

PRIVATE AND CONFIDENTIAL



Market Research Services Limited

6 Collins Green Avenue
Kingston 5

Telephone: 920-4262-3
929-6311

Website: www.mrsl.com.jm

PROPOSAL FOR SURVEY ON CORPORATE GOVERNANCE

PREPARED FOR:

THE PRIVATE SECTOR ORGANIZATION OF JAMAICA
39 HOPE ROAD
KINGSTON 10

PREPARED BY:

MARKET RESEARCH SERVICES LIMITED
6 COLLINS GREEN AVENUE
KINGSTON 5

TABLE OF CONTENTS

	PAGE NOS.
□ Background to the Proposal	1 – 2
□ Specific Research Objectives	3 – 4
□ Methodology	5 – 7
□ Timing	8
□ Costing	9

BACKGROUND TO THE PROPOSAL

Public and Private sector companies have come increasingly under the microscope in recent years as moves have been made to significantly improve accountability and responsibility of boards and governing bodies. In a number of countries, this emphasis on transparency and sound business practices has led to the establishment of Corporate Governance bodies whose responsibility has been to ensure adherence to these standards and general compliance with best business practices. Against the background of changes in the role and functions of directors of companies, there has been an increasing need for the implementation of a code to speak to this need for greater accountability and transparency amongst both public and private sector bodies and organizations. There has also been an increasing awareness of effective corporate governance in both the public and private sector organizations, another factor that has put pressure on the need for a formal acceptance of a Corporate Governance Code.

The Private Sector Organization of Jamaica (PSOJ) has taken up the responsibility of paving the way for the establishment of such a Corporate Governance Code by setting up a committee to pilot and eventually implement the best business practice corporate governance body. Using as its guide the Combined Code on Corporate Governance issued by the Financial Reporting Council (FRC) of the United Kingdom in 2003, the PSOJ has drawn up a proposed Code which it is hoped will be implemented by January 1 2007. It is proposed for adoption by all publicly listed companies in Jamaica and all other companies, especially those engaged in the provision of financial services and products.

The PSOJ now wishes to conduct a survey to address a number of specific objectives relating to the acceptance of this proposed Corporate Governance Code. In this regard it has invited Market Research Services Limited (MRSL) to submit a proposal for the carrying out of this survey. MRSL is pleased to have been invited to submit this proposal

and in this document outlines the specific objectives that this survey will address, along with the planned methodology for the conduct of the survey, as well as timing and cost considerations.

SPECIFIC RESEARCH OBJECTIVES

The survey will seek to address the following specific issues.

- ❖ To clearly establish the structure of the company in terms of ownership and its listing on the stock exchange whether local or foreign.
- ❖ To establish the level of awareness of the Structured Concept of Corporate Governance.
- ❖ To probe to ascertain how they feel about the Corporate Governance principles in terms of the ability to foster growth and development within the organization.
- ❖ To probe for levels of attendance of any of the organization's Director at a Governance Workshop or Public Forum.
- ❖ To establish whether any existing directors have any association with, through certification, any area of Corporate Governance.
- ❖ To establish the level of awareness of specific reports on Corporate Governance.
- ❖ To ascertain the extent to which companies now have a "Statement of Business Practice" which serves to guide the commitment to achieve best practice in its standards of business integrity.
- ❖ To probe to establish the extent to which employees have been encouraged to buy into these principles where such standards exist.
- ❖ To examine the composition, role and functioning of boards to ascertain whether best business practices are being implemented or pursued.

- ❖ To probe for levels of transparency within boards of public listed companies and private companies.
- ❖ To probe for the existence of performance evaluation measurement within boards.
- ❖ To probe for the existence of principles that governs the maintenance of a sound system of internal control to safeguard shareholders' investment and the company assets.
- ❖ To establish the extent to which specific written guidelines exist to guide communication with stakeholders to ensure the protection of share price sensitive information and the dissemination of information in a timely and controlled manner.
- ❖ To establish the level of commitment amongst companies for the adoption of a Code of Corporate Governance and the extent therefore to which they see it as relevant and important in the context of the Jamaican environment.

METHODOLOGY

The survey targets in particular the companies listed on the stock exchange and other companies engaged in the provision of financial services. This frame of reference will guide the selection of the sample for the conduct of the research. The scope will be broadened to include a sample of all companies listed as members of the PSOJ. MRSL anticipates that the PSOJ will sensitize its membership to the conduct of this survey and seek to enlist their cooperation in participating.

The following will underpin the conduct of this research project.

- ❖ Selection of a sample of some 75 organizations that are members of the PSOJ.
- ❖ This selection will be at random from the alphabetical listing of the companies. The membership of the PSOJ, based on the Directory now stands at approximately 220 organizations. This means that the sample selection will be based on the identification of every 3rd company from a random starting point on the membership list.
- ❖ MRSL plans to supplement this list by the inclusion of relevant companies (i.e. listed on the stock exchange that might not be members of the PSOJ) It is anticipated that this supplemental list will be small in number.
- ❖ Interviews will be scheduled with the person named as the key representative of the organization in the directory of the PSOJ.
- ❖ In the case of those few organizations that are relevant, but which are not now members of the PSOJ, the key decision maker within those organizations will be identified and the interview conducted with that person.

- ❖ MRSL will use a structured questionnaire to gather and record the information from the interviews.
- ❖ This questionnaire will be designed from the specific objectives outlined above and will be submitted to the PSOJ for approval.
- ❖ Once approved in principle, this questionnaire will be pilot tested to ensure that it is fully understood by both interviewer and interviewee.
- ❖ MRSL has a cadre of highly trained and experienced executive interviewers capable of establishing the require level of rapport to ensure successful completion of the survey.
- ❖ Despite this level of expertise, all interviewers will nonetheless be exposed to extensive training for this specific task.
- ❖ MRSL will validate fieldwork by telephone calls to 25% of all organizations included in the sample.
- ❖ This will be done by way of telephone calls to the persons interviewed to verify the completeness of the questionnaire and generally to ensure that all fieldwork was conducted in line with specifications laid down.
- ❖ Whilst the population of organizations, and by extension the sample, is relatively small it is planned to analyze the data in total (all organizations) as well as by industry segment. There will as a result be caveats attached to the interpretation of the data at the segment level.

- ❖ MRSL applies a number of quality control procedures to ensure the most efficient conduct of the survey. In addition to the initial validation by supervisors especially employed for that purpose, MRSL carries out two further levels of efficiency checks.
- ❖ The data is further checked at the coding and editing stage. This is the stage at which each and every questionnaire is checked on a question-by-question basis to ensure that the fieldwork was correctly done and that all relevant questions were asked. This process is executed in the office of MRSL. MRSL has a dedicated team of coders.
- ❖ At the data processing stage, the questionnaires are put through a 100% verification process, which means that each questionnaire is reentered to ensure that only valid "punches" are recorded.
- ❖ The data is then analyzed and submitted to the relevant project officer for detailed management analysis and interpretation.
- ❖ MRSL will first submit a draft report for review by the PSOJ.
- ❖ In the final analysis, MRSL will submit three copies of the final report and be available for a formal PowerPoint presentation of the findings to the PSOJ.

TIMING

It is anticipated that this survey will be completed within six weeks of the start of fieldwork. The following is the detailed activity schedule.

ACTIVITY	Wk1	Wk2	Wk3	Wk4	Wk5	Wk6
Finalization of all details with the PSOJ						
Sample design and questionnaire design						
Pilot of the questionnaire						
Edit of the questionnaire and reprint						
Allocation of fieldwork						
Fieldwork involving the conduct of 75 complete interviews						
Random validation of approximately 25% of all interviews						
Coding and editing of the questionnaires						
Data processing and analysis						
Management analysis and report writing						
Preparation of draft report						
Edit of draft report						
Preparation of final report						
Submission of three copies of final report						
Formal presentation of key findings to PSOJ						

COSTING

The cost for conducting this research project in all its phases above will be \$545,000 plus GCT if applicable.

This will be invoiced in two equal installments of \$272,500 as follows. The first will be on formal commissioning and becomes due then and the second will be on completion and submission of the final report.

