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Gary EVANS
School of Business University of Prince Edward Island

Corporate governance culture – an interview-based ethnography of two boards of directors using grounded theory

Abstract: This paper draws upon the broad range of research conducted on corporate governance and narrows the focus to a new model for governance that places culture as the focal point. The purpose of the research is to analyse the influence of culture on the creation of value added boards, the role of the Chairperson and directors in the development of board culture and how culture impacts the effectiveness and efficiency of the board. The paper draws together good practice as distilled from the interviews and is grounded in the 'Value-Added Board' model. This model takes a holistic view of governance, and focuses on the dynamics of the board's culture. The model focuses on how the board organizes its activities, what activities are valued, how information is evaluated, and how decisions are formed. The model also addresses how the board keeps itself fresh and competent by evaluating itself through continuous improvement.

This paper reviews the background literature on board culture pinning the creation of the model, and assesses why culture is critical in the evaluation of board performance. The ethnographic approach to the interviews included one on one taped interviews with directors and taped board meetings where the interaction and decision making process could be directly observed. For this paper two boards have been selected that had substantially different board cultures.

Past research has been unable to establish an unequivocal relationship between good corporate governance and firm performance. The evidence is either non-existent, mixed, or weak for such a relationship, and there is no evidence of causality. There is nothing that indicates that if companies follow some set of corporate governance practices that shareholders and stakeholders will benefit in some manner. A key question is why after thousands of research hours and numerous papers has no strong and definitive relationship been found?

To date, the methodologies used to study this issue are primarily positional in nature and based on quantitative variables. Researchers take board structure or governance variables and develop numeric scores, ratings, or rankings of the data. These data are then regressed against financial, market return, or valuation variables to see if a relationship exists. This work converts primarily qualitative data into quantitative data. That is a problem when the research question is qualitative in nature. The problem may be that there is a relationship between governance and the financial and market performance of the company, but the methodologies used to detect it have not been successful.

The methodology used in this study is qualitative in nature and is consistent with the qualitative nature of the data and consequently provides a robust approach to analysing this phenomena.

Ethnographic research has had limited exposure in the board room mostly due to access issues with corporate directors and a tendency for researchers to still over focus on quantitative data collection. This paper provides a unique view of culture from within the boardroom and offers an alternative to the corporate scorecards developed from past research studies.
Keywords: corporate governance, corporate boards, culture, grounded theory, board model.
JEL codes: G3, H11, L2, L3, M14, Z1.

Introduction

The corporate governance literature has an impressive history and the starting point for this paper is Berle and Means "The modern Corporation & Private Property" published in 1932. In December 1967 G. Means wrote "Profits are an essential part of the corporate system. But the use of corporate power solely to serve the stockholders is no longer likely to serve the public interest. Yet no criteria of good corporate performance have yet been worked out." This could have been written in 2010. A rating review, Daines, Gow and Larcker (2009) reviewed the ratings from the four primary corporate governance rating firms: ISS Corporate Governance Quotient (CGQ), Governance Metrics International (GMI), the Corporate Library's TCL rating, and Audit Integrity (ARG). The conclusion of the study was that commercial ratings provide little or no predictive ability. A similar finding occurred with Wheeler and Davis (2006), who argue that the billions that have been spent to comply with new regulations like Sarbanes-Oxley divert funds from vital areas such as research and development and investment in assets.

In all situations where ratings are developed and used for ranking purposes, the subjects being evaluated look for ways to improve their rating. They do this by examining the criteria to make sure a box can be checked by an evaluator. The study by Bebchuk, L., Cohen, A., and Wang, C.Y. (2010) highlights that companies were manipulating the tools to adjust how they were being rated making the tools ineffective for the future. Whether real improvements have actually occurred is an issue. The establishment of ratings have put pressure on companies to change their governance practices in ways that will improve their rankings. Whether real changes in governance have occurred that will benefit shareholders and other stakeholders is the question.

The research on ratings has not been static and has continued to grow as have the concepts of codes of best practice. Some examples of this type of research and their conclusions are highlighted below.

Bhagat and Black (1998) on the relationship between board composition and firm performance, Daily and Dalton, (2003), Kiel, and Nicholson (2005) on board evaluations, Leblanc and Gilles (2005) all looked at how direct access to boards changes the methods for evaluation. Minichille, Gabrielsson, and Huse (2007) look at a range of different techniques and process necessary for successful implementation of governance codes. Klein and Nicholson (2005) analyze the relationship between firm value and a corporate governance index for a sample of 263 Canadian firms. They find no relationship between the governance index and firm performance, and assert that board independence has no positive effect on firm performance.

To date, research has been unable to establish an unequivocal relationship between good corporate governance and firm performance. The evidence is either non-existent, mixed, or weak for such a relationship, and there is no evidence of causality. There is nothing that indicates that if companies follow some set of corporate governance practices that shareholders and stakeholders will benefit in some manner. A key question is why after thousands of research hours and numerous papers has no strong and definitive relationship been found?

The research methodologies are primarily based on quantitative variables. Researchers take board structure or governance variables and develop numeric scores, ratings, or rankings of the data. These data are then regressed against financial, market return, or valuation variables to see if a relationship exists. This work converts primarily qualitative data into quantitative data. That is a problem when the research question is qualitative in nature. The problem may be that there is a relationship between governance and the financial and market performance of the company, but the methodologies used to detect it have not been successful. Perhaps more time must be devoted to developing a methodology that retains the qualitative nature of the data.

1. Value-Added Board Model

Based on the literature review, and the increasing public pressure for regulatory governance intervention legislation in Europe and North America it has become evident that new models for corporate governance need to be developed we are to be effective in developing effective legislation. Kirkbride and Letza (2004) outlined a new approach for 'collibration', a new term coined by Dunsire (1990) to examine the combination of government and the private sector working together to set new governance standards. To achieve this new direction more research needs to be focused on the black box of the board process. This can only be accomplished with a more focused view on the behavioural or cultural aspects of boards.

The Management must feel that the board adds value to its efforts and is not just a mechanism that slows down the process of running the business to satisfy managements own interest. Both shareholders and management must see the board as value added if the board is to be effective and efficient in carrying out its duties.

In January 2003 the British Government published Derek Higgs' report on the role and effectiveness of non-executive directors on corporate boards (Higgs 2003). Higgs commissioned three studies to collect and analyze data on British corporate boards to be used in his final report. One of those studies involved in-depth interview with 40 board chairmen and non-executive directors, a task that was undertaken by the research team of Terry McNulty, John Roberts & Philip, Stiles. The conclusion of the study resulted in an essay (Roberts, McNulty & Stiles 2005). This generated a series of additional essays highlighting the importance in developing a more comprehensive model for governance that included a more qualitative approach to future research (Hendry 2005; Huse 2005; Pye & Pettigrew 2005). This has again opened the black box of board effectiveness through empirical research on board processes and dynamics (e.g. Forbes & Miliken 1999; Pettigrew 1992; Westphal 1999). Higgs' initial research was based on the role of the non-executive director and chairman but it rapidly expanded into the need to understand more fully the behaviour dynamics of a board and how the web of interpersonal and group relationships between executive and non-executive is developed in a particular company context (Roberts, McNulty & Stiles 2005). A model put forward by Morten Huse (2005) combines three sets of theories; general theories, board role theories and process-related theories. This model was put forward in response to the work of Roberts, McNulty and Stiles as a tentative framework for exploring behavioural perspectives of boards and corporate governance. The model is highlighted below.

In his essay Huse concludes that many research questions cannot be met unless venturesome research designs are explored and rigorously developed. Such designs may go beyond the collection of stories of directors and survey research. The use of case studies may be needed to meet some research questions (Huse 2005).

John Hendry as a response to the considerable insights of Roberts, McNulty and Stiles puts forward the importance of understanding the board process as sophisticated processes of accountability, if we are to understand the likely impact of legal and regulatory changes intended to impact upon accountability (Hendry 2005).

The inconclusive findings in the literature review between performance and the board highlight the need to find a new model for viewing board effectiveness. Past analysis attempted to put all aspects of board effectiveness into a quantitative format and to ignore the qualitative aspects of board performance. The Value-Added Board Model put forth combines both the quantitative and qualitative aspects of

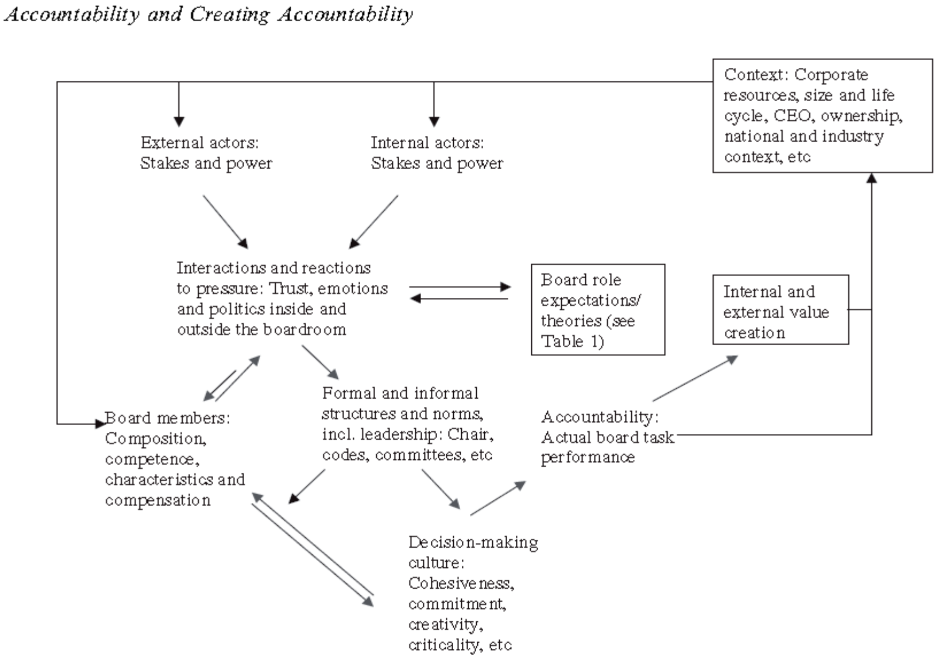

Figure 1. Creating accountability: An agenda for black box research on boards understanding actual board behaviour

board credibility. The non-fiduciary aspects of the board may hold the ultimate key to good corporate governance and performance.

The Value-Added Board Model (Figure 2) takes a holistic view of governance, and focuses on the dynamics of the board's culture. The model focuses on how the board organizes its activities, what activities are valued, how information is evaluated, and how decisions are formed. The model also addresses how the board keeps itself fresh and competent by evaluating itself through continuous improvement.

For good corporate governance culture needs to be the central theme. The culture impacts interactions between board members, leadership style, decision making, accountability and the ability to have transparency. A strong board will have an open learning culture that promotes active participation by all members. With more focus on the strategic planning aspects of the board more research including psychology and team culture is being applied to the boardroom (Letendre 2004; Sonnenfeld 2002). Huse (2008) incorporated culture as a key element in defining a value chain approach to creating value in the boardroom.

The agency issue has been at the heart of much of the current and proposed changes to corporate governance. Agency theory analyzes the conflicts between the principals and agents. A selection of papers from the extensive literature that considers agency issues include Berle and Means (1932), Coase (1937), Donaldson

(1963), Alchian and Demsetz (1972), Jensen and Meckling (1976), Fama (1980), Fama and Jensen (1983a, 1983b), Jensen (1986), and Shleifer and Vishny (1997). Berle and Means went so far as to claim that the separation of ownership and control "threatens the very foundation on which the economic order of the past three centuries has rested." The value added model recognizes the importance of this research and permits the examination of the organization to take into consideration agency theory issues that could exist between the board and CEO.

The independence issue has been at the heart of much of the current and proposed changes to corporate governance. Much of this work has looked at board structure, the role of individual directors, the role of the board and the role of the CEO.

This paper looked at the composition of the board and the role of the CEO, Chairman and the individual board members. A number of empirical studies have taken into consideration a combined agency and behavioural perspective of corporate governance. A selection of papers looking at behavioural, role model and key elements of decision making include Donaldson and Davis (1991), Davis, Schoorman, and Donaldson (1997), Dalton, Daily, Ellstand and Johnson (1998), Chris Cornforth

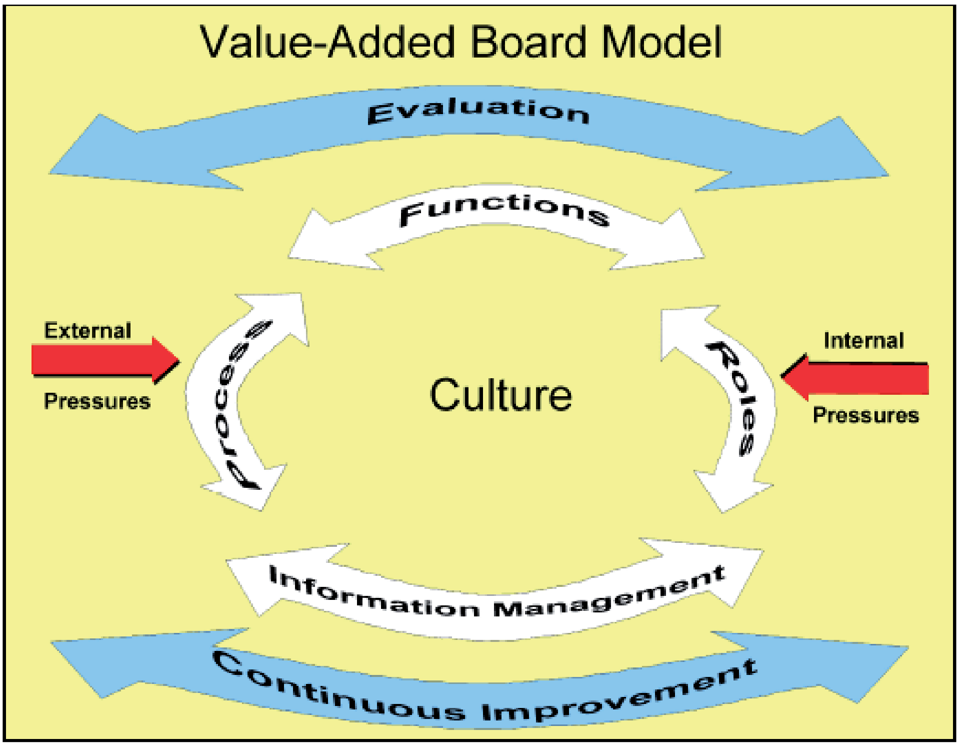

Figure 2. Value-added board model
Source: Evans 2010

(2001), Morten Huse (2005), Useem and Zelleke (2006), Dulewicz, Gay and Taylor 2007, Minichilli, Zattoni, and Zona (2009) and Zattoni, and Cuomo (2010). All these papers build on a combination of agency and resource dependence theories to help move forward ideas on good governance performance improvements.

With the pending regulatory changes around the world after the financial meltdown, the role of the board chair, CEO and effectiveness of board members has taken on a more critical issue within the board structure. The Value-Added Board Model looks at the influencing factors that board culture has in creating an environment that supports improved board effectiveness. The goal of this research was to use the value added model as a guideline in the collection of data, but to let the data determine the effectiveness of the model.

2. Research methodology

Grounded theory developed by Barney Glaser and Anselm Strauss in the early 1960s is a methodology for inductively generating theory (Patton, 1990). Glaser's definition of grounded theory is, *a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area* (Glaser 1992, p. 16). Whilst this definition is accepted by researchers the approach and rigor in the data collection, handling and analysis created differences between Glaser and Strauss. Strauss developed a more linear approach to the research methodology (Strauss & Corbin 1990); Grounded theory is not new to business research and Mintzberg emphasized the importance of grounded research for qualitative inquiry within organization settings; "*measuring in real organizational terms means first of all getting out, into real organizations. Questionnaires often won't do. Nor will laboratory simulations… The qualitative research designs, on the other hand, permit the researcher to get close to the data, to know well all the individuals involved and observe and record what they do and say*" (Mintzberg 1979, p. 586).

Grounded theory has three main categories of data, field data; (notes), interview data (notes, recordings, transcripts) and any existing literature and artifacts that may be useful to the research. Annual Reports and Proxy data referred to below would be an example of artifacts. Part of the literature research evaluated different coding methodologies that support and complement the grounded research methodology. Rekom, van Riel, and Wierenga offer a methodology for empirically assessing the core values of an organization (Rekom, van Riel & Wierenga 2006). They use the interview process with a means-end analysis in order to determine those values that organization members manifest in their daily behaviour and link these back to the core values of the organization. Miles and Huberman (1994) state that research can be enhanced and strengthened by combining grounded theory research principles with exhaustive data collection and analysis.

Glaser and Strauss (1967, p. 237) provide some guidance for evaluation of the empirical grounding of a grounded theory. These can be summarized as follows:

1. Fit –does the theory fit the substantive area in which it will be used?
2. Understandability – will non-professionals concerned with the substantive area understand the theory?
3. Generalizability – does the theory apply to a wide range of situations in the substantive area?
4. Control – does the theory allow the user some control over the "structure and process of daily situations as they change through time"?

Hussey and Hussey (1997) cited that a semi-structured interview process is appropriate for the following reasons:

- it is necessary to understand the construct that the interviewee uses as a basis for his or her opinions and beliefs about a particular matter or situation,
- one aim of the interview is to develop an understanding of the respondent's 'world' so that the researcher might influence it, either independently or collaboratively,
- the step-by-step logic of a situation is not clear,
- the subject matter is highly confidential or commercially sensitive,
- the interviewee may be reluctant to be truthful about this issue other than confidentially in a one-to-one situation.

Ehigie and Ehigie (2005) state that the interviewer must be knowledgeable about the topic, and be able to relate to the participants in terms of language; using vocabulary normally used within the sector being studied. The interviewer must also know when it is necessary to probe deeper, get the interviewee to elaborate, or broaden the topic of discussion.

One of the challenging barriers researchers face is gaining access to the types of process-oriented data necessary to understand the effectiveness of governance mechanisms (Daily, Dalton & Cannella 2003) but headway has continued in this area and there is now a considerable body of empirical primary board research. Roberts, McNulty and Stiles (2005) have identified a number of strong advocates and exponents of this approach. A common problem that researchers must consider in completing this type of research is the issue of access to boards of directors, which, although not an insurmountable problem, has its challenges. Leblanc and Schwartz (2007) outlined the impediments that researchers face in gaining such access. Common elements that are essential for a researcher considering gaining boardroom access can be summarized as trust, confidentiality, and the qualifications of the researcher. Samra-Fredericks (2000a, b) and Maitlis (2004) observed only single boards as opposed to multiple boards. Many researchers faced with access issues have been forced to depend on questionnaires and single points of contact, which has frequently been the CEO (Minichilli, Zattoni & Zona 2009). Useem and

Zelleke (2006) conducted multi-company telephone interviews for general questions with follow-up interviews. The researchers were faced with short interviews but were able to record and transcribe nearly half of the interviews and the study included 26 companies. Brundin and Nordqvist (2008) studied a single corporation using the long interview technique, one researcher was present at the board meetings and the study was conducted over a two-year period.

Parker (2007) took the opportunity of being a board member of two non-profit organizations to develop a study on the control orientation of the board. Parker did not approach either organization until his second year having served as a board member. The study was conducted during a two year period.

Boards are a combination of interactions and processes that are dynamic by nature. Grounded theory is an effective approach to produce rigorous research that is simultaneously relevant to boards and governance theory development. It is the most effective methodology for the study outlined here.

3. The study

To test the Value-Added Board Model introduced in the previous section, 5 boards were selected for a three-year study from 2008–2010 based on discussions with senior government officials in Canada. The data collected in two of the five boards interviewed are now complete and are highlighted within this paper.

The study involved in-depth interviews with each individual board member and recorded observations of at least one board meeting for each organization that participated within the study. The individual interviews ranged from 1–2 hours and explored the culture of the board by discussing various aspects of the organization including board functions, processes, roles, and information management. During the individual interviews probing questions were asked depending on the answer of the individual. All interviews were recorded resulting in hundreds of pages of interview notes. To complement the interview process documentation on each individual organization was collected. This was a combination of private and public available documentation on the company. Due to the highly confidential aspects of this study it was agreed that the confidentiality of the Province, organization and identities of individual participants would be protected. It can be disclosed that the organizations included both profit and non-profit crown corporations within Canada.

It is important to highlight that, while very different cultures appear to have evolved in the boards interviewed that at no time were there any concern of inappropriate decisions or processes being followed by any individual board. The inconsistencies or conflicting aspects of data that were uncovered during the study should not raise any concerns of corruption or inappropriate level of behaviour of any board or its members.

Company data collected included: Annual reports, strategic plans, policy guidelines, board minutes and Internet based information.

4. Organizational and board profiles

The two boards selected (known hereafter as 'X' and 'Y') for this paper had high visibility to the general public and were organizations that often found themselves in the media. Documentation on Board 'X' showed a mature organization with a long history. Board 'Y' on the other hand was a much newer organization having a history of less than 15 years. Both boards had similar time lines for board appointments and selection processes for board members. The two boards were both crown corporations and completely independent of each other with no common reporting lines back to the government. As with most Canadian crown corporations they followed 'Roberts Rules of Order' in conducting their board meetings. 'Roberts Rules of Order' was a process developed by the US Military in 1876 for Deliberative Assemblies. Board 'X' had six members including the CEO as a non-voting member and Board 'Y' had nine members including the CEO also as a non-voting member. Board 'Y' had two government deputy ministers on the board. Both organizations had a clear separation between the CEO and the Chair with neither chair having any direct or indirect past link to the crown corporations. On board 'X' all directors except the CEO would be classified as independent and clearly non-executive director status. On Board 'Y' two of the board members were government employees directly appointed by the crown. In both cases an independent board member held the chair position. While the two boards had some common similarities they had striking differences in culture. Both board 'X' and 'Y' would meet once a month at the time of this study.

4.1. Joining the board

Both organizations had undergone a change in CEO within the last two years. While the selection of the board's directors was a government process that could generate discussion it will not be covered in this particular paper. The process was the same for both boards, however, it should be noted that the difference in chair experience was apparent between the two boards. Neither board provided structured training and education of new board members although a process was in place to ensure that new board members had a clear understanding of the business attributes of the board that they were joining. This was accomplished with staff meeting with board members and visitation to a range of different facility sites.

Both boards have succession planning issues. The bulk of board members will come to the end of their term at the same time. In Board ‘Y’ this will occur within the next two years and with Board ‘X’ it will occur sooner. During this study all board members from both boards had more than 4 years experience as board members.

4.2. Internal and external pressures

Both organizations faced external pressures from potential policy changes within the government or other non-government issues that were certain to attract media attention. Internally they had the normal pressures of day-to-day business including operations, human resource and scheduling issues. For external issues the CEO of both organizations were considered the face to the public. Both CEOs were very effective in getting timely updates to board members and ensuring that the board was kept up-to-date.

Board ‘X’ had detailed documentation for a wide range of policies including governance. Board ‘Y’ had documentation on a number of internal processes but no formal documentation on governance policies. On paper it would appear that board ‘X’ had a more effective set of governance processes. As the study moved forward it proved that board ‘Y’ had in practice, a more comprehensive governance process.

Board ‘X’ used the government assigned auditor while board ‘Y’ had selected to use an external private audit firm. Neither organization had any identified issues from their auditor over the last 4 years. Board ‘X’ had structured a sub-audit committee that worked with the auditors separately and than reported annually back to the board. Board ‘Y’ did not have a separate sub-committee, and met with the external auditor as the whole board. In both cases meetings with the auditors did not include the CEO. In Board ‘X’ the focus was on ensuring financial compliance and traditional risk management around the financial statement. The sub-committee reported back to the board annually and financials were part of the monthly board meeting. During the last 4 years no issues had been raised to the board from the audit sub-committee. The written audit report gave a clean bill of health. When the audit report was presented to the board the CEO stayed in the meeting. One director stated, “*I don’t see any reason for xxxx not to be in the meeting it is his organization*”. At every board meeting the company accountant would be invited to review the monthly financials. This organization has never experienced any issues in regards to financial performance.

Board ‘Y’ used an external auditor and the whole board took an active interest in how the auditor was to perform the audit. While the auditors offered a standard process board members identified key issues they wanted investigated by the auditor. For cost effectiveness they would select a limited number of additional areas for review each year. They took the opportunity to seek opinions from the auditors on the performance of the CEO and the organization as a whole. During the interviews a number of directors highlighted specific issues that they wanted the auditors to address. It was considered a normal process for the board to meet the auditors in camera and than with the CEO on the action items. As one board member stated "*we are here to protect the investment of the public and its our job to ensure it is done right*".

4.3. Roles functions processes and information

During this part of the research interview and document comparison it became evident that there were differences between the two board cultures. Board 'X' had longer history and more documentation, but the interview process quickly separated documentation from what factually was being done. A governance policy document that the board had passed four years prior to the interviews was all but forgotten. The document clearly highlighted the roles of the Chair, Board Members and the CEO. While board members most certainly performed their duties on a number of key issues with diligence and care some aspects of the policy had been clearly forgotten. Board members had gained and maintained industry knowledge that was key in performing their decision-making duties on issues that came before the board. This was done with continuous interaction with key staff members of the company. The policy document approximately 50 pages in length outlined specific function and roles for the board as a whole, the chair, individual members and the CEO. Several areas fell well short of what was outlined in the policy document, including: chair leadership, communication, governance and evaluation processes, succession planning, and risk management. None of these shortcomings were identified within the annual auditor report. Board 'X' members highlighted that the organization had a "*large number of policy documents*" and one member could not even remember that a policy document existed on governance "*you know xxxx we have a document on the board policy, but I don't remember what it says its been years since I read it*". At the end of the board member interview process it was evident that no one had read the policy governance document for a number of years. The governance policy document clearly indicated the members being interviewed had debated and passed the policy document. The issue became apparent during the interview process discussing the evaluation process for the CEO. When asking board members what the evaluation process was for the CEO the response that came back was either none exist or "*no we don't do that*". One member did state when asked on how the CEO was evaluated that "*we tell him he's doing a good job or if we think something could be done better*" when probed if this was a formal process the answer was "*no*". While the policy document included specific directions on board evaluation all members indicated that this had never been done.

Material for the board meetings was always prepared in advance and while all the board members would review the material prior to the board no one indicated any additional research that they would perform in preparation to coming to a board meeting. When interviewing the chair and asking how he rated his board members his initial answer was "*they are all great, no problem*" later in the interview that changed to "*well there is one member who doesn't seem to care that he is at the meeting*". During the taped board meeting a number of difficult issues were being reviewed and participation did not appear evenly distributed.

While the members had a clear knowledge of each other, during individual interviews it was evident that the group was not as cohesive as first described. Comments such as "*I think that a chair needs to have more experience when coming to a board, xxxx is a great person, but has never been on a board before*", " the *past CEO xxxxx ran this like it was his own business, it was his baby and everyone knew it*".

Board 'Y' had no formal documentation on board policy. Using the value added model the interview process was the same as for board 'X'. Members on board 'Y' put substantially more time in outside research and in preparation for the monthly meetings. In board 'X' most members were spending 2-3 hours in preparation for the board meeting. In board 'Y' a member quickly highlighted "*it depends on the meeting, xxxxx has some unique knowledge and I know that some topics he will research for many hours*". During the interview with this member he indicated that on some issues he would spend a 100 hours doing research between meetings. It is important to note that none of the board members in either board 'X' or 'Y' were compensated for extra work they did outside of the board or committees. Many of the board members in board 'Y' would seek out clarification on processes and issues from the chairman between board meetings. While no formal process existed for training board members the company took on the role of ensuring that all board members were familiar with necessary industry knowledge and frequently the chair and CEO for board 'Y' would have outside advisors and experts present to the board. Types of comments often found coming from the board members of board 'Y' included: "*terrific chair*", "*best board I've ever worked on", "nothing's going to get rubber stamped with this board", "the CEO must feel he's in the hot seat, all the time, but he is doing a great job", "don't always agree with the decision of the board, but I always have the opportunity to put my views forward", "no one is scared of asking the tough questions on this board", "we may not always be correct but we make good decisions on the information we have and are not scared to go back and changed a decision if necessary", "we need to spend more time on strategy and I know the chair feels the same", "I look forward to our meetings", "Very diverse board, with lots of talent", "everyone has the opportunity to provide input, chair runs a great meeting*". The main shortcoming for board 'Y' was an evaluation process for the board members themselves. The board had implemented a process for setting and reviewing the annual objectives for the CEO. The 'Y' board held in camera sessions for the CEO review process and the annual auditor process. Board 'Y' did not have an internal review process for the board, chair or individual board members.

The chair of board 'Y' held a number of board positions in both the public and private sector and owns and runs his own successful business. It is important to note that prior to the chairman's appointment to the board, meetings were held every two to three months. The company now has scheduled monthly board meetings.

While both boards should be commended on a range of processes and functions they followed, the interview process combined with an analysis of documentation provided for a number of recommendations that would be beneficial for each board.

Conclusions

This study showed the importance of the board interview process in understanding the relationship between corporate governance and board performance. Without an interview process board 'X' would appear to have all the processes and functions necessary to score high on a corporate governance performance evaluation. After the interview process board 'Y' achieved a higher performance evaluation. Had the researcher not had direct access to the board the lack of documentation for board 'Y' would have resulted in a lower evaluation score. The dataset from this study holds a number of other important attributes, and characteristics for analysis not discussed within the limitations of this paper. Data collected through direct board interaction offers opportunities to researchers in a wide range of governance theories. This study adds to the growing numbers of empirical studies that work from within the boardroom. As highlighted in Parker (2008) this study challenges the presumption that formal reporting systems or policies alone can be the essential drivers of control and risk management.

The two boards selected in this study provide a limited insight into governance within government crown corporations. It offers a opportunity to other researchers to replicate studies in other corporate bodies.

A model was used to help structure the interview and data collection process, and while it proved useful in the initial stage of data collection as would be expected with a grounded theory approach the model needs to be constantly re-evaluated when considering which attributes have the largest impact on culture.

It is important to indicate to future researchers that while access to boards is not an easy task to accomplish Leblanc and Schwartz (2007) the result is worth the effort. A key element for this particular study was ensuring confidentiality to a wide range of stakeholders. This combined with a true desire to achieve higher standards of corporate governance within the government sector were key in moving the study forward.

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