Sources of accountability for non-executive directors

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An article submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirement for the degree of Masters of Business Administration

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DECLARATION

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

Julia Goodman

7 November 2018

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1. COVER LETTER

Gordon Institute of Business Science
University of Pretoria

7 November 2018

To whom it may concern,

Identification of and motivation for target journal

The European Business Review has been selected as the target publication for this article, Sources of accountability for non-executive directors. The journal is an ABS 2018 2* journal and was chosen mainly due to the fact that one of the key articles used as an influence for this study was published in this journal, "The complexity of the antecedents influencing accountability in organisations" (Pearson & Sutherland, 2017). It is a general business and strategy journal and as such the article on sources of accountability at board level would fit in well with the subjects covered.

The journal is accredited and is ranked by "AERES (France); Association of Business Schools (ABS) Academic Journal Quality Guide; Australian Business Deans Council (ABDC) Journal Quality List; Australian Research Council (ERA) Journal List; BFI (Denmark); Chartered Association of Business Schools (CABS, UK) Academic Journal Guide; CNRS (France); ESSEC Rankings of Journals 2016 (France); JourQUAL (Germany); Norwegian Social Science Data Services; Publication Forum (Finland); Scopus; Qualis (Brazil)"

The article follows the journal guidelines:

Guidelines	Article
Microsoft Word and PDF	PDF and Microsoft Word
Between 4000 and 7000 words in length including all referencing and appendices	7975 words
Title of not more than 8 words	6 words
All contributing authors names added to ScholarOne	To be completed before submission
Structured abstract (4-7 sub-headings) Max 250 words •Purpose (mandatory) •Design/methodology/approach (mandatory) •Findings (mandatory)	Structured abstract completed including •Purpose •Design/methodology/approach •Findings

•Research limitations/implications (if applicable) •Practical implications (if applicable) •Social implications (if applicable) •Originality/value (mandatory)	•Research limitations/implications •Originality/value
Keywords (max 12)	6 Keywords
Article classification	Research Paper
References in Harvard Style	Harvard style referencing used

In terms of the sequence of authorship, the researcher, Julia Goodman, will be the first and corresponding author and the second author will be the researcher's supervisor, Hayley Pearson.

Should you have any concerns, please do not hesitate to contact either myself or my supervisor on the details provided below.

Yours sincerely,

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2. THEORY AND LITERATURE REVIEW

2.1 Introduction

The call by the stakeholder community for increased board of directors' accountability increases with every corporate failing (Balcaen & Ooghe, 2006; Jamali, Safieddine, & Rabbath, 2008; Pugliese et al., 2009). However, and even despite improvements in corporate governance structures, there continues to be regular and continuing firm problems and crises blamed on corporate governance failures (Roberts, McNulty, & Stiles, 2005; Soobaroyen & Mahadeo, 2012). This suggests that the call for greater transparency and accountability is falling on deaf ears. The board of directors, who is charged with monitoring and controlling of executive management fail to be responsive to their stakeholders (Dalton & Dalton, 2005). Instead of increased calls to the board of directors to enhance corporate governance and accountability, it may be useful to understand the sources of personal accountability (Lindberg, 2013), so that this knowledge may influence the selection, appointment and management of non-executive directors (Withers, Hillman, & Cannella, 2012) as well make the concept of accountability at board level more practical for practitioners.

Accountability is a "requirement to give an account of oneself and of one's activities" (Joannides, 2012, p. 245) and is said to occur "when one's behaviour could fall under scrutiny of another individual (Harari & Rudolph, 2017, p. 123). The term has appeared from as early as work by Greek philosophers including Plato, Zeno and Aristotle who analysed fairness, obligation and penalty for wrongdoing through the concept of accountability (Schlenker, Britt, Pennington, Murphy, & Doherty, 1994). Roberts (1991) views accountability as the recognition that one's acts and deeds affect oneself and others. Accountability is often regarded as a synonym for responsibility and both refer to "being answerable" for one's actions (Schlenker et al., 1994, p. 632). This can, therefore, be used to evaluate the performance and control of employees as well as allocate incentives or penalties for lack of performance.

Accountability is a complex phenomenon, which cannot be looked at as a single event, rather as a set of multifaceted and interrelated relationships between single actors and the environment surrounding them, as well as the players within that environment (Lerner & Tetlock, 1999; Pearson & Sutherland, 2017). Mansouri & Rowney (2014) further explain that "accountability is applicable in every direction, whether it is upwards, downwards, inwards, or outwards" (p. 46). Gelfand, Lim, & Raver (2004) define accountability as "the perception of being answerable for actions or decisions, in accordance with interpersonal, social, and structural contingencies, all of which are embedded in particular sociocultural

contexts" (p. 137).

According to Lindberg (2013), accountability can be grouped into three dimensions. Firstly sources of accountability are named as either "internal or external to the one being held accountable" (Lindberg, 2013, p. 212). Secondly, the "degree of control" that the source has over the individual experiencing the accountability is important, as well as the "spatial direction" of the relationships of accountability, which could be vertical (upwards or downwards) or horizontal (Lindberg, 2013, p. 212; Mansouri & Rowney, 2014). Kou & Stewart (2018, p. 39) further break accountability into four areas: the "objective" for which an individual is deemed accountable, the "attributes" of the individual who is held accountable, the "sources" that are able to enforce accountability on the individual, and the "mechanisms or reasons" that an individual feels accountable.

While it is agreed that accountability plays a vital role in enterprise performance, there are some clear gaps in the literature on accountability and there is much work still to be done in this area of study (Hall, Frink, & Buckley, 2017; Pearson & Sutherland, 2017). Accountability is a research area that is constantly expanding and is "notoriously elusive" (McKernan, 2012, p. 260) and yet an understanding of this is vital in today's context of economic crises and large organisational scandals (Hall & Ferris, 2011). Mero, Guidice, & Werner (2014) explain that the development of additional theory in this space is required, beyond the theoretical bases that have been used in the past.

Both academic and business circles agree that the topic is important, yet in their review of felt accountability, Hall, Frink, & Buckley (2017) found a clear gap in the literature around accountability. They further state that "accountability is still in the nascent stage as a scholarly research domain" (p. 204) and that there is still an abundance that is not known regarding this concept and that the key issues which have held back understanding of accountability are that most studies have focused on "measures of accountability" instead of paying attention to the phenomenological view currently being used by researchers. Secondly, most accountability studies have been based in a laboratory setting. The phenomenological view is when accountability is perceived as a "state of mind, rather than a state of affairs" (Hall et al., 2017, p. 206). Gelfand et al. (2004) point out that most of the research has been focused on the individual accountability area, and the majority of studies have taken place in Western world environments such as the United States or Europe.

Joannides (2012) framed accountability through four questions namely: who, to whom, for what and, by which means. The bulk of the research in the field of accountability has

focused on the 'who', 'for what' and 'by which means', and the 'to whom' question is still rather uncharted (Joannides, 2012). Furthermore, the under-researched area of the 'to whom' question is particularly interesting to explore at board level, as the ecosystem in which board members operate is complex with many varied stakeholders. The majority of research has focused on the accountability aspect in the decision making of individuals, instead of accountability effects at the group level (Van Hiel & Schittekatte, 1998).

Attention is also often only paid to accountability when an issue occurs or a lapse in governance is experienced (Hall, Frink, Ferris, Hochwarter, Kacmar, & Bowen, 2003). These breaches in corporate governance highlight the responsibilities of the board of directors as an accountability and monitoring force. Their role in corporate governance is vast, and they are able to provide oversight, confirm major strategies, as well as decide executive management remuneration, and play a part in performance management or removal of executive management (Bezemer, Peij, de Kruijs, & Maassen, 2014).

2.2 Theory of Accountability

Accountability theory has its roots in agency theory (Mero et al., 2014). Agency theory has its origins in the study of risk sharing and looks closely at the relationship between 'agents' and delegation of control (Bendickson, Muldoon, Liguori, & Davis, 2016; Eisenhardt, 1989). It explains that controlling the behaviour of an 'agent' is achieved through the use of incentives and/or watching of said behaviour to ensure alignment with firm goals (Mero et al., 2014). The main limitation to agency theory is that it neglects to analyse the view of whether the agent views itself as having accountability for their actions. It also assumes that by having monitoring procedures in place, alignment between individual and agent interests will be achieved, while it is often more complex. Accountability exists in and is a fundamental part of "social systems" in which human beings live and operate, and is often underpinned by a level of common expectations (Frink & Klimoski, 2004; Gelfand et al., 2004).

Agency theory has also been used to theoretically analyse corporate governance, specifically focusing on the external or market control, as well as the internal control or board of directors and executive management (Roberts et al., 2005). A major criticism of agency theory is its focus on one-on-one relationships (Bendickson et al., 2016) and it, therefore, struggles to theoretically underpin the complex nature of board relationships and accountability experienced (Nicholson, Pugliese, & Bezemer, 2017). As Pearson & Sutherland (2017) presented, accountability is a complex concept with multiple accountability relationships and interactions occurring in a system and therefore it is

difficult to assess accountability based on a purely individual-agent approach (Mansouri & Rowney, 2014). While agency theory has limitations when using it to underpin accountability as a concept, there are few satisfactory options and as Mansouri & Rowney (2014) explained, the use of agency theory as the key accountability theory may have stunted the exploration of additional, better-suited theories for the concept.

Stewardship theory, role theory and resource dependency theory have emerged as possible alternatives to agency theory, although not always mutually exclusive (Brennan, Kirwan, & Redmond, 2016; Hall & Ferris, 2011). Stewardship theory is described as being organisationally focused, specifically when superiors are not driven by their own goals and are rather motivated towards achieving aims that are aligned with their subordinates (Davis, Schoorman, & Donaldson, 1997). There is further differentiation between agency theory, which places value on extrinsic motivating factors that have a monetary significance, and stewardship theory, which places more value on intrinsic motivating factors such as personal accomplishment and individual development (Davis et al., 1997; Walther, Möltner, & Morner, 2017).

Role theory focuses on the roles that develop and change over time and Frink & Klimoski (2004) used "role theory as a framework for accountability" (p. 4) to explain how relationships between individuals progress over time and affect the way and extent to which accountability is felt. While both role theory and stewardship theory have been used more recently to theoretically analyse accountability, there is still space for additional theoretical expansion.

2.3 Sources of Accountability

Sources of accountability include both formal or external accountability, such as rules, regulations, policies, procedures, agreements and systems, and informal or self-imposed accountability, such as social norms, culture of the organisation and accountability to self (Hall, Blass, Ferris, & Massengale, 2004; Kou & Stewart, 2018).

2.3.1 Formal Accountability

In order to bring order and structure to the area of accountability, many organisations introduce formal measures to measure performance or enforce accountability. This concept refers to "objective, external systems" (Hall, Blass, Ferris, & Massengale, 2004, p. 526) that are in place in organisations in order to supervise, scrutinise and control employees. These can be in the form of performance management systems, contractual

agreements, compensation and bonus schemes, employee handbooks or disciplinary processes (Frink & Klimoski, 2004; Hall & Ferris, 2011). Formal accountability is also sometimes referred to as external accountability (Hall et al., 2004).

The presence of formal accountability systems, however, is not necessarily the reason people feel accountable (Mansouri & Rowney, 2014), and this may, in fact, be driven more by informal accountability than formal accountability. Most accountability research has focused on the formal aspects of accountability (Hall & Ferris, 2011) and yet while formal accountability may be used to hold employees accountable, it does not always result in accountability being felt or assumed by the employees (Hall et al., 2004). Therefore when corporations decide on using formal accountability measures, careful consideration must be paid to which systems and methods are chosen for the organisation (Hall & Ferris, 2011).

Individual feelings of accountability can often be reinforced through the use of monitoring behaviour by managers (Mero et al., 2014). In a board environment, however, direct monitoring is not easily achievable as board meetings are held infrequently and while a Chairperson may be referred to as the "manager" of the board, they are not able to constantly reinforce and question board members. At the board level, formal accountability is defined by Maharaj (2009) as "rules and regulations that help the board to function effectively and make decisions" (p. 107). Walther et al. (2017) further state that accountability at board level can be driven "by striving for obtaining rewards (e.g. monetary incentives) or avoiding punishments (e.g. lawsuits)" (p. 66).

At a board level, formal accountability could be governed by corporate governance policy documents such as Sarbanes-Oxley in the United States, and the King IV Report in South Africa, as well as contractual agreements, auditor statements or company manuals (Brennan & Solomon, 2008; Krause, Withers, & Semadeni, 2017; Michelon, Bozzolan, & Beretta, 2015). Listed organisations will also be subject to stock exchange guidelines and regulations that govern the number of board members, the makeup of the board including independent versus executive members, and tenure of board members (Maharaj, 2009).

2.3.2 Informal Accountability

While formal accountability is by its very nature mandated by organisations, informal accountability exists as something that is more difficult to define and harder to identify. Informal accountability takes the form of "social norms, culture, values" (Hall et al., 2004, p. 526). This could exist in terms of the respect or loyalty an employee may feel towards

managers or peers as well as organisational culture and the norms associated with this. This furthermore illustrates the complex nature of the ecosystem of accountability (Frink & Klimoski, 2004). Informal accountability is sometimes referred to as internal accountability (Hall et al., 2004).

2.3.2.1 Group Accountability

Group accountability is defined by Kou & Stewart (2018, p. 35) as "the implicit or explicit expectation that a group's collective actions will be justified to, and evaluated by, an external audience with the ability to mete out consequences". This can further be explained as the group or team feeling that they could be held accountable as a collective and include clear mechanics that include: objectives, actors, sources, and forces. Objectives allow a group to understand the expectations placed upon them regarding their choices and outcomes, and actors refer to the individuals in the group who are expected to account for actions. The sources of accountability are further explained as formal or informal accountability, while forces relate to why an actor believes themselves to be accountable in a specific setting (Kou & Stewart, 2018).

The board is comprised of individual board members who need to work together as a group to make key, strategic decisions for the organisation (Maharaj, 2009). Accountability interdependencies are needed in order to accomplish individual goals through interaction and reliance on others (Frink & Klimoski, 2004). At board level, however, individuals work towards achieving organisational goals, making group communication and interaction imperative (Elms, Nicholson, & Pugliese, 2015). Little is understood about how accountability develops and expands from individual or self-accountability to the wider group (Kou & Stewart, 2018), and the transient nature of groups and boards could mean that this group accountability is constantly evolving.

2.3.2.2 Self-Accountability

Self-accountability refers to one feeling accountability to oneself (Mansouri & Rowney, 2014) and this can include "self-evaluation, judgement and sanctioning of one's own conduct" (Schlenker et al., 1994, p. 635). Roberts (1991), describes the "intimate and interior relationship between accountability and the constitution of the 'self'" (p. 356) and this is further explained by Gelfand et al. (2004) as a process of a person evaluating their own deeds or choices against "some internal standard" (p. 140). A key aspect of self-accountability is the concept of reputation, a key driver of accountability that is "central to account-giving and account-holding" (Busuioc & Lodge, 2017, p. 92).

The concept of individual-level accountability has historically been taken for granted by researchers and it has been assumed that some form of self-accountability is necessary for the functioning of any "organised body" (Hall & Ferris, 2011, p. 132). This "personal accountability" has some limits as described by Messner (2009), firstly "one's opacity to oneself" (p. 932) which explains that individuals are not able to completely recall the circumstances in which they have been involved and therefore cannot completely defend their behaviour and decisions. It is difficult for an individual to be accountable for something that is difficult to rationalise. The second limit is that an individual providing an account of their actions can feel as if a demand is placed upon them, which can result in a burden being experienced. And thirdly, an account is often given in a "set of social norms" (p. 933) and this can result in an ethical burden for the individual if more than a few of these accounts have to be given concurrently (Messner, 2009). It is necessary to understand these limits when viewing self-accountability as well as the influence they have on informal accountability structures.

2.3.2.3 Culture of the Organisation

Social control in organisations is often enacted through informal measures such as culture which is often implicit and communicated informally through group norms, organisational culture norms, signs and symbols, as well as relationships within the organisation (Frink & Klimoski, 2004; Gelfand et al., 2004). The culture of an organisation is often created through leadership behaviours who "lead by example" (Steinbauer, Renn, Taylor, & Njoroge, 2014, p. 382) and influence their followers through social learning, which results in followers aligning their behaviour with their leaders.

Organisational cultures can vary significantly in different industries especially as regulation, policies and industry norms have an influence. As Hall et al. (2017) state, different cultures in organisations will affect accountability felt and experienced. However, the culture of an organisation is often not transferred to the level of the board. Therefore how does organisational culture affect, if at all, accountability experienced at board level?

Boards themselves may have their own unique cultures and are often at risk of experiencing interpersonal difficulties, and therefore new board members need to be "socially compatible with the existing directors" (Elms et al., 2015).

2.4 Corporate Governance and Board of Directors

Corporate governance and accountability are intrinsically linked and the controls that board members feel have been described firstly through the external environment (shareholders and the market) and secondly the internal environment (peer accountability with other board members) (Brennan et al., 2016; Roberts et al., 2005). Research has been focused on examining these two areas, but few studies have aimed to examine the large number of additional sources of accountability that board members experience and how this relates to accountability (Roberts et al., 2005). A board of directors is described as a "central governance mechanism" with oversight of the "complex system of moving parts" that makes up corporate governance (Cullen & Brennan, 2017, p. 1869).

The understanding of accountability with regards to corporate governance is under-researched (Soobaroyen & Mahadeo, 2012). Nicholson et al. (2017) state that "there is limited agreement on the precise nature of accountability and how it can be operationalised in the boardroom" (p. 224).

With governance failures at listed companies in South Africa and internationally, there is increased emphasis on the monitoring role the board of directors plays (Van den Berghe & Baelden, 2005). Accountability in organisations has garnered increased attention in recent years, mainly from stakeholder and external groups intrinsically tied to an organisations performance or lack thereof (Mansouri & Rowney, 2014) and organisational scandals have highlighted the need for accountability in the corporate world (Hall & Ferris, 2011). The requirements for increased accountability in both the academic and corporate sphere have grown over the last few years (Messner, 2009) as the impact of poor governance has damaging effects such as job loss, loss of retirement savings, criminal charges and reputation damage (Downes & Russ, 2005).

There is a need for business and academia to understand the sources which drive and influence accountability for board members and shareholders have called for greater accountability and governance at the board level (Nicholson et al., 2017; Roberts et al., 2005; Zattoni & Cuomo, 2010). Most research has focused on the board as being a monitoring force and therefore enacting accountability on executive management, however, little has been done on how board members themselves experience accountability (Brennan et al., 2016). Cullen & Brennan (2017) further explained the three accountability roles that boards are responsible for as "control, monitoring and oversight roles" (p. 1869). This is again focusing on the accountability roles board members act in, instead of how the actual system of accountability at board level is experienced.

Corporate governance is imperative in organisations for business outcomes (Mangena, Tauringana, & Chamisa, 2012) and the board of directors is often required to provide a balanced view, separated from the day to day operations that may skew decision making. However, this view is often impacted by short-term, financial goals demanded by shareholders and the executive management team. Directors need to analyse situations fully and be "active and proactive, rather than passive and reactive" (Downes & Russ, 2005, p. 94). Recent corporate failings have led to calls for increased non-executive director numbers on listed boards, however, studies on the effects of having increased numbers of non-executive directors on boards have shown mixed results on organisation performance (Petra, 2005).

Non-executive directors play a vital role in not only enabling boards to be more effective but also to create a balanced view and act as a source of confidence to shareholders and investors (Hambrick, Misangyi, & Park, 2015; Michelon et al., 2015; Roberts et al., 2005; Zattoni & Cuomo, 2010). Furthermore, non-executives are responsible for providing an external, independent perspective on executive goals and decisions as well as supporting the executive management. Non-executive directors are responsible not only for holding executives to account for decisions, but can also be held to account by external stakeholders and shareholders (Nicholson et al., 2017).

Non-executive directors have a complex role to play in holding the executive team as well as their own non-executive director colleagues to account. Furthermore, they themselves are also accountable to the board and organisation for their choices, beliefs and actions (Nicholson et al., 2017) reiterating the self and group accountability that could be experienced.

In a board of directors setting, the decision making power sits with the group and not the individual, as decisions are made after taking individual views to achieve a group outcome (Nicholson et al., 2017) further emphasising the role group accountability plays. Boards comprise of a group of people who "work together as a social system" (Van den Berghe & Baelden, 2005, p. 64). This further strengthens the argument against agency theory, as board members experience multiple "agents" often with differing ideas and motivations.

Informal accountability sources at board level would include the conduct and attitudes inherent in individual board members and within the board in its entirety (Maharaj, 2009). There has been a lack of research in the area of informal systems at the board level which Maharaj (2009) identified as "knowledge, values and groupthink" (p. 112). Research has

also failed to analyse the interaction among formal and informal systems at board level.

2.5 Conclusion

The study of accountability is complex and multifaceted, and clear gaps exist in the literature (Hall et al., 2017). While work has been done trying to understand the 'who', 'for what' and 'by which means', of accountability, the 'to whom' question is still rather unexplored (Joannides, 2012). There have been few studies completed with an aim to examine the large number of additional sources of accountability that board members experience and how this relates to accountability (Roberts et al., 2005).

Accountability at both the formal and informal level is important in driving a more integrated commitment to achieve organisational goals (Roberts, 1991). Furthermore, accountability has interdependencies which need to be enabled in order for strategic and moral targets to be met. Accountability goes beyond purely formal aspects and also includes informal aspects such as accountability driven by the self and by personal reputation (Mansouri & Rowney, 2014).

In the past, accountability at board level has mainly focused on accountability to shareholders. However, with the changing governance landscape, this has expanded to include wider stakeholder accountability (Brennan & Solomon, 2008; Soobaroyen & Mahadeo, 2012). Most accountability conversations focus mainly on the shareholder, however greater attention is being paid to the wider stakeholder group including the organisation's employees, the communities affected by business operations and performance, and the environment (Messner, 2009).

Gelfand et al. (2004) propose "an accountability web" (p. 137) which includes multiple parties that exist in a system of accountability. These parties may or may not feel accountable to one another. This study aims to uncover the web of accountability experienced by non-executive directors at board level. The study will also aim to uncover the sources that drive accountability at board level and specifically why non-executive directors feel accountable to these sources, with the aim of reframing accountability to be more practical within the field of corporate governance.

3. RESEARCH QUESTIONS

This research study aimed to answer four research questions, which were derived from the literature.

Q1: What are the main sources of accountability that board members experience?

Q2: Of the identified sources of accountability (formal and informal), which has the greatest influence on the level of accountability experienced?

Q3: What is the relationship between the sources of accountability?

Q4: How are the sources of accountability enabled in order to have an effect on accountability experienced by board members?

4. RESEARCH METHODOLOGY

4.1 Introduction

A qualitative and exploratory approach was adopted for this study and the rationale for the research methodology selected for this study is explained in detail in this chapter. The literature review provided the insights and rationale from which this methodology was chosen.

4.2 Choice of Methodology

This research aimed to build a deeper understanding of the accountability ecosystem that board members experience and interpreted the data to generate meaningful and interesting knowledge. Zikmund, Babin, Carr, & Griffin (2013) describe qualitative research as having a focus on "discovering true inner meanings and new insights" (p. 132). The choice of methodology for this study was monomethod, which refers to only one type of method being used, either qualitative or quantitative (Azorín & Cameron, 2010). For this research study, a qualitative method was the only method used. Saunders & Lewis (2012) explain that exploratory research is undertaken when the topic of study is not fully understood, or the area of research is relatively unexplored and is used to "clarify ambiguous situations" (Zikmund et al., 2013, p. 52). Exploratory research is often used in conjunction with a qualitative method, in this case, semi-structured interviews. This study aimed to uncover deeper insights into an area that has been under-researched, and therefore qualitative and exploratory research methods were best suited to the study. The relatively wide nature of the initial phases of exploratory research was narrowed as more insight was gained and key focus areas uncovered.

Qualitative research is able to realise the research objectives that quantitative research is unable to, and involves observing, listening, understanding and deducing the data (Zikmund et al., 2013). Furthermore, a qualitative study usually has samples of far fewer participants than quantitative studies. This does not necessarily mean the data is less valid, it only reinforces that this is a discovery-focused approach, and that the ideas generated would have to be tested before being adopted. Qualitative research studies aim to explore topics in more detail and as such an inductive approach was used in this study. The inductive approach relies on developing theory from observations. It identifies patterns from the observations with an aim to develop theories or conclusions (Saunders & Lewis, 2012). The inductive approach involves "discovering patterns, themes, and categories in one's data" (Patton, 2002, p. 110). It is an approach which allowed for theory and conclusions to be developed from the research undertaken in this study.

The data was collected from multiple sources during a particular period of time, namely July to August 2018 and as such was conducted using a cross-sectional time horizon approach. This approach entailed collecting data at one point in time (Saunders & Lewis, 2012) and due to the limited time available for this study, it was the most appropriate to use.

4.3   Population

The population that was selected for this study were described as all non-executive directors who are or have been members of a board of a Johannesburg Stock Exchange (JSE) listed company, and as such had an understanding of the accountability experienced by non-executive board members.

4.4   Unit of analysis

Individual perceptions of non-executive directors on JSE Listed boards on the accountability at board level was used as the unit of analysis. This allowed for the identification and classification of accountability experienced by board members as well as the sources of accountability. The identification of the degree of accountability felt for each source was also analysed in order to understand which had the greatest influence. The insights and observations that were provided by the non-executive directors were analysed to further identify the key accountability mechanisms.

4.5   Sampling method and size

A two-layered non-probability sampling method was used in this study which included judgment and snowball sampling. Judgement sampling was initially used to identify a group of interviewees who were best suited to answer the research question (Saunders & Lewis, 2012). Judgment sampling required a thorough description of the criteria that were to be used to choose the interviewees. A list of criteria, which included tenure of board role, number of board memberships and variation of the industry was used to judge which sample was best suited to the research.

Access to non-executive directors was gained through the personal and professional networks of the researcher. In her professional capacity, the researcher had worked with many non-executive directors and had strong networks in this space. Additional access to further non-executive directors was obtained through the networks of colleagues through convenience sampling.

Following the initial judgement sampling technique, snowball sampling was used when it

became difficult to identify further members of the population to interview (Saunders, Lewis, & Thornhill, 2009). This involved interviewees making recommendations on subsequent sample members (Saunders & Lewis, 2012) and additional interviewees were recommended through this technique.

Sampling continued until the point of saturation was attained, which was the point where no original or additional themes or data were witnessed or uncovered (Boddy, 2016). The sample was small in size due to it being a qualitative study and consisted of fifteen non-executive directors who were currently or had been members of JSE listed organisation boards in South Africa. These participants were non-executive directors with deep board level experience as well as executive level experience, with many having fulfilled roles as Chairpersons and Chief Executive Officers.

The sample included members of boards across various industries, and as judgement sampling was chosen, not all industries had equal representation. Participants were rather chosen based on pre-defined criteria and those that were best suited to providing key insights on accountability at board level for non-executive directors.

4.6   Data collection tool

The measurement instrument that was used to conduct this exploratory research was a semi-structured, in-depth interview that covered the themes and topics that were to be researched. A questionnaire was derived from the research questions identified, and this was then used to conduct the interviews. The questionnaire is included in Appendix 1.

Semi-structured interviews in exploratory studies assist in identifying and understanding the associations and interactions between variables (Saunders et al., 2009). In this case, they were used to assist the researcher in better understanding the sources of accountability at board level. Semi-structured interviews allowed for an in-depth discussion to take place, as well as freedom to omit, reorder or add questions as the interview progressed in order to gain additional insight (Qu & Dumay, 2011; Saunders & Lewis, 2012). According to Zikmund (2000), semi-structured interviews are advantageous as they are able to pinpoint specific matters, and the data is normally easy to interpret. However, they can lack the creativity needed to come up with really innovative solutions.

Fifteen semi-structured interviews were completed with non-executive directors, of which fourteen were conducted face-to-face, and one was conducted telephonically. The interviews ranged in time depending on the style of answering and the insights that the participant was able to provide. The shortest interview was 18 minutes with the longest

being 65 minutes. Average interview time was 32 minutes. The interviews were conducted at a convenient location for the participants, with three occurring at a restaurant, two at the participant's place of work, nine took place at the researcher's place of work, and one was conducted telephonically. Participants were initially contacted by telephone by the researcher during which time the purpose of the interview was explained. Following this, each participant was sent an invitation to participate via email, along with a copy of the consent form. Meetings were then confirmed telephonically, via email or via text message depending on the preference of the participant. Once confirmed an email invite was sent along with another copy of the consent form.

Prior to starting the interview, each participant was asked to complete and sign the consent form to ensure that participants provided consent and that data was gathered in an ethical manner (Saunders & Lewis, 2012). The consent form also provided permission from the participant for the interview to be recorded using a voice-recording device.

Using the research questions previously defined for this study, interview questions were developed which were mapped to each of the four research questions. The mapping of these interview questions to the research questions is detailed in Table 1. Due to the semi-structured nature of the interview process, the interview questions were sometimes omitted or the order of asking was varied due to the responses from the participant (Saunders & Lewis, 2012).

Table 1: Research Questions and Interview Questions

Research Questions	Interview Questions
Research Question 1: What are the main sources of accountability that board members experience?	1. What is your understanding of the concept of accountability? 2. What are some of the things that cause non-executive directors to experience accountability? 3. To whom or to what do you believe non-executive directors feel accountable?
Research Question 2: Of the identified sources of accountability (formal and informal), which has the greatest influence on the level of accountability experienced?	4. Of the sources identified, which do you believe has the greatest impact on accountability? 5. Why do you believe these sources are more important than others in driving accountability?
Research Question 3: What is the relationship between the sources of accountability?	6. Do you believe the sources of accountability you identified interact in any way?

	7. If yes: How do these sources interact and what is the result of this interaction?
	8. If no: Why do you believe that these sources of accountability that you identified do not interact in any way, and how, if at all, might these sources be combined in order to have an effect if we forced them to do so?
Research Question 4: How are the sources of accountability enabled in order to have an effect on accountability experienced by board members?	9. For the sources you have identified, what mechanisms allow for the source to be experienced and to have an effect?
	10. What are the pros and cons of the mechanisms previously identified of accountability used in boards?

4.7 Data Collection Process

This study aimed to uncover new insights into accountability at board level for non-executive directors and as such semi-structured interviews were completed in order to collect data. This technique allowed the researcher to develop a set of topics and themes to be covered during the interview but further allowed for deeper insights to be gathered by probing for additional understanding at applicable points (Saunders & Lewis, 2012).

In preparing for the interviews, research was completed on the participant and an interview guide which included the topics and themes to be covered as well as the questions to be asked was drawn up. The researcher practised their interview skills thoroughly prior to each interview.

Once formal introductions were completed, the researcher explained the purpose of the interview and research briefly to the participant. The interview was then conducted using the interview schedule which comprised of eight open-ended, non-leading questions as well as one close-ended, yes/no question. The purpose of this close-ended question was to lead into either question seven or question eight depending on the nature of the previous answer. These questions were developed from the research questions that were derived from the literature review. Participants were expected to answer questions based on their knowledge and insights gained from their experiences as non-executive board directors. The participants were encouraged to answer questions freely and openly and the interviewer was able to probe for additional information when key insights were uncovered. Probing was required at various times when incomplete answers, or answers that need further explanation, were given (Zikmund et al., 2013).

Prior to starting the interview process, a pilot test was completed to ensure that the researcher's interview technique was at the required standard and to confirm that the questions were understandable (Saunders & Lewis, 2012; Zikmund et al., 2013). The pilot interview was done in the manner anticipated by the researcher with no errors or issues arising from the pilot test. As such the data gathered during this interview was collected and analysed along with the subsequent interviews.

Following the completion of interviews, an email thanking the participant was sent to each interviewee. The interviews were word processed and transcribed using a voice transcribing application named Otter.ai, as well as through analysis of the voice recordings, supplemented by hand-written notes of the researcher. Consistent recording rules were used to transcribe the data and these transcripts and notes formed the data to be analysed (Saunders & Lewis, 2012).

4.8   Data Analysis

Data analysis involved examining the data with scrutiny to identify patterns and subsequently turning the identified patterns into categories, constructs and themes (Patton, 2002). This was done initially by transcribing each audio-recorded interview as soon as possible following each interview, as well as analysing the handwritten notes. The transcription of the interview allowed the researcher to get closer to the data and pick up patterns or areas to explore in more detail in subsequent interviews.

Once the interviews were transcribed, they were thoroughly analysed to identify codes which were then allocated to data. These codes were then assembled into themes and sub-themes and the interviews were then analysed again to ensure all data relevant to each theme was allocated. The process followed is termed thematic analysis and Braun & Clarke (2006) describe the process of thematic analysis as following a step by step approach. This is illustrated in Table 2.

Table 2: The Phases of Thematic Analysis (Braun & Clarke, 2006)

Phase	Description
Phase 1: Familiarising yourself with the data	Transcribing of the audio recorded data, checking accuracy of transcription, repeated reading of data, generating an initial list of ideas.
Phase 2: Generating initial codes	Identifying features of the data and developing coding from this, collating data relevant to each code.

Phase 3: Searching for themes	Collating codes to devise themes and sub-themes, collecting data relevant to each theme.
Phase 4: Reviewing themes	Refining the identified themes in relation to the coded data extracts (level 1), and following on from this, in relation to the entire data set (level 2).
Phase 5: Defining and naming themes	Further refine the themes, analyse data within each theme, identify the 'story' each theme describes. Define and name each theme.
Phase 6: Producing the report	Final analysis and write up, ensuring write up is compelling and yet not overly complex. Ensuring the data analysis shows a clear linkage between literature review and research questions.

A computer-aided qualitative data analysis software programme (CAQDAS) Atlas.Ti was used to assist in analysing the data collected (Saunders & Lewis, 2012). The data were coded and classified so that analysis could be completed to identify themes and constructs (Patton, 2002).

Frequency Analysis was also used to identify the number of times each code was used, and furthermore, rank the codes in terms of the amount used. This frequency analysis also assisted in identifying when data saturation was reached. As the number of new codes decreased with each subsequent interview, saturation was reached when no new codes were identified. A graph illustrating the new codes identified per interview is illustrated in Figure 1.
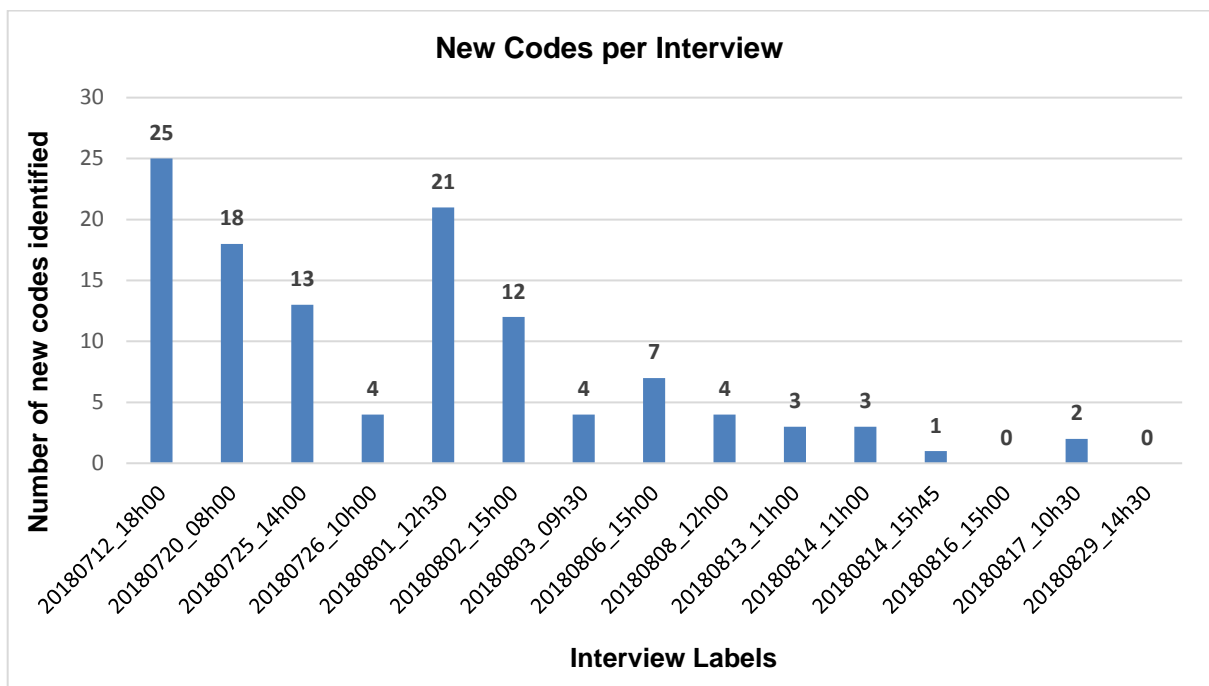
Figure 1: New codes identified per interview

4.9 Data Validity and Reliability

Qualitative research is difficult to assess and there has been little research into what "good" qualitative studies look like, whereas quantitative research criteria are understood and agreed upon (Cassell & Symon, 2011). The most well know of these, the "reliability, validity, replicability, and generalisability" test, is difficult to apply to qualitative research. Reliability and validity are key factors in evaluating quantitative methods and research, and Saunders & Lewis (2012) state that there are many factors which can negatively affect the consistency and accuracy of the data and findings.

The interviewer used "member checking" to consistently reiterate what the participant had said and confirmed that the interviewer understanding was correct. Member checking is normally used to confirm the interpretations of the interviewer from the participant's answers, which can involve re-approaching participants after the interview to confirm interpretation (Creswell, 2007). In this instance, instant member checking was completed in the interview, to assist in ensuring the validity of the data.

Reliability in qualitative research seeks to ensure that the "data collection methods and analysis procedures produce consistent findings" (Saunders & Lewis, 2012, p. 128). As qualitative research is considered subjective it can be affected by biases such as interviewer bias, subject bias and response bias (Saunders & Lewis, 2012). In order to assist in limiting these biases, the interview questions were standardised for each

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interview. Detailed methods for transcribing and coding were adhered to in order to ensure that consistent and trustworthy procedures of data analysis were followed.

4.10   Research Limitations

The limitations of this research are identified as follows:

- Qualitative analysis can be subjective and there is a risk of a number of biases affecting the study. This is particularly problematic as the interviewer may display certain non-verbal cues or tone that may impact the way the participant answers the questions (Saunders & Lewis, 2012; Saunders et al., 2009).

- Qu & Dumay (2011), highlight the importance of having a skilled interviewer who is able to steer the conversation, ensure that leading questions are not asked and put the participants at ease. A limitation of this study is that the researcher was not an expert interviewer and the manner of interviewing may have had an impact on the data gathered. In order to try and mitigate this limitation, the interviewer prepared thoroughly for each interview and conducted a pilot test in order to familiarise themselves with the questionnaire.

- This study only focused on non-executive directors of South African, JSE listed companies within the Gauteng area. This could have resulted in geographical bias by participants.

- Due to the small sample size in qualitative research, the results are not able to be inferred to the total populations, whereas in quantitative research "statistical generalisations" are often able to be made (Saunders et al., 2009). Generalisability to all non-executive board members may not be possible as the sample was limited.

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6. APPENDICES

Appendix 1: Questionnaire

Name: _____

Listed Board Memberships:

_____

_____

___

Date: _____/_____/_____

Start Time: _____:_____

End Time: _____:_____

Thank you for agreeing to take part in this research study and meet with me today. I appreciate your time and the insights you are going to provide for this area of research.

The title of this research project is "Sources of Accountability at Board Level". The key objectives are to understand:

- What are the main sources of accountability that board members experience?
- Of the identified sources of accountability (formal and informal), which has the greatest influence on the level of accountability experienced?
- What is the relationship between the sources of accountability?
- How are the sources of accountability enabled in order to have an effect on accountability experienced by board members?

The nature of this research is exploratory and investigative, and as such I will be guided by a semi-structured interview questionnaire. Please be aware that the data collected will remain confidential and you will remain anonymous.

Before we start the interview, please may you sign the consent form and confirm that you are comfortable with me recording the audio of the interview using a recording device?

Question 1:
What is your understanding of the concept of accountability?

Question 2:

What are some of the things that cause non-executive directors to experience accountability?

Possible prompts (formal sources)	Code of conduct, rules, King Report or corporate governance policies and documents, board reviews
Possible prompts (informal sources)	Self, peers, social norms and behaviours, ethics, values

Question 3:

To whom or to what do you believe non-executive directors feel accountable?

Question 4:

Of the sources identified, which do you believe has the greatest impact on accountability?

Question 5:

Why do you believe these sources are more important than others in driving accountability?

Question 6:

Do you believe the sources of accountability you identified interact in any way?

Question 7:

If the answer to Question 6 is yes:

How do these sources interact and what is the result of this interaction?

Question 8:

If the answer to Question 6 is no:

Why do you believe that these sources of accountability that you identified do not interact in any way, and how if at all, might these sources be combined in order to have an effect if we forced them to do so?

Question 9:

For the sources you have identified, what mechanisms allow for the source to be experienced and to have an effect?

Sources	Mechanisms

Question 10:

What are the pro's and con's of the mechanisms previously identified of accountability used in boards?

Mechanisms	Pro's	Con's
Code of conduct	35	
Corporate Governance policies – King Report		
Manager/Chairman		
Remuneration/incentives		
Board reviews		
Other		