in addressing the agency problem with emerging asset managers.

The literature review starts by exploring CG in the context of developing markets, followed by how CG relates to the agency theory and what is known in extant literature. This is supplemented with a review of what is known about CG in SMEs and, in particular, what research has been done on CG characteristics for unlisted SMEs. Thereafter, the importance of CG in the context of South Africa will be illuminated. Next, the concept of self-efficacy is explored. Finally, this chapter concludes with how the application of a behavioural lens can be used to assess the voluntary adoption of CG practices by emerging asset managers. The result of this process is the formulation of the research question, which is outlined in detail in Chapter 3.

### **2.1 Corporate Governance in Developing Markets**

Ararat et al. (2021) state that, over the past three decades, CG research has made significant progress and has expanded beyond economics and finance to include disciplines like accounting, law and management, highlighting the interdisciplinary nature of CG research. Furthermore, the authors find that comparative studies between developed and developing markets have highlighted the differences between institutional and firm level factors that shape CG arrangements by focusing on the principal-agent problem (Ararat et al., 2021).

At a firm level, these differences in developing markets include the concentration and identity of corporate and family-group owners, and the conflicts between direct ownership that exercises cash flow rights and controls the rights of those responsible for management of the firm, at the cost of minority interest groups (Ararat et al., 2021). Moreover, owing to heterogeneity in developing markets in terms of the development of legal and economic systems, CG practices in these markets differ significantly, indicating that a universal approach to CG does not work (Ararat et al., 2021).

## 2.2 Agency Theory and Corporate Governance

Pandey et al. (2023) state that early research on CG was based on the seminal paper by Jensen and Meckling (1976) and its core concepts of agency theory dealing with control and ownership in publicly listed firms. Agency theory allows for a broad set of scenarios where the “quality of CG impacts managerial decisions” related to “managerial self-interest, asymmetric information, and mechanisms that mitigate agency conflicts” (Pandey et al., 2023, p. 137). Another foundational theory in CG research is resource dependence theory, which describes, “the importance of expertise acquired by the firm to better serve the interests of its owners” (Pandey et al., 2023, p. 137). CG research has a rich and extended history and has become a widely discussed topic in finance and business in recent years (Teixeira & Carvalho, 2024).

Singh and Pillai (2022) define CG as “set of procedures and processes by which an organization is directed and controlled in building an environment of trust, transparency and accountability” (pp. 28-29). Teixeira and Carvalho (2024) define CG as “set of processes, principles and values that guide the behavior and decision making of organizations. It serves as a framework for ensuring accountability and aligning the objectives of the corporation with those of its stakeholders” (p. 304). Consequently, these approaches to managing organisations will ensure their sustainability by promoting fairness and justice for all stakeholders (Arhinful et al., 2024).

The CG system involves a dynamic environment of relationships and responsibilities between BOD, management and other stakeholders (Zheng et al., 2024). Also, governance factors or characteristics refer to the principles and practices that “guide a company’s direction and control” and include the “leadership structure, board diversity, independence, executive compensation, shareholder rights, and ethical business practices” (Arhinful et al., 2024, p.400). These CG characteristics create guardrails to protect stakeholders against the misappropriation of resources and authority in favour of individuals or groups (Arhinful et al., 2024).

CG literature and metrics have been researched and developed predominantly for large, listed companies and there is a lack of development of CG metrics for SMEs (Singh & Pillai, 2022). This is important because, unlike their listed counterparts,

SMEs are family- or privately owned and managed, and this makes it difficult to demarcate the power and distribution of ownership (Singh & Pillai, 2022).

Furthermore, Singh and Pillai (2022) find that SMEs lack formalised business structures, adequate managerial and technical expertise, have an inherent conflict between ownership and control, and financial constraints limit expansion. The implementation of CG practices will create a policy environment that defines rights and responsibilities, decentralises decision making, resolves conflicts and reduces risk, and this will produce a well-structured management and processes (Singh & Pillai, 2022). To this end, Singh and Pillai (2022) state that “well-structured management deliver stewardship, strategic direction and business collaborations for sustainable growth” (pp. 29–30). However, the authors further state that, although SMEs instinctively practise good CG governance without recognising it, building on this will enhance efficacy and sustainability (Singh & Pillai, 2022). In addressing the agency problem, good CG practices can mitigate the agency problem between asset managers (agent) and the investors (principal). Therefore, the literature review focuses next on CG characteristics and their general outcomes.

### **2.3 Corporate Governance in SMEs**

Although there is not a widely adopted definition for entrepreneurial firms (EF) (Li et al., 2020), research by Grandori (2024) explores modes of governing so that an enterprise can identify entrepreneurial governance conception distinctly, irrespective of whether the enterprise is new or established. This expands on previous work done by academic researchers to identify a single-fit organisation definition on the formation of EF. However, the author concludes that organisational dimensions for EFs are bimodal or hybrids of classical structure formations, which any organisation could be, thus suggesting future research directions to respond to this structural identification challenge of EFs (Grandori, 2024). To this end, a broad definition of EF is adopted in academic literature, including terms like SMEs or ventures, to name a few (Li et al., 2020). This study has adopted the term SME.

The systematic review by Li et al. (2020) of extant literature on CG related to SME indicates the use of multiple theoretical perspectives, predominantly agency and resource dependency theories, across various research methods with a strong focus on quantitative analysis (87 of 137 reviewed publications). Also, the authors indicate

that 47 of the 87 quantitative empirical research papers reviewed measure the outcomes of CG on “a) firm value, b) financial performance, c) non-financial performance, d) financing activity, e) agency problems, f) business survival, g) corporate strategy” (Li et al., 2020, p. 56). This indicates that extant literature on CG in SMEs has a strong focus on the outcomes of CG. However, the purpose of this study is to explore the antecedents of voluntary CG adoption in emerging asset managers by applying a behavioural lens and it is important to understand the CG characteristics adopted by emerging asset managers given the lack of prescriptive national level institutional CG regulations.

Li et al. (2020) find that the role of the BOD in SMEs is the most explored CG characteristic and “CEO characteristics and compensation, CEO-BOD relations, top management team characteristics and functioning, and ownership-related aspects” (p. 43) are not extensively researched. The systematic literature review by Teixeira and Carvalho (2024) on CG in SMEs focusing on unlisted firms identified firm age, board characteristics, ownership details, Chief Executive Officer (CEO) characteristics and audit independence as CG characteristics in this type of organisational governance configuration. Similarly, Ararat et al. (2021) state that board regulations have been targeted in the governance reforms of developing markets, especially focusing on the monitoring role of the board.

Each CG characteristic and its outcome on firms is explored below, except audit independence, since this a regulatory requirement in terms of the FAIS Act for asset managers in South Africa.

### **2.3.1 Board of Directors**

The BOD has been a central theme in CG literature, given its role of monitoring managerial behaviour to mitigate the agency problem and its advisory capacity, which influences the performance of the firm through looking at the board selection process and composition (Ararat et al., 2021; Pandey et al., 2023; Teixeira & Carvalho, 2024). Furthermore, BOD is the accountable body for setting CG practices and/or principles that guide the strategy of the organisation, oversee operations by delegating responsibilities to management, ensure that the optimal internal control environment is created to manage risks, and is responsible for the procurement and retrenchment of senior management, including the CEO (Zheng et al., 2024). Ararat

et al. (2021) suggest that strong boards mitigate the risk of fraud and expropriation through related party transactions, indicating that there is a link between firm behaviour and board structure. In addition, the composition of the board “directly impacts stakeholder participation and engagement in decision-making processes” (Arhinful et al., 2024, p. 398).

Agency theory posits that management act as agents to shareholders and, in their duty, complete work on behalf of their principals; therefore, they should act in the best interests of their shareholders (Ali et al., 2021). However, conflicts of interest arise when management prioritise their own interests at the cost of the shareholders, and this risk is amplified in that management has the inside track to company information which they can use to their own advantage (Ali et al., 2021). Given the conflict of interest risk with management, shareholders appoint a BOD to protect their interests and to monitor the activities of management, ensuring good CG (Ali et al., 2021).

Baum et al. (2022) state that the BOD in SMEs acts as an extension of management and, through this relationship, the BOD assists the organisation with improved strategic advice and valuable “first-hand knowledge, expertise and scarce information not easily acquired elsewhere” (p. 1). However, Singh and Pillai (2022) state that the board composition for SMEs is small and lacks the necessary diversity and skills.

To this end, the BOD, as the governing body of the organisation, plays a critical role in ensuring the sustainability of the organisation by setting an ethical culture and ensuring efficiency through monitoring the activities and outcomes of senior management. Additionally, the BOD is responsible for mitigating conflicts of interest between stakeholders by adopting and implementing the requisite CG principles and/or practices to mitigate risks related to the agency problem. The next sections will illuminate features of the BOD that improve the effectiveness thereof.

#### 2.3.1.1 Importance of Diversity on the Board

In a world, which is becoming increasingly volatile, complex and ambiguous, the BOD is crucial for the survival and success of a firm by providing strategic advice and essential knowledge for decision making (Selivanovskikh & Bodolica, 2025). Furthermore, Selivanovskikh and Bodolica (2025) state that rapid digitisation and

environmental awareness have increased the complexity of the tasks faced by the BOD and require competencies and practical experience in “sustainability, social impact, artificial intelligence (AI), and cyber resilience” (p. 2). In addition, external pressure from investors relating to environmental issues has become an important agenda item for the BOD to develop, implement and execute environmental, social and governance (ESG) strategies (Fan et al., 2024).

Consequently, not only is the BOD structure important but also the board knowledge heterogeneity to promote board diversity in terms of thinking to attain positive organisational outcomes (Selivanovskikh & Bodolica, 2025). Ali et al. (2021) state that organisational performance, creativity and innovation are enhanced through a diverse board given the unique attributes of each member and it improves the problem-solving and decision-making capabilities of the BOD. Additionally, board diversity provides the organisation with access to interest groups and links it the external environment that can enhance its value and reputation (Ali et al., 2021). However, Huang et al. (2023) state the benefits of improved strategic planning and governance from diverse BOD knowledge can be outweighed by challenges such as higher coordination cost and communication issues that result in conflicts, which lead to increased decision-making costs.

Understanding the overarching principles of how board diversity affects firms is important, but it is also valuable to understand the attributes of board diversity given the exploratory nature of this study and the fact that information is collected from individual respondents in organisations. Board diversity is categorised into two broad categories, namely: (1) relations-oriented- and (2) task-related diversity (Abbas et al., 2025).

First, relations-oriented diversity, also referred to as demographic diversity, in the BOD refers to surface-level attributes of directors such as gender, age, ethnicity, nationality and race (Abbas et al., 2025). Gender diversity is one of the most studied aspects of demographic diversity of corporate boards. Studies find that firms with more females on their BOD have a competitive advantage in terms of customer and market knowledge, in turn enhancing innovation and increasing financial performance (Ali et al., 2021).

Age diversity contributes to the mix of generational perspectives on the BOD, by which older members provide beneficial external links to the firm but are typically more risk averse; middle-aged members provide a strong link with senior management and young members have novel ideas and introduce adaptability (Ali et al., 2021). However, age diversity can only enhance communication and goal alignment of the BOD when managed efficiently, given the analogous values of members of similar age (Ali et al., 2021).

Abbas et al. (2025) state that the nationality diversity of the BOD improves the consideration of a larger group of stakeholders and their interests, and board effectiveness is enhanced through knowledge of international markets and regulatory regimes. However, national diversity in corporate boards can face challenges like communication barriers and social stratification among executives, which may affect board dynamics negatively (Abbas et al., 2025).

Second, task-related diversity, also referred to as cognitive diversity, in the BOD relates to attributes such as education, expertise, tenure and industry experience of directors (Ali et al., 2021). Ali et al. (2021) state that a BOD with expert directors improves reporting quality, whereas experienced directors improve the strategic acumen of the organisation. The authors further indicate that cognitive diversity enhances BOD group performance through improved decision making by leveraging the specific skills and expertise of directors in certain tasks (Ali et al., 2021). Last, education is a key element in cognitive diversity by which training and diverse educational backgrounds lead to organisational goal attainment and increased performance (Ali et al., 2021).

#### 2.3.1.2 Independence of Board Members

Arhinful et al. (2024) state that “independent directors play a crucial role in overseeing board operations and objectively assessing management performance” (p. 401). This includes assessing objectively the performance of management and providing an unbiased perspective to ensure that management decisions align with governance frameworks and risk tolerance levels, prioritising long-term value creation over short-term profits, and advancing the interests of stakeholders (Arhinful et al., 2024).

The authors state further that independent directors play a crucial role in defining the structure of the BOD, improve governance practices and ethical standards, and promote ESG imperatives (Arhinful et al., 2024). In addition, board independence is essential for good CG, as independent directors offer impartial oversight, have a lower conflicts of interest risk, and play a key role in risk management, especially climate-related risks (Ongsakul et al., 2025).

The “presence of multiple independent board members ensures robust supervision and correlates directly with higher levels of voluntary disclosure and transparency in reporting” (Arhinful et al., 2024, p. 401). Also, James et al. (2021) state that independent directors improve organisational outcomes which include benefits like improving shareholder wealth, improving accounting quality, reducing internal control weakness, increasing voluntary corporate disclosure and lowering information asymmetry. All these benefits will help to reduce the agency cost.

Independent directors strengthen CG practices, supporting stronger financial results and mitigating risk of financial instability in turbulent economic conditions (Ongsakul et al., 2025). Also, Ararat et al. (2021) state that the level of board independence has a positive effect on the organisation and leads to better stock market valuations when the ratio of independent directors is higher.

Overall, the literature on BOD highlights that, while structural features like independence, diversity, and composition are central to effective CG, their influence is also contingent on the behavioural capacity of those tasked with implementing CG. The literature on the impact of board diversity and independence suggests that not only are CG outcomes dependent on these mechanisms, but also the conviction, confidence and competence of executives to make it work in their organisational context. This highlights the importance of exploring how the self-efficacy beliefs of executives in emerging asset management firms influence their ability to enact and sustain CG practices.

### **2.3.2 Ownership Details**

The link between ownership structure and CG is determined by how equity allocation and ownership concentration influence the effectiveness of CG mechanisms like board composition, control and the monitoring of management and shareholder

voting rights (Yoo & Jung, 2015). Likewise, Singh et al. (2018) state that “ownership structure can be an important component of CG” (p. 175).

Large shareholders, through concentrated ownership, assume a more active role in monitoring management, given that have a greater incentive to do so, reducing the agency cost and ensuring better alignment between management and shareholder goals (Yoo & Jung, 2015). In addition, ownership concentration can “effectively reflect the control and supervision ability of major shareholders” (p. 2) and this alignment with corporate values motivates large shareholders to pursue long-term goals actively and to oversee managements decisions effectively (Yan et al., 2024). However, Yoo and Jung (2015) state that firms with concentrated ownership rely less on external CG controls like independent directors and this “paves a way for controlling shareholders to abuse their power at the expense of minority shareholders’ interests” (p. 41). Furthermore, Singh et al. (2018) state that controlling shareholders are likely to “take actions that may not be in the best interests of other stakeholders, including minority shareholders” (p. 175). Another negative effect of concentrated ownership is the hollowing-out effect, where large shareholders exploit their control rights, at the cost of minority shareholders and organisational growth, for private benefits like asset transfers and related party transactions (Yan et al., 2024).

Ownership concentration can also influence board composition and independence, where large shareholders select directors who are unlikely to challenge their decisions, thereby entrenching their control (Singh et al., 2018). Although concentrated ownership can enhance performance by aligning the interests of large shareholders with the success of the firm, it can also impede the independence and effectiveness of CG mechanisms (Singh et al., 2018).

On the other hand, dispersed ownership leads to a separation of ownership and control, creating an agency problem, where managers may act in their own interests rather than those of shareholders and, therefore necessitate CG mechanisms to align the actions of management with the goal of shareholders (Yoo & Jung, 2015). Given the conflict of interest risk with management, shareholders appoint a BOD to protect their interests and monitor the activities of management, ensuring good CG (Ali et al., 2021).

Ciftci et al. (2019) state that ownership structures in emerging markets are shaped by weak and fluid institutional arrangements affecting CG regimes, which lead to concentrated family ownership. However, the authors further state that concentrated family-controlled firms tend to perform better given that the families bear the lion's share of poor performance, incentivising them to optimise firm outcomes (Ciftci et al., 2019). In SMEs, the dual role of owner and manager limit the expansion and agility of the firm, and affect strategic decisions, CG practices and performance negatively (Singh & Pillai, 2022). Also, Teixeira and Carvalho (2024) find that owner managers fail to recognise the importance of independent board members, leading to lower CG standards.

The importance of ownership in the context of CG adoption by emerging asset managers is not solely determined by equity distribution but also by the balance between accountability and control by owner managers. This highlights the importance of exploring how self-efficacy shapes the ability of executives to manage this tension in emerging asset management firms.

### **2.3.3 CEO Characteristics**

In SMEs, the CEO often also acts as the chairperson of the board and this increases the risk of potential agency problems (Singh & Pillai, 2022). Furthermore, Arhinful et al. (2024) state that concentration of power when one person holds both the CEO and chairperson roles can affect CG negatively by allowing one individual to influence BOD decisions and dictate agendas and outcomes that do not align with the interests of stakeholders. However, Teixeira and Carvalho (2024) state that lean structures are more effective than bureaucratic systems in generating performance, but that external CEOs can enhance the innovation capabilities of SMEs.

### **2.3.4 Firm Age**

Singh and Pillai (2022) find that younger SMEs are more profitable, but this diminishes as the firms become older. However, older firms, which display more stability and reliability, have higher access to debt financing (Singh & Pillai, 2022). Firm age significantly influences the structure and CG practices, where older firms have entrenched CG practices with more mature policy environments but have less diverse and independent boards (Teixeira & Carvalho, 2024).

## **2.4 Importance of CG in the Context of South Africa**

Although it is not the purpose of this study, it is important to note that CG also provides other benefits to firms apart from mitigating the agency problems. Ludwig and Sassen (2022) state that companies, which follow a good governance approach, will gain sustainable performance and reduce the risk of failure in the long run. In addition, companies with this approach will enhance their financial performance, improve their appeal to investors and create competitive advantages (Ludwig & Sassen, 2022). Also, previous studies have found that CG affects the investment decisions of institutional and foreign investors positively, not only because well-governed firms produce better performance but also that this signals desirable characteristics like board structures and dividend policies to attract shareholders (Chakraborty et al., 2023). However, Chakraborty et al. (2023) state that the participation of retail investors in capital markets has increased in developing economies owing to “increasing individual income, technological progress, easy access and availability of information, reduction in trading costs, investor protection and legal reforms” (p. 2). Furthermore, retail investors place greater emphasis in CG structures of firms to mitigate investment risks, since “CG act as an indicator of firm performance, transparency and authentic financial reporting” (Chakraborty et al., 2023, p. 2).

The remaining sections of this chapter illuminate why the behavioural lens is important in understanding why emerging asset managers develop the conviction and resilience to apply CG principles in environments where institutional enforcement is weak and organisational capacity is constrained.

## **2.5 The Behavioural Perspective**

Although recent research has explored CG in the context of SMEs, academic literature on CG practices is predominantly conducted in developed economies with a focus on listed entities that have a lack of similar insights in emerging economies and SMEs (Li et al., 2020; Singh & Pillai, 2022). Furthermore, Li et al. (2020) recommend that future research on CG practices in emerging economies should consider its unique institutional factors like the regulatory environment to improve the understanding of the antecedents of CG in these regions. To understand this gap in research better, Li et al. (2020) suggest “that future studies use behavioral

perspectives to better understand how corporate governance can affect or be affected by directors' or entrepreneurs' perceptions and behaviors" and "employ qualitative method of inquiry" (p. 68).

The following section explores self-efficacy as a behavioural lens to address the need of academic literature to apply a novel approach to exploring how CG voluntary adoption is affected by perceptions of executive directors.

### **2.5.1 Self-efficacy Through Decision-making Confidence**

Myburgh et al. (2015) state that making decisions does not guarantee that the individual put in the effort to carry it out successfully and persist when faced with challenges. Therefore, the authors suggest that self-efficacy may play a role in affecting the perceived ability of the managers to make decisions to stay motivated, use critical thinking skills, balance rationality with social influences, manage disruptive thoughts and take action to implement accurate actions (Myburgh et al., 2015). To this end, Myburgh et al. (2015) developed the Managerial Decision-Making Self-Efficacy Questionnaire (MDMSEQ) to assess the self-efficacy beliefs of managers in the making of task-specific decisions under uncertainty by capturing four decision-focused efficacy beliefs or dimensions: "ACE, affect control efficacy; AIE, analytical and inferential efficacy; SIE, social influence efficacy; TCE, thought control efficacy" (p. 8).

While Myburgh et al. (2015) operationalised self-efficacy in a manager decision-making context through the MDMSEQ; this study adopts the original four self-efficacy sources or beliefs of Bandura (1977) as the behavioural analytical lens to avoid over constraining emergent qualitative insights.

### **2.5.2 Self-efficacy Theory**

The theory of self-efficacy by Bandura (1977) proposes a social cognitive framework for understanding behaviour changes through identifying self-efficacy information and how personal efficacy expectations will influence the extent, persistence and strength of behaviour by individuals. Bandura (1977) position self-efficacy as an individual's belief in their ability to organise and implement the actions required to accomplish particular goals. To this end, the author proposes that efficacy beliefs derive from four principal sources, namely:

1. Performance accomplishments (mastery experience), where personal mastery is the most influential source;
2. Vicarious experience (modelling), through observing the success of others;
3. Verbal persuasion (exhortative), which can encourage and reinforce to boost self-efficacy; and
4. Physiological and affective states (emotive) where arousal levels influence self-efficacy (Bandura, 1977).

These four sources of self-efficacy beliefs interact dynamically and, while mastery of experience is generally the strongest determinant, the influence of each experience is shaped by contextual factors such as business uncertainties, resource constraints and stakeholder pressure (Priyaadarshini & Jena, 2024). Furthermore, the individual's judgement of performance is a cognitive appraisal and integration of these multiple experiences or sources of self-efficacy information (Gist & Mitchell, 1992). To this end, self-efficacy is a dynamic construct that "refers to beliefs in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to meet given situational demands" (Gist & Mitchell, 1992, p. 184).

Priyaadarshini and Jena (2024) find that micro, small or medium enterprise (MSME) managers must fulfil their role expectations related to the context of the organisation, considering other members, and this requires strong role efficacy, which is supported by high self-efficacy given the dynamic and resource-constrained environments they operate in to achieve their goals.

The following sections expand on the four sources of self-efficacy beliefs or information.

#### 2.5.2.1 Mastery Experience

Mastery experience, or enactive accomplishment, is regarded as the most dominant source of self-efficacy information because past successes reinforce beliefs of capability, whereas repeated failures undermine confidence (Bandura, 1977). Gale et al. (2021) also state that this source of self-efficacy belief dominate other sources of self-efficacy beliefs.

Priyaadarshini and Jena (2024) state that managers of MSMEs strengthen both role efficacy and overall self-efficacy through small but significant process improvements despite resource limitations. Similarly, Mammadov and Wald (2025) state that SME

owner managers who have previously succeeded in internationalisation decisions, improved their leadership self-efficacy, which guided later strategic choices regarding market expansion.

Consequently, in the context of emerging asset managers, mastery experience may stem from successfully implementing CG practices that align with best practices in the absence of prescriptive CG requirements, and each successful CG initiative a reference point in shaping the belief of managers that voluntary CG adoption is achievable and beneficial.

#### 2.5.2.2 Vicarious Experience

Vicarious experience refers to the observation of peers or role models and provides efficacy information by allowing individuals to infer their own potential for success when others in comparable circumstances succeed (Bandura, 1977). This is important because, where uncertainty prevails and managers lack sufficient mastery experiences to draw upon, vicarious experiences can enhance self-efficacy by modelling others (Cassia & Magno, 2021).

Li et al. (2020) state that entrepreneurs adopt CG practices based on what is legitimised in its social environment, while Gale et al. (2021) state that teachers report increased efficacy when exposed to role models implementing new practices successfully. These studies confirm that social comparison and observation serve as important efficacy enablers in environments marked by novelty or institutional weakness (Gale et al., 2021; Li et al., 2020).

Applied to the governance vacuum faced by emerging asset managers who observe peer firms CG practices, especially large established firms, this may act as a form of social proof that reinforces the perceived feasibility of voluntary CG adoption.

#### 2.5.2.3 Verbal Persuasion

Verbal persuasion encompasses encouragement, validation or influence exerted by credible stakeholders that can strengthen beliefs of capability (Bandura, 1977). While often a weaker source of efficacy information than mastery experiences, persuasion can nevertheless play a significant role in shaping efficacy, especially when received from actors perceived as legitimate or authoritative (Williams & Rhodes, 2016).

In professional services, Cassia and Magno (2021) state that the credibility and quality of external advice are key determinants of the self-efficacy of professionals. Similarly, Wickramasinghe and Mallawaarachchi (2022) state that organisational support and reassurance are instrumental in enhancing employee efficacy during the disruptive shifts in remote working. In SMEs, investor feedback, regulatory guidance, and auditor engagement frequently provide persuasive signals that either encourage or discourage CG adoption (Singh & Pillai, 2022).

For emerging asset managers, persuasion is likely to originate from pension fund trustees, institutional investors, or regulators. To this end, when external stakeholders' express confidence in the CG posture of a firm, the managers can internalise the validation as reinforcement of their capabilities to continue to enhance its CG practices.

#### 2.5.2.4 Physiological and Affective States

Physiological and affective states represent the final source of efficacy information and deal with how individuals interpret their emotional and bodily cues in performance settings (Bandura, 1977). Stress, anxiety or fatigue can be construed as indicators of incapacity in completing a task and reducing self-efficacy, whereas calmness, enthusiasm or pride reinforce perceived competence in the task at hand and boost self-efficacy (Gale et al., 2021).

Priyaadarshini and Jena (2024) note that MSME managers face considerable stress owing to multiple role expectations coupled with minimal resources, and the ability to regulate such anxiety or behaviour as a challenge rather than a threat through resilience and self-reflection determines whether efficacy beliefs are sustained. Williams and Rhodes (2016) state that this source of efficacy is under-researched but is critical in high-stakes environments characterised by uncertainty and resource scarcity, where behaviour through motivation can affect outcomes.

To this end, affective cues are relevant in the adoption of CG practices. Managers may experience anxiety when contemplating the introduction of independent directors and risk losing unfettered control over the firm. Also, scrutiny from investors may cause stress responses that hamper confidence. On the other hand, positive emotions like pride from recognition by institutional investors of the CG efforts of firms can bolster efficacy beliefs and encourage further voluntary CG adoption.

## 2.6 Conclusion

Self-efficacy is the belief and confidence in one's ability to achieve success in the pursuit of achieving goals (Priyaadarshini & Jena, 2024). Thus, self-efficacy serves as a catalyst for greater effort, which leads to better performance when faced with challenging circumstances, enabling managers to visualise success, draw insights from the environment and channel feedback into purposeful action to enhance performance (Priyaadarshini & Jena, 2024). To this end, Priyaadarshini and Jena (2024) state that "individuals with high self-efficacy are self-organizing, proactive, self-reflecting and self-regulating" (p. 988); thus, "self-efficacy beliefs represent an individual-in-context appraisal" (Myburgh et al., 2015, p.2).

This is important because managers or entrepreneurs must be able to reorientate themselves to identify which capabilities and skills are required to improve the sustenance and dynamism of the organisation (Priyaadarshini & Jena, 2024).

Self-efficacy differs from generalised self-confidence in that it is both task specific and context dependent, thereby making it a critical construct in explaining whether executive directors in emerging asset management firms perceive themselves as capable of adopting CG practices voluntarily when regulatory guidance is absent (Gist & Mitchell, 1992; Williams & Rhodes, 2016).

The reason for utilising self-efficacy theory in this study is to understand the behavioural approach of emerging asset managers to voluntary CG adoption. This means that the perception of managers' self-efficacy will influence their effectiveness in voluntary CG adoption, and this will provide insights into which components of self-efficacy drive this behaviour. In addition, Priyaadarshini and Jena (2024) find that self-efficacy drives innovative behaviour, and this is critical for enhancing innovation in MSMEs and managerial effectiveness. Given the resource constraints of SMEs and the lack of capacity to promote CG practices, innovation and managerial effectiveness are two key factors that will drive the successful implementation of voluntary CG adoption.

Provided that CG requirements are non-obligatory for emerging asset management firms and the voluntary adoption thereof will be a series of acts influenced by the beliefs of managers in achieving the desired outcome, self-efficacy theory provides an ideal behavioural lens for this study. Self-efficacy theory thus provides a

behavioural bridge by focusing on how perceptions of capability shape managerial behaviour under uncertainty. This will also provide insight into how each efficacy dimension surfaces in practice and which dimensions drive voluntary CG adoption. Furthermore, the exploratory nature of the research can yield insights into which CG characteristics are prioritised by emerging asset managers. While the four sources of self-efficacy information of Bandura (1977) provided a guiding framework, this study adopted an exploratory, inductive design and therefore formulated one overarching research question, as elaborated on in Chapter 3.

## **CHAPTER 3: RESEARCH QUESTION**

Based on the research problem and literature review, this study seeks to explore how self-efficacy beliefs affect voluntary CG adoption by emerging asset managers.

### **Research Question 1 (RQ1)**

How do managerial self-efficacy beliefs influence the voluntary adoption of CG practices in emerging asset management firms that operate without prescriptive governance requirements?

Although the self-efficacy theory of Bandura (1977) identifies four principal sources of efficacy information, namely: performance accomplishment or mastery experience, vicarious experience, verbal persuasion, and physiological and affective states, this study has retained a single overarching research question rather than formulating one question per self-efficacy source. The reason for this is that qualitative research using an inductive approach seeks to explore how meanings and themes emerge from the data, rather than predefining constructs (Van Burg et al., 2022). Furthermore, maintaining one broad research question allowed the study to preserve the flexibility to capture a full range of managerial beliefs and contextual nuances, which may not fit into predefined categories.

However, the semi-structured interview guide was designed around the four sources of self-efficacy information of Bandura (1977) as guiding concepts (Busetto et al., 2020). This design allowed each interview to explore each driver of self-efficacy information, while affording respondents to surface unanticipated influences. In turn, thematic analysis (Lim, 2024) enabled the identification of themes that aligned to Bandura's (1977) four sources of self-efficacy information but also accommodated dimensions to emerge that are specific to the context of the respondents.

## **CHAPTER 4: METHODOLOGY**

### **4.1 Introduction**

This study adopted a qualitative research methodology given that the core purpose of this methodology is to create a human-centred understanding of the phenomenon by offering rich textures of individual perspectives and experiences in their natural setting (Lim, 2024).

### **4.2 Choice of Research Methodology and Design**

Qualitative research seeks to understand the lived experiences of individuals by drawing on interpretivist and constructivist paradigms to fathom the research at hand (Tomaszewski et al., 2020). Through interpretivism, knowledge is constructed by understanding how individuals view the world around them uniquely and how they create meaning around these views (Tomaszewski et al., 2020). Whereas constructivism “views knowledge as constructed as people work to make sense of their experience” (Tomaszewski et al., 2020, p. 1), the research philosophy of this study is based on the interpretivist paradigm. Qualitative research offers the necessary reflexivity and flexibility, which create a human-centred understanding of the phenomenon, by offering rich textures of individual perspectives and experiences through recognising their voice (Lim, 2024). This reflexivity and flexibility are valuable for this study given its explorative design, through engaging a real-world issue in its natural setting by addressing the how and why through in-depth interviews (Lim, 2024).

The inductive qualitative research method utilises data to build theory by starting “with a research question but without predefined constructs and theoretical relationships” (Eisenhardt et al., 2016, p. 1115) and “can break new ground and lead to the development of new constructs and new candidate explanations” (Van Burg et al., 2022, p. 9). Whereas the more structured deductive method typically used in quantitative research empirically test data and attempt to verify existing theories by constructing hypotheses (Lim, 2024), this study used the inductive theory development approach given that the objective is to explore the phenomenon rather than testing existing theory. The methodological choice was a mono method, using a single data collection technique (Saunders & Lewis, 2018).

The research strategy used in this study is the multi-case study approach. The case study approach allowed for deep understanding of the phenomenon in its natural context and contextualising its complexities (Lim, 2024) through “circumscribing the area of study to a single or to a small number of units” (Farquhar et al., 2020, p. 160). Furthermore, this approach allows respondents to enact their expert voice to explain the meaning of their points of view, facilitated through interviews (Alam, 2021). The single case study provides distinct themes in understanding a unique or specific circumstance tethered to its source, which could lead to limited generalisation (Lim, 2024). However, Lim (2024) indicates that a multi-case study facilitates a better understanding of the broader phenomenon, as defined by the research question, by seeking to understand differences and similarities across cases and assisting in theory development. Furthermore, the author states that this “approach enhances the robustness and generalizability of the findings, allowing for broader exploration and comparison” (Lim, 2024, p. 16).

In addition, it is important to note that the researcher is professionally active in the South African asset management sector. This insider perspective required ongoing reflexivity during data collection and analysis to separate professional experience from interpretation in order to reflect the perspectives of the respondents rather than prior assumptions of the researcher.

Last, the time horizon of this study was cross-sectional as data collection is “a ‘snapshot’ of a particular research setting at a particular time” (Saunders & Lewis, 2018, p. 129). To this end, the research design fulfils the exploratory purpose of this study.

### **4.3 Population**

The complete set of cases from which sample or subgroup is selected is referred to as the population (Saunders & Lewis, 2018). For this study, the population was individuals at asset management firms. This is in line with the population found in the research problems. The target population, which is a subset of the population (Saunders & Lewis, 2018), for asset management firms, is firms that comply with the definition of SME. Singh and Pillai (2022) state that SME definitions are a mix of quantitative and qualitative criteria with a large diversity of SME definitions among countries. The definition of SME in this study aligns Revised Schedule 1 of the

National Small Enterprise Act 102 of 1996 (Republic of South Africa, 2019). This Act in the finance and business services sector states “a medium-size enterprise has a total full-time equivalent of paid employees of between 51–250 and with a total annual turnover of less than R85 million, a small-size enterprise has a total full-time equivalent of paid employees of between 11–50 and with a total annual turnover of less than R35 million, and a micro-size enterprise has a total full-time equivalent of paid employees of between 0–10 and with a total annual turnover of less than R7.5 million” (Republic of South Africa, 2019, p. 111).

#### **4.4 Unit of Analysis**

Goldsmith (2021) states that the unit of analysis is “the entities or items which are the focus of the study framework” (p. 2067). Adrian and Wright (2020) state that director primacy indicates that directors are the stakeholder group which controls the company and not shareholders or managers. Furthermore, the Institute of Directors in Southern Africa (2016) defines “the board of directors of a company, the board of a retirement fund, the accounting authority of a state-owned entity and a municipal council” (p. 12) as the governing body that must assume accountability for good CG outcomes. The unit of analysis for this study was individuals who are responsible for the implementation of CG principles and practices at the asset management firm.

#### **4.5 Sampling Method and Size**

A complete list of the population was not available; therefore, a non-probability sampling method was used, given that the chance of selecting each respondent is not equal (Rahman, 2023; Saunders & Lewis, 2018). Purposive sampling method, a non-probability sampling technique, was used in this study to include respondents that will provide rich and useful insights into to focal phenomenon by extrapolating their different views (Campbell et al., 2020). This ensured that the views or data collection was done purposefully to address the research problem and questions by utilising limited resources most effectively (Palinkas et al., 2015). Furthermore, purposive, criterion sampling was used to “narrow the range of variation and focus on similarities” (Palinkas et al., 2015. p. 534). The following criteria were used to select the individuals interviewed:

- works at an asset management firm;

- the firm is not listed on the JSE;
- the firm does not form part of a group of companies listed on the JSE;
- the firm is a registered discretionary FSP in terms of FAIS;
- the firm complies with the definition of SME; and
- the individuals are members of the governing body responsible for implementing good CG practices at the firm.

Alam (2021) states that qualitative research must select cases progressively to a point of saturation where no new information emerges or emerges at a diminishing rate. The final sample size of 12 interviews was guided by the principle of data saturation, meaning that additional interviews did not yield substantially new insights relevant to the research question (Alam, 2021). This indicates that the dataset provides sufficient breadth and depth to explore the phenomenon.

#### **4.6 Measurement Instrument**

The objective of the study was to create an in-depth understanding of the phenomenon. Lim (2024) states that a deep understanding of the experience and perspective of respondents can be obtained through conducting in-depth interviews. The author states further that this profound understanding can be achieved, and that new insights can be identified either through “semi-structured” or through “unstructured in-depth interviews” (Lim, 2024, p. 17). Semi-structured interviews afford the interviewer the flexibility to engage emerging themes further, which is guided by suggested issues and questions (Lim, 2024), whereas unstructured interviews rely on the skill of the interviewer to navigate the conversation without any guidance (Lim, 2024). Busetto et al. (2020) state, “Semi-structured interviews are characterized by open-ended questions and the use of an interview guide (or topic guide/list) in which the broad areas of interest, sometimes including sub-questions, are defined” (p. 3). This study conducted semi-structured interviews with open-ended questions directed by an interview guide based on predefined themes and questions to provide direction but still provides the required flexibility (Busetto et al., 2020; Lim, 2024).

## **4.7 Data Gathering Process**

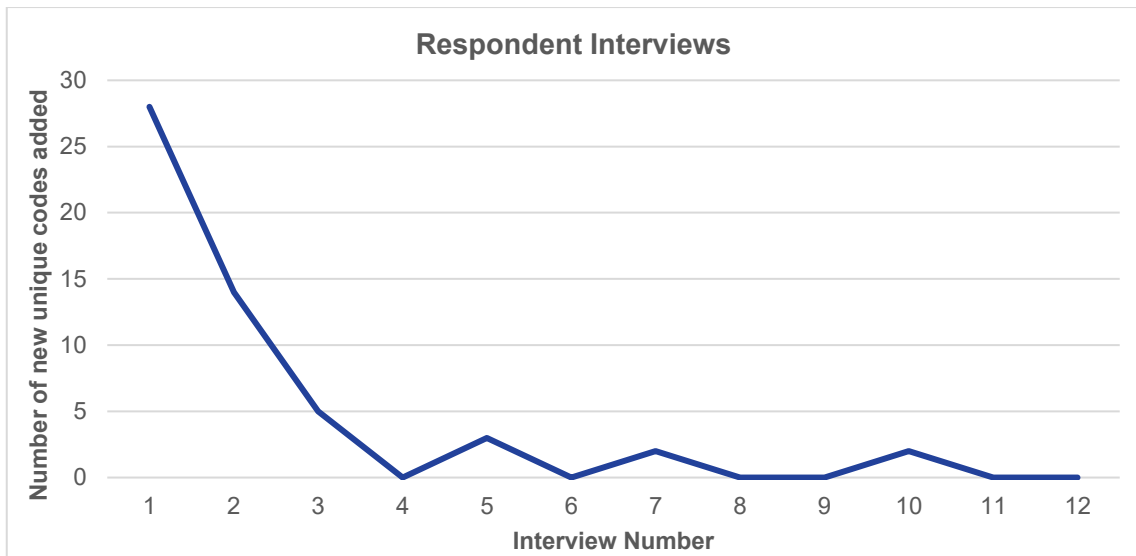
The primary data collection process was through semi-structured, face-to-face personal interviews (Alam, 2021). The interviews were conducted online, were recorded and notes were taken during the interviews. The planned duration of each interview was 60 minutes, but additional time was factored in to allow respondents to provide their full views and opinions.

## **4.8 Analysis Approach**

Lim (2024) states that the goal of inductive qualitative data analysis is “to unearth the deeper patterns, meanings, and relationships embedded within” (p. 20) and not only describing the data. The author describes thematic analysis as a six-stage process that analyses qualitative data methodically, transforming raw data into codes and themes to draw a conclusion to answer the research questions (Lim, 2024).

The process of thematic analysis first entailed the familiarisation of the data by re-reading the interviews multiple times (Lim, 2024). Thereafter, initial codes were generated by assigning labels to data that represent similarities, but an iterative process had to be followed to refine codes as more insights are gained when engaging the data (Lim, 2024). In the next step, overarching themes are identified by piecing together codes to form a thematic map (Lim, 2024). This is followed by reviewing the themes to ensure that “each theme coherently reflects the coded data extracts” and “assessing each theme’s relevance to the entire dataset” (Lim, 2024, p. 23). Thereafter, the themes are defined; capturing their essence in relation to the overall picture that the data portray (Lim, 2024). In the final step, themes are reported by creating a narrative to illustrate how the themes emerged from the data and how this relates to the research questions (Lim, 2024).

Data saturation was monitored throughout the interview and coding process to ensure the final sample size was adequate to address the research question. The number of new unique codes identified per interview was tracked using the ATLAS.ti code-document table and plotted to assess when additional interviews no longer produced new unique codes. As illustrated in Figure 1, the emergence of new unique codes declined sharply after the first few interviews and after the tenth interview no new unique codes emerged, at this point all 54 unique codes had been observed.



**Figure 1: Data Saturation of Interviews**

This pattern is consistent with qualitative studies that employ a focused theoretical lens where the conceptual scope and population is narrow and homogeneous (Guest et al., 2006). Provided that all respondents were executive directors of emerging asset management firms, operating under similar institutional conditions and interviewed using the same theoretical lens of self-efficacy, the early concentration of codes was expected. Later interviews confirmed the stability of the codebook and enriched the existing themes rather than introducing new ones.

During the iterative process of thematic analysis, code saturation was also observed as later interviews confirmed existing codes rather than generating new ones (Lim, 2024). This confirmed the stability of the coding framework and enhanced the confidence in the reliability of the findings.

#### **4.9 Quality Controls**

To ensure the credibility and rigour of qualitative research, the concept of trustworthiness provides an important framework and elements for researchers to demonstrate the “credibility, dependability, confirmability and transferability” of their work (Lim, 2024, p. 24). Trustworthiness is like rigour in quantitative research, obtained by establishing reliability and validity (Lim, 2024).

Authenticity of the data and interpretation ensure that the phenomenon is a true reflection of the intentions of the respondents to ensure credibility (Lim, 2024).

Dependability requires qualitative research to be transferable to alternate settings and to deliver consistent results indicating that the research methodology is well conceived (Lim, 2024). By ensuring that the findings and interpretations are shaped by the research design and do not include personal points of view of the researcher, this will ensure confirmability (Lim, 2024). Furthermore, transferability refers to the process where transparency is provided to the reader through a detailed account of the research process, which allows them to evaluate how the findings might be applied to other contexts or settings (Lim, 2024).

Last, the various ethical issues related to the research were considered. The purpose of the study was disclosed to participants and consent was obtained for their voluntary participation. Furthermore, all data collected were stored securely without identifiers for a period of ten years, as required by the University, aggregated and reported anonymously and no names were disclosed without expressed permission from respondents and/or their respective organisations.

#### **4.10 Limitations**

It is important to highlight the limitations applicable to this study. The researcher risks influencing the collection and analysis of data with their own points of view and experience, given their interpretation of human behaviour in its natural setting (Lim, 2024). Furthermore, in that qualitative research often relies on a smaller sample size, it limits the generalisability of the findings (Lim, 2024). It is important to note that the research was completed by one person. Lim (2024) states that qualitative research requires ample resources like effort, time and project management to execute this type of study effectively. Last, qualitative research also often generates information-rich data creating complexities in extracting the meaningful codes and themes, which could require the researcher to invest in the necessary tools and training to analyse the complex data effectively (Lim, 2024).

The methodological choices applied in this study were designed to maintain a clear alignment between the research question, methodological design, and analytical procedures. Table 1 provides a summary of the alignment and illustrates the coherence that connects the research problem with the chosen methods of inquiry.

**Table 1: Research Methodology**

*Alignment of Research Question, Methodological Design, and Analytical Procedures*

<b>Element</b>	<b>Description and Application</b>
Research question	How do managerial self-efficacy beliefs influence the voluntary adoption of CG practices in emerging asset management firms that operate without prescriptive governance requirements?
Research method	Qualitative, inductive, multi-case design based on interpretivist philosophy to explore behavioural mechanisms underlying voluntary CG adoption.
Unit of analysis	Executive directors responsible for CG structures and practices in emerging asset management firms.
Data collection technique	Twelve semi-structured online interviews (29- to 80-minute interviews and an average length of 53 minutes) with executive level participants across eight firms, supported with notetaking.
Data analysis approach	Thick description of content through thematic analysis using ATLAS.ti, applying analytical coding to identify patterns aligned between Bandura's (1977) four sources of self-efficacy, CG and contextual factors.

## **CHAPTER 5: PRESENTATION OF RESULTS**

### **5.1 Introduction**

This chapter presents the findings of this study on how managerial self-efficacy beliefs influence the voluntary adoption of corporate governance (CG) practices in emerging asset management firms operating in South Africa's governance vacuum. As noted in Chapter 4, the study adopted an inductive, interpretivist, multi-case qualitative design using semi-structured interviews to understand the lived experience and perspectives of those tasked with CG at their firms through thematic analysis. The purpose of this chapter is to present the results of the analysis systematically and transparently.

Data were collected through 12 semi-structured interviews conducted with executive directors across eight emerging asset management firms. Four of these firms provided two respondents each, capturing differing internal perspectives across CG and executive roles, while the remaining four firms had one respondent each.

Interviews were reviewed multiple times and transcribed from the video recordings. The transcripts were then loaded into ATLAS.ti, where codes were clustered inductively into higher order themes aligned to the four sources of self-efficacy: mastery experience, vicarious experience, verbal persuasion, and affective and physiological states, which together formed the behavioural lens through which voluntary CG adoption was examined.

To maintain confidentiality and traceability, all quotations from respondents are reported using the following pseudonym convention: Respondent [Number]. This approach ensures the anonymity of respondents while allowing for the identification of patterns across firms.

Although this study employed a multi-case qualitative design across several emerging asset management firms, the analysis is presented thematically rather than within cases. Data coverage across individual firms varied in depth, and the central focus of the research was to explore common mechanisms of self-efficacy shaping perceptions of CG. Accordingly, a cross-case thematic approach was adopted to ensure analytical coherence and depth.

The remainder of this chapter begins with a brief profile of the participating firms and respondents to contextualise the cases, followed by a presentation of the key themes that emerged from the data. Each theme is supported with selected quotations to preserve the authenticity of the respondents' voices. The chapter concludes by linking the findings back to the research question, thereby setting the stage for the detailed discussion and theoretical interpretation in Chapter 6.

## **5.2 Description of the Sample**

This section presents the profile of the participating firms and respondents to contextualise the findings and to establish the scope and credibility of the collected data. The sample was purposively selected to ensure that each case met the inclusion criteria set in Chapter 4 and that sufficient depth and diversity of perspectives were obtained to explore the research question.

In total, 12 executive directors from eight emerging asset management firms were interviewed. They were responsible for the implementation and oversight of CG practices in their respective organisations. Furthermore, all respondents were shareholders in their firms, and the majority of respondents (58.33%) were founders, which provided valuable insights into how self-efficacy beliefs are formed and enacted in practice. The average tenure across the sample was 11 years, and the average age was 49 years, reflecting seasoned professionals with extensive industry experience. None of the participating firms exhibited CEO duality, that is, where the CEO also served as the chairperson of the BOD. Table 2 provides the detailed respondent profiles.

**Table 2: Respondent Profiles***Characteristics of executive directors interviewed at emerging asset management firms*

<b>Firm ID</b>	<b>Respondent ID</b>	<b>Role/Title</b>	<b>Founder (Yes/No)</b>	<b>Shareholder (Yes/No)</b>	<b>Years with Firm</b>	<b>Age (Years)</b>	<b>Gender</b>	<b>Board Position</b>
F1	R1	Chief Executive Officer	No	Yes	8	34	F	Executive Director
F1	R2	Chief Investment Officer	Yes	Yes	20	63	M	Executive Director
F2	R3	Chief Investment Officer	Yes	Yes	15	48	M	Executive Director
F3	R4	Chief Investment Officer	Yes	Yes	12	50	M	Executive Director
F4	R5	Chief Operating Officer	No	Yes	2	48	M	Executive Director
F5	R6	Head of Business Development	No	Yes	15	61	M	Executive Director
F4	R7	Managing Director/CIO	Yes	Yes	6	46	F	Executive Director
F2	R8	Chief Executive Officer	No	Yes	2	48	F	Executive Director

<b>Firm ID</b>	<b>Respondent ID</b>	<b>Role/Title</b>	<b>Founder (Yes/No)</b>	<b>Shareholder (Yes/No)</b>	<b>Years with Firm</b>	<b>Age (Years)</b>	<b>Gender</b>	<b>Board Position</b>
F6	R9	Managing Director	Yes	Yes	14	50	F	Executive Director
F7	R10	Chief Executive Officer	Yes	Yes	9	39	M	Executive Director
F8	R11	Chief Executive Officer/Chief Investment Officer	Yes	Yes	17	50	F	Executive Director
F8	R12	Head of Client Management and Stakeholder Relations	No	Yes	8	48	F	Executive Director
Average	-	-	58 % Founders	100 % Shareholder	11 Years	49 Years	-	-

The firm profiles presented in Table 3 demonstrate that the participating firms had matured beyond the pure start-up phase and were well established in the South African asset management industry. They averaged 14 years in operation with an average staff complement of 12. Collectively, they manage approximately ZAR 92 billion in assets under management (AUM). This maturity, together with the SME configuration, provided the optimal context to examine voluntary CG adoption in an environment where prescriptive CG regulations are absent.

In accordance with the sampling criteria set in Chapter 4, all participating firms met the definition of SME under the Revised Schedule 1 of the National Small Enterprise Act of 1996 (Republic of South Africa, 2019) and were registered FSPs in terms of the FAIS Act. Furthermore, each participating firm was privately owned and did not form part of a JSE-listed group. This ensured that the data reflected emerging asset management firms that operate in a governance vacuum.

**Table 3: Firm Profiles***Characteristics of participating emerging asset management firms*

<b>Firm ID</b>	<b>Respondents (No.)</b>	<b>Firm Age (Years)</b>	<b>Employees (No.)</b>	<b>Assets Under Management (AUM)</b>	<b>Board Size</b>	<b>% Independent Directors</b>	<b>CEO Duality</b>
F1	2	20	16	ZAR 27 bn	7	43%	No
F2	2	15	15	ZAR 15 bn	8	50%	No
F3	1	12	18	ZAR 7 bn	6	83%	No
F4	2	6	5	ZAR 2 bn	6	67%	No
F5	1	18	19	ZAR 22 bn	6	17%	No
F6	1	14	3	ZAR 1 bn	3	67%	No
F7	1	9	8	ZAR 3 bn	5	40%	No
F8	2	17	12	ZAR 14 bn	5	60%	No
Average		14	12	ZAR 12 bn	6	53.27%	-

### 5.3 Cross-Case Theme Overview and Coding Structure

This section presents the analytical structure used to present the results of the data analysis. Working from the coded transcripts in ATLAS.ti, 54 unique codes were created, which were clustered into nine conceptually coherent categories and then grouped into four cross-case themes aligned to the self-efficacy lens, namely mastery experience, vicarious experience, verbal persuasion, and affective and physiological states. In parallel, CG characteristics and contextual factors co-occurred with these self-efficacy beliefs in practice.

Table 4 presents the thematic structure, illustrating how the 54 unique codes were consolidated into the four cross-case themes (left) and the related CG characteristics and contextual factors (right). The complete list of unique codes is provided in Appendix 2. As discussed in Chapter 4, saturation was reached after the tenth interview, confirming the adequacy and stability of the coding framework.

**Table 4: Thematic Structure of Results**

*Self-efficacy information sources along with CG characteristics and contextual factors. Segment counts per theme are provided for transparency*

Self-efficacy sources	CG characteristics and context
<p>Mastery Experience (219)</p> <ul style="list-style-type: none"> <li>• Process formalisation, documentation, evidence.</li> <li>• Scaling and procedural discipline.</li> </ul> <p>Verbal Persuasion (209)</p> <ul style="list-style-type: none"> <li>• Board/NED influence, investor/trustee pressure.</li> <li>• Regulatory nudges, advisor/consultant input.</li> </ul> <p>Vicarious Experience (94)</p> <ul style="list-style-type: none"> <li>• Peer benchmarking, large-firm modelling.</li> <li>• Service-provider templates/playbooks.</li> </ul>	<p>Board Structure (96)</p> <ul style="list-style-type: none"> <li>• Independence, committees, size and composition.</li> </ul> <p>Risk and Compliance, and Operations Control (145)</p> <ul style="list-style-type: none"> <li>• Process controls, risk frameworks, vendor oversight, documentation.</li> </ul> <p>Culture and Ethics (118)</p> <ul style="list-style-type: none"> <li>• Accountability, tone at the top, professionalism.</li> </ul> <p>Constraints and Adoption Context (115)</p> <ul style="list-style-type: none"> <li>• SME stage, skills, cost, ownership concentration.</li> <li>• Phased or signalling adoption patterns.</li> </ul>

Self-efficacy sources	CG characteristics and context
Affective States (50) <ul style="list-style-type: none"> <li>• Stress/burden vs pragmatic acceptance.</li> <li>• Professional pride/identity.</li> </ul>	Other CG Context (76) <ul style="list-style-type: none"> <li>• Sustainability, better than expected, one-size-fits-all-expectations.</li> </ul>

## 5.4 Thematic Analysis

Self-efficacy refers to an individual's belief in their ability to organise and implement the action required to manage desired outcomes. In the context of this study, self-efficacy explains how executive directors in emerging South African asset management firms perceive and act on CG responsibilities given limited resources and structural constraints. The data analysis revealed that the confidence of respondents in adopting and embedding CG practices was shaped by four inter-related sources of self-efficacy: mastery experience, verbal persuasion, vicarious experience, and affective and physiological states. Each source of self-efficacy manifested uniquely in the entrepreneurial but highly regulated context of emerging asset management firms. Together, they illuminate how belief systems evolve from personal accomplishment, social validation, observational learning and emotional regulation. The sections that follow describe the results as respondents experienced and articulated them.

### 5.4.1 Mastery Experience – Learning by Doing under Constraint

Across respondents, mastery experience emerged as the dominant source of self-efficacy shaping voluntary CG adoption. Respondents described how confidence in CG adoption developed through learnt practice and formalising systems. In essence, this improvement in confidence was facilitated by hands-on implementation. This pattern was consistent where respondents could point to a clear way of working and had the evidence to support it; they felt more capable of extending CG further. Therefore, mastery was not a statement but an accumulation of enacted success that shaped beliefs driven by accountability and fiduciary duty towards clients.

#### 5.4.1.1 Building Capability through Practice

A recurring starting point for respondents when describing their confidence in adopting CG practices was how it was anchored in practical engagement and processes. CG was

learnt through drafting policies, managing board interactions, and responding to due diligence reviews. Respondent 11 described their firm's journey:

*I think corporate governance is through learning, you understand what you need to do, but it's kind of like a journey. You have to live through experiences to understand what works, what doesn't work because that's what it's all about.*

This was further echoed by other respondents, describing a before-and-after scenario that translated into a rhythm of CG improvements built on past successes. Respondent 3 articulated their CG journey:

*I think there are a couple of phases we had, and I believe your role is [to reflect on] what things have we implemented successfully? I think initially the board used to be, three or four of us. It was just the board, no committee, so it was just the board handling every aspect of the business. So formally, probably we met twice a year. But then, since 2013, we brought in an independent chair, our first independent chair. We then had the audit and risk committee separately; then also had the investment committee at a board level separately that looks at investment performance and obviously the impact on the sustainability of the firm.*

Similar recollections by respondents of successful CG implementation reinforced their self-belief that CG capabilities could be built internally from scratch through persistence.

#### 5.4.1.2 Formalising Processes and Scaling Governance

An enabler of growing confidence was the gradual shift from ad-hoc practices to formal systems of CG. Respondent 11 illustrated this evolution:

*When were very little [in terms of AUM], there was only two directors, I was the executive director and one non-executive director. So that was maybe for the first two or three years ... but then by year four or five I had already introduced additional NEDs and we had already by then went from two directors to five directors, four NEDs and one executive ... then we adopted the Audit, Risk and Compliance Committee.*

The creation of subcommittees and the appointment of an independent directors represented visible milestones and evidence that mastery could be institutionalised. By 2021, the same firm had layered additional committees and appointed another executive

director, demonstrating iterative learning over a decade. The routine CG tasks produced a sense of control and predictability.

For several respondents, the experience of scaling and formalisation was also important in building confidence to drive to desired outcomes of CG. Respondent 10 described that, over and above the day-to-day management of investment portfolios, the formalisation of CG structures is important to scale the business compared to more mature asset management firms:

*It might look slightly differently, but certainly, we understand that to some extent we go after the same client, the same retirement fund, the same pension fund in different proportions of course, but these funds, these clients, these trustees, they are not paid to take operational risk. To some extent, they are meant to scope out the investment policy and ensure that their underlying investments are performing in line with their respective benchmarks. But the operational risk framework in and around it is not really priced into the risk taking that they have to consider. So, in order for us to grow as a business, to get some of these retirement fund savings, these assets, we need to be able to demonstrate oftentimes in much more detail and much harder and much more clearly the robustness of our operational framework.*

Furthermore, as firms grew, formalisation blended into the structure where role clarity and delegation of duties developed, so that arriving at mastery was not a once-off event. Respondent 2 illustrated this, “So, it’s all those processes and procedures we apply in the business from a governance perspective, internal control, whether it’s segregation of duties between the trading desk and the portfolio management, the analyst role...”

Another sub-theme in mastery experience was that accountability was a strong driving force of voluntary CG adoption. Respondent 4 illuminated the accountability of their firm to stakeholders and the importance thereof succinctly:

*I believe that knowing that our stakeholders will hold us accountable, whether it’s clients, whether it’s a board, whether it’s other shareholders in the business, I think that gives me confidence that it is the right thing to do when we implement processes that can lead to an exemplary conduct within the business.*

Across these cases, mastery was an iterative process of codifying, enacting, refining and extending, and each successful iteration made the next step of CG adoption feel more

achievable for respondents. Furthermore, external checks were not the driving force behind CG implementation. Rather, it was the accountability and fiduciary duty of the respondents not only to build mature internal control environments to provide assurance to existing investors but also to attract new clients.

#### 5.4.1.3 Overcoming Limitations

A consistent pattern across the data was that the same experiences that built mastery, exposed the structural limits of SMEs and their ambitions to mature their CG posture. Respondent 1 called it a battle when describing the balancing act between day-to-day responsibilities and CG:

*I should be honest with you. It's been a battle, it's been a real battle because when you're building an entity or helping to build an entity, you realise how you're always looking at things from the resources and capacity.*

Respondents described CG improvements as small, deliberate steps taken within the boundaries of the capacity and available resources of the executive teams. However, resource constraints created efficient ways to implement CG practices and created an environment of discipline and learning.

Growth magnified constraints across respondents and survival was dependent on being deliberate with the resources at hand and balancing this with CG adoption. Mastery was described as learning under pressure and building reliability through discipline. Respondent 11 illustrated the balancing act between being resource constrained and remaining compliant with the expectations of investors and regulators:

*Because the cost of not being compliant or implementing the change is greater than the money that we're going to pay to implement. So there's a cost and then benefit or value analysis that you do and you arrive at the right answer. The timing, obviously, where we have the luxury of timing where budget is concerned, then you cannot be phased. But then, if you remember the cybersecurity [regulation], it came and it was very quick, swift and we needed to get it implemented. We had to shift around budget from other commitments to align with us complying.*

Furthermore, a culture of learning and awareness about regulatory risk is important, given the limited resources that are available to emerging asset management firms. Respondents indicated that there is strong relationship between regulatory compliance

and CG. Although regulatory compliance forms part of the monitoring role of the governing body, the respondents often linked regulatory requirements back to CG, as well as the impact these have on their confidence to adopt CG practices. In engaging Respondent 10 on how past experiences have shaped his confidence in making future CG decisions, he highlighted that it is an iterative process where people, culture and learning play an important role in improving confidence:

*I think it then illustrates that it's a work in progress, that as you grow, you need to be much more aware of two things: the people you bring into the business, because they obviously increase your talent pool but also increase your risks. You need to also continuously reinvest into educating them around your organisational framework and the risks that is embedded, whether it's on the AML side, cyber security, having due process, having respect for due process. I think being able to bring people on board and instilling that risk awareness... that risk culture that requires ongoing work... I think having that feedback mechanism is important for us.*

Therefore, mastery experience, as explored in these cases, is not an isolated breakthrough but rather a self-reinforcing cycle of improvements, which forms the foundations of self-efficacy. Each episode of voluntary CG adoption served as proof of the respondents' ability, in turn reinforcing their confidence to complete the task at hand. Furthermore, constraints did not stop the CG progress; rather, it drove respondents to be more deliberate and innovative with their resources. Therefore, mastery experience emerged as the cornerstone of self-efficacy in voluntary CG adoption through lived experience rather than conforming to a rulebook.

#### **5.4.2 Verbal Persuasion – Confidence through External Validation and Feedback**

Where mastery experience reflected learning by doing, verbal persuasion captured how confidence is built and maintained through recognition and social interaction. In the data analysis process, respondents indicated that their sense of self-efficacy was repeatedly affirmed (or occasionally tested) through interactions and conversations with investors, BOD, regulators, peers and asset consultants. These interactions were sounding boards that reflected competencies and legitimacy regarding CG adoption. For the respondents

as executives of emerging asset management firms, persuasion provided assurance that their CG efforts were visible, credible and comparable with established industry peers.

Therefore, verbal persuasion provided two dimensions of confidence to respondents: (1) it reinforced that their CG frameworks are sound or acceptable despite size or resource constraints; and (2) it signalled inclusion in the professional community through legitimacy. Furthermore, being engaged by asset owners, asset consultants or regulators, the respondents have reached a level of CG maturity worth interrogating, and this level of engagement was invited and not regarded as interference. This is a vital component of self-efficacy development in a relationship-based industry.

#### 5.4.2.1 Stakeholder Validation as Encouragement

Respondents consistently described investor and client feedback as the most tangible form of persuasion. This interaction took place through operational due diligence reviews or client meetings that were demanding but signalled that CG was taken seriously. Respondent 1 explained how scrutiny from stakeholders generated learning and reassurance rather than fear:

*We welcome it. We welcome it because we are more aware of the blind spots that could exist ... But because we have these engagements with stakeholders, we can hear their concerns and then go back and say, is this an issue that affects how we are perceived from a governance perspective.*

The willingness of respondents to embrace critique and the ability to reframe it as an opportunity reflected mature confidence. Several respondents echoed the idea that these interactions with stakeholders reminded them of their progress. Respondent 4 mentioned, *“It does help and it does give us a lot of confidence in that regard.”*

Over time, each successful review of the respondents' current state of CG in their organisations became a verbal cue that they are capable. This, in turn, affirmed the respondents as credible fiduciaries beyond a simple compliance checklist. The constructive dialogue with asset owners and asset consultants created confidence that the respondents are working towards maturing their CG environments.

#### 5.4.2.2 Regulatory Guidance as Persuasive Signalling

A second form of persuasion arose from the requirements of the regulatory environment and how regulatory guidance affected confidence in CG adoption. Although most

respondents described their regulatory requirements as onerous, the overarching message was that the respondents operate in a trusted, regulated space and conforming to regulatory requirements produced assurance to investors. Respondent 1 described this in almost physical terms, *“I think it would be like top of the list ... it’s almost like oxygen ... because we don’t want to put ourselves in a governance issue that could potentially lead into a regulatory issue in the future.”*

In some sense, this metaphor of oxygen shows that formal guidance from the regulator had become indispensable to the respondents’ sense of security and confidence. Respondent 4 highlighted how the tightening of standards by the regulator had built confidence rather than eroding it:

*I think the recent years, the improvement we’ve seen in FAIS have increased our confidence in governance a lot because it has brought about standing requirements of upskilling, that the people who are rendering services are skilled enough. Secondly, it’s got stringent penalties for non-compliance.*

However, persuasion from regulators was not uniformly positive, as a few respondents mentioned frustrations when guidance was vague and implementation timelines unrealistic. However, respondents used it as an opportunity to engage through dialogue and to seek clarity.

#### 5.4.2.3 Board Encouragement

The BOD was a vital channel of persuasion. Independent directors acted both as challengers and as mentors, using their experience to translate high-level CG ideals into actionable processes. Respondent 4 described this dynamic:

*The board often is the first stop outside of the executive, and we would get guidance from them and the ultimate thing is that having that gives us a very good sounding board to be able to execute governance decisions, governance processes and procedures within the business.*

For many respondents, these discussions with the BOD created a safe space to discuss CG ideas before stakeholder or regulatory scrutiny. When BOD affirmed a proposal, the verbal approval translated into greater confidence in the respondents’ intentions and in the outcomes they are targeting.

At smaller, founder-led firms, persuasion from BOD was influential because it validated entrepreneurial instincts. Respondent 5 explained, *“We are also shareholders in the business ... but we want to have a strong and independent board that challenges us and helps and guides us.”*

#### 5.4.2.4 Consultant Dialogue

Another important source of persuasion was through relationships with external service providers and consultants. Many of the respondents outsource non-core functions to third-party specialists and lean on these relationships for CG advice.

Respondent 8 described this:

*We have outsourced [compliance monitoring] to eComply. eComply monitor regulatory compliance, corporate governance and risk management and I meet with them on a monthly basis just to be abreast of what’s happening and where we are as a firm. It’s good because they bring up issues.*

Respondent 3 illustrated how consultant feedback helped to bridge the gap between principle and execution:

*We’ve had instances where a consultant recommended someone who specialises in ESG to help us ... your shortfalls in CG can be seen by your stakeholders ... but they actually give you the solutions to get to where you want to be.*

Last, not all of the external feedback was positive, and some respondents encountered criticism, which initially dented their confidence but later promoted growth. For example, being flagged in a traffic-light manner, where red or amber indicates concerns and room for improvement. Respondent 3 recalled approaching an asset consultant directly to ask, *“You’re classifying us as red. What do we need to do to get to green?”*

Respondents repeatedly stressed that transparent feedback by stakeholders was crucial, and self-belief was strengthened through corrective but actionable and credible feedback.

To this end, the dynamics of persuasion were particularly significant in resource-constrained SMEs. Lacking the brand equity or legacy systems of large peers, the respondents relied on communication to signal legitimacy.

### 5.4.3 Vicarious Experience – Learning Through Observation and Industry Comparison

Vicarious experience captures how individuals strengthen their belief in their own capabilities by observing others who succeed under similar circumstances. In the asset management industry, respondents often benchmarked themselves against peers, mentors, and even service providers. When internal capacity or experience was limited, observation became a substitute for direct practice, providing models for what sound CG should resemble. Rather than creating doubt, these reference points typically confirmed that progress was achievable in the respondents' own context, reinforcing belief in their ability to mature CG practices further.

#### 5.4.3.1 Benchmarking Against Industry Peers

Respondents repeatedly referenced the behaviour of established firms to benchmark their own CG development. Respondent 1 illustrated this benchmarking:

*We do tend to look at what larger peers are doing; the more established ones that have all the processes and the resources allocated and established brand. Regarding certain things, we actually go and look what they're doing to better inform what we should be having in place.*

However, rather than imitating peers blindly, respondents apply CG practices that are suitable to their size and complexity. As Respondent 4 described:

*We do three levels. So, the first level is looking at global practice. What is the international practice across corporates, irrespective of sectors? ... then we brought them to the South African level; then we tried to look at our peers and I remember we looked at Ninety One, we looked at Coronation as they listed asset managers to see what they did ... and then, within that, we then make adjustments for size, impact of the businesses.*

Observation of larger, more mature peers provided templates in terms of CG practices for respondents.

#### 5.4.3.2 Learning from Service Providers and External Specialists

Vicarious learning also occurred through exposure to third-party service providers like compliance officers, auditors and administrators, whose specialist views offered models

of best practice to respondents. Respondent 7 explained the reliance on outsourced insight, *“Our first port of call often has been our compliance officers ... and then what is the industry doing? ... so that’s our research, our compliance officers, and then what’s the industry doing.”*

By engaging specialists, respondents gained insights into multiple CG systems through a single point of contact. These relationships accelerated learning curves without incurring the full cost of internal experimentation. Similarly, Respondent 12 described leveraging a compliance officer’s exposure to other asset managers:

*We have regular meetings with our compliance officer and I generally do a lot of inquiry there in terms of what are they seeing in the industry. Trying to understand what our peers are doing and it is helpful because as an external compliance officer, they service other asset managers as well.*

Through this vicarious exposure, respondents found confidence by being part of a professional community that shared norms and best practice in CG.

#### 5.4.3.3 Observing Governance Failures as Negative Exemplars

Respondents also learnt from failures in the industry and cited governance collapses as stark reminders that reinforced their confidence to maintain good CG practices. Respondent 6 reflected, *“There went through the so-called Spitzer Crisis, Dotcom and ... Enron and all those kind of things where you had serious governance failures.”*

These historical crises served as reminders of the consequences of CG failures. Closer to home, Respondent 3 noted the following in observing CG practices of other firms:

*We do look at what they do ... the [Peer] fine ... in 2023 related to IDs for trustees, directors or some of the clients. We were then tighter because we knew ... external compliance officers, they helped with that.*

Learning vicariously from failures in the industry reminded participants of the importance of CG and motivated them to improve thereafter.

#### 5.4.3.4 Aspiration

Vicarious efficacy was also observed through aspiration regarding what others are doing. Respondents often used the achievements of others as proof that ambitious CG practices were attainable. Respondent 4 drew inspiration from well-governed peers, *“It is*

*encouraging to see ... having seen those two big players, I think it has given us a lot of hope that change can be brought about but it can also be implemented very successfully.”*

Similarly, Respondent 8 observed how structure created accountability, *“I do think that corporate governance practices work ... because I think when there’s a structure, then things will happen ... when there’s no structure, then no one is held accountable.”*

These comparisons reinforced the likelihood of success, where respondents measured their own progress with peers confirming that CG excellence is attainable.

#### 5.4.3.5 Integrating External Models into Internal Practice

Observation alone did not generate confidence unless integrated into practice. Several respondents emphasised the need to contextualise lessons from others into their own structures. Respondent 10 described this adaptive process:

*We also like to look at the peer group, what other businesses within our sector are doing and at the various scales as well. So, of course, we can’t always compare ourselves to a trillion rand asset manager, but certainly there’s a blueprint that we can identify and try and dissect it to understand what are they trying to achieve with their organisational risk management framework and see if there are elements like that can be adapted to our business given the resources that we have in being able to put in place the different structures.*

This reflection anchored confidence in practicality rather than viewing it as unattainable. Respondents derived efficacy not only from seeing what others did but from confirming their own ability to tailor those practices to their own environments.

Consequently, vicarious experience created a reference point to assess progress and set targets. Observing peer behaviours reduced the sense of isolation and linked them to the broader professional community that upholds sound CG practices. Both positive and negative examples served an important purpose, together refining the respondents’ sense of what credible CG looked like and strengthening their self-efficacy. For respondents operating under resource constraints, witnessing comparable peers succeed with CG reforms reinforced a belief in their own capacity to act.

#### **5.4.4 Affective and Physiological States – Emotional Regulation and Resilience under Constraint**

While mastery experience and verbal persuasion represent tangible and social reinforcement of capability, the affective and physiological dimensions of self-efficacy describe how individuals interpret emotional reactions to pressure, uncertainty and responsibility. In the competitive environment of asset management, confidence was shaped not only by accomplishment and validation but also by how respondents managed anxiety, exhaustion and pride. Respondents managed stress to maintain focus and composure when adopting CG with limited resources.

##### **5.4.4.1 Stress as a Cost of Leadership**

Respondents acknowledged the emotional burden of multitasking, having to wear multiple hats in their organisations, across compliance, investment and operational functions. However, stress was not regarded as incapacity to drive CG adoption but rather as a function of striving for improvements. Respondent 1 admitted:

*I should be honest with you. It's been a battle, it's been a real battle because when you're building an entity or helping to build an entity, you realise how you're always looking at things from the resources and capacity.*

However, this sense of strain was not hindering progress but rather became a signal to prioritise and delegate. Similarly, Respondent 3 reflected on the physiological pressure of multiple board commitments, balancing day-to-day activities and promoting CG,

*So now meetings, you've got subcommittees before the actual meeting. So if you add all the stuff up [time commitments], maybe now takes eight hours to end. It's not two meetings anymore, it's four meetings a year. And then there are reports that you need and there's a format and so definitely I do agree with you in terms of the time, but as in how do we try to balance [it all].*

By articulating stress as part of professional discipline, it was regarded as an expected cost of leadership and confirmed the belief in their coping capacity.

##### **5.4.4.2 Managing Anxiety and Uncertainty**

For respondents, moments of uncertainty about regulation, funding, or team readiness produced anxiety that tested self-belief. However, the ability to remain measured in such

situations became an important internal cue of efficacy. Respondent 9 captured this mindset, “*Cautious is the good word.*” She later expanded that being cautious was not fear but rather a function of prudence and self-control amid risk. Similarly, Respondent 7 noted that the regulatory grey areas inherent in SMEs required careful personal judgement:

*You, as an individual, kind of have to have that base or that foundation to understand what it is you're getting into and to always just understand that there's certain lines that you can't cross and then there's certain lines that are probably going to be uncertain for you. You're not sure if you're crossing a line or not.*

The awareness of uncertainty for respondents became a skill, and the regulation of anxiety transformed uncertainty into strategic patience.

#### 5.4.4.3 Resilience through Reflection and Acceptance

Beyond stress management, respondents developed emotional resilience by reframing setbacks as part of progress. Respondent 1 described his disappointment when a proposed benefits plan failed board approval:

*I was disappointed but I also understood the business's position. So, that's also the other thing about corporate governance. I realised like, you don't live in an ideal. You're always also dealing with the realities and the facts in front of you and you have to act accordingly with it. Yeah, that's what I've learnt about corporate governance. But the important thing is to maintain the integrity of the decisions and the positions that you hold.*

For the respondents, acceptance and integrity coexisted where disappointment became softened by clarity of purpose. Similarly, Respondent 3 recognised that anxiety could coexist with CG progress:

*It's anxious. ... I think that's the main thing because we are a licenced entity. There is reputation one, but then if we lose our licence, we back into the streets. So, to some extent dealing, there's sort of some anxiety around [it]. Are we doing it right? That's where the anxiety is coming from. Given that if things don't work, then it's a material, there's a material impact if things don't work. But like I said, with training you get to know more. You're working with the guys who do it every day.*

Fear of reputational damage heightened diligence for the respondents, reinforcing careful oversight.

#### 5.4.4.4 Pragmatic Acceptance of Responsibility

Not all affective responses were defensive, and respondents experienced positive arousal when dealing with CG improvements. Respondent 10 reflected proudly, *“You want to create an environment where if you go for one door and you make a mistake, you can very quickly come back. That is what we accept and that is what we do.”*

Other respondents articulated this affective mastery through enjoyment of governance itself. Respondent 1 declared, *“I actually enjoy corporate governance.”*

Respondents displayed pleasure in the disciplined art of CG and their pragmatic acceptance thereof.

#### 5.4.4.5 Transforming Constraints into Confidence

A recurring affective pattern was the translation of constraint into creativity. When regulation, cost or staffing limits created frustration regarding CG adoption, respondents converted that discomfort into efficiency. Respondent 5 explained the shift in emotion:

*I feel like it's lots of work. It's lots of work ... but I do take time to kind of take it in and say, okay, we need to do this ... I understand that not having this ... you can start having a business where ethics can be questioned ... So I personally just ... if I was a businessman in a less regulated business, certainly I wouldn't be having all these structures in place.*

His reflection illustrates how fatigue and obligation can coexist with meaning. Emotional labour became proof of legitimacy and perseverance enhanced self-belief.

Therefore, these narratives indicate that emotional regulation was central to maintaining CG confidence during uncertain conditions. By channelling emotions into focus and composure, respondents displayed resilience that created persistence, balanced judgement and consistency in their pursuit of the optimal CG configuration.

### **5.5 Summary of the Findings of Research Question 1**

This study set out to explore how managerial self-efficacy beliefs influence the voluntary adoption of CG practices in emerging asset management firms, which operate without prescriptive CG requirements. Drawing on Bandura's (1977) four sources of self-efficacy, the analysis in the previous section has shown that managerial confidence in adopting

and institutionalising CG practices is not only a product of external regulation, but is also shaped by internal belief systems, lived mastery experiences, persuasive feedback, emotional regulation and social learning. These dimensions collectively reveal how emerging asset management firms navigate the perceived tension between compliance and practicality in constrained operating environments.

The findings illustrate that mastery experience serves as the dominant mechanism through which self-efficacy is formed and reinforced. Respondents' belief in their own capability to implement CG effectively stems from tangible evidence of success in prior CG initiatives. Repeated mastery experiences, such as establishing subcommittees, drafting policies and resolving operational challenges, became confidence-building events that strengthened conviction in voluntary CG adoption. The research findings demonstrate how repeated mastery generates familiarity, reduces perceived risk and embeds CG as an integral operational process rather than as an external requirement.

Verbal persuasion, as discussed in section 5.3.2, further reinforces managerial efficacy through affirmation and validation from investors, BOD, regulators, peers and asset consultants. Encouragement and feedback act as external confidence cues, which legitimise managerial action, particularly when ambiguity or resistance are faced. Respondents frequently described how positive board interactions and investor expectations shaped their belief in their ability to implement CG practices effectively. Across cases, persuasion emerged as a social mechanism that provides assurance and accountability, transforming CG aspirations into mutually beneficial performance goals.

Vicarious experience provided another dimension through which self-efficacy was strengthened. Respondents frequently benchmarked their CG maturity against both successful peers and governance failures observed in the industry. Observing others who succeed demonstrated that sound CG could be achieved even with limited resources, while witnessing others who fail served as cautionary motivation.

Last, affective and physiological states also played a crucial role in shaping how respondents approached CG adoption. While regulatory change and resource constraints were frequently associated with stress and uncertainty, respondents demonstrated a capacity to reframe these pressures as opportunities for discipline and control. Emotional self-regulation appeared to be a learnt behaviour, developed through repeated exposure to tough decisions and limited resources. The consistency of affective reflection suggests

that stress, when balanced with purpose, can reinforce confidence rather than undermine it.

Together, the four dimensions of self-efficacy converge to show that self-belief in executing the task at hand is central to explaining voluntary CG adoption in emerging asset management firms. The process is not compliance-driven, but belief-driven where internalisation of CG manifests as a strategic capability rather than as an administrative burden. Mastery experiences form the foundation; persuasion reinforces confidence through social validation; affective control moderates' pressure; and vicarious learning situates managers in a professional community that shapes their standards.

## **5.6 Conclusion**

This chapter has illustrated that managerial self-efficacy plays a pivotal role in driving voluntary CG adoption among emerging asset management firms operating without prescriptive CG regulations. The four sources of self-efficacy, namely mastery experience, verbal persuasion, vicarious experience, and affective and physiological states, jointly underpin the confidence needed for consistent and credible CG practice.

Mastery experience provided the base, since repeated success embedded CG as disciplined routine. Verbal persuasion added reinforcement through validation from investors, BOD, regulators, peers and asset consultants. Vicarious experience offered reflection through observing peers, while affective and physiological states enabled endurance under stress.

Together, these self-efficacy mechanisms reveal that belief and confidence, rather than compliance pressure, motivate CG adoption. Self-efficacy thus reframes voluntary CG adoption as belief-driven: a progressive internalisation of CG as a strategic capability, which strengthens organisational accountability and resilience.

The next chapter extends these insights by exploring the theoretical and practical implications of self-efficacy in the broader landscape of CG in emerging markets.

## **CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 Introduction**

This chapter interprets the findings of Chapter 5 to explain how managerial self-efficacy beliefs influenced the voluntary adoption of corporate governance (CG) practices in South African emerging asset management firms. While the previous chapter presented the evidence of how these beliefs were expressed in practice, the purpose of this chapter is to interpret those findings against the theoretical foundations established in Chapter 2. This discussion contrasts, confirms and extends the existing theoretical foundations of self-efficacy and CG to reveal how these interact in the context of a corporate governance vacuum.

The central research question guiding this study asked: How do managerial self-efficacy beliefs influence the voluntary adoption of CG practices in emerging asset management firms that operate without prescriptive governance requirements? Addressing this question requires interpreting how the four interrelated sources of self-efficacy shape managerial confidence to act voluntarily where regulation is silent. Each of these self-efficacy sources surfaced distinctly in the findings but together formed a behavioural mechanism linking individual belief systems to CG outcomes.

Following the interpretivist approach, analysis proceeds inductively from data to theory. The discussion begins by examining how mastery experience provided the foundation for learning by doing under constraint, confirming Bandura's (1977) proposition that enacted success strengthens perceived capability, but extending it to a collective organisational setting in small executive teams. The next section explores verbal persuasion, showing how external validation from investors, asset consultants and regulators reinforces internal belief structures. Bandura (1977) described verbal persuasion as a comparatively weak and short-lived source of efficacy information. However, Cassia and Magno (2021) demonstrate that credible external feedback can enhance professional self-efficacy. Therefore, the findings of this study contrast with established rankings by revealing that persuasion, together with mastery experience, acted as primary drivers of confidence in voluntary CG adoption.

The third section considers vicarious experience, illustrating how observation and peer benchmarking supplied cognitive templates for CG adoption. This pattern aligns with Li et al. (2020), who state that SME entrepreneurs emulate CG practices that are legitimised in

their social environments, and with Ararat et al. (2021), who note that developing market firms imitate global CG norms while adapting them to fit local context. The findings of this study reveal that emerging asset management firms imitate larger peers but adjust for their scale and complexity.

The fourth theme, affective and physiological states, demonstrates how emotional regulation sustained confidence despite pressure and resource constraints, thereby confirming the literature of affective self-efficacy importance in the high-stakes environments faced by emerging asset management firms and their ability to regulate stress and anxiety as challenge rather than as a threat (Gale et al., 2021; Priyaadarshini & Jena, 2024).

The final section integrates these themes to present a holistic view of the dynamic interplay among the four self-efficacy sources and their collective influence on voluntary CG behaviour.

## **6.2 Mastery Experience – Learning by Doing under Constraint**

Mastery experience emerged as the dominant source of self-efficacy across the cases. Respondents consistently referred to confidence that developed from implementing CG incrementally over time by drafting board charters, creating risk frameworks, or formalising shareholder structures. These practical experiences strengthened the belief of respondents that they could implement CG practices despite resource and capacity constraints. This finding confirms the proposition that performance accomplishment (or mastery experience) is the most influential determinant of efficacy beliefs and outweighs other sources of efficacy information in sustaining confidence (Bandura, 1977; Gale et al., 2021). Managers described learning by doing as a continuous, reflective process that generated small but cumulative CG gains, which mirrors the observation of Priyaadarshini and Jena (2024) that MSME managers build role efficacy through incremental process improvements under constraint.

The lived experiences of respondents in practice also confirm the literature on the evolution of CG structures in SMEs. Singh and Pillai (2022), and Teixeira and Carvalho (2024) indicate that SME BOD typically begin as small, management-dominated forums and become more formalised as firms mature. Respondents echoed this pattern where boards started as informal decision-making bodies comprising founders and senior executives, later transitioning into structured boards with independent directors and

documented board charters. This trajectory demonstrates that mastery in CG does not arise from compliance pressure but from iterative refinement of internal processes. Singh and Pillai (2022) describe this as the emergent formalisation of governance in SMEs.

The findings of this study also yielded contrasts with prior literature. Extant literature frames CG maturity as a function of firm age (Teixeira & Carvalho, 2024), while this study revealed that self-efficacy beliefs rather than age determined CG progress. Even younger firms exhibited high CG confidence when executives had previously succeeded in other regulated environments or had implemented effective risk controls elsewhere. Thus, chronological maturity alone did not guarantee CG mastery; perceived capability gained through successful enactment did. This finding extends the literature by positioning self-efficacy, not age or scale, as a behavioural determinant of CG advancement.

Mastery experiences were also intertwined with ownership dynamics and board composition, two CG characteristics widely discussed in SME research. SMEs are characterised by concentrated or family ownership and boards populated by insiders. Singh et al. (2018) observe that controlling shareholders in such firms frequently dominate board decision-making, while Yoo and Jung (2015) indicate that concentrated ownership reduces reliance on external CG mechanisms such as independent directors. In contrast, the emerging asset management firms in this study demonstrated a higher-than-expected level of board independence, as indicated in Table 3 (average percentage of independent directors of 53.27%), signalling a more mature stage of CG formalisation than described in SME literature. Furthermore, Singh et al. (2018), and Yoo and Jung (2015) highlight that concentrated ownership can entrench the decision-making power of large shareholders and limit independent oversight. Respondents acknowledged this risk but described how hands-on CG experience like implementing conflict of interest policies or creating board subcommittees enabled them to counteract these risks. This allowed their confidence to grow because they had managed to balance the tension between ownership concentration and independence. Similarly, Arhinful et al. (2024) indicate that independent directors strengthen governance by offering objective oversight and respondents in this study reported that recruiting their first independent director successfully was a pivotal mastery event that validated their capability to improve CG in the future.

Collectively, the findings of this study extend both self-efficacy and CG theory. Behaviourally, the respondents demonstrated that doing governance, albeit at their small scale, created feedback loops of competence that offset the structural limitations typical

of SMEs. At a firm level, the respondents showed that mastery experience is not confined to individual skill acquisition but occurs collectively in the executive team and BOD, as they co-construct processes. This aligns with Mammadov and Wald (2025), who found that prior internationalisation success strengthened the self-efficacy of SME leaders for later strategic initiatives. These parallels suggest that the institutionalisation of CG practices by emerging asset management firms is a function of cumulative mastery experience and learning.

Therefore, this study concludes that mastery experience acts as the behavioural cornerstone of voluntary CG adoption. Through repeated, context-specific successes like formalising board processes, improving independent oversight, and delineating ownership concentration, respondents developed resilient efficacy beliefs that CG excellence was achievable without prescriptive CG regulations. Mastery experience thus transformed compliance ideals into lived organisational capability, positioning self-efficacy as both a catalyst and a consequence of good CG in the South African emerging asset management industry.

### **6.3 Verbal Persuasion – Confidence through External Validation and Feedback**

Verbal persuasion surfaced as the second most prominent source of self-efficacy amongst respondents, reflecting confidence that developed when credible stakeholders like investors, asset consultants, and regulators affirmed or reinforced the CG practices of firms. Respondents described how positive feedback during due diligence reviews or regulatory inspections enhanced their conviction that their CG processes were sound. These external acknowledgements strengthened their willingness to formalise and expand CG practices voluntarily, illustrating how encouragement from credible sources converted initial CG anxiety into sustained confidence. This finding confirms Bandura's (1977) proposition that persuasive feedback can heighten efficacy beliefs by shaping how individuals judge their capabilities. However, the durability of these effects is dependent on the credibility of the persuader, the quality of evidence provided, and the degree of alignment with prior mastery experiences. Cassia and Magno (2021) indicate that credible external advice enhances professional self-efficacy.

For emerging asset management firms, validation from institutional investors was pivotal. Asset consultant and investor due diligence questionnaires and feedback did not only

assess performance but investigated CG structures, diversity and independence. Positive assessments served as persuasive signals that the incremental CG improvements of firms were being recognised by the market. Respondents viewed these interactions as proof that their CG systems met, and sometimes exceeded, stakeholder expectations. This confirms the broader CG literature, which positions investor engagement as a driver of voluntary CG enhancement in developing markets, where institutional enforcement is weak (Ararat et al., 2021), and as key motivators for SME CG professionalisation. At the same time, these interactions with investors and asset consultants acted as social reinforcers, where external voices validated managerial self-beliefs. Williams and Rhodes (2016) illustrate that persuasion functions effectively when feedback is both credible and specific.

The relative strength of persuasion observed in this study contrasts with Bandura (1977) and other literature, which treats verbal persuasion as a weaker efficacy source compared with mastery experience. While the author cautioned that persuasion alone rarely sustains confidence without supportive mastery experiences (Bandura, 1977), the findings showed that, in a governance vacuum context, persuasive feedback often preceded or enabled mastery. Respondents credited their confidence to investor approvals or asset consultant endorsements received before tangible CG reforms had been implemented fully. In these cases, persuasion acted as an early catalyst that motivated further CG formalisation. This pattern extends the findings of Cassia and Magno (2021), who demonstrate that credible external advice triggers professional self-efficacy even when internal experience is limited. The findings demonstrate that persuasive reinforcement functioned as a precursor to mastery by motivating emerging asset management firms to pursue further CG formalisation while their internal capabilities were still developing.

Furthermore, the persuasive effect of external validations was intensified when accompanied by tangible outcomes like asset consultant endorsements and successful audits, which translated verbal affirmation into measurable organisational gains. These cumulative experiences indicate that self-efficacy develops through multi-source integration: persuasive messaging gains strength when reinforced by partial mastery (Bandura, 1977; Gist & Mitchell, 1992).

Therefore, this study concludes that verbal persuasion served as a significant behavioural enabler of voluntary CG adoption in emerging asset management firms. External validation from investors, asset consultants and regulators bolstered managerial

confidence to institutionalise CG practices despite limited resources. In contrast with Bandura's (1977) original hierarchy, persuasion functioned not as a secondary cue but as a primary driver that preceded and reinforced mastery experience. Persuasive reinforcement acted as both a catalyst and an aggregator of self-efficacy, transforming stakeholder scrutiny into confidence. Through credible and specific feedback, respondents framed external evaluation as an affirmation of competence rather than as coercive oversight, embedding CG improvements in the behavioural system of the firm.

#### **6.4 Vicarious Experience – Learning Through Observation and Industry Comparison**

Vicarious experience, the third source of self-efficacy, emerged prominently where respondents gained confidence by observing and benchmarking the CG practices of peers and larger firms. Respondents described how exposure to the CG structures, websites, and disclosures of other asset managers offered cognitive templates for what good CG looks like. Observing these external CG formations created a sense of feasibility and legitimacy that reduced uncertainty about voluntary CG adoption in the absence of prescriptive CG regulations. This finding confirms Bandura (1977), who proposed that individuals infer their own capability by observing others succeed under similar conditions. For respondents, the behaviour of larger peers acted as a proxy for regulation and their CG practices became the benchmark of acceptable industry practices.

Across the cases, participants referenced larger, established asset managers as role models. Respondents analysed annual reports, marketing materials, and board structures of JSE-listed peers to identify transferable practices like independent directorship, board subcommittee formations, and transparent stakeholder communications. This confirms Li et al. (2020), who indicate that entrepreneurs adopt governance practices legitimised in their social environments, while Gale et al. (2021) report that efficacy increases when observing role models implementing new practices. Respondents mirrored this pattern by tailoring mature CG practices to fit their resource availability.

Observation further contributed to collective rather than individual efficacy. Respondents noted that internal board and executive discussions referenced what industry peers are doing: creating shared belief systems that guided CG improvement. This collective sense of capability aligns with Bandura's (1977) assertion that observational learning can foster group efficacy when individuals model success jointly. Similarly, Priyaadarshini and Jena

(2024) indicate that MSME managers strengthen role efficacy through collaborative learning and reflection.

However, contrasts with prior literature also emerged. While literature emphasises observations of success, respondents learnt equally from peer failures and CG lapses. Scandals and compliance breaches at other firms reinforced the risks of weak oversight and clarified the benefits of formalising internal controls. This negative modelling illustrates Bandura's (1977) principle that vicarious experience operates through both positive and negative exemplars. Thus, the efficacy beliefs of respondents were shaped not only by what peers achieved but also by what they avoided.

The role of visibility and transparency amplified vicarious learning. Respondents explained that peers with clear public disclosures and transparent online presences provided accessible models for imitation. This finding aligns with Selivanovskikh and Bodolica (2025), who highlight that BOD must be capable of adapting and learning in technologically mediated environments given increasing digital complexity demands. The emphasis of respondents on online visibility therefore reflected how digitalisation enables new forms of CG learning.

Therefore, the findings extend both self-efficacy and CG theory by showing that vicarious experience in CG operates as an adaptive learning system rather than as a static imitation process. Through selective benchmarking, respondents translated external examples into context-specific practices that reinforced confidence and gradually closed the gap between aspirational and attainable CG standards. This behavioural mechanism highlighted how observation of credible peers substitutes for formal regulation, transforming social comparison into a practical tool for self-efficacy enhancement.

## **6.5 Affective and Physiological States – Emotional Regulation and Resilience under Constraint**

Affective and physiological states, the fourth and weakest source of self-efficacy information, surfaced in this study where respondents reflected on how they regulated stress, uncertainty and the emotional strain associated with CG responsibilities. While the previous sections illustrated how mastery, persuasion and observation enhanced confidence through experience, validation and modelling, this section focuses on how emotional composure and professional identity sustained self-belief amid constraint. Respondents described moments of anxiety when implementing new CG processes,

especially when board scrutiny or investor feedback exposed deficiencies. However, respondents equally emphasised the sense of pride, calm and renewed confidence derived from recognition and trust extended by stakeholders. This duality illustrates that affective states, although often brief, served as an interpretive lens through which respondents evaluated their capacity to persevere in adopting CG practices.

Bandura (1977) identified physiological and affective states as the most fragile source of efficacy information, arguing that stress, fear, or fatigue can undermine confidence, while positive affect enhances belief in capability. The findings confirm this pattern: anxiety during investor due diligence reviews or regulatory inspections initially diminished perceived efficacy; however, successful navigation of these events led to improved confidence. This finding aligns with Gale et al. (2021), who indicate that individuals experiencing positive emotional regulation interpret challenges as manageable rather than as threatening. Similarly, Priyaadarshini and Jena (2024) describe that managers in MSMEs strengthen self-efficacy by reframing stress as a reason for problem solving rather than as evidence of incapacity. The narratives of respondents mirrored this reframing process, where periods of heightened tension like investor engagements or board restructuring were later re-interpreted as proof of resilience and growth in CG maturity.

Contrasts also emerged with earlier literature. While Williams and Rhodes (2016) describe affective states as an under-researched and weak efficacy source, the findings suggest that, in the governance vacuum, emotional regulation assumed a stronger functional role than anticipated. For emerging asset management firms operating without prescriptive CG guidance, the ability to manage stress and uncertainty effectively determined whether other efficacy sources like mastery or persuasion translated into sustained behavioural confidence. In this context, affective control became a precondition for the consistent application of CG improvements, confirming that resilience amplifies the effects of prior mastery and verbal reinforcement.

Therefore, the findings conclude that affective and physiological states acted as the behavioural stabiliser of self-efficacy in voluntary CG adoption. Emotional resilience transformed stress into adaptive energy, allowing respondents to maintain motivation and agency in an environment characterised by ambiguity and scrutiny. This finding extends the existing literature by illustrating that, in governance vacuum settings, the regulation of affect is not isolated but instrumental in sustaining self-belief. Therefore, while affective and physiological states represent the least potent source of efficacy information, their

integrative influence ensures continuity of confidence when other sources fluctuate. By interpreting pressure as a motivator for progress rather than incapacity, respondents converted emotional regulation into a CG capability: transforming self-efficacy from an internal conviction into a sustained organisational behaviour.

## **6.6 Concluding Remarks on Research Question 1**

This chapter has interpreted the findings of the study to explain how managerial self-efficacy beliefs influenced the voluntary adoption of corporate governance (CG) practices among South African emerging asset management firms operating in a governance vacuum. The discussion built on the four interrelated sources of self-efficacy identified by Bandura (1977), namely mastery experience, verbal persuasion, vicarious experience, and affective and physiological states, linking them to the behavioural and CG literature reviewed in Chapter 2. Each source surfaced distinctly in the data but interacted dynamically to form a collective belief system that enabled respondents to act confidently where CG regulation was silent.

Collectively, the findings of the study demonstrated that mastery experience provided the behavioural foundation for confidence by translating CG ideals into lived organisational practice. Repeated implementation of board processes, policies, and independent oversight fostered incremental learning, which strengthened perceived capability and validated Bandura's (1977) proposition that performance accomplishment is the most enduring efficacy source. Verbal persuasion operated as both catalyst and reinforcer, where credible affirmation from investors, asset consultants and regulators transformed external scrutiny into motivation for further improvement. This extended the argument of Cassia and Magno (2021) that persuasive feedback enhances professional efficacy by showing how, in the absence of prescriptive CG regulation, investor validation substitutes for formal enforcement.

Vicarious experience complemented these efficacy mechanisms by supplying cognitive templates through peer observation. Respondents benchmarked their CG practices against industry leaders and adapted complex frameworks into simpler, proportionate processes suitable to their scale. This is consistent with Li et al. (2020), and Ararat et al. (2021), who indicate that firms in developing markets emulate legitimate social norms but modify them to fit local contexts. Importantly, observation in this study was not passive imitation but an active, reflective process through which respondents interpreted what they

observed and embedded it in their own firms, thereby extending existing CG theory into a behavioural learning dimension.

Last, affective and physiological states emerged as a stabilising force that sustained self-efficacy under uncertainty. Emotional regulation and professional identity allowed respondents to convert stress into adaptive energy and to maintain composure during investor reviews or due diligence processes. This finding aligns with Gale et al. (2021), and Priyaadarshini and Jena (2024), who emphasise that managers in resource-constrained environments strengthen efficacy by reframing anxiety as a challenge rather than as a threat. While Bandura (1977) describes affective states as the weakest efficacy source, this study found that, in a governance vacuum context, resilience and emotional control were crucial to sustaining the confidence needed to act voluntarily.

Taken together, the findings of the study confirm Bandura's (1977) self-efficacy framework while extending it into the domain of voluntary CG adoption. The four efficacy sources do not operate independently but rather as an interactive behavioural system, where mastery experience provides evidence of capability, persuasion validates it, vicarious learning contextualises it, and affective regulation sustains it. This integrated mechanism explains how managerial confidence can compensate for the absence of formal regulation and produce CG advancement through self-reinforcing behavioural feedback loops. Therefore, this study extends the behavioural perspective on CG by positioning self-efficacy as both a catalyst and a consequence of voluntary CG adoption.

In summary, this chapter has demonstrated that self-efficacy beliefs act as the psychological infrastructure enabling emerging asset management firms to internalise CG norms and to institutionalise them voluntarily. The discussion has shown how experience, validation, observation and emotional regulation combine to form a resilient belief system that guides action where external CG enforcement is limited. The next chapter concludes the research report by integrating these insights into their broader academic and practical implications, outlining contributions to theory and policy, research limitations, and recommending future research directions.

## **CHAPTER 7: CONCLUSION**

### **7.1 Introduction**

This study has explored how managerial self-efficacy beliefs influence the voluntary adoption of corporate governance (CG) practices in South African emerging asset management firms that operate without prescriptive CG requirements. While existing CG research has focused primarily on listed companies under regulatory oversight (Singh & Pillai, 2022), this study addressed the gap in understanding how executives in unlisted firms (or SME) navigate CG responsibilities under uncertainty and resource constraints. Using Bandura's (1977) four sources of self-efficacy, namely mastery experience, verbal persuasion, vicarious experience, and affective and physiological states as an interpretive framework, the research examined how managerial confidence is shaped, enacted and sustained in the absence of regulatory CG obligations.

12 semi-structured interviews were conducted across eight emerging asset management firms, providing rich insights into how CG is understood and internalised by those charged with fiduciary and leadership duties. The findings revealed that managerial efficacy beliefs act as behavioural drivers that translate intent into practice, and that self-efficacy plays a central role in bridging the gap between principle and practice. Understanding how emerging asset managers bridge this gap provides insights into the antecedents of CG mechanisms without formal guidance and show how the behavioural systems of firms drive the voluntary adoption. This chapter integrates these findings to draw the main conclusions of the study and presents the theoretical contributions, practical implications and policy recommendations that emerge from the research. The chapter concludes by highlighting the limitations of the study and by recommending directions for future research.

### **7.2 Theoretical Contributions**

Although the theoretical scope of this study was narrow, it extends both self-efficacy and CG theories by demonstrating how behavioural confidence can drive voluntary CG adoption in contexts of a governance vacuum. The results confirm Bandura's (1977) proposition that self-efficacy is multi-sourced and context dependent; however, it extends the theory by showing that these sources interact collectively in small executive teams rather than at an individual level. Mastery experience and verbal persuasion emerged as

the most influential efficacy sources, with mastery providing the behavioural foundation for learning by doing, and persuasive feedback functioning as a catalyst for sustained improvement.

Furthermore, the findings of the study contribute to CG literature by introducing a behavioural explanation for voluntary CG behaviour in SMEs operating under institutional voids. While prior research in developing markets has focused on structural antecedents such as ownership concentration, board independence, and firm age (Li et al., 2020; Singh & Pillai, 2022; Teixeira & Carvalho, 2024), this study shows that psychological mechanisms, specifically self-belief, resilience, and social validation can be substitutes for formal institutional enforcement. In this respect, managerial self-efficacy acts as the behavioural infrastructure that supports good CG adoption in the absence of regulation. This is important because it explains the heterogeneous governance formations among emerging asset management firms in South Africa and points to how practical levers like building mastery, strengthening credible feedback loops, and enabling peer benchmarking can improve CG outcomes without imposing disproportionate regulatory burdens.

The findings of the study also extend the behavioural perspective of CG by illustrating that self-efficacy in emerging asset management firms is enacted collectively through dialogue, reflection and peer observation. This collective dimension aligns with Bandura's (1977) view of group (or collective) efficacy but is here applied to CG behaviour. In addition, the study confirms the integrative role of affective regulation: emotional stability and composure under pressure reinforce the other three efficacy sources by sustaining managerial belief in capability during resource constraints and external scrutiny.

Overall, this research confirms and extends existing theory by demonstrating that voluntary CG in emerging asset management firms is less a function of structural maturity, and more a product of sustained behavioural confidence. Self-efficacy therefore emerges as both a catalyst and as a sustaining mechanism for good CG.

### **7.3 Practical Implications**

The evidence indicates that voluntary CG adoption in emerging asset management firms is strengthened when executives can learn by doing; that is, when CG is implemented incrementally and reinforced through visible progress, credible feedback, peer benchmarks and emotional composure under scrutiny. To this end, policy should support behaviour towards CG adoption rather than rely exclusively on blanket prescriptive CG

requirements. The following recommendations therefore convert the behavioural mechanisms identified in the study, namely mastery experience, verbal persuasion, vicarious learning and affective regulation, into practical regulatory levers that improve the adoption of CG principles without imposing disproportionate burdens on SMEs.

First, regulators could introduce proportionate, staged CG requirements and disclosures for FSPs that scale with firm characteristics such as annual turnover, staff complement, firm age and client-base diversity. Threshold-based tiers would allow unlisted FSPs to accumulate mastery by completing a defined set of practices per tier. Furthermore, regulators could supply standardised, tier-specific CG toolkits and self-assessment templates to lower adoption friction and enable immediate action. Toolkits accelerate mastery and provide tangible milestones that translate external expectations into internal evidence of capability. Collectively, this would reinforce managerial confidence through enacted success, aligning with Bandura's (1977) mastery mechanism and the evidence that incremental success strengthens efficacy under constraint (Priyaadarshini & Jena, 2024). Such proportionality also recognises institutional heterogeneity in developing markets (Ararat et al., 2021; Li et al., 2020).

Second, CG-specific continuous professional development (CPD) requirements could be embedded in the FAIS fit and proper requirements (Financial Sector Conduct Authority, 2017) by stipulating a minimum number of annual CG learning hours for all representatives and key individuals of FSPs. This will strengthen mastery directly through iterative learning and promote a culture of accountability.

Third, regulators could require explicit training for members of governing bodies and prescribed officers on emerging CG domains, like cybersecurity oversight, data protection practices, AI risks, ESG integration and third-party vendor risk. These topics reflect the expanding complexity of BOD tasks identified by Selivanovskikh and Bodolica (2025) and may help emerging asset management firms to translate abstract global norms into proportionate local practice, reinforcing both mastery and affective resilience under uncertainty and resource constraints.

Fourth, board participation could be professionalised by requiring that members of the governing body of an FSP hold membership with a recognised industry body of governance professionals. Membership norms on ethics, continuous learning and board

effectiveness mirror the task-related diversity and competence attributes that enhance decision quality (Ali et al., 2021).

Last, the FSCA could strengthen peer learning and market signalling by establishing a CG index tailored for the financial services sector. This index would present a concise, like-for-like set of indicators such as board independence ratios, the existence of key subcommittees, policy environment maturity, and CG disclosure and reporting frequency, with proportional expectations by tier. Publication or controlled disclosure to institutional investors would generate vicarious benchmarks (Bandura, 1977; Gale et al., 2021) and persuasive feedback loops (Cassia & Magno, 2021) that normalise best practice and provide a shared reference to what good CG looks like.

Collectively, these policy mechanisms would promote the correct behaviours like incremental implementation, transparent progress, informed oversight and continuous learning, while enhancing the legitimacy and integrity of South Africa's financial services sector. They operationalise the core finding of the study that CG structures only perform effectively when behavioural confidence is present. By staging requirements, formalising governance CPD, professionalising boards, and publishing transparent benchmarks, policy can activate the self-efficacy mechanisms that this research identified as drivers of voluntary CG adoption: transforming CG principles into proportionate, sustainable practice in South Africa's asset management industry.

#### **7.4 Limitations**

While this research provides new behavioural insights into voluntary CG adoption, several limitations should be acknowledged. The study adopted a multi-case design with a limited number of respondents per firm, which constrained within-case comparison. Broader participation in each firm may yield a more granular understanding of how contextual dynamics shape self-efficacy development.

The study also focused exclusively on emerging asset management firms in South Africa. Although this focus allowed for rich contextual analysis, it limits the generalisability of the findings. Governance environments in other developing markets and/or sectors may differ in culture, regulatory maturity and stakeholder expectations, which could influence the way self-efficacy manifests in practice.

In addition, the research captured views at a single point in time. CG confidence is dynamic and may change as firms mature, through future regulatory reforms, or through the experience of external shocks.

Last, as the researcher is an industry participant, professional familiarity with the sector may have influenced interpretation despite deliberate efforts to remain objective. Recognised this, reflexivity and an audit trail were employed to enhance credibility, dependability and confirmability by ensuring transparency and minimising bias (Johnson et al., 2020).

These limitations do not undermine the contribution of the study but instead define boundary conditions for interpreting the findings and offer a roadmap for further enquiry.

## **7.5 Directions for Future Research**

Building on these limitations, several areas present opportunities for further research. Future studies could explore CG confidence in firms more holistically by including a wider range of participants to triangulate perspectives. Gathering insights from independent directors, compliance teams and investors alongside executives would provide a broader understanding of how belief in CG practices forms and interacts across organisational levels.

It would also be valuable to track these dynamics over time. A longitudinal approach could reveal how self-efficacy and CG maturity evolve as firms grow, adapt to new regulations, or experience shifts in their operating environment. Such research would help to clarify which factors sustain confidence in CG when external conditions change.

Comparative research across industries that share similar fiduciary and compliance demands, like insurance or banking, could test whether the behavioural patterns identified in this study hold true in other sectors. Comparative studies across developing markets could explore how differing institutional and cultural contexts influence the interaction between self-efficacy and voluntary CG adoption.

In addition, future research could expand the behavioural lens beyond self-efficacy. Exploring perspectives such as imprinting, sense-making, or regulatory focus theories may explain how early professional experiences, interpretation of stakeholder expectations, or motivational orientations shape governance behaviour. These extensions

would build on the foundation of the current study while offering richer insights into how confidence and context interact in guiding managerial action.

Finally, combining qualitative depth with quantitative reach would strengthen the evidence base. Larger, mixed-method studies could examine which sources of efficacy carry the most influence in predicting voluntary CG adoption.

Together, these directions would deepen the understanding of how behavioural confidence translates principles into sustained practice and would contribute to a more comprehensive picture of CG development in and beyond South Africa's asset management sector.

## **7.6 Conclusion**

This study concludes that managerial self-efficacy plays a decisive role in enabling voluntary CG adoption in South African emerging asset management firms operating within a governance vacuum. By integrating Bandura's (1977) four efficacy sources with empirical evidence from the industry, the research demonstrated that CG adoption and confidence is not merely a product of structure or regulation but rather of belief, learning and behavioural reinforcement.

Through experience, validation, observation and emotional regulation, executives transformed intention into capability, thereby closing the gap between principle and practice. The findings underscore that, even in the absence of prescriptive regulation, self-efficacy provides a behavioural pathway to good CG. Strengthening this internal confidence across the industry may therefore hold the key to advancing transparency, legitimacy, and sustainability in South Africa's financial services sector.

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## APPENDIX 1: SEMI-STRUCTURED INTERVIEW GUIDE

Research Question	Interview Questions
Opening questions	<ol style="list-style-type: none"> <li>1. Can you tell me about your role in corporate governance (CG) decisions at your firm?</li> <li>2. How would you describe your firm's current approach to CG?</li> </ol>
<p><b>RQ1:</b> How do managerial self-efficacy beliefs influence the voluntary adoption of CG practices in emerging asset management firms that operate without prescriptive governance requirements?</p>	<p>Mastery experience</p> <ol style="list-style-type: none"> <li>3. Tell me about a time when you successfully implemented a governance practice at your firm?</li> <li>4. When making decisions around CG principles and/or practices that you anticipate may face significant resistance, what strategies do you use to convince others of the value of your choice? Could you share a specific experience?</li> <li>5. Budget constraints can delay CG implementation and/or progression. Describe how you rallied your executive team to implement CG changes anyway.</li> <li>6. You often juggle several roles. How do you keep focused on CG requirements and balance this with your day-to-day responsibilities?</li> <li>7. How do you decide, given your firm's age and growth stage, whether a more formal CG environment is needed?</li> <li>8. How have these experiences shaped your confidence in making future CG decisions?</li> </ol> <p>Vicarious experience</p> <ol style="list-style-type: none"> <li>9. Tell me about how approach gathering new information when considering CG practices for your firm? What methods do you find most effective and why? Do you investigate what your peers are doing in terms of CG practices?</li> <li>10. Can you think of examples where you have seen CG practices work well at other firms? Do success stories from similar firms make you more confident about CG adoption?</li> </ol> <p>Social persuasion</p> <ol style="list-style-type: none"> <li>11. How do investor's expectations influence your confidence in CG decision-making? When</li> </ol>

	<p>stakeholders question governance structures, how does that impact your confidence?</p> <p>12. Who do you turn to for advice on CG matters and how does their guidance affect your confidence?</p> <p>13. How does regulatory guidance affect your confidence in CG adoption?</p> <p>Physiological and emotional states</p> <p>14. When you explored adding independent or non-executive directors, how did you avert the feelings on losing control and remain confident that it is the correct decision?</p> <p>15. When discussing CG practices with investors, how does it make you feel?</p> <p>16. Do you feel excited, anxious, confident or overwhelmed when approaching CG decisions?</p>
Closing questions	<p>17. What has been most helpful in building your confidence in terms CG adoption?</p> <p>18. What advice would you give to other emerging asset managers to build confidence in voluntary CG adoption?</p>

## APPENDIX 2: LIST OF CODES CREATED FOR INTERVIEW ANALYSIS

Cross-Case Themes	Code Name	Definition of Code	No.	Firm Coverage
Mastery Experience	SE: Mastery: External Affirmation	External party providing affirmation that governance is good.	4	4
	SE: Mastery: Post-mortem Learning	Confidence gained from lessons after incidents, near misses, or observed gaps.	6	3
	SE: Mastery: Process Improvement	Learning from prior governance/operational issues to tighten processes and controls.	130	8
	SE: Mastery: Scaling and Formalisation	Maturing governance as the firm grows; adding layers, segregation, formal structures.	41	8
	SE: Mastery: Self-Confidence	Respondent indicating self-confidence in task.	28	7
	SE: Mastery: Systemisation and Evidence	Using audit trails, ledgers, portals, documentation to create evidence and confidence.	10	4
Verbal Persuasion	SE: Persuasion: Board/NED Influence	Encouragement or pressure from the board, chair, or independent directors.	93	8

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
	SE: Persuasion: Consultant Advice	External consultants/advisers persuading management to adopt practices.	9	4
	SE: Persuasion: Investor/Trustee Pressure	Investor/trustee/client expectations and ODD driving governance changes.	66	8
	SE: Persuasion: Regulatory Nudges	FSCA/PA/FICA/FAIS/POPI A circulars, joint standards and guidance prompting action.	41	6
Vicarious Experience	SE: Vicarious: Industry Standards	Referring to codes/standards (e.g., King Codes) as guiding examples.	14	6
	SE: Vicarious: Negative Exemplars	Learning from high-profile failures or scandals to avoid pitfalls.	14	6
	SE: Vicarious: Peer Benchmarking	Looking to peers (listed/larger firms) as models for governance decisions.	29	8
	SE: Vicarious: Service-Provider Intel	Using administrators, auditors, compliance providers and publications for insight.	37	6

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
Affective and Physiological States	SE: Affective: Pragmatic Acceptance	Pragmatic stance: governance as necessary investment/insurance.	15	4
	SE: Affective: Professional Pride/Identity	Pride and custodianship identity linked to "doing governance right."	10	6
	SE: Affective: Stress/Burden	Stress, overwhelm, or burden due to governance/compliance demands.	16	6
	SE: Affective: Uncertainty/Risk Aversion	Confidence tempered by uncertainty; conservative stance.	9	4
CG Characteristics and Contextual Information	CG: Adoption: Phased Implementation	Staggered/maturity-based rollouts.	22	7
	CG: Adoption: Signaling/Trust Benefits	Governance used to signal quality; trust gains.	16	6
	CG: Adoption: Voluntary Adoption	Practices adopted without prescriptive requirement.	14	4
	CG: Better than expected	Governance practices are at a level higher than expected.	5	4
	CG: Board: Committees	Board committees such as ARC, Risk, RemCo.	40	7

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
	CG: Board: Diversity	Diversity in skills, background, gender, experience, knowledge.	19	5
	CG: Board: Evaluation/Oversight	Board oversight, challenge, evaluation activities.	7	5
	CG: Board: Independence/NEDs	Independent directors/NEDs and their role.	20	7
	CG: Board: Size/Composition	Board size and composition; skills mix.	10	5
	CG: Constraints: Cost: Opex	Ongoing/recurring costs (board/NED fees, assurance, software).	12	6
	CG: Constraints: Manager-Owner	Multiple roles as owner and manager.	3	2
	CG: Constraints: Resource: Skills	Skills/competency gaps; need for training or specialists.	20	5
	CG: Constraints: SME Stage	Early-stage SME realities limiting the 'ideal' model.	21	5
	CG: Constraints: Time/Attention	Limited time/attention competing with governance tasks.	7	5

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
	CG: Culture: Accountability	Clear responsibility; consequence management.	50	8
	CG: Culture: Tone from the Top	Leadership setting the governance tone.	13	7
	CG: Culture: Transparency	Transparency and openness in reporting and decisions.	16	6
	CG: Culture: Values/Ethics	Values and ethical norms guiding decisions.	39	8
	CG: One-size-fits-all expectation	No differentiation between governance requirements for small and large firms.	7	5
	CG: Ops: Approval Workflow	Approval levels, thresholds, multi-tiered sign-offs.	3	2
	CG: Ops: Documentation and Evidence	Ledgers, audit trails, portals as evidence of control.	8	4
	CG: Ops: Segregation of Duties	Separation of roles; maker-checker; front/middle/back office splits.	9	4
	CG: Ops: Vendor/Third-	Selecting and overseeing service providers; SLAs; performance.	32	6

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
	Party Management			
	CG: Ownership: Co-Investment	Managers invest alongside clients (skin in the game) driving governance.	1	1
	CG: Ownership: Concentrated Ownership	Large shareholding/majority control shaping governance.	24	6
	CG: Ownership: Founder Influence	Founder/owner's influence on governance and decisions.	16	6
	CG: Regulator: Requirements not strong enough	Regulations not prescriptive enough or lack of guidance.	7	3
	CG: Risk Compliance: Compliance Processes	Compliance policies, attestations, reporting cadence.	34	6
	CG: Risk Compliance: Cybersecurity/IT Standards	Cybersecurity controls and IT joint standards.	14	5
	CG: Risk Compliance: External Assurance	External assurance/monitoring by administrators, auditors, prime brokers.	10	5

<b>Cross-Case Themes</b>	<b>Code Name</b>	<b>Definition of Code</b>	<b>No.</b>	<b>Firm Coverage</b>
	CG: Risk Compliance: ODD Readiness	Preparation and documentation for operational due diligence.	9	5
	CG: Risk Compliance: Regulatory Reporting	Regulatory reporting such as Reg 28, BN 90.	2	2
	CG: Risk Compliance: Risk Frameworks	Risk frameworks, registers, limits, monitoring.	24	5
	CG: Sustainability	Governance promotes sustainability.	8	3
	CG: Tick Box	Governance regarded as tick box exercise.	5	3
	CG: Ticket to the game	Governance is the ticket to the game and is non-negotiable.	3	2

## APPENDIX 3: LETTER OF CONSENT TO ORGANISATIONS

[Date]

Delivered by email

### RE: Organisational Permission to Conduct Research

To whom it may concern

This letter serves to confirm that **[Company Name]** grants permission to **Johannes (Vic) du Preez** (student number: 24 194 124), enrolled in the Master of Business Administration (MBA) degree at the University of Pretoria's Gordon Institute of Business Science (GIBS), to conduct the research study titled:

**“Governance vacuum: drivers of voluntary corporate governance adoption by emerging asset managers in South Africa”**

within our organisation.

We acknowledge that the research will involve semi-structured interviews (approximately 90 minutes) with members of our executive management team, as part of the requirements for MBA studies at the University of Pretoria.

We understand that:

- Participation by our employees is voluntary, with informed written consent obtained prior to engagement;
- Research activities will be scheduled at times convenient to participants that will not interfere with normal operations;
- The study and its methodology have been reviewed and approved by our management;
- All information gathered will be used solely for academic purposes;
- Insights will be referenced in aggregate and anonymous form; and
- Data will be treated with strict confidentiality, and no names of individuals or the company will be disclosed without express written permission.

Should you require additional information, please feel free to contact us.

Yours faithfully,

**[Signature]**

who warrants that he / she is duly authorised thereto

**[Name and Surname]**

**[Title]**

**[Company Name]**

**[Email Address]**

**[Mobile Number]**

## APPENDIX 4: LETTER OF CONSENT TO RESPONDENTS

Dear Participant

I am currently a student at the University of Pretoria's Gordon Institute of Business Science (GIBS) and completing my research in partial fulfilment of the requirements for the Master of Business Administration (MBA) degree.

I am conducting research on how emerging asset managers in South Africa, who are not listed on the Johannesburg Stock Exchange, voluntarily adopt corporate governance practices in the absence of prescriptive regulations. This study seeks to understand how the self-efficacy beliefs of the executive management team drive the adoption of corporate governance practices.

The purpose of this interview is to understand how your self-efficacy beliefs drive the adoption of voluntary corporate governance practices within your organisation. This will be achieved through exploring how confident you feel about implementing corporate governance practices in the absence of prescriptive regulations, and what factors influence your ability to do so. Your perspective will offer valuable insights into the motivations and challenges faced by emerging asset managers when faced with voluntary corporate governance adoption. The interview is expected to last approximately 90 minutes and will be conducted via Microsoft Teams.

**Your participation is entirely voluntary, and you may withdraw at any time without any penalty.**

There are no foreseeable risks associated with participating in this study. All data you provide will be kept strictly confidential. Your name and the name of your organisation will not be disclosed in the research report or in any related publications without your prior written consent. The insights you share will contribute to a research report that will be submitted to the University of Pretoria.

By signing this letter, you agree to the following:

- The interview may be recorded via Microsoft Teams;
- The recording may be transcribed for data analysis purposes;
- Verbatim quotations from the interview may be used in the report, provided that neither your name nor the name of your organisation is disclosed;
- The data you provide may be used in aggregate form to support findings in a

publicly available academic research report; and

- All data will be stored securely without identifiers and reported anonymously.

If you have any concerns or questions regarding the research or your participation, please feel free to contact my research supervisor or me directly.

**Researcher**

Name: Vic du Preez

Email: [24194124@mygibs.co.za](mailto:24194124@mygibs.co.za)

Phone: 082 XXX XXXX

**Research Supervisor**

Name: Prof. Adrian Saville

Email: [Savillea@gibs.co.za](mailto:Savillea@gibs.co.za)

Signature of participant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_ Date: \_\_\_\_\_