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How the Integrated Approach to Corporate Governance Enhances Company Performance? Case of Delta Beverages.

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Abstract
The researcher wanted to find out how the integrated approach to corporate governance enhances company performance. In the past periods many corporations collapsed and this was attributable to failure to keep in pace with corporate governance evolution trend. On contrary the performance of Delta Beverages proved to be well and it is in that same period that it appreciated and adopted the evolution in corporate governance leading to its adoption of an integrated approach to corporate governance. In light of this, the researcher was then prompted to find out how this integrated approach enhances company performance. The study looked into many sources of literature on the integrated approach to come up with more informed scientific outcomes on the effectiveness of risk management in GRC, how GRC enhances company performance and the benefits accruing from the adoption of GRC. Conclusions were drawn from a total sample of 33 respondents consisting of directors, managers and general employees. It then became evident that the integrated approach to corporate governance enhances company performance and the researcher advocates that the manufacturing industries adopt it.
Key words: Governance, Risk Management, and Compliance

Introduction

GRC, or Governance, Risk Management, and Compliance, is an integrated approach for businesses to effectively achieve Enterprise Risk Management. Despite the distinctiveness of entities, each of GRC's components work together to create a comprehensive method of ensuring sustainable business operations. The integrated approach to corporate governance views enterprise risk management as the integral part of corporate governance policies and systems. COSO ERM (2004) defines enterprise-wide risk management as a process effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity , and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

As the business and regulatory environment continuously evolve, organizations are functioning in a world in which traditional strategies and assumptions are becoming obsolete. In both the short and long term, companies that survive and succeed will be those that can demonstrate resilience that is the ability to articulate business performance and attain regulatory compliance in an environment in which these two outcomes must be managed strategically and with agility. According to Simkins and Ramirez (2008:581) historically risk management in corporate governance was fragmented. That is to say departments used to manage risks independently in "silos". Risk management was done on an ad hoc basis thus it was done when thought appropriate. Back then risk management was narrowly focused; it addressed primarily insurable risk and financial risks.

The integrated approach to corporate governance comes along with a new paradigm of risk management namely an integrated enterprise wide approach. Under this new method, risk management is now coordinated with senior–level oversight, risk management culture. Furthermore risk management is now viewed a continuous process. It is now done on an on going basis. Risk management also is now broadly focused; it now addresses all business risks and opportunities. Effective and efficient risk management and the resulting controlled environment are central to sound integrated approach to corporate governance and for this reason; much of the effort that has been created in response to organization collapses and scandals, now requires effective corporate compliance and risk management.

In Zimbabwe, the concepts got emphasized during the financial crises which threatened to uproot the economy. Among allegations leveled on the Zimbabwean corporations were poor corporate governance, risk management and compliance strategies. The research will focus on the manufacturing industry because it is the engine of growth for an economy as it contributes significantly and positively to the gross domestic product (GDP) of the economy and therefore should be strictly monitored.

Background to the research: Delta Beverages is one of the six subsidiaries of Delta Corporation a Zimbabwean based diversified group whose core business is producing beverages. The organization has a divisionalized structure with centers in almost all the Zimbabwean cities. Each division has its own management that forms part of the group's team. There is one board for all operations comprising of both executive and non-executive directors, which represents the interests of all shareholders. The company has got two headquarters in Zimbabwe, the one for the Southern region and the other one for the northern region. The Southern region headquarters is in Bulawayo and the one for the Northern region is in Harare.

According to the KPMG Journal (1999:20) Delta Beverages was one of the first two corporate to develop an in-house corporate governance manual. This manual contains the Company's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of members of the Delta family in the interface with one another and with all stakeholders. There are detailed policies and procedures in place across the Group covering the regulation and reporting of transactions in securities of Group companies by directors and officers.

The rich human resources compel risk management and higher level of corporate governance as reported in the Delta Employee Report (2007:8). This aspect and unparalleled level of social responsibility makes the entity an evincible behemoth and a cash cow. The company CEO was quoted saying "We realize absolutely that there are risks involved but we have to put a peg somewhere in the ground and break out of this negative segment", speaking on the opening ceremony of the new brewing plant worth US$12 million as reported in the Chronicles paper of 12 November 2009. Hence the organization is committed to risk management.

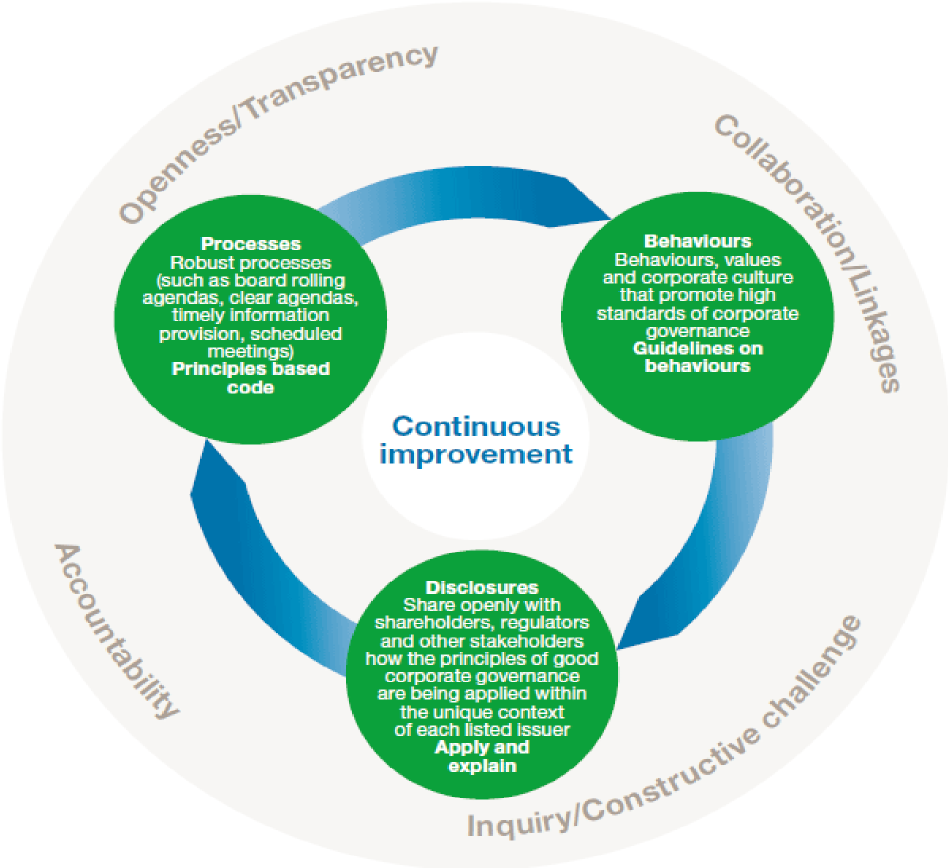
Justification of the research*:* Integrated approach to corporate governance, inter alia success aiding factors is contributory in the performance of Delta Beverages. Contrarily manufacturing industry has been grappling with intermittent operational challenges. This has even resulted in many corporations collapsing. Central to several allegations leveled for this corporate collapse is failure to adopt sound corporate governance. It is against this background that the researcher wants to put to surface how the integrated approach to corporate governance enhances company performance.

Theory and Empirical Studies

what is integrated approach corporate governance: According to Brodsky (2007), integrated governance, risk and compliance attempt to combine the management of these areas, rather than dealing with them separately. An integrated solution is able to not only administer on centre library of compliance controls but also to manage, monitor and present them against every governance factors. Hence an integrated approach seeks to combine the use of corporate governance, risk management and compliance to increase performance of an organization. Being closely linked concerns, governance, risk and compliance are intensely being aligned to some extent in order to circumvent conflicts and unnecessary gaps and overlaps.

In line to what Brodsky has said the Standard Chartered Annual report (2011) further went on to shade light on the integrated approach to corporate governance. The report identifies this new approach as the 'apply and explain than the 'comply and explain' that has been in existence. It is vital for companies to have an underlying culture with behaviors and values that stimulate and sustain effective corporate governance. Without being exhaustive, key elements of the culture include a spirit of transparency, open-mindedness, inquiry and constructive challenge. These key elements are illustrated in the diagram here under.

Integration process



Augmenting on the aforesaid ideas about the integrated approach to corporate governance Beck and Teller-Kanzler (2010) outlined that GRC is not just one particular subject, discipline or endeavor. It is the attempt to develop a unified approach to interrelated tasks and events within an enterprise, including among other things risk management, policy management, compliance management, continuity of business management, asset management, audit management, threat management, incident/event management and vendor management. They went on to say that GRC needs to be managed for its effectiveness. A number of components are required to build an effective GRC model, including identification and classification of risks, determining who owns the risk, key concepts of Enterprise Risk Management (ERM) and its frameworks, regulatory environment (global, current and proposed legislation), integrated approaches to governance, risk and compliance, operation risk management.

Types of risks inherent in the manufacturing sector and their management

Reputational Risk: Bell (1999:43) reputation risk is the risk that negative publicity regarding an organization's business will lead to a loss of revenue or litigation. For the manufacturing industry, reputation risk is linked with customer expectations regarding quality products, and whether the organization is meeting it's regulatory and consumer protection obligations relating to the products. An organization's reputation, particularly the trust accorded to it by customers and counter-parties can be irrevocably tarnished due to perceived or real breaches in its ability to conduct business securely and responsibly. For example, the presence of foreign bodies in products provided by the company may result in reputation damage.

According to (Rayer: 2004) managing reputation risk points on how any organization can employ simple risk management principles to create stakeholder confidence, safeguard and promulgate reputation. It puts reputation and its associated threats and opportunities where they rightfully belong: in the domain of the board room, at the center of good corporate governance, effective risk management, leading-edge strategy development, corporate responsibility, comprehensive assurance and transport communications. It illustrates, through numerous examples of good-and not so good-business practice, the importance of respecting and nurturing reputation as a critical intangible asset. It demonstrates how mastery of Reputation risks can enable an organization to be seen as responsible and responsive, as well as equipping it to meet the challenges that lie ahead.

Operational Risk: An international journal (2007:7) defines operational risk as the risk associated with hazards in the operations of business and behaviors of the people running those processes. Crouhy et al (2001:98) postulates that "operational risk stems from any possible losses due to fraud, incompetence, systems break down and sabotage. It is managed by insurance policies, checking work, training staff, and segregation of duties through regular and independent audits"

Operational Risk Management (ORM) according to Rayner (2004) is explained as a perpetual cyclic process which entails risk assessment, risk decision making, and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. ORM is a counter to operational risk entailing the risk of loss resulting from insufficient or dysfunctional internal processes and systems, or from external events

Market Risk: Market risk is defined by Generally Accepted Accounting Practice (2005) as "risk that the value of a product will change or fluctuate as a result of changes in the market forces." Ward (2005:72) defines market risk as the possibility of loss in the realizable value of assets or increase in the value of liabilities arising from adverse movements in interest rates, foreign exchange rates and share prices. As a result, managers can better anticipate changes in revenue and expense due to these factors and develop responses to their specific circumstances".

How the integrated approach to corporate governance enhances company performance: According to http://www.kpmg.com Governance, Risk, and Compliance (GRC) help companies develop a wide-ranging vision and approach for their organizations' multiple governance, risk, and compliance processes. The key focus is to help improve the sustainability, effectiveness, efficiency, and transparency for GRC processes; align the processes with the organization's strategic goals and objectives; and drive both competitive advantage and shareholder value. Once the key focus is achieved then eventually performance would be enhanced. Furthermore Doctor Lynn, Drennan and Professor Beck states that from the Cardbury report of the early 1990s to the more recent Turnbull report of 1999, the issues of corporate governance and risk management have been increasingly to the foe and is now clear that boards of directors have explicit responsibility to ensure that all potential threats to the business enterprise have been systematically identified, carefully evaluated and effectively controlled. In identify risks ways of mitigating them are borne and there would be high chances of excelling in the business operations.

The idea of sound corporate governance to the fore was further seconded by Wilson (2000:17) sound corporate governance practices reduce the risk of corporate failure. Integrated approach to corporate governance should be viewed by investors as a component of equity risk. Emerging economies carry out an element of uncertainty for investors that can be mitigated at company level if good governance practices are employed. The shareholder's wealth should be maximized. The big issue in governance, risk and compliance is communication between the company (directors, management and general employees) and shareholders.

G Kahn (2008) is of the view that performance management and risk management can complement each other and can result in improved company performance and the creation of shareholder value. He further explains that management of business risk has become an increasingly important issue and presented background information on risk measurement and estimation showing several methods for quantification for main risk types which are credit, market, liquidity and operational risks.

Bebchuk (2005) noted that "to students of corporate law, the proposition that corporate governance matters requires a little explanation. As the evidence indicates that the quality of governance arrangements affects the firm performance and shareholder value." Similarly, an April 2004 piece published by Deutsche Bank concluded that "investments in companies with the highest quality of governance structures and behavior have significantly outperformed those with the weakest governance."

Indeed, Deutsche further found that "companies that have taken action to improve their governance standards have outperformed those that have taken negative actions over the past two years. Simply put out, the notion that investing in companies with sound corporate governance programs and practices makes good economic sense and that good corporate governance fosters long term profitability, good corporate governance does in fact, pay as it enhances performance and reduce risky decisions that maybe detrimental to the overall success of the organization.

Bauer, Gunster and Otten (2004:91-104), highlighted the significance of corporate governance, risk and compliance. Their major objective of the research was to estimate the effect of corporate governance on stock returns, firm value, and firm performance. They found that implementation of proper system and more systematic manner risk itself give some more measure of comfort. Corporate performance and share value are enhanced as well as the reputation of the company.

Benefits of an integrated approach to corporate governance as an integrated tool in the manufacturing sector.

Increased Access to Financing: Financial access is better developed for firms with strong protection of property rights, as demonstrated by the law and finance literature. In particular, better creditor rights and shareholder rights have been shown to be associated with deeper and more developed corporate governance. As a result, increased access to financing is labeled as a benefit emanating from an integration of risk management, corporate governance and compliance in the manufacturing sector. An entity with developed corporate attributes is viewed as worth to extend a credit facility. Choruma (2009) cited that well governed companies perform better. Companies that institute good governance practices expect to lower their cost of capital and can attract a wider range of investors, many with a longer term view of investments. Their management can be expected to improve in areas such as setting company strategy, ensuring that mergers and acquisitions are undertaken for sound business reason.

Higher Firm Valuation: The quality of the corporate governance framework affects not only the access to and amount of external financing, but also the cost of capital and firm valuation. Outsiders are less willing to provide financing and are more likely to charge higher rates if they are less assured that they will get an adequate rate of return. Conflicts between small and large controlling shareholders are greater in weaker corporate governance settings, implying that smaller investors are receiving lower rates of return. There is clear empirical evidence for these effects. The cost of capital has been shown to be higher and valuation lower in weaker property rights companies (LaPorta and others 2000). Investors also seem to apply a discount in their valuation or firms and countries with relatively worse corporate governance (McKinsey and Company 2002).

The importance of integrated tool of corporate governance from the perspective of developing organizational order, strengthening competitiveness of special market and increasing investor awareness becomes crucial in transition economies (Preobraggenskaya and McGee2003; Zheka, 2008). Transition from a communist regime to democracy and from central planning to a market economy placed development of sound corporate governance system central to the transition agenda. The centrally planned economy was characterized by inefficient resource allocation and motivation, central production and investment decision making, the lack of market mechanism (no competition) and an underdeveloped production system.

Better Operational Performance: In the end, the way better corporate governance can add value is by improving the performance of firms, whether through more efficient management, better asset allocation, better labor policies, and similar efficiency improvements. Evidence for the United States (Gompers, Ishii, and Metrick 2003), Korea (Joh2003), in a case study carried by Helman and elsewhere strongly suggests that at the firm level, better corporate governance leads not only to improved rates of return on equity and higher valuation, but also to higher profits and sales growth. This evidence is maintained when controlling for the fact that "better" firms may adopt better corporate governance and perform better due to other reasons. These and other firm-specific tests can nevertheless be criticized as suffering from homogeneity (Himmelberg 2002)

This interpretation is supported by a comparison of the rate of return on investment relative to the cost of capital for different strengths of corporate governance framework. It shows that firms in many countries do not earn the cost of capital required by shareholders; only in the best corporate governance firms does the rate of return on investment exceed the cost of capital. The relationship derives, however, largely from the higher cost of capital—that is, the lower valuation of firms in weak corporate governance companies.

Reduced Risk in Financial Crises: The quality of GRC can also affect firms' behavior in times of economic shocks and actually contribute to the occurrence of financial distress, with economy wide impacts. During the East Asian financial crisis, cumulative stock returns of firms in which managers had high levels of control rights, but little direct ownership, were 10 to 20 percentage points lower than those of other firms (Lemmon and Lins 2003). This shows that corporate GRC can play an important role in determining individual firms' behavior, in particular the incentives of insiders to expropriate minority shareholders during times of distress. Similarly, a study of the stock performance of listed companies from Indonesia, Korea, Malaysia, the Philippines, and Thailand found that performance is better in firms with higher accounting disclosure quality (proxied by the use of Big Six auditors) and higher outside ownership concentration (Mitton 2002). This provides firm-level evidence consistent with the view that GRC helps explain firm performance during a financial crisis. Related work shows that hedging by firms with weak corporate governance frameworks (Lel 2003), and to the extent that it happens, it adds very little value (Alayannis, Lel, and Miller2003). The latter evidence suggests that in these environments, hedging is not necessarily for the benefit of outsiders, but more for the insiders. There is also evidence that stock returns in emerging markets tend to be more positively skewed than in industrial countries (Bae, Lim, and Wei 2003). In countries with weaker investor protection, net capital inflows were more sensitive to negative events that adversely affect investors' confidence. By acting responsibly and fairly, a company can also build fruitful, long term relationships with its stakeholders, including creditors, employees, customers, suppliers and local.

Enhanced Overall Company Performance: A case study on Balvaria brewery company carried out by Harrison(2007) in South America, the introduction of good corporate governance measures facilitated the company `s access to international capital markets improved its business performance through more structured decision making procedures and contributed to the structuring of a long term vision with the interest of all stakeholders. The integrated approach to corporate governance allows the organization to be successful in every area of its business. Systems of risk management and internal control not only aid the prevention of governance breakdowns, but also assist in creating an environment where innovation and continuous improvement can thrive (Australia/New Zealand Risk Management Standard, 1999).

Drennan et al (2001) argues that at its call, corporate governance goes around managing risks and opportunities. In periods after recent corporate scandals, observers of governance practices have agreed that effectively managing enterprise risk is perhaps the best way to exercise authority, direction, and control – the very definition of governance. Drennan et al (2001) introduced what they referred to as, The Integrated Assessment Tool which weaves the areas of governance, risk management and compliance together for the organization as a whole. Using a matrix format and promoting the use of common language, it serves leaders at the very top of organizations with an at-a-glance evaluation of their risk management scope. The integrated approach to corporate governance management matrix as referred to by Drennan, integrates over-arching GRC principles with a comprehensive, generic business risk inventory. Within this tool, significant sources and areas of risk are aligned and linked to each of the areas of governance principles in such a way to provide an understandable gap analysis of an organization's approach to risk management regarding less the strategies opted for.

Professor Adams (2004) echoes the same sentiments to that of Drennan et al in a journal entitled The Underlying Framework: corporate governance and risk management when he argues that for boards and senior executives, the Integrated Assessment Tool identifies the organization's principal risks, and isolates how extensively each risk is being managed, strengthening overall governance and stewardship. Operational managers can also use it to identify and act on risks within their business unit, and clarify the organizational structure of risk management. While the Integrated Assessment Tool matrix does not replace existing organizational systems of risk management, it allows the organizations to evaluate existing programs for improvements and modifications, or review their risk management approaches. It also focuses organizational attention on taking the steps to meet regulatory compliance.

The Integrated Tool as explained by Drennan et al (2001) is a system that works with a current systems of governance and risk management in order to integrate them – it is not meant as replacement to them but is created to work within multiple and diverse processes while encouraging individuals and teams across the organization to understand how their roles, responsibilities, and practices affect the organization as a whole. It is meant to further encourage individuals and teams to relate, think, act, and work together cross functionally.

Hampel (1998) also concurred with the concept of an integrated tool as an means of enhancing performance by widening the concept of " effective" internal control to address "business risk assessment and response, financial management, compliance with laws and regulations and safeguarding of assets, including the minimizing of fraud" Hampel 91998:53/54). Moreover, the report's authors explicitly stated that "we are not concerned not only with financial aspects of governance in every aspect of the business operation. This reflected the growing recognition that break downs in non-financial areas could have significant financial repercussions for companies. Hampel's broadening of the concept of control was welcomed by a number of organizations, including the Association of British Insurers (ABI) which felt pragmatic approach that encouraged companies to explain their compliance with the new corporate governance requirements (Fagan;1999). Similarly, Neil Cowan, Vice President of the European Confederation of Institutes of Internal Auditing, concluded that Hampel's view of risk management and corporate governance represented "a welcome restatement of that part of a Board's prime responsibility for devising a strategy that will ensure the company's continued existence" (Cowan:1997). This look into internal control is linked to the concept of a dynamic company, which requires incessant monitoring and auditing. The report states that, "a company's objectives, its internal organization and the atmosphere in which it operates are continuously evolving and, as a result, the risks it faces are continuously changing. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extends of the risks to which the company is exposed. Since profits are, in part, the reward for successful risk taking in business, the purpose of internal control is to help manage and control risk appropriately rather than to eliminate it (ICAEW, 1999:5)

The ICAEW's document, *Implementing Turnbull: a Boardroom Briefing (1999)*, attempts to straddle two conflicting goals. On the one hand, the ICAEW seeks to convince company directors to implement a comprehensive risk management, monitoring and auditing system. On the other hand, it attempts to persuade its readers that these systems are not necessarily complex or costly. The report assumes that most companies will already have the fundamentals of good risk management in place and that these companies will merely have to formalize the good practice that is embedded in the organization's units. GRC demands that boards respond to new challenges, by putting in place measures which will systematically and thoroughly identify, analyze and control risks to the public and to their own staff. This extends to developing and protecting intellectual property, managing brands effectively, dealing with public relations - particularly in respect of investor relationships – and business continuity (C*orporate Governance,* March 2009). Good corporate governance can help to ensure that the organization is fully prepared to manage potential threats, and to maximize the opportunities to be gained from business risk.

King III (2011) there is also a number of concrete benefits that are realized from integrated risk management. These are outlined as follows:

- The proactive identification, assessment, mitigation and monitoring of risks provides a vital early warning system and helps to avoid surprises that can be costly and that can disrupt or detail an operation, program or project;
- Risk creates friction in the system. By understanding and managing risk, friction can be minimized and performance enhanced. Important management objectives such as efficiency, effectiveness, compliance and the safeguarding of assets are thus achieved with greater reliability. This is particularly important in a time of resource constraints; and
- Having up-to-date and meaningful information on risk provides management with important information they need to make informed and responsible decisions.
- Likewise, formal and integrated risk management promotes departmental learning and knowledge transfer. Creating a 'risk-aware' department strengthens operational effectiveness and efficiency.
- When risk management is practiced in a comprehensive and integrated fashion, management's planning process is strengthened. Resources can be allocated to the areas of highest risk, which not only supports the achievement of objectives, but also greatly increases efficiency by streaming resources to the area of greatest need.

Materials and Methods

The main objective of this study was to evaluate How the integrated approach to corporate governance enhances company performance at Delta Beverages. This study therefore aims to evaluate how corporate governance models assist in corporate performance.

The Research Design: The research was qualitative in nature and no rigorous quantitative or statistical techniques were used to analyze the data. For the purpose of this research, descriptive research was used. The research adopted a case study approach whereby it is going to concentrate on one sector of the economy to enable a detailed analysis into the research problem. Delta beverages will be the case study of the research.

Descriptive research was used because the researcher aimed at gathering facts on the contribution of an integrated approach to corporate governance on performance in an organization. It also describes facts and characteristics of a given population accurately, aims to estimate as precisely as possible the nature of existing conditions and attitudes of a person. It is through this descriptive that primary data was brought about. Primary data concentrate on the additional information in order to update or refine the secondary information obtained. Primary data is important because it focuses on the field of study and cases at hand. The data obtained will be specifically for the purpose of the research work, it implies that the data will be more relevant to the research project being undertaken. Data collected relates to the present environmental factors and time frame.

Target Population: In order to take a fair valuation the researcher focused on the Delta Beverages Northern Region headquarters which is located in Harare. The population constitutes entirely of Delta Beverages` main four departments' employees. The study population comprises of board of directors, management, employees comprising of accountants, cashiers, accounts clerks, salesmen and production machine operators all amounting to fifty seven.

Sample: In study at hand the sample chosen comprised of individuals from the Finance and administration, loss control, sales and the production department. The aggregate distribution of the sample size from the chosen population is shown in the table below;

Proportion of sample size

UNIT	POPULATION	SAMPLE SIZE
Finance and administration	15	66.67 % of population = 9
Loss control	16	62.5 % of population = 10
Production	10	50 % of population = 5
Sales	12	50 % of population = 6
Directors	4	75% of population = 3
TOTAL	57	33

The sample size gives a fair representation of every department. In this study, the judgmental sampling, stratified random and random sampling were used to gather information from the targeted population.

Data Analysis and Discussion

Demographical data

Educational background for management and general employees: Most of the general employees have diplomas giving a significant percentage of about 57%. Most managers have degrees and masters degrees. 19% of the general employees have other qualifications. Over and above the larger proportion of the sample is represented by the academic oriented employees. This was an advantage to the researcher in such a way that information needed was exhaustively made to his avail.

Risks Inherent in the Manufacturing Sector and their management: Most employees agreed that reputation and operational are the most prevalent. The identified risks were given a scale of out of ten and the employees rated them as follows. The explanation given in the interview by the sales manager was that during the inflationary period in Zimbabwe, the Delta products were affected by the importation of beverages from South Africa and thus generating business risk for the organization. The employees rated operational highest with a 90%, and reputational risk was rated 70%, and market risk was rated third with a 60%. It can be deduced from the above analysis that the most common risk prevalent in the manufacturing industry sector is the reputation, operational risk and business risk. The respondents stressed that there is a greater need to comply with the risk management policy of the company in order to prevent losses. Thus the respondents concurred with the assertions of section 2 of the research and as well as Ward (2005) that reputation and operational risks are major risks in the manufacturing industry and so should be effectively managed. The Finance and Administration manager felt that operational risk is a component of systems risk that results from inefficiencies and can be mitigated by the accounting system and manufacturing equipment that the organization use. Though the employees rated it low, Bell 1999:43) is of the view that reputation risk is the risk that negative publicity regarding an institution's businesses will lead to a loss of revenue or litigation. The examples given were the existence of foreign bodies in manufactured products and overcharging of products. The respondents emphasized the business risk when they pointed out that there is need for continued research and development in order to fight competition from new entrants into the market.

As it is a requirement of the regulatory bodies that all firms maintain a documented risk management policy that is available to every member of the organization, respondents overwhelmingly agreed that such a policy was available to them, the response rate was 16/16 giving a percentage rate of 100%. All the employees stated that they have an access to the documented risk management policy though 25% of them highlighted that they were not well conversant with some of the information contained therein. From this it can be seen that everyone is aware of how risk are managed and thus positioning the firm to be risk conscious.

To establish the reaction of employees to risks, the researcher asked them if the hold seminars and training programs. All respondents cited that the organization hold meetings, seminars and trainings to impart knowledge of risk management to its workforce showing an occurrence of 100%. This shows that Delta beverages is a ever in motion to keep its employees abreast with technology and other new processes that drive to good performance. However, they all complained that these impartation schedules though frequently done there is only one center to cater for all employees. The Operations director also asserted that these meetings are usually conducted only in Bulawayo such that not all Delta Beverages centers get trained employees because of distance and production.

When the respondents were asked about the availability of risk management policy and guideline to all employees in the organization they confirmed that standard operating procedures which form the base for the internal control compliance of Delta Beverages is prevalent in all departments. 21/21 of the respondents concurred to that idea giving a 100% response in agreement to question. In an interview the Finance and

Administration director echoed the same sentiments when he was asked if there was any form of documents or programs that they established to promote good behaviour in the organization. He went on to say that the organization has employee reports, code of conduct and charts which are available to every employee.

Awareness to Governance, Risk and Compliance: These findings showcase board members are aware of the principles in corporate governance as 100%. Those who strongly agreed were able to mention all the principles which include accountability, transparency, fairness and responsibility whilst those who agreed mentioned at least two of the principles. Most employees were aware of the principles mentioning at least two. It can be seen that a close relationship exist between management's awareness and that of board members however they just differ in that some of the managers are neutrally aware of the principles as they were only able to mention one principle

Integrated approach to corporate governance and Performance: The hyperinflationary environment that prevailed in Zimbabwe disturbed a lot of systems such that some of them were eroded by the harsh conditions. 100% of the management respondents were of the view that proper governance, risk and compliance are three important vehicles to survive in a depressed economy. Their opinion was an agreement with Euro money (2007), who cited that to be effective, any governance reforms must recognize the circumstances of the particular country and determine how best to address them. The implication being that as long as the circumstances in a country are well addressed, no matter how volatile the economic conditions are, governance, risk and compliance can ensure success in harsh conditions. However respondents went on to say an integrated approach to corporate governance is not an end itself.

The production manager advocated that there is need to compliment it with competent management. He cited that some risks such as political and market risk cannot be mitigated. The sales manager was of the same view as he highlighted that corporate governance just creates an enabling environment which is then taken with other micro and macro-economic fundamentals with strategy formulation, implementation and control enables organizations to post good results.

When management was asked if integrated approach is instrumental in enhancing performance, they were all of the view that GRC enhances performance. 5/5 of the management absolutely agrees to the assertion while the general employees are as follows:

GRC enhances performance

Strongly agree	4/16	25%
Agree	10/16	62.5%
Neutral	2/16	12.5%

The respondents went on to explain that the integrated approach creates a good culture whereby everyone in the organization is aware of what he/she is supposed to do in line with risk and compliance to corporate governance. All the management respondents agreed that adherence to integrated approach the success of the organization is guaranteed due to improved performance and as well as the communication channels every employee can access.

Benefits of an integrated approach to corporate governance: Almost 81% of the respondents believe that it is beneficial to have proper risk management at any organization while the remaining 19% disagreed. Respondents who agreed cited the benefits to be improved operational efficiency, increased access to financing, increased firm valuation and reduced risk of financial crises. These benefits are in agreement to the benefits of a combined roll of risk management and corporate governance. The other 19% argued that there would still be need for competent management and up to standard workforce to operate a sound GRC.

Increased access to Financing: The Finance and operations managers of the company cited that company got increased access to financing in 2008 when it managed to sell some of its shares for to SAB Miller (South Africa`s largest beverage company) in 2008. The comment got from the operations director in an interview was that, they only managed to sell their shares when their implementation of an integrated tool were in full effect. This is consistent with what was advocated by the Mckinsey Consulting Group, who found that investors in emerging market countries would pay a premium of 23% and 28% for shares in a company with good corporate governance. Investors have included corporate governance risk in the traditional valuation metrics and analysis in search for shareholder value.

Operational Efficiency: The researcher, noted from the analysis he made on the company`s financial statements that the value of its assets increased sharply in the 2009 financial period. Through a close look in the changes of asset values, he discovered that the company, made big expansion investments during this period. The company invested in US$12 million brewing equipment. Hence Delta managed to increase its operational efficiency. This is consistent with the literature depicted by Australia/Newlands Risk Management Standard where they suggested that the systems of risk management and internal control not only aid the prevention of governance breakdowns, but also assist in creating an environment where innovation and continuous improvement can thrive.

After being asked what the respondents think is contributory to survival of Delta beverages, they all confirmed a marked improvement in the operations of the organization since the emphasis of the integrated approach to corporate governance principles in the company performance. This implies that the integrated approach to corporate governance has to a larger extent led the company to its better performance. Other factors that the respondents pointed out were diversification, enjoying monopoly benefits, leverage from the headquarters in times of crisis since it is a multi-national company.

Conclusions and Policy Recommendation

Conclusions: According to the results found risk management is very effective in the integrated approach to corporate governance. It is through enterprise risk management that boards responds to new challenges, by putting in place measures which will continuously, systematically and thoroughly identify, analyze and control risks to the public and to their own staff. Therefore, in a world of self-seeking behavior and informational asymmetries (where managers have more information than owners), conflicts of interest between managers and owners of publicly held companies are likely to arise. Managers may seek to extract perks from the company and grow the company at the expense of the shareholders by making unprofitable investments so as to keep control of corporate resources preserve their jobs and increase their salaries. These actions create costs and they reduce the market value of the company. Conclusively the inculcation of a culture of open communication in the organization promotes the link between people, processes and technology.

Also if an organization is built on a continually monitored control environment, there will be a contribution to a conformance and compliance culture within the organization. Once efforts of existence of a strong control environment and best practices standards are being applied and this is noted from outside, the reputation of the company would be enhanced. Finally, the need for good reporting is very specific, and lies at the core of the combined code, complementing the need for consultation. Risk management, governance and compliance are inextricably tied together, both in terms of the 'language of risk' and of the management of risk-related information.

Finally it then came to surface that having an integrated approach to corporate governance attracts a lot of benefits. Among other benefits which can be derived from the integrated approach is increased access to financing, operational efficiency, improved performance, highly motivated employees, a competitive edge and instills risk intelligence in an organization.

Conclusively an integrated approach to a larger extent enhanced Delta Beverages performance. The structures for this approach were properly implemented thus its relevance was realized, structures as open communication channels, proper training programs and keeping in pace with technology were observed. Overally, people are properly linked to processes and technology.

Recommendations:

Since it has been established that risk management is very effective, in each and every organization, risk management has to be performed in silos across the departments and will yield value by proactively identifying issues that must be managed in order to better achieve objectives. However, the full value of risk management to an organization will not be realized unless and until it is performed in an integrated fashion. Risk management, in many different forms, takes place throughout the department of an organization. The goal of integrated risk management is to integrate and leverage the results from the risk management, for the benefit of middle and senior managers.

Although the board of directors is not in direct responsibility of risk management, its governance activities contribute significantly to effective enterprise risk management, and boards must actively participate in risk management to add value. The board should involve itself in the risk management process by providing direction, authority, and oversight to management. Business risks relate to business objectives because risk taking is a prerequisite to success; without risk, there is no reward. Accordingly, some risks must be exploited to take advantage of strategic opportunities. Good integrated approach to corporate governance can help to ensure that the organization is fully prepared to manage potential threats, link people, processes and technology, and to maximize the opportunities to be gained from business risk as revealed within the Delta Beverages system.

However, as noted from the acquired advantages within Delta Corporation through good governance, risk management and compliance, an integrated tool, well-structured risk management and corporate governance has to be adhered to by corporate in order to fully maximize their operating efficiency. These three elements as an integrated tool ensures a good planning platform which leads a less risk forecast or projection thereby raising the level of confidence to attain highly better results.

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