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**CORPORATE GOVERNANCE COMPLIANCE OF COMPANIES LISTED
ON THE ALTERNATIVE EXCHANGE (ALTIX) IN SOUTH AFRICA****Abstract:**

Corporate governance has been implemented by several companies to strengthen accountability, reinforce trust and confidence in companies where ownership and management are separated. Concerns have however been raised regarding the cost of corporate governance compliance for smaller listed companies. Some countries allowed smaller listed companies some relief as to the corporate governance compliance. Examples includes the Advisory Committee on Smaller Public Companies in the US which recommended a three-tier governance and regulatory system for publically traded companies and the Combined code in the UK, which provided smaller companies some leeway with regard to board composition and the composition of audit and remuneration committees. The purpose of this study is twofold firstly to provide an overview of the corporate governance practices available in South Africa and secondly to investigate the corporate governance compliance of a sample of companies listed on the AltX in South Africa. The corporate governance indicators tested include inter alia the internal audit division, audit committees, boards of directors, the governance of risk and information technology. The results demonstrate substantial variation in rates of adoption of individual corporate governance recommendations. Overall the conformance with the corporate governance recommendations has increased over time. The AltX companies received a high level of disclosure on the statement of compliance with the King report, boards of directors, audit committee, integrated reporting and remuneration, whereas the governance of IT and internal auditing had relatively low adoption rates. The governance of risk and IT governance showed a significant increase in adoption rates in 2011 due to the King III recommendation regarding IT governance. Two areas namely IT governance and internal auditing had low adoption rates.

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corporate governance, agency theory, small companies, boards of directors

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