

2017

Utilizing Corporate Governance in Strategy Formulation and Execution

Oladayo Ojo
Walden University

Follow this and additional works at: <https://scholarworks.waldenu.edu/dissertations>

 Part of the [Business Commons](#)

This Dissertation is brought to you for free and open access by the Walden Dissertations and Doctoral Studies Collection at ScholarWorks. It has been accepted for inclusion in Walden Dissertations and Doctoral Studies by an authorized administrator of ScholarWorks. For more information, please contact ScholarWorks@waldenu.edu.

Walden University

College of Management and Technology

This is to certify that the doctoral study by

Oladayo Babatunde Ojo

has been found to be complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

Review Committee

Dr. Diane Dusick, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Ify Diala, Committee Member, Doctor of Business Administration Faculty

Dr. Neil Mathur, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer
Eric Riedel, Ph.D.

Walden University
2017

Abstract

Utilizing Corporate Governance in Strategy Formulation and Execution

by

Oladayo Babatunde Ojo

MA, The College of St. Scholastica, 2005

BA, The College of St. Scholastica, 2002

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

October 2017

Abstract

Ineffective corporate governance is a leading cause of financial crises. Ineffectual corporate governance is mainly due to the lack of prudential and efficient supervision, which is symptomatic of board composition and the selection criteria of board members. The purpose of this single case study was to explore the strategies that banking leaders used to identify board selection criteria that ensures effective governance. The sample consisted of 4 business leaders at a bank located in California that remained profitable and did not have losses during the recent recession. The conceptual framework used for the study was agency theory. The data sources were publicly available archival documents, semistructured interviews, member checking, and extant literature on the topic. Using methodological triangulation, 4 themes emerged from data analysis: select independent, experienced, and knowledgeable business leaders as board members; recognize the importance of the choice of the CEO and other senior executives; acknowledge cooperation is key to sustainable growth; and promote integrity and ethics as key executive and board membership criteria. The application of the findings in this study may contribute to social change when banks operate under effective governance that can lead to improved well-being for all corporate stakeholders, including investors, employees, customers, and the bank's community, through the continued employment and the economic stability of the community.

Utilizing Corporate Governance in Strategy Formulation and Execution

by

Oladayo Babatunde Ojo

MA, The College of St. Scholastica, 2005

BA, The College of St. Scholastica, 2002

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

October 2017

Dedication

I dedicate this study to Wuraola Janet Yetunde Ojo, my wife of 32 years for her love and steadfast support. To God be the glory, great things he hath done.

Acknowledgments

I acknowledge and thank my mentor and doctoral study chair, Dr. Diane Dusick, for her help in completing this study. I also thank my second committee member, Dr. Ify Diala and my URR, Dr. Neil Mathur. I acknowledge the glory of almighty God, whose mercies endure forever.

Table of Contents

List of Tables	v
Section 1: Foundation of the Study.....	1
Background of the Problem	2
Problem Statement	3
Purpose Statement.....	3
Nature of the Study	4
Research Question	5
Interview Questions	5
Conceptual Framework.....	6
Operational Definitions.....	7
Assumptions, Limitations, and Delimitations.....	9
Assumptions.....	9
Limitations	9
Delimitations.....	9
Significance of the Study	10
Contribution to Business Practice.....	11
Implications for Social Change.....	11
A Review of the Professional and Academic Literature.....	11
Conceptual Framework.....	13
History of Corporate Governance Problem	25

Governance Initiatives and Strategies.....	28
Current Corporate Governance Challenges	43
Board Selection Criteria.....	51
Transition	62
Section 2: The Project.....	64
Purpose Statement.....	64
Role of the Researcher	65
Participants.....	67
Research Method and Design	69
Research Method	69
Research Design.....	71
Population and Sampling	72
Ethical Research.....	74
Data Collection Instruments	76
Data Collection Technique	78
Data Organization Technique	81
Data Analysis	81
Compiling	82
Disassembling	82
Reassembling	83
Interpretation.....	84

Concluding.....	85
Reliability and Validity.....	85
Reliability.....	85
Validity	86
Transition and Summary.....	87
Section 3: Application to Professional Practice and Implications for Change	89
Introduction.....	89
Presentation of the Findings.....	90
Key Words	91
Theme 1: Select Independent, Experienced, and Knowledgeable Business Leaders as Board Members.....	92
Theme 2: Recognize the Importance of the Choice of the CEO and Other Senior Executives.....	95
Theme 3: Acknowledge Cooperation is Key to Sustainable Growth	97
Theme 4: Promote Integrity and Ethics as Key Executive and Board Membership Criteria	99
Applications to Professional Practice	102
Implications for Social Change.....	104
Recommendations for Action	105
Recommendations for Further Research.....	107
Reflections	109

Conclusion	110
References.....	112
Appendix A: Invitation Letter.....	150
Appendix B: Interview Protocol.....	151

List of Tables

Table 1. Corporate Governance Literature Research Themes96

Section 1: Foundation of the Study

Ineffective corporate governance was the primary cause in well-publicized instances of excessive managerial risk-taking in the financial sector that led to the financial crisis in the first decade of the 21st century (2007–2009), further adding to uncertainty about boards' ability for oversight (McNulty, Florakis, & Ormrod, 2013). Effective monitoring is the ability (a) to be objective, (b) to comprehend the issues at hand, (c) to devote requisite time plus attention, and (d) to exert an individual's self on behalf of shareholders (Hambrick, Misangyi, & Park, 2014). The common cause of the subprime mortgage crisis and a resulting housing market crash was weak oversight, which led to excessive risk-taking and created incentives for banks to maximize short-term profits by pushing subprime lending (Dymski, Hernandez, & Mohanty, 2013).

Ineffective corporate governance manifests beyond the most recent financial crisis despite various governance factors and preventing practices; a typical organization loses about 5% of revenue each year to various forms of malfeasance (Yu, 2013). Malfeasance ranges from (a) the inadequacy of internal controls and lack of oversight, (b) fraudulent earnings reports, and (c) wrong action or inaction by executives and boards (Soltani, 2014). Contemporary corporate governance issues include (a) inadequate information safety protocols leading to the breach of privacy data (Rai & Mar, 2014), (b) management of strategic partnerships (Thorne & Quinn, 2016) with prevention, and (c) management of corporate crises (Jizi, Salama, Dixon, & Startling, 2014).

Background of the Problem

Ineffective corporate governance was the primary cause in well-publicized instances of excessive managerial risk-taking in the financial sector that led to the financial crisis in the first decade of the 21st century (2007-2009) further adding to uncertainty about boards' ability for oversight (McNulty, Florakis, & Ormrod, 2013). Effective monitoring is the ability, (a) to be objective, (b) to comprehend the issues at hand, (c) to devote requisite time plus attention, and (d) to exert one's self on behalf of shareholders (Hambrick, Misangyi, & Park, 2014). The common cause of the subprime mortgage crisis and a resulting housing market crash was weak oversight, which led to excessive risk-taking and created incentives for banks to maximize short-term profits by pushing subprime lending (Dymski, Hernandez, & Mohanty, 2013).

Ineffective corporate governance manifests beyond the most recent financial crisis despite various governance factors and preventing practices; a typical organization loses about 5% of revenue each year to various forms of malfeasance (Yu, 2013). Malfeasance ranges from (a) the inadequacy of internal controls and lack of oversight, (b) fraudulent earnings reports and (c) wrong action or inaction by executives and boards (Soltani, 2014). Contemporary corporate governance issues include (a) inadequate information safety protocols leading to the breach of privacy data (Rai & Mar, 2014), (b) management of strategic partnerships (Thorne & Quinn, 2016), with prevention, and (c) management of corporate crises (Jizi, Salama, Dixon, & Startling, 2014).

Problem Statement

Corporate governance is a crucial success factor in a firm's strategy and financial performance (Volonte, 2015), and when corporations' governance policies are weakly enforced, organizations can become inefficient and unprofitable (Starbuck, 2014).

Corporate governance became a familiar term with the financial scandals and an exponential increase in corporate earnings restatements between 1997 and 2002, when financial markets lost more than \$100 billion in market capitalization due to ineffective governance issues (Mande & Myungsoo, 2013). The general business problem was that some banking institutions lacked effective governance. The specific business problem was that some banking leaders lack strategies to identify board selection criteria that promote effective governance.

Purpose Statement

The purpose of this qualitative single case study was to explore strategies to improve board selection criteria that banking leaders use to promote effective governance. The targeted population comprised of banking leaders in one U.S. bank who demonstrated governance procedures for selecting board members and effective governance that ensured that the bank did not experience failures or government bailouts during the last financial crisis (2007–2009). The findings from this doctoral study have implications for positive social change, including economic and social benefits through profitable corporations to stakeholders, communities, and the economy. The social benefits could include enhancing self-worth when individuals remain employed in solvent corporations and promoting stable thriving families and communities.

Nature of the Study

A qualitative approach was appropriate for this research study. Qualitative methods are appropriate for describing, decoding, and advancing the understanding of intertwined past, present, or future eclectic data (Hlady-Rispal & Jouison-Laffitte, 2014). Qualitative methods with open-ended research questions are appropriate for gathering comprehensive responses, identifying, and understanding different perspectives (Starr, 2014). Therefore, a qualitative method was suitable for studying effective corporate governance. An alternative research method that I could have chosen was the quantitative research method, which is useful for examining relationships and differences among variables and testing hypotheses (see Frels & Onwuegbuzie, 2013). A quantitative method was not suitable, as I did not focus this study on testing hypotheses or examining the relationships or differences among variables. Another possible method is mixed method research, which is an approach in which a researcher combines quantitative and qualitative methods in the same research inquiry (Starr, 2014). A mixed method is a viable option when a research question is multifaceted and complex and the researcher cannot address the problem by one approach adequately (Caruth, 2013). However, because semistructured interview questions are best for answering the research question in this study with comprehensive responses (see Dresch, Lacerda, & Cauchick Miguel, 2015), I employed the qualitative method.

I conducted a single case study to address the purpose of this research. Qualitative case studies involve the study of a case within a real-life, contemporary context or setting

(Yin, 2014). Therefore, a case study was appropriate for understanding corporate governance issues from the participants' ideas and perspectives.

There are several qualitative research designs, including phenomenology, ethnography, and case studies. The phenomenological approach involves collecting the lived experiences of individuals with particular characteristics who have experienced a common phenomenon (Ryan, Lauchlan, Rooney, Hollins Martins, & Gray, 2014). The focus of this study was on efficacious strategies and processes for selecting board members; hence, phenomenology would not have been an appropriate design. In ethnographical research, the researcher is an active and engaged participant who observes and describes the attributes of a culture-sharing group (Lopez-Dicastillo & Belintxon, 2014). An ethnography would be unsuitable to studying utilizing corporate governance because it does not involve exploring a cultural phenomenon. As both phenomenology and ethnography were unsuitable designs for this study, the case study design was the most appropriate to address the research question.

Research Question

I developed one overarching research question to guide this study: What strategies do banking leaders use to identify board selection criteria to ensure effective governance?

Interview Questions

I used the following semistructured interview questions to promote exploration of corporate governance from the perspective of business leaders in one U.S. bank that demonstrated effective corporate governance and did not experience failures or government bailouts during the last financial crisis.

1. What are the functions of your board of directors?
2. What are the characteristics of an effective corporate board?
3. What are your board selection criteria?
4. What is the bank's process for selecting and appointing board members?
5. How has your board demonstrated effective corporate governance?
6. In what ways have your selection criteria demonstrated that they promote effective board members?
7. What are other selection strategies that you have used for promoting effective corporate governance?

Conceptual Framework

The conceptual framework for this study was agency theory. Jensen and Meckling (1976) developed agency theory to explain the inherent conflict of interest between executives and corporate board members. Key propositions of the theory involve conflict in corporate leadership characterized by the short-term profit orientation of some CEOs, versus the long-term viability strategies of the corporation (Bosse & Phillips, 2016). Such conflict is more prevalent when there is a dichotomy in the strategies required for short-term and long-term success and when the CEO role is combined with the chair of the board of directors (Sarpal, 2014).

In agency theory, the interests of the CEO and shareholders sometimes diverge (e.g., maximizing short term results versus engaging in long term strategies), which can result in significant costs and inefficiencies ultimately borne by society (Bosse & Phillips, 2016). The central premise of agency theory is that managers and shareholders

have different access to firm-specific information, and managers as agents of shareholders/principals sometimes engage in self-serving behavior by making unethical or illegal decisions that may be detrimental to long-term corporate interests (Filatotchev & Nakajima, 2014). Executive largess, ineffective boards, distorted incentive schemes, accounting irregularities, failure of auditors, dominant CEOs, dysfunctional management behavior, and lack of adequate oversight have been major causes of corporate malfeasance (Soltani, 2014).

Krause and Semadeni (2014) noted that a key proposition of agency theory is that the CEO and board chair roles should be separated, because the CEO acting as his or her own monitor creates a conflict of interest. Remediating the agency conflict is a primary corporate governance issue. Sur et al. (2013) concluded that the composition of a board affects its functionality. A key agency theory premise is that diversity and board members' independence from management is an important requirement for controlling management and protecting shareholder value (Ben-Amar, Francoeur, Hafsi, & Labelle, 2013). Hambrick et al. (2014) proposed to improve the monitoring capabilities of boards by increasing the proportion of independent directors, customarily defined as those who are not current or former company employees or otherwise linked to the company or its managers.

Operational Definitions

CEO duality: The assignment of CEO and board chair roles to one individual (Krause & Semadeni, 2014).

Groupthink: A psychological phenomenon that arises when a group of people cares more about avoiding conflict with each other than they do about the quality of the decision they are making (Carver, 2013).

Incentive contract: The attachment of performance targets to equity grants (such as stock options) to strengthen the association between executive compensation and firm performance (Abernethy, Yu Flora, & Bo, 2015).

Leverage: The debt to equity ratio calculated as long-term debt divided by total equity at the beginning of the year (Malshe & Agarwal, 2015).

Market capitalization: The valuation of a corporation based on the price of its shares and stocks. Market capitalization is a proxy for stock market quality (Hartono & Sulistiawan, 2014).

Poison pill: The board of directors adopts poison pills, which are issued as a dividend to shareholders of common stock that is triggered when a potential acquirer accumulates a specified percentage of a target firm's outstanding shares. The pill makes it difficult for the potential acquirer to complete a hostile takeover since it substantially increases the amount that the potential acquirer needs to pay (Rhee & Fiss, 2014).

Risk: The probability of occurrence and the associated consequences of a set of hazardous scenarios (Gardoni & Murphy, 2014).

Strategic agility: The ability of a company to adapt to the changes in the business environment or influence the environment; this ability determines its success in gaining competitive advantage or even survival in the contemporary business environment (Mavengere, 2013).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are facts considered valid without additional investigation (Jansson, 2013). The following assumptions were necessary for me to explore participants' perceptions of board selection criteria and strategies that business leaders use to ensure effective governance. One assumption I held was that bank boards are critical to effective corporate governance. Another assumption was that the composition and attributes of bank boards are essential to the board's effectiveness. I also assumed that the participants in this study were knowledgeable about the subject under study and were forthright and honest in the responses given to the interview questions.

Limitations

Limitations of a study are the factors that are beyond the control of the researcher (Greene et al., 2013). The results of this study were limited by the honesty of the participants in discussing the board selection criteria of their bank. Another limitation was the degree of forthrightness and candor of my participants in identifying and discussing all the effective corporate governance practices and strategies that have been critical to preventing corporate crises and resulting in the success of the bank. Banks are different in size, customer base, location, and market capitalization; the particular bank that I selected for my single case study may not be representative of all types of banks.

Delimitations

Delimitations refer to the bounds or scope of the study as defined by the researcher (Yin, 2014). Delimitations are boundaries that researchers establish before

commencing a study (Mitchell & Jolley, 2014). Corporate governance is a broad area of research that may have unduly widened the scope of this study beyond the business problem. This study was delimited to corporate governance in strategy formulation and execution. I chose a specific community bank located in the state of California in the United States with board selection criteria that promoted effective governance.

I delimited this study to four participants who were knowledgeable about the bank's successful board selection criteria. The participants included board members, selection committee members of the bank, and bank leaders who had been associated with the bank for at least 3 years. I selected only participants who had knowledge of the selection criteria for board members for the bank. The interview questions and the study were delimited to board selection criteria that are essential for effective corporate governance.

Significance of the Study

Sustainable success for many corporations results largely from decision-making and strategic corporate action by the CEO and the board of directors (Mowbray & Ingley, 2013). Sustainable success may benefit corporate stakeholders, including investors, employees, customers, and the bank's community. The potential significance of the findings from my study is that they may positively contribute to business practices that promote positive corporate banks financial performance and foster effective CEO-level governance.

Contribution to Business Practice

My recommendations from this study may be of value in determining board selection criteria that promote effective governance. Board composition that promotes effective governance could add significant shareholder value. Effective corporate governance is a determinant of investment decisions for many investors, including institutional investors with large portfolios in that good governance enables these institutions to protect their investments (Bushee, Carter, & Gerakos, 2014). The financial success of large or middle-size businesses and banks may result in economic growth and stability. The major contribution of this study for business practices is that of identifying and proposing board member selection criteria that may improve corporate governance, which could result in better business practices and performance.

Implications for Social Change

The findings from this study may encourage business leaders to adopt board selection strategies that promote corporate governance. Effective corporate governance strategies may lead to long-term shareholder value maximization and protect all stakeholders, including employees, customers, suppliers, and society as a whole (Bistrova, Titko, & Lace, 2014). The implications of this study for positive social change may include promoting improved individual welfare and living standards for all corporate stakeholders.

A Review of the Professional and Academic Literature

My goal in undertaking this study was to explore board selection criteria and strategies that business leaders use to ensure effective governance. This review of

professional and academic literature pertained to corporate governance, strategic management, outstanding board member attributes, and board selection criteria. The U.S. Government Accountability Office (GAO; 2013) estimated the costs associated with the financial crisis in the first decade of the 21st century at \$10 trillion and attributed the cause to a lack of prudential supervision. Corporate governance involves a set of relationships among executives of a company, its board, its shareholders, other stakeholders, and the structure for achieving the objectives of the company (Dermine, 2013). This review will be composed of five sections: (a) conceptual framework, (b) history of corporate governance problem, (c) governance initiatives and strategies, (d) current corporate governance challenges, and (e) board selection criteria.

There is a wealth of information on corporate governance and board selection in journals, academic papers, essays, conference papers, texts, and books. I found articles on the composition of the boards, regulatory reforms, independent auditors, ethics, CEO requirements, executive compensation, and the role of discretion. I undertook a comprehensive and iterative search using the following key words and phrases: *corporate governance, board of directors, strategic management, cyber security, strategic partnerships, corporate crisis, and corporate malfeasance*. My literature search incorporated five databases: EBSCOhost, Business Source Complete, Hoover's by Dun & Bradstreet, ABI/Inform, and ProQuest. I also sought information from several professional publications, print media, commercial, and government websites.

My research strategy was to target relevant literature concerning corporate governance in academic journals. The primary sources of reviewed articles were from

scholarly articles. My search of databases and relevant items yielded a literature review that includes 190 sources, including four books and articles from 174 peer-reviewed journals, 165 of which were published within 5 years of the reference year of 2017. These 165 sources represent 87% of the total sources reviewed, meeting the requirements of Walden University that at least 85% of literature review references being recent and peer-reviewed items.

Conceptual Framework

Agency theory. Agency theory served as the conceptual framework for this doctoral study on effective corporate governance. According to agency theory, corporate governance involves two parties: the agent, typically the owners or executives who makes decisions, and the principals, who are shareholders of the organization (Conheady, McIlkenny, Opong, & Pignatel, 2015). Principals rely on the agent to act on their behalf; they expect company leaders to make competent decisions for the long-term profitability of the company (Berle & Means, 1991). Problems arise when the agent makes decisions that do not benefit the principals; from the principals' perspective, these decisions benefit the agent's own utility to the detriment of principals (Jensen & Meckling, 1976). The divergence of interests are principal-agent problems, or simply, agency problems (Bosse & Phillips, 2016). Principal-agent or agency problems tend to spur shareholder calls for active boards to implement effective governance (Jensen & Meckling, 1976).

Corporate boards are expected to follow corporate governance mechanisms and are responsible for protecting shareholder interests and mitigating agency conflicts between shareholders and management (Sengupta & Zhang, 2015). Corporate

governance is a set of organizational practices designed to mitigate agency problems (Moradi, Aldin, Heyrani, & Iranmahd, 2012). Members of the board engage in corporate governance through the monitoring of executive activities, restraining managerial discretion, aligning CEO interests with those of the board and shareholders, and contributing to long-term shareholder value (Moradi et al., 2012).

The primary role of the board is to monitor managerial performance and act in shareholders' best interests by delivering a real return on investment (Crespi-Cladera & Pascual-Fuster, 2014). Improvements in governance reduce the likelihood of default and the cost of debt, enhancing financial performance (Frantz & Instefjord, 2013). Members of the board should be engaged in mitigating agency issues, which may include limiting the CEO's activity and ability to make unilateral decisions (Crespi-Cladera & Pascual-Fuster, 2014).

Corporations that have extensive agency problems tend to have heavily-polarized boards and voting blocs of shareholders (Ayuso, Rodriguez, Garcia-Castro, & Arino, 2014). Members of voting blocs may hold meetings independent of the board and company executives with the objective of making collective decisions that run counter to those of the board and CEO (Zhu, 2013). To remediate agency problems, researchers, such as Alexander, Bauguess, Bernile, Lee, and Marietta-Westberg (2013) and Mitra, Jaggi, and Hassain (2013), have recommended putting in place a strong and active audit committee. These audit committees are composed of board members who represent independence, diversity, financial knowledge, and vigilance (Krause, Semadeni, &

Cannella, 2013). Board members with these characteristics promote effective governance (Krause et al., 2013).

The purpose of having a board of directors in place in an organization is to remediate agency problems and champion shareholders' interests (Sur et al., 2013). An active audit committee enhances transparency and uncovers discrepancies (Krause et al., 2013). Del Brio, Yoshikawa, Connelly, and Tan's (2013) conclusions that board members must be qualified and capable of undertaking the tasks of monitoring executives' corporate decisions and allocating resources strategically based on sound fiscal assessments are in line with Krause et al.'s (2013) findings. According to Jensen and Meckling (1976), company executives and board members who adopt the tenets of agency theory follow sound governance strategies and realize strong financial results.

Shareholders benefit from active boards that establish corporate fiscal balance, govern fairly, and disclose information fully and honestly (Kim & Ozdemir, 2014). Information asymmetry is a central problem that boards may remedy using agency theory (Tian, 2014). Information asymmetry is the imbalance in insight into firm strategies, challenges, operations, and critical issues that occur when managers, and not absentee owners, are in-charge of an organization (Conheady et al., 2015). When information asymmetry occurs, the board of directors should put in place the mechanisms for reducing or eliminating such information asymmetries to ensure shareholder confidence in the board (Conheady et al., 2015).

The information is asymmetrical or unbalanced, as a typical CEO would have more internal firm knowledge than the shareholders (Conheady et al., 2015). Srinidhi,

Shaohua, and Firth (2014) wrote that board governance is a mechanism that alleviates agency problems and information asymmetry with reporting and disclosure. All leaders involved in corporate financial reporting, internal control, and corporate governance (boards of directors and audit committees) need to be alert to warning signs such as audit issues, financial restatements, elevated risk, and lack of disclosure (Franzel, 2014). The leaders, board of directors, and audit committees must respond appropriately to maintain integrity and the public trust as failure could threaten capital markets and economic well-being (Franzel, 2014).

Well-governed corporations have boards that are accountable, both fiscally and morally, to shareholders (Nohel, Guo, & Kruse, 2014). Economists attribute the global financial crisis that began in 2007 to the financial services and banking industry (Mamatzakis & Bermpei, 2015), largely because these organizations did not have boards that were accountable to shareholders. Responsible boards of directors take ownership of their role and actively oversee the activities of their firms (Nordberg & McNulty, 2013). Many previous fiscal crises, whether within individual organizations or in industries as a whole, resulted from a lack of prudent supervision at the board level (GAO, 2013). From the perspective of agency theory, the board of directors' accountability to shareholders includes monitoring managerial opportunism and the potential exploitation of minority shareholders by majority shareholders (Berle & Means, 1991; Fama & Jensen, 1983; Jensen & Meckling, 1976).

Not all boards of directors are independent outsiders (Hambrick et al., 2014). Board members can be internal members who are executives or employees of the

organization, or they can be external members who are not employees of the firm and are not under the control of the CEO (Hambrick et al., 2014). External or independent board members are appointed to be independent of the CEO (Crespi-Cladera & Pascual-Fuster, 2014). Their appointments are based on their personal and professional qualities, which place them in a position to perform their duties without being influenced by any connection with the company, its shareholders, or its management (Crespi-Cladera & Pascual-Fuster, 2014).

Investors prefer to invest in organizations with independent boards because these boards monitor executives, even if there is no definitive evidence of a positive association between board independence and firm performance (Jensen & Meckling, 1976; Schnatterly & Johnson, 2014). Al-Najjar (2014) found a positive relationship between board of director independence, firm performance, and stock performance. According to agency theory, independent or outside board members act as monitors of company executives (Jensen & Meckling, 1976), reducing executives' abilities to act opportunistically and in their own best interest. In contrast, stewardship theory, when applied at the level of board members and CEO, creates synergies that positively influence organizational performance through collaboration within the mechanisms of trust, confidence, and strategic decision making (Mowbray & Ingley, 2013). Stewardship theory focuses on managerial and board members behavior and states that the behavior is pro-organizational and that the key motivating factor for managers and board members is getting satisfaction from a job well done (Glinkowska & Kaczmarek, 2015).

Board member duties include giving counsel to executives and maintaining civil, arm's length relationships between the board and management (Zhang, 2013). Their control tasks involve monitoring and evaluating company and CEO performance to ensure corporate growth and protection of shareholders' interest (Zhang, 2013). Board members must balance their duties of monitoring and giving counsel, being vigilant to ensure that quality of governance remains at the forefront of their attention so that investors' interests are protected and public interests are safeguarded (Franzel, 2014).

Board members have a responsibility to the organization to maintain confidential information to which they might be privy but also to filing honest, accurate, and complete reports (Kim & Ozdemir, 2014). Ramanan (2014) opined that having internal board members as opposed to external board members increases reporting integrity and that strong board oversight leads to, rather than inhibits, distorted reporting. Good corporate governance should incentivize the board members and executives to pursue objectives that benefit both the company and its shareholders and should facilitate effective monitoring (Dermine, 2013). According to agency theory, candidates for board membership should be selected based on their ability to monitor management; because they are expected to monitor and guide executives, their independence from these executives is paramount (Fama & Jensen, 1983).

Although scholars such as Al-Najjar (2014) and Crespi-Cladera and Pascual-Fuster (2014) have expressed a preference for independent directors, Minton, Taillard, and Williamson (2014) advocated against them. Minton et al. claimed that independent directors with financial expertise encouraged the increased risk-taking behavior of

banking executives before the global financial crisis. According to Minton et al., an independent board with financial expertise was strongly negatively associated with bank performance during the crisis. The corporate governance model for banks relies on independent directors to ensure shareholders' interests fuel decisions and steer executives away from conflicts (Capriglione & Casalino, 2014). Bushee et al. (2014) contended that investors prefer independent boards because their presence signals effective governance.

In some firms, the CEO is also the chair of the board, while in other firms, the roles are kept separate and occupied by different persons. Agency theorists claim greater degrees of board independence result from the roles of CEO and chair of the board being distinct and separate—in other words, in organizations where CEO duality is not practiced (Sarpal, 2014). Regulators support organizations in which CEO duality is not practiced (Sarpal, 2014), and there are higher volumes of trade and higher earnings in firms with independent boards (Bar-Yosef & Prencipe, 2013). Although Sarpal (2014) was not in favor of CEO duality, some scholars have approved of the approach. For example, Alam, Chen, Ciccotello, and Ryan (2014) claimed that the flow of information from the CEO to the board benefits from CEO duality.

For public corporations in the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and Securities and Exchange Commission rules mandate that boards inform shareholders about the board leadership structure and provide reasons for combining the roles of chair and CEO (GAO, 2013). Firms with independent chairs, majority voting, and a history of detailed disclosure of voting results in director elections tend to have a higher firm value (Tobin's Q) or performance (return on assets

and stock returns) and lower financial risk (Baulkaran, 2014). The practice of splitting the roles of CEO and chairman or CEO and president in public corporations is becoming increasingly common in the United States, whether on a voluntary or a mandatory basis, to enhance corporate independence and transparency (Abels & Martelli, 2013). This increased separation of CEOs from board chairs has occurred alongside governance experts' insistence that the separate leadership structure represents best practice for boards of directors (Krause et al., 2014).

Board sizes vary among corporations. Boards with fewer than 10 members are regarded as small and boards with more than 10 members are considered large (Mamatzakis & Bermpei, 2015). According to agency theory, a large board can be less efficient than a small board because of an increase in agency conflicts, inefficient communication, and operation costs (Jensen & Meckling, 1976). Threshold analysis reveals that, following the financial crisis of the first decade of the 21st century, most investment banks opted for boards with fewer than 10 members, aiming to decrease agency conflicts from which predecessor large boards suffered (Mamatzakis & Bermpei, 2015). The resource dependency theory proposes that large boards are beneficial to firms because large boards are more diversified than small boards, and diversified board members provide greater expertise, wider access to resources, and higher quality advice than small boards (Switzer & Wang, 2013). While resource dependency theory favors large boards, agency theory suggests that large boards are not efficient because they are rife with coordination and communication problems and internal conflicts among directors (Switzer & Wang, 2013).

Several factors are associated with ineffective board decision making including size of boards (larger boards are more ineffective than smaller boards), board composition, the lack of specific industry expertise, and inadequate time commitment by directors (Hemphill & Laurence, 2014). While some scholars believe that board size has a negative impact on performance, consistent with the agency theory, particularly for banks with boards composed of more than 10 members (Mamatzakis & Bermpei, 2015), Switzer and Wang (2013) found that large board size and less busy directors are associated with lower credit risk levels, but may not result in effective governance. Regardless of the board size, the attributes and capabilities of each board member are important to its functioning and effectiveness (Franzel, 2014).

There are many other governance theories that apply to corporations. The various theories of corporate governance are polarized between a shareholder perspective and a stakeholder orientation (Ayuso et al., 2014). At one extreme, governance focuses exclusively on shareholders, while the other largely neglects financial and market performance interests of the firm (Ayuso et al., 2014).

Stewardship theory. In addition to the popular agency theory, there are a number of other corporate governance theories. Stewardship theory is a contrasting concept to agency theory. According to stewardship theory, agents or CEOs are less likely to base their actions on self-interest and base them instead on serving the goals of the collective; in these cases, agents or CEOs act as stewards of the interests of their principals or shareholders (Donaldson & Davis, 1991).

The premise of stewardship theory is that managers left to their own devices will act as responsible stewards of the assets they control; the executive and board work cooperatively toward sustainable organization goals (Schillemans, 2013). Under stewardship theory, the board is expected to work openly and collaboratively with the CEO; the relationship between the two parties is trusting and cooperative rather than adversarial (McNulty et al., 2013). The key constructs underlying stewardship theory are that the board and management (a) have trust, (b) have mutual interests, (c) derive motivation from satisfaction in doing a good job, (d) value pro-organization behaviors, and (e) have no conflict (Glinkowska & Kaczwarek, 2015).

In contrast to agency theory, the relationship between board and management, according to stewardship theory, is based on trust and working cooperatively on the same objectives (Donaldson & Davis, 1991). In stewardship theory, financial factors are not the key motivators for employees, but in agency theory, the work motivators are predominantly financial (Glinkowska & Kaczwarek, 2015). The stewardship theory's philosophy is based on McGregor's Theory Y while the agency theory's philosophy is based on McGregor's Theory X (Glinkowska & Kaczwarek, 2015). As a result of trust, a CEO engenders unity in direction, command, and control when he or she also serves as the chair of the board of directors (Donaldson & Davis, 1991).

Stakeholder theory. Stakeholder theory is yet another governance theory. Freeman developed the theory in 1994. This theory explains that corporations exist to represent the interests of different but interrelated stakeholders, all of which deserve strategic consideration (Moriarty, 2014). Stakeholders include (a) employees, (b)

managers, (c) shareholders, (d) financiers, (e) customers, (f) suppliers also communities, (g) special interest or environmental groups, (h) the media, and (i) society as a whole (Harrison, Freeman, & Sa de Abreau, 2015). The proposition is that corporations derive value through the consideration of all stakeholders and not just the consideration of shareholders (Claessens & Yurtoglu, 2013).

There are arguments supporting the utility of stakeholder theory. Bridoux and Stoelhorst (2013) concluded that organizations demonstrate improved firm performance when fairness is applied toward all stakeholders. Organizations in which stakeholder principles are upheld are likely to have strong stakeholder support and participation (Harrison & Wicks, 2013). Following stakeholder precepts is associated with good management and higher financial performance (Henisz, Dorobantu, & Nartey, 2014).

Stakeholder theory advocates for treating all stakeholders with fairness, honesty, and even generosity (Harrison et al., 2015). Stakeholder theorists propose that treating all stakeholders well creates a synergy (Tantalo & Priem, 2014). Moriarty (2014) stated stakeholder democracy was better for realizing the distributive goal of stakeholder theory, which is to balance all stakeholders' interests, rather than the standard corporate governance arrangement that involves control of the board exclusively by shareholders.

Trusteeship theory. Trusteeship theory (Balasubramanian, 2009) is another corporate governance theory. This model of governance promotes wealth creation, but is sensitive to the needs of society as a whole (Balasubramanian, 2009). According to trusteeship theory, the executive and board are keepers and trustees of the corporation, and with mounting public pressure arising from corporate governance scandals and

environmental concerns, the concept of the responsibility of companies is changing and broader corporate governance guidelines are gradually emerging (Pande & Ansari, 2014).

Under trusteeship theory, the CEO, executive management, and board members behave transparently and conscientiously and act in the best interest of all shareholders and other stakeholders (Balasubramanian, 2009). The scale and magnitude of corporate frauds and scams in the 21st century in name of profit represented the absence of trusteeship (Pande & Ansari, 2014). Societal trusteeship is fundamentally oriented toward the needs of external society and is represented by a willingness to leverage institutional resources to improve the human condition (Palmer, 2013).

Trusteeship theory extends beyond stakeholder theory in that it addresses societal expectations and defines the role and responsibility of the organization to the social environment as a whole (Balasubramanian, 2009). Of particular concern in trusteeship theory is the wellbeing of those sections of the society that are disadvantaged (Pande & Ansari, 2014). The agency of trustees and greater diversity among trustees adds to the organization in terms of dynamism, creativity, innovation, boardroom decision-making processes, and quality of decisions (Sayce & Ozbilgin, 2014). Trusteeship theory is an ambitious concept along the lines of Utopian; achieving it requires a transformational change in people (Pande & Ansari, 2014).

Summary. Agency theory was the appropriate conceptual framework for this doctoral study on utilizing corporate governance in strategy formulation and execution as it is focused on strengthening corporate governance. Other governance theories such as stewardship theory, (Donaldson & Davis, 1991), stakeholder theory (Freeman, 1994), and

trusteeship theory (Balasubramanian, 2009), depend on the premise that the collective interests of the CEO and shareholders are aligned. These theories assume the cooperative effort of the groups without the need to monitor executive activities. The lack of prudential supervision was the chief cause of corporate crises (GAO, 2013). Agency theory promotes the monitoring of managerial performance (Crespi-Cladera & Pascual-Fuster, 2014), protects shareholder interests (Sengupta & Zhang, 2015), restrains discretion, aligns CEO interests with board and shareholders' interests, and; therefore, contributes to long-term shareholder value (Moradi et al., 2012).

History of Corporate Governance Problem

Many financial crises have affected the economy of the United States. One such notable financial crisis occurred in the 20th century: the U.S. savings and loan crisis of the 1980s. Corporate governance history can be traced to the savings and loan crisis in which many financial institutions failed (Docking, 2012). More than 1,000 commercial banks and 939 savings and loans failed from 1980 through 1989 due to lax regulations, supervision, enforcement, and weak governance (Docking, 2012).

Financial crises were not unique to the 20th century. Banking crises in the 21st century included the dot-com bubble crisis from 1997 to 2003 during which market euphoria propelled the stocks of technology firms beyond their market capitalization (Leone, Rice, Weber, & Willenborg, 2013). In essence, firms that had not declared profit earned a speculative valuation (Leone et al., 2013). Initial public offerings of many Internet companies received backing by venture capital firms and were underwritten by prestigious investment banks (Leone et al., 2013). In retrospect, the behavior of the

venture capitalists and investment bankers is nothing short of a failure in corporate governance (Leone et al., 2013).

Accounting scandals and corporate governance failures increased in the early 2000s (Henderson, 2013). WorldCom overstated its profits by \$3.8 billion by improperly classifying expenses as investments (Darrat, Gray, Park, & Wu, 2016). Enron moved debt off its books and presented a misleading financial status (Darrat et al., 2016). Adelphia collapsed into bankruptcy after it disclosed \$2.3 billion in off-balance-sheet debt in an egregious absence of ethics (Darrat et al., 2016).

Corporate governance is meant to demonstrate awareness of the rules of operations made by the legal and the judicial system, as well as financial and labor markets (Claessens & Yurtoglu, 2013). Since the accounting scandals of the early 21st century, corporate governance issues have attracted increasing attention from researchers, practitioners, and policy makers (Darrat et al., 2016). The results of corporate governance can be measured in terms of the performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders (Claessens & Yurtoglu, 2013).

Boards of directors are expected to complement the regulatory oversight of executives, but the boards of Enron, World Com, AIG, Lehman Brothers, Fannie Mae, and many others that included industry and social luminaries failed to prevent excessive risk taking and the ultimate meltdowns and dissolutions of their firms (Henderson, 2013). The board of directors has authority, in most countries, to hire, fire, and set compensation for the CEO or the top manager, to set objectives for the firm, and to ask discerning questions (Hemphill & Laurence, 2014). Some authors believed the boards of many

corporations had hardly changed in decades, resulting in meetings that were almost entirely a matter of routine (Carver, 2013).

Financial crisis (2007-2009). The same underlying causes of the U.S. savings and loan crisis of the 1980s (e.g., lax regulations, poor supervision, minimal enforcement, and weak governance) were evident in the financial crisis of 2007–2009 (Docking, 2012). Governance of financial services institutions was at the center of the 2007–2009 financial crisis, during which Lehman Brothers filed for bankruptcy, Freddie Mac and Fannie Mae was placed under government conservatorship, and the lingering aftereffects of the worst economic downturn since the Great Depression rippled around the world (Ferguson, 2013). As an example of the lack of governance in financial services institutions, aggregate bank risk exposure to home equity loans was estimated to be 30% of the total residential mortgage exposure and approximately \$750 billion (LaCour-Little, Yu, & Sun, 2014).

Governing boards of many financial services institutions seemed unable to prevent the risk and ill-fated decisions that jeopardized their firms, devastated their investors, and helped precipitate a financial meltdown that evolved into a global recession through the creation of derivative securities and collateralized debt obligations (Travers, 2013). Towards the end of the 2000s, the U.S. financial industry entered a period of unprecedented instability; estimated losses attributed to subprime mortgages were between \$400 and \$500 billion (Mamatzakis & Bermpei, 2015). In response to the financial instability and risk to the global economy, the U.S. Congress, through the Troubled Asset Relief Program earmarked \$475 billion to stabilize banking institutions,

restart credit markets, rescue the auto industry, stabilize AIG, and help struggling families avoid foreclosure (U.S. Department of the Treasury, 2016).

International proposals for governance promote a shareholder-based view that governance should serve the shareholders and a stakeholder-based approach that corporate governance should serve both shareholders and stakeholders (Dermine, 2013). According to BASEL III, international initiatives complement country-based governance initiatives (Samitas & Polyzos, 2015). As a result of recurring financial crises attributed to lax corporate governance, bank leaders began adopting more responsible financial attitudes in compliance with the new regulatory framework and focusing on ethical practices (Paulet, Parnaudeau, & Relano, 2015).

Governance Initiatives and Strategies

Various factors contributed to corporate and financial crises. An important cause of corporate and bank crises is accounting malpractice (Soltani, 2014). Another common denominator reported in academic writings is executive largesse and lack of adequate oversight (Filatotchev & Nakajima, 2014). To thwart recurring corporate and bank crises, there have been internal and external governance initiatives and additional calls for effective corporate governance and ethics (Alexander et al., 2013; Paulet et al., 2015). Some internal governance initiatives include (a) increasing the number of independent board members, (b) separating the roles of CEO and board chair, and (c) strong audit and nominating committee's roles (Alexander et al., 2013). Examples of external governance initiatives include the Sarbanes-Oxley (SOX) Act, Securities and Exchange Commission

(SEC) rules, New York Stock Exchange (NYSE) and NASDAQ regulations, and international corporate governance (Guo, Lach, & Mobbs, 2015).

Sarbanes-Oxley Act. Governance failures and financial crises led to the enactment and promulgation of the SOX Act (Guo et al., 2015). The GAO identified and analyzed 919 restatements announced by 845 public companies from January 1, 1997, through June 30, 2002, that involved accounting irregularities resulting in material misstatements of financial statements and results (Franzel, 2014). In 2002, the U.S. House of Representatives passed House Financial Service Committee Chairman Oxley's Corporate and Auditing Accountability, Responsibility, and Transparency Act and transmitted it to the Senate, where Senate Banking Committee Chairman Sarbanes submitted the Public Company Accounting Reform and Investor Protection Act (Franzel, 2014). The resulting piece of legislation bears the names of its advocates, Sarbanes-Oxley. In response to the SOX Act, corporate governance became the responsibility of corporations, banks, financial institutions, legislative bodies, and the U.S. government (Guo et al., 2015).

The SOX Act took effect on July 30, 2002, with the intent of strengthening corporate governance and forestalling future corporate financial mismanagement (Alexander et al., 2013). As a result of the Act, Congress established the Public Company Accounting Oversight Board (PCAOB), which required auditors of U.S. public companies to be subject to external and independent oversight; there would be no more self-regulated audits (PCAOB, 2017). During the Enron financial crisis, the external auditor of the firm, Arthur Andersen, continued to issue clean opinions as part of Enron

financial statements until both the auditor and leaders of the auditing firm were indicted by the Department of Justice in March 2002 for obstructing justice by inappropriately falsifying the Enron audit (Franzel, 2014). The SOX Act requires management to assess the effectiveness of its internal controls over financial reporting and to have an independent auditor attest to and report on the assessment made by management of the corporation (Alexander et al., 2013).

In the era after promulgation of the SOX Act, U.S. financial institutions have been subjected to enhanced regulatory oversight, higher corporate scrutiny, higher penalties for financial misstatements, stringent audit standards, and rigorous audit quality inspections by the PCAOB (Mitra et al., 2013). Since 2002, when SOX became law, the bailout of Fannie Mae and Freddie Mac—two large government-sponsored enterprises—cost taxpayers over \$150 billion (Bolotnyy, 2014). Congressional Budget Office estimates suggest that figure could double by 2019 (Bolotnyy, 2014). Mitra et al. (2013) reported that inadequate internal monitoring and the absence of effective internal controls is likely to result in even more agency problems.

The SOX Act provided new rules, the requirements of which were inadequate to prevent the meltdown of financial institutions in 2008 (Hemphill & Laurence, 2014). There is a need to learn from the history of events that led to the passage of the SOX Act. According to Franzel (2014), government leaders should not allow the scale of recent financial crises to happen again, and stakeholders cannot afford to wait until a full-blown crisis is impending before making the necessary changes (Franzel, 2014).

SOX has had an effect on the financial reporting process of firms and investors' expectation about the quality and reliability of reported financial information (Mitra et al., 2013). Nonetheless, inadequate internal monitoring still provides managers with the opportunity to make operating and financial reporting decisions that serve their interests at the cost of other stakeholders (Mitra et al., 2013). There is a large body of work on the role of the board in corporate governance, including its composition, role of gender, diversity, committees, shareholder rights and activism, executive compensation, and dual board structure (Docking, 2012; Hemphill & Laurence, 2014; Leone et al., 2013; Zeitoun, Osterloh, & Frey, 2014). Many scholarly articles have been published examining the relationship of corporate governance to financial performance, malfeasance, sustainability, and data security (Peters & Romi, 2015; Raelin & Bondy, 2013; Rai & Mar, 2014; Yu, 2013). There is synergy created when the board and CEO are engaged in strengthening proactive internal control and response governance (Schillemans, 2013).

Much of the literature on corporate governance and the CEO's role involve curtailing the CEO's power and discretion. Filatotchev and Nakajima (2014), Sarpal (2014), and Srinidhi, Yan, and Tayi (2015) have promoted the separation of the role of the CEO and chairmanship of the board, CEO tenure, and limitations on strategic decision making. Few researchers offer practical approaches by which the board should work with the CEO to optimize the corporate goals and benefit all stakeholders. In essence, weak internal controls are believed to exacerbate managers' aggressive risk-taking behavior and their tendency to misreport financial information (Mitra et al., 2013). Voluntary and mandatory calls for governance reforms by regulatory authorities may be

equally effective, and high-quality corporate governance mitigates the diversion of managerial resources and improves firm values (Feng & Yue, 2013).

Dodd–Frank Wall Street Reform and Consumer Protection Act. Following the 2007-2009 financial crisis, the Dodd-Frank Wall Street Reform and Consumer Protection Act was introduced in both the House and Senate by Financial Services Committee Chairman Barney Frank and Senate Banking Committee Chairman Chris Dodd and became law on July 21, 2010 (Dodd-Frank Act; Pope & Lee, 2013). The resulting piece of legislation bears the names of its advocates, Dodd-Frank Act. Economic and financial crises brought on by a breakdown in corporate ethics, laissez-faire regulation, and limited liability in leveraged securitization amongst executives in many firms that included Fannie Mae, Freddie Mac and Goldman Sachs (Arce, 2013).

The aim of the Dodd-Frank Act is to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end too big to fail, to protect the American taxpayer by ending bailouts, and to protect consumers from abusive financial services practices (Dodd-Frank Act, 2010). The five largest U.S. financial firms together have assets representing over half of Gross Domestic Product and one failure means systemic consequences (Hoenig, 2014). The Dodd-Frank Act (2010) arising in the wake of the financial crisis, is a significant attempt to strengthen corporate governance by giving shareholders more control over executive pay and making the board of directors and their compensation committees more independent and accountable (Conyon, 2014).

The Congressional summary to the 2010 Dodd-Frank Act states that the purpose of Dodd-Frank Act is to, create a sound economic foundation to grow jobs, rein in Wall Street and big bonuses, end bailouts and too big to fail, and prevent another financial crisis (Arce, 2013). In drafting the Act, Congress believed that corporate governance arrangements before 2010 were weak or ineffective and more needed to be done to curb excess executive compensation. Before Dodd-Frank, the Sarbanes-Oxley Act (2002) addressed accounting and financial reforms in the wake of Enron and other corporate scandals (Conyon, 2014).

Corporate governance had failed to rein in alleged corporate excess; boards and compensation committees were at the behest of CEOs and were not sufficiently safeguarding shareholder interests (Conyon, 2014). The canonical approach to the study of corporate governance in financial economics – agency theory – was created in recognition of the potential for opportunistic behavior in organizations characterized by principal–agent relationships (Arce, 2013). Dodd-Frank Act was designed to prevent the excessive risk-taking that led to the financial crisis by instituting reforms to create a more stable and responsible financial system that holds Wall Street accountable, discourages irresponsible financial risk-taking, and ends taxpayer-funded bailouts (Pope & Lee, 2013).

There has been complaints' regarding increased compliance burden associated with the rules, increases in staffing required, additional training, and time allocation for regulatory compliance and updates to compliance systems (GAO, 2015). Title I of the Dodd-Frank Act was intended to address this issue by requiring the largest firms to map

out a bankruptcy strategy and should bankruptcy fail to work, Title H of Dodd-Frank would enable the government to nationalize and ultimately liquidate a failing systemic firm (Hoenig, 2014). Banks controlling assets of more than \$10 billion have come to compose an overwhelming proportion of the U.S. economy, and those with more than a trillion dollars in assets dominate this group that even one of the largest five banks were to fail, it would devastate markets and the economy (Hoenig, 2014).

Securities and Exchange Commission (SEC), NYSE, and NASDAQ rules and regulations. In early 2002, as a response to several corporate scandals, the SEC called on the NYSE and NASDAQ to design regulatory changes that required boards of publicly listed companies to have a strict majority of independent outside directors (Schmeiser, 2014). According to Volker, a well-respected economist, subprime mortgage costs exceeded a trillion dollars for 3 years, indicating it was ill advised to underestimate the importance of banking regulations (Feldstein, 2013). The 2013 amendments to the listing standards of the NYSE and NASDAQ, approved by the SEC, require the board to consider all factors relevant to determining whether the director has a relationship that is material to the director's ability to be independent from management (Lilienfeld, Cannon, Bennett, & Spera, 2013). NYSE listing standards Section 303 deals explicitly with corporate governance standards and specifies that boards must have a majority of independent directors (Conyon, 2014).

A director is not independent if the director, or an immediate family member, has been an employee or received fees above a threshold in the last 3 years, is an employee of the auditor, or has had a financial relationship with the enterprise (Conyon, 2014).

Congress, the NYSE, and the NASDAQ enacted standards to improve the quality of corporate governance, but voluntary implementation of stronger corporate governance intended to improve the quality of disclosures and exceeding current corporate governance standards does not appear to have resulted in disclosures of superior quality (Harp, Myring, & Shortridge, 2014). These regulations reduced variations in the quality of financial information available to investors, but more control measures are needed to affect the kinds of changes needed in the corporate governance system (Harp et al., 2014).

Additional governance initiatives. Many governance initiatives have been designed to derive long-term benefits for businesses, banks, and corporations. Lessambo (2013) insisted that the primary role of the board is to monitor managerial performance and act in the best interest of shareholders by delivering a good return on investment. Bistrova et al. (2014) concluded that the role of the board is to enable effective corporate governance and strategies toward long-term shareholder value maximization and protection of all stakeholders. Zeitoun et al. (2014) contended that stratified sampling was best for appointing stakeholder representatives from among qualified candidates to the board and that this approach would enable the board to act autonomously in the interest of all. The stratified sampling method of selection should yield diverse board members that would generate wealth and maintain the sustainable competitive advantage for the firm (Zeitoun et al., 2014).

Investors often clamor for stronger governance (Bushee et al., 2014). Venture firms that undertake investments for wealthy clients that are usually willing to take on

more risk (Garg, 2013). Garg (2013) noted that the boards of directors of venture firms typically include inside directors who have broad industry knowledge and outside board members who are informed and have professional obligations. Hedge funds are large investments made by a small group of wealthy and experienced investors (Bebchuk, Brav, & Jiang, 2013). Bebchuk et al. (2013) explained that activist hedge funds, motivated by their large financial stakes in firms, often successfully lobby for change at target companies. Firms with CEO duality, fewer directors nominated by the CEO, higher levels of outside director ownership, and pressure-resistant institutional shareholdings are more likely to repeal poison pills because they perceive governance mechanisms designed to limit managerial opportunism as complements to other mechanisms that minimize agency problems (Schepker & Oh, 2013). Poison pills are antitakeover provisions that carry potential agency costs; they are unnecessary when governance is strong (Rhee & Fiss, 2014).

Audit committees are a type of board that has strong influence over operations, strategy, and firm performance (Brochet & Srinivasan, 2014). The goal of audit committees is to protect investors' interests by taking the lead on oversight responsibility in the areas of internal control, financial reporting, audit, and compliance, as decreed in Section 301 of the SOX Act (2002). Audit committees are responsible for appointing and supervising external auditors, reviewing financial reports, overseeing the effectiveness of the internal control structure of the organization, and overseeing of the whistleblower process (SOX Act, 2002).

Lin, Yeh, and Yang (2014) wrote that the performance of a board depends on how all members commit themselves to their supervisory responsibilities. The rising demand for independent directors resulting from regulations may have led to individual directors serving on multiple committees with negative governance consequences (Karim, Robin, & Suh, 2016). Board attendance decreases with multiple directorships, meeting frequency, and board size (Lin et al., 2014).

There is concern for the impact of multiple directorships on board member effectiveness (Karim et al., 2016). Choudhary, Schloetzer, and Sturgess (2013) found that weak disclosure was the chief cause of financial malfeasance. To attain and sustain corporate financial performance, the firm must balance the wealth creating and wealth protecting roles of corporate governance (Bell, Filatotchev, & Aguilera, 2013; Raelin & Bondy, 2013). It is important to probe the factors in board processes that are critical to board effectiveness (Kakabadse et al., 2015). The number of directorships and mandatory meeting attendance should be considered when assessing the involvement of new directors. The combination of busy directors and a complex board can result in poor meeting attendance and ineffective corporate governance (Lin et al., 2014).

Warren Buffett, an American business magnate, investor, and philanthropist, emphasized that performance should be the basis for executive pay decisions (Bowen, Rajgopal, & Venkatachalam, 2014). Buffett recommended that investors should have a strong preference for businesses that possess large amounts of enduring goodwill, conditioned upon effective corporate governance and strategic management (Bowen et al., 2014). Ineffective corporate governance in large individual financial institutions may

have significant impact on the economy (Feldstein, 2013). Effective governance is typically characterized by higher quality disclosure and strong internal monitoring mechanisms (Bushee et al., 2014).

To strengthen corporate governance, some have called for some measure of managerial governance in addition to board governance (Starbuck, 2014). In conjunction with board governance, it is important to improve managerial governance (Starbuck, 2014) in light of past governance lapses. Many researchers perceive managerial governance as a form of self-governance that would not result in effective governance (Feldstein, 2013). Some academic writers support neo-liberalism, which advocates free markets and less regulations, self-regulation, financial liberation, and deregulation as stimulants of economic growth (Azkunaga, San-Jose, & Urionabarrenetxea, 2013). Anginer, Demirguc-Kunt, and Zhu (2014) cautioned that the contribution of a single financial institution to the deficiency of a system may be more relevant during periods of market stress. A widely-accepted view espoused by Bushee et al. (2014) is that effective corporate governance is a determinant of investment decisions for many investors and allows institutional investors, with large portfolios, to better perform their fiduciary responsibility to protect their investments.

Since the 1980s, liberalization and deregulation were promoted and drove the financial entities in the direction of the free market where business leaders could act with greater freedom (Azkunaga et al., 2013). Past regulations seemed to have a strong impact initially, but faded as time passed; examples include those made by the SEC in 1933 and 1934 following Black Tuesday, those of the late 1930s following the McKesson Robbins

scandal, after the equity funding and Continental Vending frauds during the 1970s, and more (Harp et al., 2014). Despite these regulations, corporate scandals continued to occur across varying industries throughout time (Harp et al., 2014).

Strong corporate governance practices may have encouraged rather than constrained excessive risk-taking in the financial industry; financial institutions with stronger and more shareholder-focused corporate governance mechanisms and boards of directors are associated with higher levels of systemic risk (Iqbal, Strobl, & Vähämaa, 2015). Harp et al. (2014) concluded that compliance with regulations such as SOX in conjunction with strong ethics education can lead to effective governance for organizations that continue to produce high-quality disclosures. This behavior reflects the operating strategies and economic consequences of responsible firm activities (Harp et al., 2014).

Robertson, Blevins, and Duffy (2013) engaged in the literature review of journal articles and found that the percentage that was ethics-related increased following the 2007-2009 financial crisis and that most business leaders agree that there is a link between ethics, corporate social performance, and financial results. In essence, good ethics is a strategic advantage (Robertson et al., 2013). Pitelis (2013) concluded that for corporate governance to foster sustainable value creation, there should be an ethical dimension in managing the affairs of the company. Ultimately, ethics, internal governance, and legislative and regulatory oversight are important to sound corporate governance.

Effective corporate governance is important for many reasons, including prevention of corporate malfeasance and development of organizational resilience in the face of governance difficulties such as cyber-attacks (Rai & Mar, 2014). All stakeholders may benefit from efficient management of banks and financial institutions (Dermine, 2013). These benefits extend beyond profit maximization and the corporation; there are social ramifications for employees, shareholders, communities, and the nation as a whole (Bistrova et al., 2014). The three primary responsibilities that board members fill involve control or monitoring, affiliation with external organizations, and expert advice and guidance (Nordberg & McNulty, 2013). These responsibilities are indicated in both the agency and stewardship theories.

International corporate governance. There are two primary patterns of board structure. The unitary board system is commonly referred to as the Anglo-American system and the two-board system is commonly referred to as the German-Japanese system, under which the board of directors is responsible for running the company, while the supervisory board functions as a special monitoring unit (Lee, 2015). The dual board system features separation of the CEO and independent audit committee (Zeitoun et al., 2014). Among the advantages of the dual board are the option to appoint stakeholder representatives to the board, improved monitoring, enhanced corporate governance, and a focus on the interest of all stakeholders (Zeitoun et al., 2014). Although the dual board approach promotes checks and balances, this style of corporate governance may be burdened by high board costs, communication problems, redundancies, and gaps in internal supervision (Lee, 2015).

There is continued effort to strengthen international corporate governance. The Financial Stability Board (FSB; 2015), established in 2009, is an international organization that coordinates various national financial agencies and standards-setting bodies at an international level. The FSB (2015) is committed to building resilient organizations. This international body is aimed at developing strong regulatory, supervisory, and stabilizing international financial markets (FSB, 2015).

Basel III is an international regulatory accord that includes framework and reform stipulations for banks (Samitas & Polyzos, 2015). With a goal of promoting a more resilient banking sector, Basel III established rigorous data and quarterly reporting requirements, disclosure requirements, liquidity risk limits, leveraged ratio framework, bank supervision, and derivatives. Banks utilize short-term debt to invest in long-term assets and should enhance their internal governance structure with strong liquidity requirements, complemented by increased transparency (Ratnovski, 2013). Proponents of Basel's regulations and requirements expected financial institutions would already have the governance structure to comply (Samitas & Polyzos, 2015).

Trends in international governance also include an intensified effort to reform some important international organizations (Artuso & McLarney, 2015). One of the targets of international governance reform is the World Trade Organization, which deals with the rules of trade between nations (Ruggie, 2014). Another target is the International Labor Organization, which is committed to improving the living conditions of workers, workers' rights, and fair compensation for workers (Artuso & McLarney, 2015). Lessambo (2013) wrote that the non-binding governance model of the Organization for

Economic Cooperation and Development's 33 developed nations including the United States become binding. International regulatory framework and organizations are also concerned with legislation at the national level around the world, including in the United States, where the focus of efforts includes enhanced risk mitigation strategies such as the use of derivatives, securitization, credit risk transfer, and currency hedging (Ratnovski, 2013).

Some experts have continued to declare austerity as a necessary governance measure for international banks, especially in light of debt problems with Greece in 2010 (Anderson & Minneman, 2014). Austerity, a deficit reduction strategy, is characterized by reduction in government expenditure, tax increases, reduction and elimination of entitlement programs, and privatization of public corporations; at the international level, austerity is often a requirement for financial bailout and a means of enhancing the repayment of public debt (Anderson & Minneman, 2014). Although touted as an effective measure to repay debt and attain solvency, austerity often has serious ramifications for the debtor nation which include lower rates of investment and a lower rate of entrepreneurship, which results in slower growth for the economy (Anderson & Minneman, 2014).

Nongovernmental organizations, strong media complement investor activism, and board vigilance. When multinational enterprises collaborate with various stakeholders, including nongovernmental organizations, in countries with fragile political frameworks and weak governance structure, there are positive philanthropic, legal, ethical, and governance ramifications (Kolk & Lenfant, 2013). The media are a powerful

conduit for institutional pressure and for effectively monitoring management (Luo & Salterio, 2014). As an external governance force on internal management policy, board vigilance and investor activism have an indirect impact on internal governance systems (Cohn & Rajan, 2013). This indirect impact often creates corporate value (Cohn & Rajan, 2013).

Current Corporate Governance Challenges

Cyber security, corporate crises, and trade partnerships are among the current corporate governance challenges. The theft of information and the intentional disruption of online or digital processes are among the most prominent risks that business leaders face today (Brewer, 2015). A data breach can be costly in terms of both finances and reputations (Brewer, 2015), while corporate crises can have long-term adverse impacts on corporate integrity.

Cyber security. Effective boards require capable, informed, strategic thinkers to engage in spirited discussions about strategic objectives to keep a corporation competitive (Vincent, 2015). Corporate data security is a current strategic and governance concern (Brewer, 2015). Recent cyber incursions have extended beyond retail and healthcare into many government agencies, energy grids, and critical infrastructure (Brewer, 2015). The U.S. National Institute of Standards and Technology defines critical infrastructures as the system and assets, so vital that the incapacity or destruction of such systems and assets would have a debilitating impact on security, economy, public health or safety, or any combination of those matters (Colesniuc, 2013).

In 2013, a breach of data at the U.S. Office of Personnel Management compromised the integrity of personal data from 4.2 million federal employees and 19.7 applicants (U.S. Department of Homeland Security, 2016). Almost 66% of U.S. firms reported cyber-attacks on critical infrastructure control systems in recent years (U.S. Department of Homeland Security, 2016). In January 2015, one of the largest health insurers in the country discovered a cyber-incursion that compromised the personally identifiable information of approximately 80 million people (U.S. Department of Homeland Security, 2016).

Standards and guidelines for effective practices to address cyber risks recommended by the U.S. Department of Commerce (2014) are voluntary, even though effective corporate governance and strategic management are critical to the success of organizations and to national security. The advent of computer technology has given rise to a new type of crime: cybercrime (Strikwerda, 2014). Cybercrime includes the spread of computer viruses and e-fraud, and has facilitated the rapid propagation of criminal practices of espionage, sabotage, criminal syndicates, extortion, theft, subversion, and persecution on a global scale (Strikwerda, 2014).

Security of private information and cyber security are important components of enterprise risk awareness (Brewer, 2015). Managers, executives, and the board of directors of organizations have risk oversight responsibilities to prevent cyber security breaches (Rai & Mar, 2014). The board should ensure periodic checks are conducted within the organization and know the risks of involvement with third-party service

providers (Rai & Mar, 2014). Corporate governance has many goals, including protecting against malfeasance and promoting the interests of stakeholders (Yu, 2013).

Corporate governance could play a major role in enhancing data security and protection of private, confidential, secret, and proprietary information assets. Although enterprise mobility, including cloud services, may make an organization more productive, it also creates layers of complexity and risk, making information technology environments increasingly vulnerable while rendering firewalls and many anti-virus software programs incapable of preventing well-funded and organized cyber-attacks (Brewer, 2015). Peters and Romi (2015) found that that board committee member knowledge, expertise and capability is generally associated with increases in committee-level performance, sustainability governance and contributions as a board member. A well-informed board should be invested in cyber security, remain aware of all cyber breach attempts against the organization, have regular briefings, ensure the organization maintains continued relationships with the local and national authorities responsible for taking action against cyber-attacks, while maintaining adequate cyber risk insurance (Rai & Mar, 2014). Cyber security constitutes a present and critical corporate governance imperative (Brewer, 2015).

Robeson and O'Connor (2013) researched the effect of governance board on performance of firms in terms of innovation and noted that the board influences through strategic planning and funding that elevates corporate performance. Ensuring cyber resilience is a leadership responsibility (Strikwerda, 2014). Agency theory suggests that managers and investors have different preferences regarding security risk; investors can

diversify their capital over different firms to reduce firm-specific risk, but managers cannot diversify their investment of human capital in their firm (Srinidhi et al., 2015). As such, managers face greater risk of financial distress during their limited tenure than do investors (Srinidhi et al., 2015). Cyber security is important to shareholders, the board, management, and all stakeholders.

Losses in the banking industry caused by white collar crimes have reached billions of dollars, far in excess of conventional and traditional techniques of bank robbery, making cyber security an ongoing challenge and a foremost economic and national security concern (Bambara, 2015). Colesniuc (2013) and Vincent (2015) indicated that corporate governance plays a role in enhancing data security and protection of private, confidential, secret, and proprietary information assets (Rai & Mar, 2014). Data breach incidents are on the rise, resulting in severe financial consequences and legal implications for the affected organizations (Brewer, 2015). A 2014 report revealed that an estimated that 12.6 million Americans were victims of identity fraud (Sen & Borle, 2015). In a study by Ponemon Institute on the cost of data breaches released in May 2014, the approximate average cost per data breach incident was \$5.9 million for organizations in the United States (Sen & Borle, 2015).

Board leadership and composition is a popular focus of many studies addressing the matter of IT risks (Bambara, 2015; Brewer, 2015; Kumar & Singh, 2013). A challenge for board members is their ability to understand the emerging technological advances; the average age of directors has increased from 60.1 in 2002 to 62.6 in 2012 (Kumar & Singh, 2013). There have been many questions raised about board composition

(Kumar & Singh, 2013). The board of directors and efficient corporate governance are critical to innovation, creating value, and maintaining the competitive advantage of the organization (McCahery & Vermeulen, 2014).

Corporate crises. Delayed recall of defective products and parts remain a critical strategic and governance issue. Decisions made concerning a recall are important to a firm from three standpoints: cost, customer safety, and corporate reputation (Steinbeck, 2014). The repercussions for many corporations may extend beyond consumer confidence to severe financial impact and tort violations (Jizi et al., 2014). The U.S. Department of Justice (DOJ) fined Toyota \$1.2 billion in 2014 for sudden acceleration problems that Toyota executives knew about long before the recall compelled the company to take action (DOJ, 2014).

The board of directors is responsible for the development of sustainable business strategies and the supervision of the responsible use of the assets of the firm (Jizi et al., 2014). Banks are being held accountable. The DOJ uses the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 and civil penalty provisions to pursue prosecutions against banks (MacDonald, 2016). FIRREA provides the DOJ with powers to seek civil financial penalties for violations of certain criminal statutes against anyone violating any of the enumerated criminal statutes that involve or affect financial institutions or government agencies (MacDonald, 2016). On February 9, 2012, the DOJ announced a \$25 billion settlement with five banks, the Bank of America, JP Morgan Chase & Co, Wells Fargo & Company, Citigroup Inc., and Ally Financial Inc. (formerly GMAC)(MacDonald, 2016).

Through their voting rights, shareholders have the formal power to influence the governance of public companies (Norli, Ostergaard, & Schindele, 2015). Norli et al. (2015) insisted that directors should be prosecuted more often and more aggressively than has been done in the past, particularly when company directors or executives have committed a grave offense. By contrast, Travers (2013) asserted that the prosecution of directors was sufficient as it appears to be considerably more widespread than the prosecution of individual employees. Shareholders seeking to replace existing board members in a proxy contest must run a public campaign, hire legal expertise, and pay for producing and distributing their slate of directors to other shareholders of the company (Norli et al., 2015).

Shareholder activism has increased since the crisis of 2007-2009, with calls for board member accountability (Gillian & Panasian, 2015). There has been litigation initiated by shareholders (Brochet & Srinivasan, 2014). Since 2000, there has been a dramatic upsurge in shareholder lawsuits against firms, executives, and board members, with aggregate U.S. securities class action settlements increasing from \$1 billion between 1996 and 1999 to \$10.6 billion in 2006 (Gillian & Panasian, 2015). Brochet and Srinivasan (2014) suggested that directors who might have stopped the fraud or played a larger role in a securities violation, such as audit committee members, are more likely to be targeted; those targeted are more likely to have votes withheld and lose their board seat. The repercussions are broad and may be severe. Deng, Willis, and Xu (2014) found that defendant firms in class action lawsuits incur higher borrowing fees and interest rates due to, a loss of reputation of the firm. Firms subject to securities litigation have limited

investment opportunities, both in terms of capital expenditures and research and development (Autore, Hutton, Peterson, & Smith, 2014).

Trade partnerships. Artuso and McLarney (2015) wrote that advocates of linking labor standards and trade policy fear that increased trade and deeper integration of globalization may continue to lead firms to move production to low-cost locations with lower standards of safety and security. Advocating for high labor standards may reduce wages in countries that maintain and enforce high labor standards; these same actions may and motivate corporations and governments to weaken or remove standards to improve the competitive advantage offered by their country (Artuso & McLarney, 2015). Corporate governance in the United States requires that banks and corporations have effective policies and safeguards that manage important strategic issues as board members have fiduciary responsibility which requires them to act and protect shareholder interests (Nordberg & McNulty, 2013).

Widely adopted lean practices and low production costs promote cost savings and competitive advantage through outsourcing, but companies that choose to outsource must be prepared to assume risk, both upstream and downstream throughout the supply chain (Chakravarty, 2013). The new outsourcing model established at Boeing involved establishing partnerships with approximately 50 Tier 1 strategic associates, which was a positive opportunity, but was quickly followed by unexpected problems (Thorne & Quinn, 2016). In early 2013, Boeing encountered problems with fabrication of its 787 Dreamliner that eventually resulted in the entire fleet being grounded due to inability to effectively manage secondary suppliers (Thorne & Quinn, 2016). Good oversight of

overseas suppliers' factory operations and strategic partners could promote the corporate image (Hilson, 2014).

Success in overseeing collaborators' global supply chains depends on shared value and good corporate governance that is often at odds with the realities of power, information asymmetry, and reward systems (Soundararajan & Brown, 2016). Poorly matched partners can mean reliance on an overseas company whose leaders accept continued poor working conditions (Soundararajan & Brown, 2016). Violations of workers' legal rights in the interest of economic efficiency is fundamentally incompatible with the duty of multinationals to respect employees and ensure that offshore factories, whether internal to the organization or owned by their suppliers and subcontractors, are in full compliance with local laws (Preiss, 2014). Good governance transcends national borders.

Connected world. There are other current and evolving corporate governance challenges. The global population is connected. Economic ripples that began in far-off nations have reverberated to other parts of the world, including the United States (Mamatzakis & Bermpei, 2015). Likewise, the economic crisis that began in the United States led to a global recession (Mamatzakis & Bermpei, 2015). Global trade alliances, business computer applications, mobile computing, international migration, and global supply chains have increased the pace of globalization (Artuso & McLarney, 2015). Current trends in globalization have spurred the need to re-examine the political and economic wisdom of alliances such as the European Union relative to regional trade alliances such as the Trans-Pacific Partnership Agreement (2016).

Resurgence of the fair-trade movement has both influenced and counteracted trade imbalances, outsourcing of jobs, inequality, social advocacy on the topic of consumers' rights, as well as improvements in banking and corporate governance (Artuso & McLarney, 2015). There is value in studying mistakes made in the past, articulating lessons learned, and implementing mitigating strategies. Board members have a fiduciary responsibility to act and protect the interests of shareholders and other stakeholders (Nordberg & McNulty, 2013). Internal and external monitoring mechanisms, the effectiveness of board independence, and CEO non duality governance mechanisms are widely believed to resolve the agency problem and result in profitability (Misangyi & Acharya, 2014). Consequently, board selection criteria are important to assuage the agency problem, allowing for strategies to mature and strong corporate governance to take root.

Board Selection Criteria

Corporate governance in the banking industry had failed many times in several nations, and banking crises seem to be a recurrent phenomenon: 13 major financial crises have been observed since the 1990s (Dermine, 2013). Flaws in corporate governance systems lead to financial market scandals that in turn caused significant losses to investors (Khemakhem & Naciri, 2015). Contingency approaches in comparative corporate governance can help firms maintain their financial performance (Desender, Aguilera, Crespi-Cladera, & Garcia-Cestona, 2013). There is a high premium placed on finding competent leaders who understand new business opportunities and their risks, have a healthy level of skepticism, and can make decisions quickly (Capriglione &

Casalino, 2014). Active boards of directors and board practices designed to achieve long-term utility rather than short-term opportunistic advantages are central to the prescription of agency theory to protecting owners' interests, minimize agency costs, and ensure alignment between principals' and agents' interests (Conheady et al., 2015).

Lam, Zhang, and Lee (2013) analyzed whether the norms of decision makers and behavioral factors such as managerial traits and biases can affect executives' financing decisions. Based on these analyses, Lam et al. concluded that the executive's type of leadership has an influence on fiscal policy, finance posture, and governance in any institution. There is increasing economic interdependence of countries around the world.

The movement of capital across borders has been liberalized. Financial information is transmitted almost instantly (Valentina & Ivan, 2013). Global markets and financial centers are connected without interruption, 24 hours a day (Valentina & Ivan, 2013). As a result of these trends in interconnectedness, the global financial system has become volatile (Valentina & Ivan, 2013). These trends increase the need for a vigilant board and a focus on iterative risk analysis and mitigation (Capriglione & Casalino, 2014). There is the need for strategic agility, which is the ability of executives and boards of directors of companies to adapt to changes in the business environment and to influence that environment (Mavengere, 2013).

The agency view of corporate governance demands sufficient monitoring to align agency interests with those of the principal (Fama & Jensen, 1983). This alignment represents a reactive answer and in some cases, an innovative incentive contract that is contingent upon performance (Hoepfner & Kirchner, 2016). Such a contract

comprehensively governs the relationship between agency and principal interests, reducing the moral hazard problem (Hoeppner & Kirchner, 2016). This type of contract requires an effective board (Hoeppner & Kirchner, 2016). Corporate governance in banks involves the practices of boards of directors and senior management who must collaborate to set corporate objectives and provide strategic direction for responsible decision making, accountability to shareholders, compliance with applicable laws, protection of depositors, and consideration for stakeholders (Leventis et al., 2013). Effective corporate governance is imperative for executives and boards in the banking industry to thwart and manage potential crisis and deter unethical business practices (Leventis et al., 2013).

There is considerable variability in the director nomination process. Some organizations follow formal, structured approaches, while others are relatively informal and organic (Clune, Hermanson, Tompkins, & Ye, 2014). In most banks in the United States, the nominating committee of the board usually identifies and nominates individuals for board service (Clune et al., 2014). External search firms and a matrix/grid approach for assessing director skill sets across the board are parts of the selection process (Clune et al., 2014). Nohel et al. (2014) found that companies that hold board elections every 3 years went from about 60% of S&P 500 companies in 2001 to well under 20% in 2014. The market perceived this change in election frequency as a positive one, indicating that investors preferred well-governed corporations with boards that are accountable to shareholders (Nohel et al., 2014). The goal of the nominating committee is to enhance the ability of the board to function effectively (Clune et al., 2014).

Business Roundtable (2012) is an organization of CEOs of U.S. companies.

Nearly 20% of the total value of the U.S. stock market is represented in the Business Roundtable. Members of the association function broadly on boards of directors.

According to members of the association, boards of directors serve with an expectation by shareholders and other constituencies of vigorous and diligent oversight of corporate affairs in:

- selecting and evaluating the position of CEO;
- planning for senior management development and succession;
- reviewing, understanding and monitoring the implementation of the corporation's strategic plans;
- reviewing and understanding the corporation's risk assessment and overseeing the corporation's risk management processes;
- reviewing, understanding and overseeing annual operating plans and budgets;
- focusing on the integrity and clarity of the corporation's financial statements and reporting;
- advising management on significant issues facing the corporation;
- reviewing and approving significant corporate actions;
- reviewing management's plans for business resiliency;
- nominating directors and committee members and overseeing effective corporate governance; and
- overseeing legal and ethical compliance.

The skills and background of the executive and board members are intended to promote governance while also guiding investments in research, development, and innovation (Yuan, Guo, & Fang, 2014). These actions translate into superior corporate financial performance (Yuan et al., 2014). The composition of a board is crucial to effectiveness of the board and its ability to supervise the CEO (Sur et al., 2013). Academic institutions remain a source of knowledge (Starbuck, 2014). As purportedly commercially and politically neutral institutions that emphasize open, fact-based discussion, members of universities can enhance the quality of governance by senior executives as well as outside stakeholders (Starbuck, 2014). In essence, governance best practices and effective governance are value-enhancing strategies (Conheady et al., 2015).

Board member selection criteria continue to include knowledge and experience (Elms et al., 2015). Elms et al. (2015) reported candidates should have an existing knowledge of how boards operate and possess role-fit skills that complemented those of current directors. Viable candidates for boards of directors should also be a good group fit and be socially compatible with the existing directors (Bezemer, Nicholson, & Pugliese, 2014). Being a good group fit is essential because board members need to interact and work together as a team (Bezemer et al., 2014).

Other factors that are important to board governance include term limits and education that encourages board members' appreciation of the value of diversity in the debate (Carver, 2013). Kakabadse et al. (2015) questioned whether functional diversity (e.g., education, technical abilities, and functional background) and non regulated aspects

of diversity (e.g., socioeconomic background, personality characteristics, or values) affect board effectiveness. A. N. Berger, Kick, and Schaeck (2014) investigated how demographic features of the board, such as age, gender, and educational composition, affect corporate governance in banking. A. N. Berger et al. found that having younger members on the board increased portfolio risk and, to a lesser extent, having a higher proportion of female executives also increased portfolio risk, while having board members with doctoral degrees reduced portfolio risk.

Zhu, Wei, and Hillman (2014) highlighted the importance of demographic characteristics of appointed directors (e.g., age, education, background, and gender), but failed to explain whether these attributes were the reason for selection of that individual or whether other social and political influences played a contributing role. Other board member attributes include status and prestige, which help to reduce uncertainty and signal legitimacy to investors (Acharya & Pollock, 2012). An opposing view is that the more politically affiliated trustees on the board, the greater the affinity for risk-taking behavior and risk shifting, which is the tendency to make more daring decisions when in groups than when acting alone (Bradley, Pantzalis, & Yuan, 2016).

Terjesen, Aguilera, and Lorenz (2015) asserted that gender quota legislation, which forces firms to respond quickly to identify, develop, promote, and retain suitable female talent for corporate board leadership structure, has a strong and positive impact on the strategic direction of publicly traded and state-owned enterprises. Gender difference is usually a decisive factor for board performance and overall or aggregate financial performance in the capital markets (Chapple & Humphrey, 2014). In many industries,

gender diversity is positively correlated with performance (Chapple & Humphrey, 2014). Female directors enhance the instrumental, relational, and moral legitimacy of the board, thus increasing perceptions of the ability, benevolence, and integrity of the board, all of which are pivotal to fostering shareholder trust (Perrault, 2015). Some scholars argued that gender-diverse boards are tougher monitors of CEOs; and although gender-diverse boards are usually considered a positive characteristic, they may harm well-governed firms where additional monitoring is counterproductive (Mateos de Cabo, Gimeno, & Nieto, 2012).

A. N. Berger et al. (2014) documented a negative relationship between an increase in the number of female board directors and bank risk resulting from less experience in dealing with high risks compared to male board members. Another perspective is that the presence of a small number of women on the board has an insignificant effect on board performance, and if women are a minority in the boardroom, they are less likely to challenge their male counterparts (Kakabadse et al., 2015). Sun, Zhu, and Ye (2015) espoused a more prevalent view, arguing that equalizing the board variable of gender diversity could influence strategic decision making and have a positive impact on corporate financial performance. Kakabadse et al. (2015) concluded that gender diversity enhances boardroom discussions, creativity, and allows for different perspectives; thereby, reducing the likelihood of uncritical groupthink.

In general, board diversity fosters openness, resolution of conflicts, integration of different perspectives, and allows for an environment in which better decisions are made (Sun et al., 2015). The board of directors not only advises and monitors the CEO's

activities, but also makes strategic decisions (Mathew, Ibrahim, & Archbold, 2016).

Mathew et al. (2016) asserted that the ability of board members to provide valuable input and challenge decisions depends on the board composition and its attributes. Diversity is important toward board performance (Zhu et al., 2014). Walker, Machold, and Ahmed (2015), investigated whether personality trait diversity in conjunction with demographic diversity explained the differences in cognitive conflict and affective conflict in boards, found no direct relationship. Walker et al. concluded it is important for the director nomination process to encourage the selection of directors with varied demographic attributes to enhance board dynamics.

The banking industry, which was held accountable for the credit crunch that began in the United States in 2008 and spread globally, is important to the U.S. economy: it captured more than half (58%) of the global investment banking revenues in 2012 (Mamatzakis & Bermpei, 2015). Gilles (2016) cautioned that the global economic crisis that began as a banking system crisis pointed to a pattern of instability and possible future financial crises due to sovereign debt, growing inequality, and globalization.

Ramachandran, Ngete, Subramaninan, and Sambasivan (2015) stated that globalization and multinationalization of businesses had increased the need for best practices in corporate governance. Gilles warned that the United States is on the precipice of another financial crisis unless bank governance is strengthened. The next looming financial crisis involves the student loan/debt bubble (Mueller, 2015). Student loans are the second highest category of consumer debt in the United States and account for \$1.2 trillion of

debt, the result of the average 4-year private university tuition having increased from \$10,273 in 1974 to \$31,231 in 2014 (Mueller, 2015).

During the economic crisis that began in 2008, the U.S. government bailed out some banks that were deemed too big to fail (Barth & Wihlborg, 2016). The notion of being too big to fail is a reference to banks that are perceived as generating unacceptable risk to the banking system and indirectly to the economy as a whole; if these banks were to default, they would be unable to fulfill their obligations and would trigger a collapse in the economy (Barth & Wihlborg, 2016). Investors believe assurances made by the federal government to not bail out large firms in the future is a hollow promise because of past precedents and the potential damage to the economy (Gromley, Johnson, & Changyong, 2015). As of 2016, some banks may still be too big to fail. Roe (2014) asserted that many investors believe there is the high likelihood that big banks will be bailed out again if another crisis comes to fruition.

Size, the number of subsidiaries, and extent of involvement in market-based activities increased systemic risk (Laeven, Ratnovski, & Tong, 2014). Controls instituted through corporate governance help to keep firms competitive and efficient, but these controls deteriorate in too-big-to-fail financial firms (Roe, 2014). Roe (2014) argued that these controls impede shareholders, the board of directors, and the CEO from restructuring the firm, even if such a restructuring would be operationally wise. Board composition and board selection criteria are critical to ensuring effective corporate governance (Kumar & Singh, 2013).

The answer to the question of what constitutes effective corporate governance continues to evolve. Cook and Glass (2015) concluded that diverse boards rather than mere tokenism are positively associated with effective corporate governance practices and product development; diverse boards are paramount for achieving corporate benefits. Effective corporate governance is based on internal and external environments and ensures the optimal use of resources, maximization of corporate performance, and minimization of risk, all while protecting the interests of investors and stakeholders (Fülöp, 2013). Corporate governance is the purview of the CEO and board members (Nordberg & McNulty, 2013). Effective corporate governance is incumbent upon control of the board over financial reporting (Fülöp, 2013). Credit risk, the risk of loss due to debtors' nonpayment of the principal or interest on a loan or a particular line of credit, has resulted from poor governance practices (Switzer & Wang, 2013).

Some propositions for board modifications have recommended professional boards consisting of retired executives with industry-specific expertise (Hemphill & Laurence, 2014). While Hemphill and Laurence (2014) advocated for a professional board, Carver (2013) argued that retired executives are vulnerable to groupthink because they share similar perspectives and lack creativity. Zeitoun et al. (2014) along with Carver, contended that a professional board is a poor substitute for an advisory system entirely under CEO control. Lack of full vision, clarity, and creativity are traits of groupthink (Carver, 2013). There is no full vision without a wide variety of perspectives, there is no clarity without a willingness to dig into issues, and there is no creativity without diverse perspectives (Carver, 2013).

The number of hours that independent directors spend on board-related activities (and commensurate compensation received) should be considered as potential value-adding corporate governance improvements (Hemphill & Laurence, 2014). Allocating more power to the board of directors is the best strategy for corporations because the meetings are easier to convene, cost less to the corporation when board members are more specialized, and specialized board members are knowledgeable about the situation and business of the company (Cools, 2014). Ylinen (2013) concluded that stable, prosperous banks and good development outcomes contribute to national prosperity, improved welfare, and better standards of living for employees, local businesses, and shareholders.

Board members have a fiduciary duty—a legal obligation of loyalty—to represent shareholders and maximize shareholder return (Nordberg & McNulty, 2013). Fiduciary duty is meant to ensure there is a reduced risk of valuable information being disclosed to others and that directors are strong advocates of stakeholder interests (Kim & Ozdemir, 2014). Board monitoring of the CEO is more easily achieved when the board has the expertise to process the information and render informed decisions (Tian, 2014). To this end, board members must be capable, knowledgeable, and willing to perform their duties (Tian, 2014). Board variables such as experience, education, part-time and full-time member status, attendance at meetings, age, the dual role of CEO and board chair, independence, and diversity are all important (Baulkaran, 2014; Hemphill & Laurence, 2014; Krause et al., 2014; Lin et al., 2014; Nohel et al., 2014).

This review of professional and academic literature addressed the topics of agency theory, other governance theories, history of the corporate governance problem, governance initiatives and strategies, current corporate governance challenges, and board selection criteria. Corporate and bank governance continues to be a topic of great interest to scholars and economists. Board composition is among the most important factors in ensuring effective governance; as such, director selection criteria merit the focus of study. The appropriate research question for this study is, what board selection criteria do banking leaders use to ensure effective governance?

Agency theory was the appropriate framework to explore effective governance using a qualitative case study method and design with open-ended interview questions. External governance is important but relies on a strong internal governance system. Determining the board selection criteria that ensure effective governance could lead to better business strategies and increased financial prosperity for all stakeholders. Given the possibility of the occurrence of future financial crises, director selection criteria are an important area of research for professionals and academics.

Transition

Section 1 included a discussion of the business problem that CEOs and boards lack director qualification criteria to create effective strategies for strong corporate governance. I also discussed the foundation of the study, the background of the corporate governance problem, and the nature of the study. The research question aligns with the specific business problem and the interview questions.

The conceptual framework applies to the principles of corporate governance and strategic management. In Section 2, I will address the role of the researcher, participant selection strategy, research method and design, population and sampling method, research ethics, data collection instruments, data analysis, reliability, and validity. The findings of the study will be presented in Section 3. The application of the research to professional practice, implications for social change, and recommendations for further research will also be included in Section 3.

Section 2: The Project

Section 2 will contain a discussion of the research method and design I selected for this study. I will also provide a description of my role as the researcher relative to studying the literature, obtaining the perception of participants, and analyzing the responses. In addition, also included in this section will be discussions of the population, the role of ethics, the data collection instrument and technique, data analysis, and reliability and validity. In this study, I obtained and analyzed the perceptions of business leaders in a California bank. This study was designed to provide insights into optimal board selection criteria and effective corporate governance strategies.

Purpose Statement

The purpose of this qualitative single case study was to explore strategies to improve board selection criteria that banking leaders use to promote effective governance. The targeted population comprised of banking leaders in one California bank who demonstrated governance procedures for selecting board members and effective governance that ensured that the bank did not experience failures or government bailouts during the last financial crisis (2007–2009). The findings of this doctoral study have implications for positive social change, including economic and social benefits through profitable corporations to stakeholders, communities, and the economy as a whole. The social benefits may include enhancing self-worth when individuals remain employed in solvent corporations and promoting stable thriving families and communities.

Role of the Researcher

Prior to data collection, my role as the researcher in this qualitative study was to plan the research, select the appropriate design, conduct the literature review, and understand and identify the gaps in the literature. Academic integrity requires an acknowledgment of existing literature (Luce, McGill, & Peracchio, 2012). My role during the data collection was to conduct semistructured interviews with participants in face-to-face settings, via Internet chat sessions, or by telephone.

In my current professional and personal roles, I had no relationship to the topic or firms on which this study was focused. I conducted this study in full compliance with ethical principles, such as those provided in the *Belmont Report* (see Mikesell, Bromley, & Khodyakov, 2013), to protect the rights and well-being of the research participants. I completed the National Institute of Health web-based training course on “Protecting Human Research Participants” on November 09, 2014 with Certificate Number 1614488. In this study, I respected participants according to the precepts of the *Belmont Report*. As part of protecting the rights of potential participants and actual participants, I provided them with sufficient information about the study and allowed them to make an independent decision about whether to participate (see Mikesell et al., 2013). Strategies I used to mitigate bias during data collection included asking questions that were not meant to elicit a particular answer, not asking questions that prevented the participant from freely articulating his or her own perceptions, and not driving participants to predetermined conclusions (see Boatright, 2013).

The purpose of research is to determine the truth (Boatright, 2013), and it is important to be ethical in all phases and practices to have a credible study. In terms of situational biases, I would be remiss if I did not clarify the impact of the largest economic recession since the Great Depression on me. Likewise, I acknowledge my worldview is that some individuals with fiduciary responsibility did not perform their duties to the fullest extent. Recognizing this bias from the outset enabled me to prepare to undertake research while removing my bias. My clarification of these biases lends authenticity to my study.

It is important for the researcher to be cognizant of reflexivity, which is the active acknowledgement by the researcher that his or her own actions and decisions will inevitably have an impact on the meaning and context of the experience under investigation (Rodham, Fox, & Doran, 2015). When undertaking the research work, I bracketed my feelings about the issues; utilized my ability to develop and maintain a stance of curiosity toward the data; and engaged in reflexivity to self-monitor the impact of my biases, beliefs, and personal experiences relative to the research (see Berger, 2013). I provided an informed consent form to all participants before initiating data collection through interviews.

A qualitative research interview involves gathering information and facts, eliciting stories, and learning about experiences (Rossetto, 2014). The semistructured interview protocol is commonly used in case study research (Yin, 2014). A researcher uses an interview protocol to set expectations, uses an interview log, and determines an appropriate location (Jacob & Furgerson, 2012). This form of interviewing resembles the

guided interview rather than a process of structured queries; in conducting semistructured interviews, the interviewer poses a stream of questions in a fluid or unstructured manner (Yin, 2014). I followed some suggestions from literature (Rossetto, 2014; Jacob & Furgerson, 2012; Yin, 2014) by gathering information, utilizing an interview protocol and asking the participant's interview questions and some follow-up questions. The semistructured interview was ideal for exploring participants' overall perceptions regarding utilizing corporate governance in strategy formulation and execution as it enables follow-up questions.

Participants

Board characteristics play an important role in organizations by improving the corporate governance of the organization (Hassan, Marimuthu, & Kaur Johl, 2015). In this study, the participants represented various positions on board membership, selection committees, and executive leadership. The eligibility criteria for the study participants were knowledge about the selection criteria necessary for board membership and successful governance of the bank. Other eligibility criteria for the study participants included board members, selection committee members of the bank, and bank leadership who had been associated with the bank for at least 3 years at the time of the study. Board characteristics are key determinants of several corporate decisions (Iqbal et al., 2015). Consequently, for good governance, banks and companies need a mix of female and male directors who possess the appropriate competencies (i.e., knowledge, skills, and experience) to contribute to board decision making (Elms et al., 2015).

I began this study by obtaining permission from the Walden University Institutional Review Board (IRB) to conduct this research. Upon obtaining permission from the IRB, I contacted executives of the target bank by mail and by visiting the bank to obtain assistance in contacting members of the board of directors. I initiated contact with the potential participants through surface mail, e-mail, and with telephone calls until I received a response. My strategy for gaining access to participants was through an initial contact to invite business leaders to participate in the study. The next recruitment step was sending consent letters by regular mail to each participant and establishing interview dates and times. Ultimately, I interviewed them over the phone.

Technology has transformed the interviewing process, enabling researchers to reduce costs and increase the reach of data collection via telephones (Lord, Bolton, Fleming, & Anderson, 2016). In developing a working relationship with the leaders who accepted my invitation to participate in the study, I explained the nature and objectives of the research, obtained informed consent, coordinated schedule availability for the interview, and provided updates on the progress of my research. Interviews are often used in qualitative research, and semistructured interviews are appropriate as they enable follow-up questions and often produce comprehensive responses (Dresch et al., 2015).

I used open ended questions to interview the participants. The use of open-ended questions would be best for obtaining comprehensive responses from participants (Starr, 2014). To establishing a working relationship, I engaged in rapport with the participants, conducted the interviews, provided my contact information, and Walden University's contact information with approval information for the study. Interviewing is a data

collection method often used in combination with other methods to develop a better account of the empirical phenomenon (McNulty, Zattoni, & Douglas, 2013).

Research Method and Design

The researcher typically chooses from three categories of research methods commonly used in a doctoral study: quantitative, qualitative, and mixed methods (Yin, 2014). The qualitative researcher is focused on applied and theoretical findings or discoveries, based on research questions through field study in natural conditions (Park & Park, 2016). Quantitative researchers rely on the testing of hypotheses to achieve the research goals in controlled and contrived studies (Park & Park, 2016). Mixed methods research combines quantitative and qualitative methods in the same study (Venkatesh, Brown, & Bala, 2013). The research question, constraints, and type of participants are important determinants of the appropriate methodological and design choice (Malsch & Salterio, 2016).

Research Method

A research method is a guide for researchers to follow in the search for necessary answers to the research problem (Saunders, Lewis, & Thornhill, 2012). To study this business problem of agency conflict and corporate governance, I used the qualitative research method, which is a holistic research approach that allows the researcher to synthesize data from multiple perspectives and extend that synthesis to create knowledge and leverage that knowledge in creative ways (see Singh, 2015). Through my study, I explored board selection criteria and strategies that ensure effective governance. The defining characteristics of qualitative research are (a) data collection in the natural field

setting, (b) the researcher as key to data collection, (c) multiple sources of data, (d) focus on the meanings of participants' responses, and (e) interpretive inquiry and holistic account (McNulty, Zattoni et al., 2013). The qualitative research method is best for exploring the perceptions of participants (Starr, 2014).

Bettis, Gambardella, Helfat, and Mitchell (2014) wrote that the quantitative method allows for the study of a sample and the generalization of findings from that sample to the population through statistical analysis. This method could be used to collect and analyze data that represent trends, historical numbers, and allow for the comparison of variables (Frels & Onwuegbuzie, 2013). Bhattacharjee (2012) pointed out that the quantitative method is the most appropriate research technique to determine if a relationship exists between variables. The quantitative method is a rigorous research approach, appropriate for testing hypotheses about the relationship between a studies' independent and dependent variables (Bettis et al., 2014). The quantitative method was not appropriate for this study as I did not test a hypothesis or compare variables.

A mixed methods approach was not appropriate for this study as this approach is a preferred method when neither the qualitative nor the quantitative method alone could sufficiently answer the research question (Venkatesh et al., 2013). A chief aim of my study was to explore board selection criteria that promote effective governance. The research question and purpose statement are important factors in the choice of the research methodology from among quantitative, qualitative, or mixed methods. The qualitative method was best for gathering experiences and obtaining comprehensive responses (see Dresch et al., 2015).

Research Design

In this study, I used a case study design to determine and propose board selection criteria that contribute toward effective governance. A case study design should be considered (a) to answer *how* and *why* questions, (b) to cover contextual conditions, (c) when a researcher cannot manipulate participants' behavior, or (d) when the boundaries are not clear between phenomenon and context (Yin, 2014). The main objectives of the case design are to explore, describe, and explain (Dresch et al., 2015).

In this study, I chose to undertake a single case study, which was critical to my conceptual theory and used to determine whether the propositions are correct or whether an alternative set of explanations might be more relevant (see Yin, 2014). The rationale for undertaking a single case study includes an extreme or an unusual case and the revelatory case (Yin, 2014). A single case can contribute to knowledge and theory building by confirming, challenging, or extending the theory (Yin, 2014). A single case is ideal in management research when revelatory or exemplary data are sought or when the study offers opportunities for unusual research access (Mariotto, Pinto Zanni, & De Moraes, 2014). A single case study is also ideal in a revelatory case that can contribute to knowledge (Yin, 2014). A single case could also help to determine whether an alternative set of explanations might be more relevant (Yin, 2014).

I had several other qualitative design options. The phenomenological approach is used to study the way a person lives, creates, and relates in the world (Conklin, 2013). Phenomenology can be employed to understand shared human experience because the design focuses on the participants' experiences and meaning (Conklin, 2013). On the

other hand, ethnographic designs are appropriate for studying a group in which members share a culture (Hampshire, 2014). Neither phenomenological nor ethnographical designs were appropriate for studying board selection criteria that promote effective governance. A phenomenological design was not appropriate as the purpose of this study was not to explore the way people live or share their lived experiences. Ethnographical design was not an appropriate design as in this study, I did not focus on a group in which members share a culture.

A key to conducting a case study is reaching data saturation. Data saturation is said to occur when no new data are obtained from additional interviews (Houghton, Casey, Shaw, & Murphy, 2013). The number of interviews that should be conducted is not as important as achieving data saturation (Fusch & Ness, 2015). The objective of the interview process is not about the numbers per se, but about rich (quality) and thick (quantity) data, structuring interview questions to ensure the researcher asks multiple participants the same questions, and interviewing the people that one would not normally consider (Fusch & Ness, 2015).

Population and Sampling

The population was comprised of 10 leaders at a single bank in California, eight board members, the executive vice president, and chief information officer. The financial crisis of 2007–2009 engulfed the banking system of the United States before spreading around the world (Bordo, Redish, & Rockoff, 2015). Few banks escaped adverse outcomes and financial loss resulting from the 2007–2009 financial crisis (Paulet et al.,

2015). A single case and focus on a single bank sufficed to highlight the selection criteria for board membership and the governance strategies that may be emulated by others.

I interviewed four business leaders from the bank to achieve data saturation. The interviewees were current board members and executive vice presidents. The owners of banking institutions appoint board members to provide high-level oversight within the organization (Capriglione & Casalino, 2014). A case study interview requires the researcher to operate on two levels at the same time: satisfying the needs of the line of inquiry and simultaneously putting forth friendly and nonthreatening questions in the open-ended interview (Yin, 2014).

The four business leaders with knowledge of the bank's selection criteria were chosen through purposeful sampling. The participants in this study have at least 3 years' association with the bank. Purposeful sampling method could be used to select participants likely to provide relevant information (Palinkas et al., 2013). Purposeful sampling is based upon meeting inclusion criteria such as required knowledge and information in which elements are selected from the target population on the basis of their fit with the purpose of the study (Robinson, 2014). For this study, I used confirming and disconfirming purposeful sampling to confirm the importance and meaning of possible patterns and check out the viability of emergent findings with new data (Palinkas et al., 2013) was appropriate. Conducting purposeful sampling of business leaders allowed me to interview individuals who have knowledge on the selection criteria for board members that promote effective governance. It is important to focus on interviewing individuals who have the authority or the knowledge to offer useful insights

and comments on the research topic (Rowley, 2012). The population selected aligns with the overarching research question.

Ethical Research

The study of a contemporary phenomenon in its real-world context obligates a researcher to important ethical practices akin to those followed in medical research (Yin, 2014). Informed consent is a key element for protecting the welfare of research participants, as established by the Nuremberg Code; in addition, the Helsinki Declaration underscored the importance of having an ethics committee review a research proposal, which includes an informed consent form (Kumar & Singh, 2013). The informed consent form contains Walden University's approval number 03-23-17-0465001 for this doctoral study. Consent to participate in research was an important component of conducting an ethical research study that involves human participants (Braunack-Mayer et al., 2015). The informed consent process included providing information in written form and explaining the form. Participants were required to sign an informed consent form prior to interviewing them (see Appendix B). The informed consent form contains Walden University's approval number for this doctoral study.

The form includes the purpose of the research and the proposed process, as well as the methods the researcher will use to maintain privacy. Participants in a study must be assured of privacy and confidentiality (Dekking, van der Graaf, & van Delden, 2014). I assured participants that the information being sought was for research purpose only and ensured their anonymity by labeling participants as P1 through P4. A researcher is responsible for conducting a case study with special care and sensitivity (Yin, 2014). The

interviews did not include the individual participants' or the bank name and will be used only for the doctoral research study. The informed consent form also explained the expectations of participation, the withdrawal process, ethical principles that I followed, and an affirmation of the individual's rights to understand a study before agreeing to participate (Knepp, 2014). An informed consent form must emphasize the voluntary nature of participation (Dekking et al., 2014). I provided each participant a copy of the informed consent form. The informed consent agreement used for this study and interview records are in a locked filing cabinet to which only I would have access for 5 years.

As part of the informed consent process, I explained to potential participants that they may withdraw from the study at any time of their choosing. The National Institute of Health issues a certificate upon completion of a course for conducting studies involving the collection of sensitive information. I completed this course of study. This course of study explains that no incentives should be offered to participants. I did not offer any incentives for participating in this study. I took all necessary measures to ensure adequate ethical protection of participants.

A researcher must be ethical in all practices (Boatright, 2013). I sought clarification and explored data objectively, remembering that a primary purpose of undertaking research is to find the truth. Interviews should be free of prejudices and presuppositions (Tosey, Lawley, & Meese, 2014). Ethical practices include taking care when identifying themes to ensure that each theme is actually represented in the transcripts being analyzed and not a product of the researcher's misinterpretation

(Rodham et al., 2015). I followed ethical practices throughout the process of conducting the research, ensuring the undertaking is completed without allowing my worldview to influence or temper my assumptions.

I maintained all data on a password-protected external drive to which only I have access. These data will be maintained for 5 years to protect confidential information, including the identity of participants. After 5 years, I will shred the documents and destroy the external drive containing research data. The final doctoral manuscript includes the Walden IRB approval number. I ensured that the document does not include names or any other identifiable information of individuals or organizations.

Data Collection Instruments

I was the primary collection instrument in this study. A researcher undertaking a qualitative case study is the primary data collection instrument (Turner & Norwood, 2013). Case study evidence includes archival records and interviews (Yin, 2014). Silic and Back (2013) utilized open-ended questions within semistructured interviews to explore perceptions on governance. According to Yin (2014), semistructured interviews and company document analysis are common sources of evidence in case studies. Semistructured interviews are an appropriate way for the researcher to focus on the details that address the research question (Rubin & Rubin, 2012). I employed a single case study design and conducted semistructured interviews to explore board selection criteria that promote corporate governance from the perspective of business leaders in a single bank in California.

Participants offered answers to a series of preliminary questions. The interviews began with my introducing myself and stating the purpose of the research; I asked permission to record the interview and assure the participant of confidentiality. The participants declined to permit the recording of the interviews. Documentation is a key aspect of data collection (Yin, 2014). I documented the responses from the interviews in a Microsoft Word document that is easy for storage and retrieval.

I also collected secondary data for this study. Secondary data could support other significant findings in a study (Hensmans, 2015). Secondary data collection included an examination of publicly available archival documents with financial reports and business journals. These data, such as board membership and company annual financial information, was collected from the bank website, the EDGAR database (an online resource maintained by the SEC), and data from the Hoover's database maintained by Dun & Bradstreet. Secondary data could proffer adequate data required for undertaking rigorous research, even though it may exist for other purposes. Kaufman and Hwang (2015) triangulated their study's data with secondary data to collaborate the open-ended interview responses in their case study on two French banks operating in the United States. Brown (2015) collected secondary data in his qualitative case study of financial crimes to support interview responses.

Member checking is a technique to validate the researcher's interpretation of the interview data collected; the process enhances the academic rigor of the study and allows for additional data to be collected in the form of corrections or modifications to the data previously collected during the interview (Harvey, 2015). Member checking is when a

researcher shares the interpretation of the participant's responses with the participants to confirm that it represents their answer and validates the findings (Tong, Chapman, Israni, Gordon, & Craig, 2013). I conducted member checking to enhance the reliability of the interview responses and triangulate the interview results with information available through publicly available company archival documents.

Member checking helped to confirm participants intended responses and validate my interpretation. A researcher may triangulate by using multiple sources of data to enhance the reliability of their study (Trangkanont & Charoenngam, 2014). I used (a) semistructured interviews with open-ended questions, (b) bank archival documents, (c) financial reports, (d) business journals and (e) methodological triangulation to enhance the reliability and validity of my research.

Data Collection Technique

My data sources are semistructured interviews with open-ended questions, bank archival documents, financial reports, and business journals. Semistructured interviews are used by researchers to pose additional follow-up questions to delve more deeply into participants' experiences and knowledge (Dresch et al., 2015). Secondary data such as bank archival documents, financial reports, and business journals are useful for validation (Venkatesh et al., 2013).

Primary methods for data collection in case studies are semistructured and unstructured interviews (Yin, 2014). In conducting semistructured interviews, the researcher poses open-ended questions and, if necessary, asks additional probing questions to gain deeper insight into participants' knowledge and experience (Dresch et

al., 2015). Semistructured interviewing is appropriate for gathering comprehensive responses (Rubin & Rubin, 2012). I followed Rowley's (2012) protocol and process, which included the design and planning of the interview process that I used for conducting the interviews. According to Rowley, the researcher's initial contact with potential participants is important. The quality of the initial e-mail message, telephone call, or letter is key to study success.

Jacob and Furgerson (2012) advocated that first-time qualitative researchers use an interview protocol to assist them in collecting data. I followed the steps Jacob and Furgerson recommended, arranging interviews in an ideal location or medium, being willing to make instant revisions to the interview protocol, and keeping the interview within reasonable time limits. The researcher must be clear as to the amount of time that the interview will take, capture the interest of the interviewee, and follow-up if the initial contact does not provoke a response (Rowley, 2012).

Face-to-face interviews allow a researcher to obtain both verbal and nonverbal cues (Rowley, 2012). Disadvantages of interviewing include the time required to travel to conduct multiple interviews, the cost, and the difficulty of discussing sensitive topics when face-to-face (Lord et al., 2016). If a researcher has difficulty obtaining agreement from potential interviewees to meet for face-to-face interviews, the researcher should consider telephone, Skype, or even e-mail interviews (Rowley, 2012). The anonymity of telephone interviews may be more conducive for discussing sensitive issues than face-to-face interactions (Lord et al., 2016). I took extensive notes during the interviews and read

the responses back to the participants to validate the interview and mailed the interview notes to each participant to complete member checking.

Secondary data in the form of publicly available company documents was also collected as part of this study. Secondary data are important for corroboration and triangulation in a research study (Hensmans, 2015). Secondary data could be used to confirm and disconfirm data and information (Hensmans, 2015). Qualitative secondary data entail the use of existing data to develop new scientific understanding (Irwin, 2013). The disadvantages of using secondary data are that the data may not be an accurate portrayal of existing information (Irwin, 2013). I utilized reliable secondary data derived from public available sources: data from the website of the bank, document analysis, and archival records of past performance. I triangulated secondary data with participant interviews to corroborate participants' responses. Robeson and O'Connor (2013) used secondary data to determine the effect of governance board on firms' performance through innovation.

Once collected, data were coded and analyzed with qualitative data analysis software. I explored key themes from interview responses and related those themes to information from the literature review regarding corporate governance. I used methodological triangulation to explore whether the documentation supports the findings from the interviews. Finally, I determined how the themes relate to the conceptual framework of the study. Researchers using case study design could use methodological triangulation to perceive all the facets of the data, extrapolate the meaning inherent in the data and to compare and analyze the same empirical events (Denzin, 2012).

Data Organization Technique

I did not record the interviews due to the participants taking exception to being recorded. I took detailed notes in Microsoft Word documents during the calls. Secondary data in this study included publicly available data such as company financial statements, governance documents from the website of the bank, data from the EDGAR database, and data from the Hoover's database. Using computers for qualitative data analysis, also known as computer-assisted qualitative data analysis, has many advantages, including identifying relevant quotations on the computer screen and coding using virtual-colored stripes (Odena, 2013).

I utilized qualitative data analysis software application to identify the themes, facilitate coding, and to analyze data. Qualitative software can help the researcher to develop and renegotiate insights from theory and interview data, as well as enhance trustworthiness, transparency, and publication potential (Sinkovics & Alfoldi, 2012). Data for each analysis are kept safe but accessible to enable retrieval, along with other data and documents in workbooks that will be stored on a password-protected external drive. When not in use, the external drive will be kept in a locked filing cabinet to which only I would have access. The external drive will be kept for 5 years following the completion of this study, after which it will be destroyed.

Data Analysis

Data analysis included methodological triangulation. Methodological triangulation involves using more than one kind of data to study a phenomenon, comparing multiple data sources to confirm and make findings credible (Fusch & Ness,

2015; Houghton et al., 2013). Hoque, Covaleski, and Gooneratne (2013) defined triangulation as the usage of data from different sources in the study of the same phenomenon; triangulation is important for credibility and validation. These data were collected and analyzed to allow for data triangulation. I achieved data saturation by using different sources of information: semistructured interviews with open-ended questions, bank archival documents, financial reports, and business journals. I used Yin's (2014) data analysis approach: (a) compiling, (b) disassembling, (c) reassembling, (d) interpreting the meaning and (e) drawing conclusions from the data.

Compiling

Compiling data is the documentation and organization of the data (Yin, 2014). The primary research question for this qualitative research study was: What board selection criteria do banking leaders use to ensure effective governance? Effective governance structures are essential to achieving and maintaining public trust and confidence in the banking system, as well as ensuring the proper functioning of the banking sector and the economy as a whole (Leventis et al., 2013).

To answer the research question, I interviewed four business leaders affiliated with a single bank in California. I compiled data through semistructured interviews and open-ended questions. Another source of data for this study was secondary data using information available through publicly available company archival documents.

Disassembling

Disassembling data is grouping data elements into labels (Yin, 2014). I read the interview responses and looked for recurring words and phrases then formed categories

which were relevant to the research questions. I coded the concepts and ideas from the interviews and secondary data after member checking, then critically analyzed the data using qualitative data analysis software. Researchers use tags and labels to highlight different segments of relevant text (Dasgupta, 2015). The logical and sequential process for the data analysis upon completion of data collection is the transcription, coding with qualitative software application to identify the themes, and data analysis (Odena, 2013).

There is software specifically designed to analyze qualitative text (Sinkovics & Alfoldi, 2012). I used available software to analyze rich textural data from the interviews, themes from the literature review regarding corporate governance, and the conceptual framework of the study, agency theory. Researchers may utilize the comment feature in Microsoft Word to highlight codes (Cater, Machtmes, & Fox, 2013). I used the comment feature in Microsoft Word to highlight codes. Systematic analysis aided by software supported my ability to manage and retrieve the various types of data (e.g., transcripts and notes) across some data sets and increase the possibilities to substantiate research claims in qualitative data analysis (Odena, 2013).

Reassembling

Reassembling is conducted by categorizing data into groups (Yin, 2014). A researcher conducts qualitative content analysis on the themes that emerge from the interview transcripts (Schreier, 2012). This method of analysis is one of the several qualitative methods available for analyzing data and interpreting its meaning (Schreier, 2012). The approach represents a systematic and objective means of describing and quantifying phenomena, especially aspects described in interview transcripts.

During the categorization, the groups of themes in the data became evident. Reassembling includes the categorization of the themes in the interview transcripts (Schreier, 2012) and the secondary data. Microsoft Word has tools that aid in analyzing text (Seidman, 2013). Sorting of data is a proven method for the identification of prevailing themes (Bishop & Lexchin, 2013). I took stock of themes that emerged from secondary data and input them into an Excel spreadsheet. I coded the key words from the interview responses and input them into an Excel spreadsheet. I analyzed the document themes with the themes and key words from interviews. The categorization is crucial in the interpretation of the data in enumerating significant findings. The categorization helped to identify the major categories and compelling themes in the study.

Interpretation

The interpretation stage involves creating narratives from the data (Yin, 2014). This analysis confirmed the participants' responses to interview questions such as board composition, separation of the role of the CEO and board chair. It included the general performance of the bank within the past several years, including the period of the 2007–2009 financial crisis.

I focused on the recurring themes from the interviews, relating the key themes with the existing and new literature that emerges before final project acceptance. I also related the themes to the conceptual framework, agency theory. I utilized methodological triangulation to confirm or to find inconsistencies between semistructured interview responses, member checking, and company archival records.

Concluding

Concluding involves the original research question, the data, discussion, and interpretation of the findings (Yin, 2014). It includes significant findings and the lessons learned in the study. Concluding involves drawing conclusions from the data (Yin, 2014). This section of the study includes statements that describe the outcome of a research and new insights.

A study's conclusion reveals the key findings, the significance of the theory, and the need for future studies (Goldberg & Allen, 2015). I related the key themes with recent studies on corporate governance and conceptual framework. I observed the frequency of the themes, analyze and reported my findings.

Reliability and Validity

Reliability and validity are important in research. In a doctoral study, reliability and validity are the difference between having an acceptable study that could provide guidance to scholars and practitioners or a study that is challenged and rejected. The trustworthiness of qualitative content analysis is also often presented by using terms such as *credibility*, *dependability*, *conformability*, *transferability*, and *authenticity* (Elo et al., 2014).

Reliability

Reliability of a research study is dependent upon consistent information, appropriate and reliable research methods and procedures, meticulous documentation, unambiguous research questions, and a comprehensive research plan (Kihn & Ihantola, 2015). Dependability in qualitative research indicates the consistency of the research data

(Houghton et al., 2013). Dependability is similar to reliability and refers to the consistency of findings across time and researchers (Hays, Wood, Dahl, & Kirk-Jenkins, 2016).

I attained dependability through adequate documentation, maintaining an audit trail of my research study, and conducting member checking to ensure rigorous data interpretation (Houghton et al., 2013). I conducted member checking to ensure the dependability of the data. Member checking involves sharing the interpretation of the participants' interview responses with the participants to confirm that it represents their answer (Tong et al., 2013). Member checking allows modifications and validation of the data (Harvey, 2015).

Validity

Validity refers to the legitimacy of the findings and the extent to which data are plausible, credible, and defensible when challenged (Venkatesh et al., 2013). Secondary data from other sources enables validation. To ensure validity, the researcher must report how the results were created, enabling readers to clearly follow the analysis and resulting conclusions (Schreier, 2012). Credibility involves the focus of the research and refers to confidence in how well the data address the intended focus (Houghton et al., 2013). To ensure credibility, I used triangulation with semistructured interviews, member checking, and company archival records. Credibility is the overall believability of a study (Hays et al., 2016). The research effort was dedicated to answering the research question.

Transferability occurs when details of the study are captured and the outcomes and findings have meaning to others in similar situations (El Hussein, Jakubec, & Osuji,

2015). Transferability is attainable when there is sufficient information to replicate the study by future researchers (Houghton et al., 2013). The burden of demonstrating that a set of findings applies to another context rests with future researchers rather than the original researcher (Marshall & Rossman, 2016). Confirmability relates to the accuracy or accurate reflections of participants' perspectives without researchers' views interfering with findings (Hays et al., 2016). Confirmability is reflected in the analysis and findings of a research study and I substantiated the confirmability of the study through member checking (Cope, 2014).

Data saturation is attained when there is no new theme emerging from the interview data and documentation (Liu, 2014). A method of attaining data saturation is asking multiple participants the same questions (Fusch & Ness, 2015). I asked four participants the same questions and utilized follow-up questions. Triangulation is the convergence of data from different sources to determine the consistency and credibility of a finding (Yin, 2014). According to Fusch and Ness (2015), triangulation strategies enable a researcher to check for the existence of new relationships. Collecting and analyzing data from different sources enables triangulation (Trangkanont & Charoenngam, 2014).

Transition and Summary

Section 2 included discussions of the role of the researcher, the participants, population and sampling, data collection, data analysis, and ethical research consideration. In Section 3, I will document the research findings, analysis, and results. In

addition, Section 3 will include information on the application to business practice, possible implications for social change, and reflections.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative single case study was to explore strategies to improve board selection criteria that banking leaders use to promote effective governance. Data collection involved my semistructured interviews with four business leaders who had a minimum of 3 years' association with the bank and possessed knowledge on the selection criteria for board membership at the bank. Data included interview responses as well as publicly available archival documents with financial reports and business journals. I conducted a comprehensive analysis of this data, which involved examining and comparing the data from different sources (see Marshall & Rossman, 2016). This section will include (a) the presentation of the findings, (b) application to professional practice, (c) implications for social change, (d) recommendations for action, (e) recommendations for further research, (f) reflections, and (g) the conclusion.

In this study, I explored board selection criteria that promoted corporate governance from the perspective of business leaders in a bank in California. The bank has experienced growth in its history. It did not have losses during the recent recession as the annual reports indicated increasing growth and the bank has had more than 100 consecutive quarters of profitability. The financial and annual reports were available on the bank's website under the investor and financial information link.

Presentation of the Findings

The purpose of this study was to answer one overarching research question: What strategies do banking leaders use to identify board selection criteria to ensure effective governance? Four themes emerged from the participant responses and documents reviewed. The themes were: (a) select independent, experienced, and knowledgeable business leaders as board members; (b) recognize the importance of the choice of the CEO and other senior executives; (c) acknowledge cooperation is key to sustainable growth; and (d) promote integrity and ethics as key executive and board membership criteria.

The participants in this study were four business leaders and board members of a California community bank. Two were executive vice presidents and two were board members. All the participants were knowledgeable about the bank's board selection criteria. During the semistructured interviews, which all occurred by telephone and lasted for an average of 30 minutes, each participant answered a series of seven open-ended questions that I posed to them. Technology has enabled researchers to increase the reach of data collection via telephones (Lord et al., 2016). Telephone interviews are a genuine alternative to face-to-face interviews in that they offer greater anonymity and enable participants to control the privacy of the conversation (Irvine, Drew, & Sainsbury, 2013).

The participants would not permit me to record the interviews. In the interviews, I asked probing questions, took extensive notes, read the answers provided to each question to each participant to verify the accuracy of my notes, and mailed a succinct synthesis to each participant to confirm the information captured. I coded the participants

using assigned codes P1 through P4. Participants P1 and P2 served as vice presidents and Participants P3 and P4 served as board members. I interpreted the resulting data with thematic analysis. Thematic analysis enables a researcher to identify important patterns (Vaismoradi, Turunen, & Bondas, 2013). Recurring themes emerged in the secondary data including publicly available archival documents with financial reports and business journals regarding the strategies that banking leaders use to identify board selection criteria to ensure effective governance. Recurring themes were (a) independence, (b) vigilance and ability to monitor management, (c) diversity, (d) financial knowledge, (e) separating the roles of CEO and board chair, (f) full-time board membership, (g) small board size, (h) term limits for board members, (i) age limit for board members, and (j) ethics.

Key Words

After undertaking the interviews, I compiled a list of recurring keywords in the responses. The word *CEO* was the most frequently used ($f = 32$), followed by *executive* ($f = 31$). These support a conclusion that the CEO and top executives are paramount to effective governance. All participants mentioned the importance of the partnership between the board and senior executives. According to P1, the partnership between the board and executives has been the key to the bank's success. The keywords of *experience* ($f = 19$), *leadership* ($f = 12$), *integrity* ($f = 11$), *knowledge* ($f = 10$), and *ethics* ($f = 5$) revealed important criteria for board selection. Other keywords included *monitor* ($f = 10$), *independent* ($f = 7$), *oversight* ($f = 4$), and *supervise* ($f = 4$), which supported the important function of monitoring.

Theme 1: Select Independent, Experienced, and Knowledgeable Business Leaders as Board Members

The first theme that emerged from the analysis was to select independent, experienced, and knowledgeable business leaders as board members. I identified independence as part of the conceptual framework for this study. According to Jensen and Meckling (1976), the primary role of the board is to monitor managerial performance due to the inherent conflict of interest between executives and shareholders. According to the nominating and corporate governance guidelines for the bank, dated February 2016, a principal goal of the board is to optimize independent perspectives, give advice to the CEO and management, increase the quality of board oversight, and lessen the possibility of conflicts of interest.

Board members' independence is an essential requirement for controlling management and protecting shareholder value (Ben-Amar et al., 2013). P1 noted that all the board members except the CEO are independent, and they review the knowledge and experience required due to vacancy and business needs. According to the nominating and corporate governance guidelines for the bank dated February 2016, board members seek a broad range of skills, expertise, industry knowledge, and contacts useful to the company's business. Additionally, every interviewee (100%) noted that independence is a primary requirement for board membership and effective governance. P3 remarked that board members are entrusted with the strategic initiatives of the bank and held responsible for providing high-level oversight to the executive team.

Seven of the eight board members at the community bank are independent board members. A director is independent if no immediate family member is employed by the firm and they have not been an employee of the firm or auditing firm (Conyon, 2014). According to agency theory, board members should be able to monitor management, and because they are expected to monitor and guide executives, their independence is critical (Fama & Jensen, 1983). P4 explained that board members are independent and have supervisory responsibilities over the executives of the bank. According to Nordberg and McNulty (2013), the primary responsibilities of board members are monitoring, external affiliation, and guidance.

The experience and knowledge of the executive and board members are intended to promote governance while also guiding investments (Yuan et al., 2014). According to P2, the vacuum created on the board determines the criteria for the selection of new board members. All board members and the CEO are accomplished and have had strong leadership experience. According to the nominating and corporate governance guidelines for the bank, dated February 2016, all directors are expected to be knowledgeable about the company and its industry. P1 shared that business leadership is “top on the list” as board members utilize their insights and experience to advance shareholder value.

According to agency theory, a small board is usually more efficient than a large board because of a decrease in agency conflicts, effective communication, and lower operation costs (Jensen & Meckling, 1976). The bank has a small board with a total of eight board members. According to the nominating and corporate governance guidelines for the bank, dated February 2016, the board should be comprised of a sufficient number

of directors to enable the board to properly perform its responsibilities and achieve its governance objectives and goals. The company's bylaws currently provide that the board will consist of between seven and 13 members.

My findings around this theme confirmed the existing literature. Agency theory suggests that small boards are more efficient because they are better coordinated and have less internal conflicts (Switzer & Wang, 2013). According to the nominating and corporate governance guidelines, the board should be small enough to permit meaningful participation by each director, substantive discussions of the entire board, and large enough that committee work does not become unduly burdensome. Companies with smaller boards have lower agency costs (Garanina & Kaikova, 2016). As for board size, my findings were consistent with the major assumption: Companies with smaller boards have lower agency costs (Garanina & Kaikova, 2016).

P3 explained that performance as directors and the board are evaluated annually as stipulated by the shareholders and an important performance criterion is promoting shareholder value. According to the nominating and corporate governance guidelines for the bank, dated February 2016, the board believes it is important to monitor overall board performance, to address changing needs of the company, and to bring fresh perspectives to the challenges facing the company as circumstances warrant. According to Form 10-K from the SEC's (2017) EDGAR System, during 2016, the board of directors declared quarterly cash dividends.

There is no CEO duality at the study site community bank as the CEO is not the chair of the board. Agency theorists have asserted that there is greater board

independence when the roles of CEO and chair of the board are separate (Sarpal, 2014). Board attendance decreases with multiple directorships (Lin et al., 2014). P2 expressed that nominees should not be currently serving on more than two other boards and must be capable of attending scheduled board and committee meetings.

Theme 2: Recognize the Importance of the Choice of the CEO and Other Senior Executives

Another theme that emerged from this study was that the choice of the CEO and other senior executives are critical to effective corporate governance. Most literature on corporate governance focused on the role of the board, duties, responsibilities, composition, structure, shareholder rights and activism, executive compensation, and diversity. The study site bank's corporate governance focuses on the board as well as senior executives. According to the bank's corporate governance guidelines, the compensation committee conducts an annual review of the president and CEO's performance to ensure that the officers are providing the best leadership for the bank in the long and short-term.

Board practices designed to achieve long-term utility are central to the prescription of agency theory to protect owners' interests (Conheady et al., 2015). Protection of shareholders' interests is in line with the agency theory. There has been far less focus in research focus in the field on the importance of the CEO and other senior executives in corporate governance. In reality, corporate governance in banks involves the boards and senior executives both accountable to shareholders, who must collaborate

in providing strategic decision making, compliance with laws, and protection of depositors (Leventis et al., 2013).

In my search within Walden University's library using the term *corporate governance* on Business Source Complete with delimiters, the full text and peer-reviewed scholarly journals from 2013 to date, yielded more than 4,740 results. *Boards* and *directors* yielded 2,580 articles and *chief executive officer* and *CEO* as a subject term yielded 762 (see Table 1). Clearly, most articles have focused on board members (54%) as the most important factor in corporate governance.

Table 1

Corporate Governance Literature Research Themes

Variable	Frequency	Percentage
Board	1436	30.0
Directors	1144	24.0
CEO	762	16.0
Audit	473	10.0
Regulations	925	20.0
Total	4740	100.0

Many of the corporate governance problems in the past related to greed by executives, lapses in judgment, and executive discretion (i.e., Enron, Adelphia, WorldCom; Darrat et al., 2016). However, most researchers still focused on the board. Boards of directors complement the regulatory oversight of executives (Henderson, 2013). The bank in this case study did not have full-time board members. As explained by Participant P2, "We do not have full-time board members, and it is inconceivable that

directors would be informed about all the issues that occur in real-time.” Corporate governance involves the executives of a firm, its board, its shareholders, and regulatory agencies (Dermine, 2013).

The CEO is paramount regarding corporate governance. The collective behavior of corporate leaders is often critical in corporate wrongdoing, and the CEO frequently plays a central role (Khanna, Kim, & Lu, 2015). P3 noted that the daily operations of a bank are the responsibility of the executive management. This is further confirmed by existing literature. According to Starbuck (2014), it is important to improve executive management governance.

Directors often face limited access to firm-specific information, and the high cost of assessing the reliability of information and these limitations reduce their monitoring effectiveness (Fama & Jensen, 1983). According to Nordberg and McNulty (2013), responsible boards of directors take ownership of their role and actively oversee activities in their firms. While this is important, the role of the CEO is paramount. CEOs have substantial influence in addition to the explicit legal authority to direct corporate affairs (Khanna et al., 2015). Business leaders, the board of directors, and audit committees must maintain the integrity and the public trust (Franzel, 2014).

Theme 3: Acknowledge Cooperation is Key to Sustainable Growth

The third theme was that cooperation, rather than strict monitoring, is the key to sustainable growth. This is confirmed by current literature. In light of past corporate scandals, companies are paying more attention to corporate governance practices, particularly aligning the interests of stakeholders and managers to minimize the exposure

to the principal-agent problem (Garanina & Kaikova, 2016). The participants' claim that cooperation, rather than strict monitoring, is the key to sustainable growth disconfirms the main conceptual theory. P1 declared that "an effective board uses their knowledge and experience to complement the strategies by the CEO."

The agency theory demands sufficient monitoring to align agency interests (Fama & Jensen, 1983). According to agency theory, candidates for board membership should be selected based on their ability to monitor management (Fama & Jensen, 1983). However, a recurring theme in the participant interview responses aligned with another governance theory, the stewardship theory. Under stewardship theory, the relationship between the board and CEO is cooperative with the board working collaboratively with the CEO (McNulty, Florakis et al., 2013).

The participants emphasized that collaboration was key to the bank's success. According to publicly available bank's financial disclosures, the bank has demonstrated strong and sustained financial performance and positive earnings for more than 100 consecutive quarters. Each participant commented that cooperation is the key to their sustained growth. According to P4, the majority of shareholders, the executive team, and the board are "on the same page," as they "all work for and are accountable to the shareholders." In addition, as noted in the nominating and corporate governance guidelines for the bank dated February, 2016, other important factors to be considered by the nominating committee in the selection of nominees for the position of a director include ability to work together as an effective group and the ability to commit adequate time to serve as a director.

The interview responses supported some assertions that the board may work cooperatively with the CEO when interests align in pursuance of shareholders' goals. Stewardship theory affirms the synergies derivable between members of the board and CEO, which positively influence organizational performance (Mowbray & Ingley, 2013). According to the bank's annual reports, the bank has sustained financial performance and delivered a cash dividend for more than 100 consecutive quarters. P2 emphasized that the board and CEO have demonstrated a strong focus on increasing long-term shareholder value. According to the bank's corporate governance guidelines, the board and CEO's performance are assessed on both short and long-term outcomes.

Theme 4: Promote Integrity and Ethics as Key Executive and Board Membership

Criteria

Board member selection criteria are important and include knowledge and experience (Elms et al., 2015). The CEO is not a member of the nominating committee of the bank. In the nominating and corporate governance guidelines for the bank dated February, 2016, the nominating committee shall be comprised of directors who qualify as independent directors. Integrity as a key executive and board membership is an important theme that emerged from this study.

Some interviewees made statements that integrity was an important board selection criterion. According to P2, the articulation of the vision of putting people with integrity in executive positions to execute is indispensable to effective corporate governance and success for the bank. As stated in the nominating and corporate governance guidelines for the bank, another important factor to be considered by the

nominating committee in the selection of nominees for the position of director is community involvement.

The importance of integrity was affirmed by P3, who shared that nominees selected to serve on the board have all demonstrated a reputation for honesty and adherence to high ethical standards. Unlike the inherent divergence of interests propounded by the agency problems which is the basis for shareholder calls for boards to implement effective governance (Jensen & Meckling, 1976). Existing literature confirms this affirmation. In the area of director selection, proven moral integrity could become a point to investigate before appointment as a director (Grant & McGhee, 2017). Board of directors must maintain integrity to uphold the capital market and economic well-being (Franzel, 2014). The integrity of the board is pivotal to fostering shareholder trust (Perrault, 2015).

Pitelis (2013) asserted that there should be an ethical dimension in managing the affairs of the company. The ethical dimension and integrity are more aligned to the trusteeship theory. In trusteeship theory, executive management and board members behave transparently and conscientiously (Balasubramanian, 2009). The lack of integrity of some executive leaders relates to the conceptual theory for this study. The boards of directors are; therefore, empowered to monitor the CEO and protect shareholders' interests. Knowledge in the discipline is considered in the selection of the appropriate directors to undertake this monitoring.

The potential for opportunistic behavior and excessive risk taking by the CEO in organizations is a primary governance issue (Arce, 2013). Female directors enhance the

integrity of the board and promote shareholder trust (Perrault, 2015). Board diversity enhances the integration of different perspectives and allows for better decision making (Sun et al., 2015). Mateos de Cabo et al. (2012) argued that gender-diverse boards are tougher monitors of CEOs. In this case study, a gender diversity of the bank's board was observed: two women and six men. However, no participant mentioned gender diversity as a selection criterion for board membership.

Corporations with good governance, have boards that are morally accountable to shareholders (Nohel et al., 2014). P1 explained that “in addition to board membership, much depends on the quality of the CEO and chief financial officer (CFO).” According to the bank's corporate governance guidelines, Directors are expected to act ethically at all times and to acknowledge their adherence to the bank's Code of Ethics. Encouragement can be taken from the field of ethical decision making in which studies have found that certain personal ethical values or value orientations are linked to ethical or unethical behavior in business (Grant & McGhee, 2017).

The first theme that emerged from the analysis was to select independent, experienced, and knowledgeable business leaders as board members. Khosa (2017) confirmed this finding, reporting that independent directors play a major role to stop unchecked discretion in an environment where agent–principal conflict exists. Another theme that emerged was that the choice of the CEO and other senior executives are critical to effective corporate governance. Zhang, Zhang, Jia, and Ren (2017) concurred with this finding, stating outside directors and influential CEOs greatly influence corporate governance and firm performance.

The third theme is that cooperation, rather than strict monitoring, is the key to sustainable growth. The decade starting in 2010 is often referred to as the *shareholder spring*, when a number of corporations, principally in the United States and United Kingdom found themselves at the receiving end of shareholder ire following the passing of the Dodd-Frank law (Subramanian, 2017). Congress created the Dodd-Frank Wall Street Reform and Consumer Protection Act to rein in financial malfeasance; however, congress is rolling is back this legislation with the introduction of the Financial Choice Act (Fraser, 2017).

The fourth theme is to promote integrity and ethics as key executive and board membership criteria. Studies in the field of decision making have found that personal ethical values or value orientations relate to ethical or unethical behavior in business (Grant & McGhee, 2017). Liborius (2017) confirmed this finding, reporting that leadership integrity refers to the consistency of a leader's words and actions, which includes reliable, honest, and promise-keeping behavior and has significant outcomes for the organization in terms of performance, trust, satisfaction. Van Esterik-Plasmeijer and van Raaij (2017) concurred with this finding, stating trust in banks and other financial institutions are crucial for the functioning of the banking system and for society at large and major determinants of trust are value congruence and integrity.

Applications to Professional Practice

The findings, conclusions, and recommendations from this study may contribute to effective corporate governance in banks and corporations. Business leaders may utilize the results in the selection of board members and executive leaders to enhance corporate

governance. The four themes that emerged were: (a) select independent, experienced, and knowledgeable business leaders as board members; (b) recognize the importance of the choice of the CEO and other senior executives; (c) acknowledge cooperation is key to sustainable growth; and (d) promote integrity and ethics as key executive and board membership criteria.

Banks are important as a source of finance for most businesses; consequently, strong corporate governance remains vital to the economy (Capriglione & Casalino, 2014). The findings may help to solve the problem of corporate scandals and corporate greed that result in economic depression. By selecting independent board members, organizational leaders would be able to monitor the executives in firms where such monitoring is desirable. The selection of experienced business leaders to serve as board members is essential in enabling the board to have a good understanding of the many issues financial institutions face (i.e., primarily specialized and emerging issues such as cybersecurity, technology, legislation, and globalization). Experience and proven leadership are strategic advantages in the selection of board members. It is also important to select directors that have adequate time for their board duties. Busy and distracted directors may be ineffective and cause corporate governance (Lin et al., 2014).

The findings may aid business leaders in revising selection criteria for the senior executives, including the CEO, CFO and chief legal officer. These senior executives monitor bank operations for misconduct and engage legal resources in advising the CEO and the board on compliance issues. Business knowledge and experience are important attributes in the selection of these executives. In addition, business leaders should use

selection criteria that put a premium on other attributes of enduring value. The board is the safeguard of the interests of the dispersed shareholders (Sur, Lvina, & Magnan, 2013). The executives are wholly responsible to the shareholders. When the monitoring of executives is the prime focus of the board, the board is less effective as a partner in the growth of the corporation. Cooperation rather than strict monitoring is the key to sustainable growth.

The findings may be relevant to improved business practice. Ineffective corporate governance was the primary cause of excessive managerial risk-taking in the financial sector and the financial crisis from 2007–2009. Business leaders should make integrity and ethics a key criterion for executive and board membership. Harp et al. (2014) concluded that regulatory compliance, with a strong ethical orientation, can lead to the selection of board members and executive leaders that demonstrate strong ethics and integrity—this leads to improved corporate governance and performance.

Implications for Social Change

Implications for social change include encouraging business leaders to adopt board selection strategies that promote corporate governance. When board members and executive leaders who are experienced, knowledgeable, and ethical are engaged in a bank, the positive results are transmitted to many other businesses. A responsible hand at the helm of banking and financial corporation's affairs may prevent corporate fraud, greed, and malfeasance that lead to failure, economic meltdown, and global recession.

Ineffective corporate governance are the harbingers of the type of recession that the global economy experienced 2007 to 2009. Rather than leading to corporate failure,

and high unemployment, the success of financial institutions could promote the well-being of many. The positive performance may result promote improved individual welfare and living standards for all corporate stakeholders. Effective corporate governance strategies may lead to protection of all stakeholders, including shareholders, employees, customers, suppliers, and society as a whole (Bistrova et al., 2014).

Recommendations for Action

Business leaders may consider utilizing corporate governance in strategy formulation and execution by implementing the strategies discussed in the emerging themes of the study. When selecting board members, it is important to consider many factors. Volonte (2015) stated that corporate governance is crucial to financial performance. Ineffective corporate governance is a result of weak oversight (Dymski et al., 2013). To counter this, business leaders should select independent, experienced, and knowledgeable directors as board members. Directors have responsibilities to shareholders who have entrusted them to maximize their returns from their investments (Bilchitz & Jonas, 2016).

Equally important is the selection criteria and choice of CEO and other senior executives. The executives are responsible for enhancing shareholder value and have responsibilities to their employees and customers as well. The knowledge and experience of the CEO and board members are intended to promote governance (Yuan et al., 2014). Business leaders should include governance consideration in their selection of executive leaders. Business leaders should ascertain that long-term and sustainable objectives are

the focus and to ensure alignment of goals and objectives from the start. It will also help if executive remuneration and evaluation are designed to align with shareholder interests.

A recommendation is to utilize an incentive contract. An incentive contract is when a corporation attaches performance targets to equity grants (such as stock options) to strengthen the association between executive compensation and firm performance (Abernethy et al., 2015). This compensation method may help to further align shareholder interests with executive focus. In organizations with minimal agency problem, cooperation rather than strict monitoring is the key to sustainable growth. As recommended by Warren Buffett, performance should be the basis for executive pay and incentives (Bowen et al., 2014).

Decision-making by directors should not only focus on short-term financial results but also the importance of building longer-term relationships and involves striking a balance between the competing interests of different stakeholders to benefit the shareholders in the long term (Bilchitz & Jonas, 2016). Business leaders should make integrity a key executive and board membership criterion. A greater emphasis on ethics is needed to enhance corporate governance practice (Grant & McGhee, 2017).

Business leaders should be encouraged to pay attention to the results of this study. I will continue research on related topics. I will publish excerpts from this study and write articles for publication in professional journals on effective corporate governance. I may also present the results from this study as best practice in corporate training, conferences and at seminars.

Recommendations for Further Research

In Section 1, I noted that a limitation of this study was the honesty of the participants in discussing the board selection criteria of their bank. I mitigated this limitation by asking open-ended questions. Open-ended research questions facilitate the gathering comprehensive responses (Starr, 2014). I also allowed participants to answer without interruption and asked the same interview and follow-up questions. In future research, reproducing the study with other banks and other financial institutions may support the results or add to the knowledge obtained from this study.

Another limitation identified was the degree of forthrightness and candor of my participants in identifying and discussing all the effective corporate governance practices and strategies that have been critical to preventing corporate crises and resulting in the success of the bank. I mitigated this by engaging in telephone interviews. According to Lord et al., (2016) telephone interviews promote forthrightness. Future researchers should consider reproducing the study with a larger sample size to increase the probability of complete forthrightness and candor.

Another limitation that I identified was that banks were different in size and market capitalization and that the bank I had selected may not be representative of most banks. To mitigate this, I chose a medium-sized bank for my single case study. Future researchers should consider reproducing the study with both larger and smaller banks and other financial institutions.

Exploring the strategies that banking leaders use to identify board selection criteria to ensure effective governance led to the emergence of some themes that future

researchers may pursue. I designed the study to focus on one medium-sized bank, which is not representative of all types of banks. Future researchers may wish to undertake similar studies in small and large banks. In addition, future researchers may resist yielding to assumptions in undertaking their research. One assumption of this study was that bank boards are critical to effective corporate governance. It may be prudent to ask what the leaders find important toward effective corporate governance.

It would be worthwhile to undertake additional research on the utility of engaging full-time board members. Directors are important as checks and balances and uphold shareholder interests. Directors have the fiduciary duty of loyalty and must put the company's interests first. Researchers may consider exploring whether serving as a full-time director in only one organization would improve attendance at meetings, increase industry and firm-specific knowledge; higher engagement in the firm's affairs may translate to improved corporate governance and performance.

It is important to examine the effect of corporate governance in a firm with significant agency issues when the CEO who serves on the board and is a member of the nominating committee. Making the board of directors, their compensation, and nominating committees more independent and accountable is important for governance (Conyon, 2014). According to Lixiong and Masulis (2015), the composition of the nominating committee could affect not only the composition of the entire board but also the independence of directors, and ultimately, the quality of board oversight. The nominating committee is responsible for new director nominations for election at the

annual meetings, and the committee is also usually responsible for evaluating individual director performance and approving their re-nominations (Lixiong & Masulis, 2015).

Of utmost importance is the need for future research on selection strategies for chief executive officers. It may be beneficial to undertake further research on viable methods and best practices to measure the integrity of prospective CEO's and board members. A study which examines existing methods and good practices that have been successful in selecting strong ethical leaders with integrity could improve business practice and performance.

Reflections

Most business entities and large segments of the population are affected by the state of the economy, especially a severe worldwide recession that lasts for years and leads to chronic unemployment. The questions arise as to who were those responsible, what is the business process in which business leaders are held accountable, and what are the criteria for selecting such leaders? If those responsible include business leaders, then selecting the best leaders is imperative toward preventing future corporate crisis and economic depression. There is the continuing need to study best practices when selecting business leaders that promote and maintain effective corporate governance?

This doctoral study began as a quantitative multiple regression study. The independent variables were (a) the independence of the board represented by the number of outside directors; (b) gender diversity of the board, as measured by female board members; and (c) the dual role of CEO/board chair measured by whether the CEO is also the board chair. The dependent variable was corporate financial performance measured

by net profit margin. A qualitative method later emerged as the best approach for this study. The research study is of importance to most business concerns. The study was designed to focus on effective corporate governance and the important role of directors of corporate boards in banks. The research was designed to uncover the selection criteria that was used by a successful bank for effective corporate governance.

I was prepared to learn about and articulate factors such as the importance of educational attainment, demographic diversity, independence, democratic director selection methods, and so on, but was surprised to discover that the most important determinant of corporate governance was the choice of an experienced, knowledgeable, and ethical CEO with integrity. I have a greater appreciation that effective corporate governance is achievable when the enduring interests of shareholders, board members, and senior executives are aligned, and the appropriate strategies are designed and executed.

Conclusion

Effective corporate governance is essential to banks and businesses. For effective corporate governance, firms must ensure that the interests of the shareholders and the executives are aligned and minimize agency issues. The agency issues in different banks and corporations are not the same. While some corporations may experience significant difference and misalignment in the motivations of the CEO and shareholders, others may not have significant agency issues. In some organizations, board members capable of effective monitoring are desirable. In the other organizations, monitoring is not the primary focus, but cooperation is the key to sustainable growth.

Four themes emerged from this study. The themes were (a) select independent, experienced, and knowledgeable business leaders as board members; recognize the importance of the choice of the CEO and other senior executives; acknowledge cooperation is key to sustainable growth; and promote integrity and ethics as key executive and board membership criteria. The findings may aid business leaders in formulating and executing effective corporate governance strategies.

Our social well-being depends in part on our economic well-being. Our nation's economic well-being and corporate success is a determinant of how our government may fulfill its many obligations and our prosperity. Our prosperity hinges upon sustainable practices of businesses and their performance and is reliant on effective corporate governance. Identifying and proposing board member selection criteria may improve corporate governance, which could result in better business practices and performance. Corporate governance that enhances longer-term shareholders and stakeholder interests are desirable and in the interests of business professionals, employees, customers, communities, and the economy.

References

- Abels, P. B., & Martelli, J. T. (2013). CEO duality: How many hats are too many? *Corporate Governance: The International Journal of Effective Board Performance*, *13*, 135-147. doi:10.1108/14720701311316625
- Abernethy, M. A., Yu Flora, K., & Bo, Q. (2015). The influence of CEO power on compensation contract design. *Accounting Review*, *90*, 1256-1306. doi:10.2308/accr-50971
- Acharya, A. G., & Pollock, T. G. (2012). Shoot for the stars? Predicting the recruitment of prestigious directors at newly public firms. *Academy of Management Journal*, *50*, 1396-1419. doi:10.5465/amj.2011.0639
- Alam, Z. S., Chen, M. A., Ciccotello, C. S., & Ryan, H. E. (2014). Does the location of directors matter? Information acquisition and board decisions. *Journal of Financial & Quantitative Analysis*, *49*, 131-164. doi:10.1017/s002210901400012x
- Alexander, C. R., Bauguess, S. W., Bernile, G., Lee, Y. A., & Marietta-Westberg, J. (2013). Economic effects of SOX Section 404 compliance: A corporate insider perspective. *Journal of Accounting & Economics*, *56*, 267-290. doi:10.1016/j.jacceco.2013.09.002
- Al-Najjar, B. (2014). Corporate governance, tourism growth and firm performance: Evidence from publicly listed tourism firms in five Middle Eastern countries. *Tourism Management*, *42*, 342-351. doi:10.1016/j.tourman.2013.09.008

- Anderson, B., & Minneman, E. (2014). The abuse and misuse of the term "austerity": Implications for OECD countries. *OECD Journal on Budgeting*, *14*, 109-122. doi:10.1787/budget-14-5jxrmdxc6sq1
- Anginer, D., Demirguc-Kunt, A., & Zhu, M. (2014). How does competition affect bank systemic risk? *Journal of Financial Intermediation*, *23*, 1-26. doi:10.1016/j.jfi.2013.11.001
- Arce, D. G. (2013). Principals preferences for agents with social preferences. *Journal of Economic Behavior & Organization*, *90*, 154-163. doi:10.1016/j.jebo.2012.01.008
- Artuso, M., & McLarney, C. (2015). A race to the top: Should labor standards be included in trade agreements? *Vikalpa: The Journal for Decision Makers*, *40*, 1-14. doi:10.1177/0256090915573610
- Autore, D. M., Hutton, I., Peterson, D. R., & Smith, A. H. (2014). The effect of securities litigation on external financing. *Journal of Corporate Finance*, *27*, 231-250. doi:10.1016/j.jcorpfin.2014.05.007 0929-1199
- Ayuso, S., Rodriguez, M. A., Garcia-Castro, R., & Arino, M. A. (2014). Maximizing stakeholder approach to corporate governance. *Business & Society*, *53*, 414-439. doi:10.1177/0007650311433122
- Azkunaga, J. A., San-Jose, L., & Urionabarrenetxea, S. (2013). The impact of financial globalization on the economy in the current crisis through banking corporate governance. *Contemporary Economics*, *7*(3), 79-93. doi:10.5709/ce.1897-9254.91

- Balasubramanian, B. N. (2009). Governing the socially responsible corporation: A Gandhian perspective. In A. Das Gupta (Ed.), *Ethics, business and society: Managing responsibly*. Thousand Oaks, CA: Sage Knowledge. 157-180.
doi:10.4135/9781446270219.n13
- Bambara, A. (2015). Evaluating database security and cyber attacks: A relational approach. *Journal of International Banking & Commerce*, 20(2), 1-8.
doi:10.4172/1204-5357.1000115
- Barth, J. R., & Wihlborg, C. (2016). Too big to fail and too big to save: Dilemmas for banking reform. *National Institute Economic Review*, 235, R27-R39. doi:10.1177/002795011623500113
- Bar-Yosef, S., & Prencipe, A. (2013). The impact of corporate governance and earnings management on stock market liquidity in a highly concentrated ownership capital market. *Journal of Accounting, Auditing & Finance*, 28, 292-316. doi:10.1177/0148558x13492591
- Baulkaran, V. (2014). A quiet revolution in corporate governance: An examination of voluntary best practice governance policies. *International Review of Finance*, 14, 459-483. doi:10.1111/irfi.12017
- Bebchuk, L., Brav, A., & Jiang, W. (2013). The long-term effects of hedge fund activism. *National Bureau of Economic Research (NBER Working Paper No. 21227)*.
doi:10.3386/w21227

- Bell, G., Filatotchev, I., & Aguilera, R. (2013). Corporate governance and investors' perceptions of foreign IPO value: An institutional perspective. *Academy of Management Journal*, 57, 301-320. doi:10.5465/amj.2011.0146
- Ben-Amar, W., Francoeur, C., Hafsi, T., & Labelle, R. (2013). What makes better boards? A closer look at diversity and ownership. *British Journal of Management*, 24, 85-10. doi:10.1111/j.1467-8551.2011.00789.x
- Berger, A. N., Kick, T., & Schaeck, K. (2014). Executive board composition and bank risk taking. *Journal of Corporate Finance*, 28, 48-65. doi:10.1016/j.jcorpfin.2013.11.006
- Berger, R. (2013). Now I see it, now I don't: Researchers position and reflexivity in qualitative research. *Qualitative Research*, 15, 219-234. doi:10.1177/1468794112468475
- Berle, A. A., & Means, G. C. (1991). *The modern corporation and private property*. New Brunswick, NJ: Transaction Publishers. (Original work published 1932)
- Bettis, R., Gambardella, A., Helfat, C., & Mitchell, W. (2014). Quantitative empirical analysis in strategic management. *Strategic Management Journal*, 35, 949-953. doi:10.1002/smj.2278
- Bezemer, P. J., Nicholson, G., & Pugliese, A. (2014). Inside the boardroom: Exploring board member interactions. *Qualitative Research in Accounting and Management*, 11, 238-259. doi:10.1108/qram-02-2013-0005

- Bhattacharjee, A. (2012). *Social science research: Principles, methods, and practices*. Tampa, FL: University of South Florida, Open Access Textbooks. Retrieved from http://scholarcommons.usf.edu/oa_textbooks/3
- Bilchitz, D., & Jonas, L. A. (2016). Proportionality, fundamental rights and the duties of directors. *Oxford Journal of Legal Studies*, 36, 828-854. doi:10.1093/ojls/gqw002
- Bishop, D., & Lexchin, J. (2013). Politics and its intersection with coverage with evidence development: A qualitative analysis from expert interviews. *BMC Health Services Research*, 13, 88-113. doi:10.1186/1472-6963-13-88
- Bistrova, J., Titko, J., & Lace, N. (2014). Sustainable shareholder value: Analysis of value drivers. *Economics & Management*, 19, 129-139. doi:10.5755/j01.em.19.2.3601
- Boatright, J. R. (2013). Confronting ethical dilemmas in the workplace. *Financial Analysts Journal*, 69(5), 6-9. doi:10.2469/faj.v69.n5.5
- Bolotnyy, V. (2014). The government-sponsored enterprises and the mortgage crisis: The role of the affordable housing goals. *Real Estate Economics*, 42, 724-755. doi:10.1111/1540-6229.12031
- Bordo, M. D., Redish, A., & Rockoff, H. (2015). Why didn't Canada have a banking crisis in 2008 (or in 1930, or 1907, or . . .)? *Economic History Review*, 68, 218-243. doi:10.1111/1468-0289.665
- Bosse, D. A., & Phillips, R. A. (2016). Agency theory and bounded self-interest. *Academy of Management Review*, 41, 276-297. doi:10.5465/amr.2013.0420

- Bowen, R. M., Rajgopal, S., & Venkatachalam, M. (2014). Is Warren Buffett's commentary on accounting governance and investing practices reflected in the investment decisions and subsequent influence of Berkshire Hathaway? *Accounting Review*, 89, 1609-1644. doi:10.2308/accr-50797
- Bradley, D., Pantzalis, C., & Yuan, X. (2016). The influence of political bias in state pension funds. *Journal of Financial Economics*, 119, 69-91. doi:10.1016/j.jfineco.2015.08.017
- Braunack-Mayer, A., Skinner, S. R., Collins, J., Tooher, R., Proeve, C., O'Keefe, M., & Marshall, H. (2015). Ethical challenges in school-based immunization programs for adolescents: A qualitative study. *American Journal of Public Health*, 105, 1399-1403. doi:10.2105/AJPH.2014.302280
- Brewer, R. (2015). Cyber threats: Reducing the time to detection and response. *Network Security*, 5(5), 5-8. doi:10.1016/s1353-4858(15)30037-4
- Bridoux, F., & Stoelhorst, J. W. (2013). Microfoundations for stakeholder theory: Managing stakeholders with heterogeneous motives. *Strategic Management Journal*, 35, 107-125. doi:10.1002/smj.2089
- Brochet, F., & Srinivasan, S. (2014). Accountability of independent directors: Evidence from firms subject to securities litigation. *Journal of Financial Economics*, 111, 430-449. doi:10.1016/j.jfineco.2013.10.013
- Brown, R. (2015). Overseas financial investigation of organized crime. *Journal of Money Laundering Control*, 18, 371-381. doi:10.1108?JMLC-03-2014-0010

- Bushee, B. J., Carter, M. E., & Gerakos, J. (2014). Institutional investor preferences for corporate governance mechanisms. *Journal of Management Accounting Research*, 26, 123-149. doi:10.2308/jmar-50550
- Business Roundtable. (2012). *Principles of corporate governance*. Retrieved from <http://businessroundtable.org/issues/corporate-governance/corporate-governance>
- Capriglione, F., & Casalino, N. (2014). Improving corporate governance and managerial skills in banking organizations. *International Journal of Advanced Corporate Learning*, 7(4), 17-27. doi:10.3991/ijac.v7i4.3993
- Caruth, G. D. (2013). Demystifying mixed methods research design: A review of the literature. *Mevlana International Journal of Education*, 3, 112-122. doi:10.13054/mije.13.35.3.2
- Carver, J. (2013). To run organizations, CEOs don't need boards. *Board Leadership*, (129), 1-8. doi:10.1002/bl.20024
- Cater, M., Machtmes, K., & Fox, J. E. (2013). A phenomenological examination of context on adolescent ownership and engagement rationale. *Qualitative Report*, 18(31), 1-13. Retrieved from <http://tqr.nova.edu/>
- Chakravarty, V. (2013). Managing a supply chain's web of risk. *Strategy & Leadership*, 41(2), 39-45. doi:10.1108/10878571311318231
- Chapple, L., & Humphrey, J. (2014). Does board gender diversity have a financial impact? Evidence using stock portfolio performance. *Journal of Business Ethics*, 122, 709-723. doi:10.1007/s10551-013-1785-0

- Choudhary, P., Schloetzer, J. D., & Sturgess, J. D. (2013). Boards, auditors, attorneys, and compliance with mandatory SEC disclosure rules. *Managerial and Decision Economics, 34*, 471-487. doi:10.1002/mde.2623
- Claessens, S., & Yurtoglu, B. B. (2013). Corporate governance in emerging markets: A survey. *Emerging Markets Review, 15*, 1-33. doi:10.1016/j.ememar.2012.03.002
- Clune, R., Hermanson, D. R., Tompkins, J. G., & Ye, Z. (2014). The nominating committee process: A quantitative examination of board independence and formalization. *Contemporary Accounting Research, 31*, 748-786. doi:10.1111/1911-3846.12044
- Cohn, J. B., & Rajan, U. (2013). Optimal corporate governance in the presence of an activist investor. *Review of Financial Studies, 26*, 985-1020. doi:10.1093/rfs/hht001
- Colesniuc, D. (2013). Cyberspace and critical information infrastructure. *Informatica Economica, 17*(4), 123-132. doi:10.12948/issn14531305/17.4.2013.11
- Conheady, B., McIlkenny, P., Opong, K. K., & Pignatelli, I. (2015). Board effectiveness and firm performance of Canadian listed firms. *British Accounting Review, 47*, 290-303. doi:10.1016/j.bar.2014.02.002
- Conklin, T. A. (2013). Work worth doing: A phenomenological study of the experience of discovering and following one's calling. *Journal of Management Inquiry, 21*, 298-317. doi:10.1177/1056492611414426
- Conyon, M. J. (2014). Executive compensation and board governance in US firms. *Economic Journal, 124*(574), F60-F89. doi:10.1111/eoj.12120

- Cook, A., & Glass, C. (2015). Do minority leaders affect corporate practice? Analyzing the effect of leadership composition on governance and product development. *Strategic Organization, 13*, 117-140. doi:10.1177/1476127014564109
- Cools, S. (2014). The dividing line between shareholder democracy and board autonomy: Inherent conflicts of interest as normative criterion. *European Company & Financial Law Review, 11*, 258-296. doi:10.1515/ecfr-2014-0258
- Cope, D. G. (2014). Methods and meanings: Credibility and trustworthiness of qualitative research. *Oncology Nursing Forum, 41*(1), 89-91. doi:10.1188/14.ONF.89-91
- Crespi-Cladera, R., & Pascual-Fuster, B. (2014). Does the independence of independent directors matter? *Journal of Corporate Finance, 28*, 116-134. doi:10.1016/j.jcorpfin.2013.12.009
- Darrat, A. F., Gray, S., Park, J. C., & Wu, Y. (2016). Corporate governance and bankruptcy risk. *Journal of Accounting, Auditing & Finance, 31*, 163-202. doi:10.1177/0148558X14560898
- Dasgupta, M. (2015). Exploring the relevance of case study research. *Vision: The Journal of Business Perspective, 19*, 147-160. doi:10.1177/0972262915575661
- Dekking, S. A., van der Graaf, R., & van Delden, J. J. (2014). Strengths and weaknesses of guideline approaches to safeguard voluntary informed consent of patients within a dependent relationship. *BMC Medicine, 12*. doi:10.1186/1741-7015-12-

- Del Brio, E., Yoshikawa, T., Connelly, C., & Tan, W. (2013). The effects of CEO trustworthiness on directors' monitoring and resource provision. *Journal of Business Ethics, 118*, 155-169. doi:10.1007/s10551-012-1575-0
- Deng, S., Willis, R. H., & Xu, L. (2014). Shareholder litigation, reputational loss, and bank contracting. *Journal of Financial Quantitative Analysis, 49*, 1101-1132. doi:10.1017/s002210901400057x
- Denzin, N. K. (2012). Triangulation 2.0. *Journal of Mixed Methods Research, 6*, 80-88. doi:10.1177/1558689812437186
- Dermine, J. (2013). Bank corporate governance. Beyond the global banking crisis. *Financial Markets, Institutions & Instruments, 22*, 259-281. doi:10.1111/fmii.12012
- Desender, K., Aguilera, R. V., Crespi-Cladera, R., & Garcia-Cestona, M. A. (2013). When does ownership matter? Board characteristics and behavior. *Strategic Management Journal, 34*, 823-842. doi:10.1002/smj.2046
- Docking, D. S. (2012). Deja vu? A comparison of the 1980s and 2008 financial crises. *Journal of Business, Economics & Finance, 1*, 21-36. doi:10.2139/ssrn.1928161
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*, 49-65. doi:10.1177/031289629101600103
- Dresch, A., Lacerda, D. P., & Cauchick Miguel, P. A. (2015). A distinctive analysis of case study, action research and design science research. *Revista Brasileira De Gestao De Negocios, 17*, 1116-1133. doi:10.7819/rbgn.v17i56.2069

- Dymski, G., Hernandez, J., & Mohanty, L. (2013). Race, gender, power, and the U.S. subprime mortgage and foreclosure crisis: A meso analysis. *Feminist Economics*, *19*, 124-151. doi:10.1080/13545701.2013.791401
- El Hussein, M., Jakubec, S. L., & Osuji, J. (2015). Assessing the FACTS: A mnemonic for teaching and learning the rapid assessment of rigor in qualitative research studies. *Qualitative Report*, *20*, 1182-1184. Retrieved from <http://nsuworks.nova.edu/tqr/>
- Elms, N., Nicholson, G., & Pugliese, A. (2015). The importance of group-fit in new director selection. *Management Decision*, *53*, 1312-1328. doi:10.1108/md-10-2014-0598
- Elo, S., Kaariainen, M., Kanste, O., Polkki, T., Utriainen, K., & Kyngas, H. (2014). Qualitative content analysis: A focus on trustworthiness. *SAGE Open*, *4*, 1-10. doi:10.1177/2158244014522633
- Fama, E. F., & Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics*, *26*, 301-325. doi:10.1086/467037
- Feldstein, M. (2013). An interview with Paul Volcker. *Journal of Economic Perspectives*, *27*(4), 105-120. doi:10.1257/jep.27.4.105
- Feng, C., & Yue, L. (2013). Voluntary adoption of more stringent governance policy on audit committees: Theory and empirical evidence. *Accounting Review*, *88*, 1939-1969. doi:10.2308/accr-50541

- Ferguson, Jr., R. W. (2013). Financial services and the trust deficit: Why the industry should make better governance a top priority. *Business Economics*, 48, 208-213. doi:10.1057/be.2013.25
- Filatotchev, I., & Nakajima, C. (2014). Corporate governance, responsible managerial behavior, and corporate social responsibility: Organizational efficiency versus organizational legitimacy? *Academy of Management Perspectives*, 28, 289-306. doi:10.5465/amp.2014.0014
- Financial Stability Board. (2015). *About the FSB*. Basel, Switzerland. Retrieved from <http://www.financialstabilityboard.org/about/>
- Frantz, P., & Instefjord, N. (2013). Corporate governance and the cost of borrowing. *Journal of Business Finance & Accounting*, 40, 918-948. doi:10.1111/jbfa.12034
- Franzel, J. M. (2014). A decade after Sarbanes-Oxley: The need for ongoing vigilance, monitoring, and research. *Accounting Horizons*, 28, 917-930. doi:10.2308/acch-50868
- Fraser, M. (2017). Gutting the Consumer Financial Protection Bureau. *New Labor Forum*, 26, 105-108. doi:10.1177/1095796016681544
- Freeman, R. E. (1994). The politics of stakeholder theory. *Business Ethics Quarterly*, 4, 409-421. doi:10.5840/10.2307/3857340
- Frels, R. K., & Onwuegbuzie, A. J. (2013). Administering quantitative instruments with qualitative interviews: A mixed research approach. *Journal of Counseling & Development*, 91, 184-194. doi:10.1002/j.1556-6676.2013.00085.x

- Fülöp, M. T. (2013). Why do we need effective corporate governance? *International Advances in Economic Research*, 20, 227-228. doi:10.1007/s11294-013-9430-3
- Fusch, P. L., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *Qualitative Report*, 20(9), 1408-1416. Retrieved from <http://nsuworks.nova.edu/tqr/>
- Garanina, T., & Kaikova, E. (2016). Corporate governance mechanisms and agency costs: Cross country analysis. *Corporate Governance: The International Journal of Effective Board Performance*, 16, 347-360. doi:10.1108/CG-04-2015-0043
- Gardoni, P., & Murphy, C. (2014). A scale of risk. *Risk Analysis: An International Journal*, 34, 1208-1227. doi:10.1111/risa.12150
- Garg, S. (2013). Venture boards: Distinctive monitoring and implications for firm performance. *Academy of Management Review*, 38, 90-108. doi:10.5465/amr.2010.0193
- Gilles, P. (2016). FINANDEBT International Conference 2014: Debt crises and financial stability: Global issues and Euro-Mediterranean perspectives. *Emerging Markets Finance & Trade*, 52, 66-69. doi:10.1080/1540496X.2016.1105681
- Gillian, S. L., & Panasian, C. A. (2015). On lawsuits, corporate governance, and directors' and officers' liability insurance. *Journal of Risk & Insurance*, 82, 793-822. doi:10.1111/jori.12043
- Glinkowska, B., & Kaczwarek, B. (2015). Classical and modern concepts of corporate governance (Stewardship theory and agency theory). *Management*, 19(2), 84-92. doi:10.1515/manment-2015-0015

- Goldberg, A. E., & Allen, K. R. (2015). Communicating qualitative research: Some practical guideposts for scholars. *Journal of Marriage and Family, 77*, 3-22. doi:10.1111/jomf.12153
- Government Accountability Office. (2013). *Financial crisis losses and potential impacts of the Dodd Frank Act*. Washington, DC: Author. Retrieved from <http://www.gao.gov/products/GAO-13-180>
- Government Accountability Office. (2015). *Dodd-Frank Regulations: Impact on community banks, credit unions and systemically important institutions*. Washington, DC: Author. Retrieved from <http://www.gao.gov/products/GAO-16-169>
- Grant, P., & McGhee, P. (2017). Personal moral values of directors and corporate governance. *Corporate Governance: The International Journal of Effective Board Performance, 17*, 1-12. doi:10.1108/CG-03-2016-0046
- Greene, D. N., Schmidt, R. L., Kamer, S. M., Grenache, D. G., Hoke, C., & Lorey, T. S. (2013). Limitations in qualitative point of care hCG tests for detecting early pregnancy. *Clinica Chimica Acta, 415*, 317-321. doi:10.1016/j.cca.2012.10.053
- Gromley, T. A., Johnson, S., & Changyong, R. (2015). Ending “Too big to fail”: Government promises versus investor perceptions. *Review of Finance, 19*, 491-518. doi:10.1093/rof/rfu015

- Guo, L., Lach, P., & Mobbs, S. (2015). Tradeoffs between internal and external governance: Evidence from exogenous regulatory shocks. *Financial Management, 44*, 81-114. doi:10.1111/fima.12066
- Hambrick, D. C., Misangyi, V. F., & Park, C. A. (2014). The quad model for identifying a corporate directors' potential for effective monitoring: Toward a new theory of board sufficiency. *Academy of Management Review, 40*, 323-344. doi:10.5465/amr.2014.0066
- Hampshire, K. (2014). The interview as narrative ethnography: Seeking and shaping connections in qualitative research. *International Journal of Social Research Methodology, 17*, 215-231. doi:10.1080/13645579.2012.729405
- Harp, N., Myring, M., & Shortridge, R. (2014). Do variations in the strength of corporate governance still matter? A comparison of the pre- and post-regulation environment. *Journal of Business Ethics, 122*, 361-373. doi:10.1007/s10551-013-1749-4
- Harrison, J. S., Freeman, R. E., & Sa de Abreu, M. C. (2015). Stakeholder theory as an ethical approach to effective management: Applying the theory to multiple contexts. *Revista Brasileira De Gestao De Negocios, 17*, 858-859. doi:10.7819/rbgn.v17i55.2647
- Harrison, J. H., & Wicks, A. C. (2013). Stakeholder theory, value, and firm performance. *Business Ethics Quarterly, 23*, 97-124. doi:10.5840/beq20132314

- Hartono, J., & Sulistiawan, D. (2014). The market quality to technical analysis performance: Inter-country analysis. *Gadjah Mada International Journal of Business*, 16, 243-254. doi:10.2139/ssrn.2530376
- Harvey, L. (2015). Beyond member checking: A dialogic approach to the research interview. *International Journal of Research & Method in Education*, 38, 23-38. doi:10.1080/1743727x.2014.914487
- Hassan, R., Marimuthu, M., & Kaur Johl, S. (2015). Diversity, corporate governance and implication on firm financial performance. *Global Business & Management Research*, 7(2), 28-36. Retrieved from <http://gbmr.ioksp.com/>
- Hays, D. G., Wood, C., Dahl, H., & Kirk-Jenkins, A. (2016). Methodological rigor in journal of counseling & development qualitative research articles: A 15-year review. *Journal of Counseling & Development*, 94, 172-183. doi:10.1002/jcad.12074
- Hemphill, T. A., & Laurence, G. J. (2014). The case for professional boards: an assessment of Pozen's corporate governance model. *International Journal of Law & Management*, 56, 197-214. doi:10.1108/IJLMA-07-2012-0023
- Henderson, T. M. (2013). Reconceptualizing corporate boards. *Regulation*. Retrieved from <http://object.cato.org/sites/cato.org/files/serials/files/regulation/2013/9/regv36n3-5n.pdf>
- Henisz, W. J., Dorobantu, S., & Narthey, L. J. (2014). Spinning gold: The financial returns to stakeholder management. *Strategic Management Journal*, 35, 1727-1748. doi:10.1002/smj.2180

- Hensmans, M. (2015). The Trojan horse mechanism and reciprocal sense-giving to urgent strategic change. *Journal of Organizational Change Management*, 28, 1038-1075. doi:10.1108/JOCM-06-2015-0084
- Hilson, G. (2014). 'Constructing' ethical mineral supply chain in sub-Saharan Africa. The case of Malawian Fair Trade rubies. *Development & Change*, 45, 53-78. doi:10.1111/dech.12069
- Hlady-Rispal, M., & Jouison-Laffitte, E. (2014). Qualitative research methods and epistemological frameworks: A review of publication trends in entrepreneurship. *Journal of Small Business Management*, 52, 594-614. doi:10.1111/jsbm.12123
- Hoening, T. M. (2014). Remarks on banking reform. *Business Economics*, 49, 99-103. doi:10.1057/be.2014.14
- Hoepfner, S., & Kirchner, C. (2016). Ex ante versus ex post governance: A behavioral perspective. *Review of Law & Economics*, 12, 227-259. doi:10.1515/rle-2015-0003
- Hoque, Z., Covalleski, M. A., & Gooneratne, T. N. (2013). Theoretical triangulation and pluralism in research methods in organizational and accounting research. *Accounting, Auditing & Accountability Journal*, 26, 1170-1198. doi:10.1108/aaaj-may-2012-01024
- Houghton, C., Casey, D., Shaw, D., & Murphy, K. (2013). Rigor in qualitative case-study research. *Nurse Researcher*, 20(4), 12-17. doi:10.7748/nr2013.03.20.4.12.e326

- Iqbal, J., Strobl, S., & Vähämaa, S. (2015). Corporate governance and the systemic risk of financial institutions. *Journal of Economics & Business*, 82, 42-61.
doi:10.1016/j.jeconbus.2015.06.001
- Irvine, A., Drew, P., & Sainsbury, R. (2013). 'Am I not answering your questions properly?' Clarification, adequacy and responsiveness in semi-structured telephone and face-to-face interviews. *Qualitative Research*, 13, 87-106.
doi:10.1177/1468794112439086
- Irwin, S. (2013). Qualitative secondary data analysis: Ethics, epistemology and context. *Progress in Development Studies*, 13, 295-306. doi:10.1177/1464993413490479
- Jacob, S. A., & Furgerson, S. (2012). Writing interview protocols and conducting interviews: Tips for students new to the field of qualitative research. *Qualitative Report*, 17, 1-10. Retrieved from <http://nsuworks.nova.edu/tqr/>
- Jansson, N. (2013). Organizational change as practice: A critical analysis. *Journal of Organizational Change Management*, 26, 1003-1019. doi:10.1108/jocm-09-2012-0152
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3, 305-360. doi:10.1016/0304-405x(76)90026-x
- Jizi, M., Salama, A., Dixon, R., & Startling, R. (2014). Corporate governance and corporate social responsibility disclosure: Evidence from U.S. banking sector. *Journal of Business Ethics*, 125, 601-615. doi:10.1007/s10551-013-1929-2

- Kakabadse, N. K., Figueira, C., Nicolopoulou, K., Hong Yang, J., Kakabadse, A. P., & Ozbilgin, M. F. (2015). Gender diversity and board performance: Women's experiences and perspectives. *Human Resource Management, 54*, 265-281. doi:10.1002/hrm.21694
- Kaufman, S. R., & Hwang, A. (2015). Cultural intelligence and mindfulness in two French banks operating in the U.S. environment. *Management Research Review, 38*, 930-951. doi:10.11008/MRR-02-2014-0035
- Karim, K., Robin, A., & Suh, S. (2016). Board structure and audit committee monitoring. *Journal of Accounting, Auditing & Finance, 31*, 249-276. doi:10.1177/0148558x15583412
- Khanna, V., Kim, E. H., & Lu, Y. (2015). CEO connectedness and corporate fraud. *Journal of Finance, 70*, 1203-1252. doi:10.1111/jofi.12243
- Khemakhem, H., & Naciri, A. (2015). Do board and audit committee characteristics affect firm's cost of equity capital? *Journal of Business & Management, 4*(2), 1-18. doi:10.12735/jbm.v4i2p01
- Khosa, A. (2017). Independent directors and firm value of group-affiliated firms. *International Journal of Accounting & Information Management, 36*(3), 217-236. doi:10.1108/IJAIM-08-2016-0076
- Kihn, L., & Ithantola, E. (2015). Approaches to validation and evaluation in qualitative studies of management accounting. *Qualitative Research in Accounting & Management, 12*, 230-255. doi:10.1108/QRAM-03-2013-0012

- Kim, Y. U., & Ozdemir, S. Z. (2014). Structuring corporate boards for wealth protection and/or wealth creation: The effects of national institutional characteristics. *Corporate Governance: An International Review*, 22, 266-289. doi:10.1111/corg.12062
- Knepp, M. M. (2014). Personality, sex of participant, and face-to-face interaction affect reading of informed consent forms. *Psychological Reports*, 114, 297-313. doi:10.2466/17.07.pr0.114k13w1
- Kolk, A., & Lenfant, F. (2013). Multinationals, CSR and partnerships in Central African conflict countries. *Corporate Social Responsibility and Environmental Management*, 20, 43-54. doi:10.1002/csr.1277
- Krause, R., & Semadeni, M. (2014). Last dance or second chance? Firm performance, CEO career horizon, and the separation of board leadership roles. *Strategic Management Journal*, 3, 808-825. doi:10.1002/smj.2139
- Krause, R., Semadeni, M., & Cannella, A. A. (2013). External COO/presidents as expert directors: A new look at the service role of boards. *Strategic Management Journal*, 34, 1628-1641. doi:10.1002/smj.2081
- Krause, R., Semadeni, M., & Canella, A. A. (2014). CEO duality: A review and research agenda. *Journal of Management*, 40, 256-286. doi:10.1177/0149206313503013
- Kumar, N., & Singh, J. P. (2013). Global financial crisis: Corporate governance failures and lessons. *Journal of Finance, Accounting & Management*, 4(1), 21-34. Retrieved from <http://www.gsmi-ijgb.com/Pages/JFAM.aspx>

- LaCour-Little, M., Yu, W., & Sun, L. (2014). The role of home equity lending in the recent mortgage crisis. *Real Estate Economics*, *42*, 153-189. doi:10.1111/1540-6229.12029
- Laeven, L., Ratnovski, L., & Tong, H. (2014). Bank size and systemic risk. *IMF Staff Discussion Notes*, *14*(4). Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2437729
- Lam, S., Zhang, W., & Lee, R. R. C. (2013). The norm theory of capital structure: International evidence. *International Review of Finance*, *13*, 111-135. doi:10.1111/j.1468-2443.2012.01154.x
- Lee, P. (2015). Problems of implementing audit committee and supervisory board simultaneously in China. *Journal of Accounting, Auditing & Finance*, *30*, 509-528. doi:10.1177/0148558x15587649
- Leone, A. J., Rice, S., Weber, J. P., & Willenborg, M. (2013). How do auditors behave during periods of market euphoria? The case of internet IPOs. *Contemporary Accounting Research*, *30*, 182-214. doi:10.1111/j.1911-3846.2011.01146.x
- Lessambo, F. I. (2013). *The international corporate governance system: Audit roles and board oversight*. Hampshire, England: Palgrave Macmillan UK. doi:10.1057/9781137360014
- Leventis, S., Dimitropoulos, P., & Owusu-Ansah, S. (2013). Corporate governance and accounting conservatism: Evidence from the banking industry. *Corporate Governance: An International Review*, *21*, 264-286. doi:10.1111/corg.12015
- Liborius, P. (2017). What does leader's character add to transformational leadership?

Journal of Psychology, 151(3), 299-320. doi:10.1080/00223980.2016.1270889

Lilienfeld, D., Cannon, J., Bennett, A. G., & Spera, G. (2013). The NYSE and NASDAQ issue proposed rules to implement the SEC compensation committee independence and advisor rules. *Journal of Investment Compliance*, 14(2), 42-49. doi:10.1108/joic-05-2013-0014

Lin, Y., Yeh, Y. C., & Yang, F. (2014). Supervisory quality of board and firm performance: a perspective of board meeting attendance. *Total Quality Management & Business Excellence*, 25, 264-279. doi:10.1080/14783363.2012.756751

Liu, J. Y. (2014). Exploring nursing assistants' roles in the process of pain management for cognitively impaired nursing home residents: A qualitative study. *Journal of Advanced Nursing*, 70, 1065-1077. doi:10.1111/jan.12259/

Lixiong, G., & Masulis, R. W. (2015). Board structure and monitoring: New evidence from CEO turnovers. *Review of Financial Studies*, 28, 2770-2811. doi:10.1093/rfs/hhv038

Lopez-Dicastillo, O., & Belintxon, M. (2014). The challenges of participant observations of cultural encounters within an ethnographic study. *Procedia - Social and Behavioral Sciences*, 132, 522-526. doi:10.1016/j.sbspro.2014.04

Lord, R., Bolton, N., Fleming, S., & Anderson, M. (2016). Researching a segment market: reflections on telephone interviewing. *Management Research Review*, 39, 786-802. doi:10.1108/MRR-01-2015-0020

- Luce, M., McGill, A., & Peracchio, L. (2012). Promoting an environment of scientific integrity: Individual and community responsibilities. *Journal of Consumer Research*, 39(3), iii-viii. doi:10.1086/667924
- Luo, Y., & Salterio, S. E. (2014). Governance quality in a comply or explain governance disclosure regime. *Corporate Governance: An International Review*, 22, 460-481. doi:10.1111/corg.12072
- MacDonald, O. A. (2016). Holding banks to account for the financial crisis? *Journal of Financial Crime*, 23, 45-69. doi:10.1108/JFC-08-2015-0041
- Malsch, B., & Salterio, S. E. (2016). "Doing good field research". Assessing the quality of audit field research. *Auditing: A Journal of Practice & Theory*, 35, 1-22. doi:10.2308/ajpt-51170
- Malshe, A., & Agarwal, M. K. (2015). From finance to marketing: The impact of financial leverage on customer satisfaction. *Journal of Marketing*, 79(5), 21-38. doi:10.1509/jm.13.0312
- Mamatzakis, E., & Bermpei, T. (2015). The effect of corporate governance on the performance of U.S. investment banks. *Financial Markets: Institutions & Instruments*, 24, 191-239. doi:10.1111/fmii.12028
- Mande, V., & Myungsoo, S. (2013). Do financial restatements lead to auditor changes? *Auditing: A Journal of Practice & Theory*, 32, 119-145. doi:10.2308/ajpt-50362
- Mariotto, F. L., Pinto Zanni, P., & De Moraes, G. M. (2014). What is the use of a single-case study in management research? *RAE: Revista De Administracao De Empresas*, 54, 358-369. doi:10.1590/s0034-759020140402

- Marshall, C., & Rossman, G. (2016). *Designing qualitative research* (6th ed.). Thousand Oaks, CA: Sage.
- Mateos de Cabo, R., Gimeno, R., & Nieto, M. (2012). Gender diversity on European banks board of directors. *Journal of Business Ethics, 109*, 145-162. doi:10.1007/s10551-011-1112-6
- Mathew, S., Ibrahim, S., & Archbold, S. (2016). Board attributes that increases firm risk – evidence from the UK. *Corporate Governance: The International Journal of Effective Board Performance, 16*, 233-258. doi:10.1108/CG-09-2015-0122
- Mavengere, N. (2013). Role of information systems for strategic agility in supply chain setting: Telecommunications industry study. *Electronic Journal of Information System Evaluation, 17*(1), 100-112. Retrieved from <http://www.ejise.com/main.html>
- McCahery, J. A., & Vermeulen, E. P. (2014). Six components of corporate governance that cannot be ignored. *European Company & Financial Law Review, 11*, 160-195. doi:10.1515/ecfr-2014-0160
- McNulty, T., Florakis, C., & Ormrod, P. (2013). Boards of directors and financial risk during the credit crisis. *Corporate Governance: An International Review, 21*, 58-78. doi:10.1111/corg.12007
- McNulty, T., Zattoni, A., & Douglas, T. (2013). Developing corporate governance research through qualitative methods: A review of previous studies. *Corporate Governance: An International Review, 21*, 183-198. doi:10.1111/corg.12006

- Mikesell, L., Bromley, E., & Khodyakov, D. (2013). Ethical community-engaged research: A literature review. *American Journal of Public Health, 103*(12), e7-e14. doi:10.2105/ajph.2013.301605
- Minton, B., Taillard, J., & Williamson, R. (2014). Financial expertise of the board, risk taking, and performance: Evidence from bank holding companies. *Journal of Financial and Quantitative Analysis, 49*, 351-380. doi:10.1017/s0022109014000283
- Misangyi, V. F., & Acharya, A. G. (2014). Substitutes or compliments? A configurational examination of corporate governance mechanisms. *Academy of Management Journal, 57*, 1681-1705. doi:10.5465/amj.2012.0728
- Mitchell, M. L., & Jolley, J. M. (2014). *Research design explained* (8th ed.). Boston, MA: Wadsworth.
- Mitra, S., Jaggi, B., & Hassain, M. (2013). Internal control weaknesses and accounting conservatism: Evidence from the post-Sarbanes-Oxley period. *Journal of Accounting, Auditing & Finance, 28*, 152-191. doi:10.1177/0148558x13479057
- Moradi, N. S., Aldin, M. M., Heyrani, F., & Iranmahd, M. (2012). The effect of corporate governance, corporate financing decision and ownership structure on firm performance: A panel data approach from Tehran stock exchange. *International Journal of Economics and Finance, 4*(6), 86-93. doi:10.5539/ijef.v4n6p86
- Moriarty, J. (2014). The connection between stakeholder theory and stakeholder democracy: An excavation and defense. *Business & Society, 53*, 820-852. doi:10.1177/0007650312439296

- Mowbray, D., & Ingleby, C. (2013). Collaboration or confrontation: The characteristics of the board and executive that can influence strategy development. *Annual International Conference on Business Strategy & Organizational Behaviour*, 160-166. doi:10.5176/2251-1970_BizStrategy13.29
- Mueller, P. (2015). The non-dischargeability of private student loans: A looming financial crisis? *Emory Bankruptcy Developments Journal*, 32(1), 229-264. Retrieved from <http://law.emory.edu/ebdj/>
- Nohel, T., Guo, R.-J., & Kruse, T. A. (2014). Activism and the shift to annual director elections. *Journal of Accounting & Finance*, 14(4), 83-103. doi:10.2139/ssrn.2110443
- Nordberg, D., & McNulty, T. (2013). Creating better boards through codification: Possibilities and limitations in UK corporate governance, 1992-2010. *Business History*, 55, 348-374. doi:10.1080/00076791.2012.712964
- Norli, O., Ostergaard, C., & Schindele, I. (2015). Liquidity and shareholder activism. *Review of Financial Studies*, 28, 486-520. doi:10.1093/rfs/hhu070
- Odena, O. (2013). Using software to tell a trustworthy, convincing and useful story. *International Journal of Social Research Methodology*, 16, 355-372. doi:10.1080/13645579.2012.706019
- Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N., & Hoagwood, K. (2013). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health Services Research*, 42, 533-544. doi:10.1007/s10488-013-0528-y

- Palmer, D. J. (2013). College administrators as public servants. *Public Administration Review*, 73, 441-451. doi:10.1111/puar.12037
- Pande, S., & Ansari, V. A. (2014). A theoretical framework for corporate governance. *Indian Journal of Corporate Governance*, 7, 56-72. doi:10.2139/ssrn.1949615
- Paulet, E., Parnaudeau, M., & Relano, F. (2015). Banking with ethics: Strategic moves and structural changes of the banking industry in the aftermath of the subprime mortgage crisis. *Journal of Business Ethics*, 131, 199-207. doi:10.1007/s10551-014-2274-9
- Park, J., & Park, M. (2016). Qualitative versus quantitative research methods: Discovery or justification. *Journal of Marketing Thought*, 3, 1-7. doi:10.15577/jmt.2016.03.01.1
- Perrault, E. (2015). Why does board gender diversity matter and how do we get there? The role of shareholder activism in deinstitutionalizing old boys' networks. *Journal of Business Ethics*, 128, 149-165. doi:10.1007/s10551-014-2092-0
- Peters, G. F., & Romi, A. M. (2015). The association between sustainability governance characteristics and the assurance of corporate sustainability reports. *Auditing: A Journal of Practice & Theory*, 34, 163-198. doi:10.2308/ajpt-50849
- Pitelis, C. N. (2013). Towards a more ethically correct governance for economic sustainability. *Journal of Business Ethics*, 118, 655-665. doi:10.1007/s10551-012-1616-8

- Pope, K., & Lee, C. (2013). Could the Dodd-Frank Wall Street reform and Consumer Protection Act of 2010 be helpful in reforming corporate America? An investigation on financial bounties and whistle-blowing behaviors in the private sector. *Journal of Business Ethics, 112*, 597-607. doi:10.1007/s10551-012-1560-7
- Preiss, J. (2014). Global labor justice and limits of economic analysis. *Business Ethics Quarterly, 24*, 55-83. doi:10.5840/beq20141272
- Public Company Accounting Oversight Board. (2017). *About the PCAOB*. Washington, DC: Author. Retrieved from <https://pcaobus.org/About/pages/default.aspx>
- Raelin, J. D., & Bondy, K. (2013). Putting the good back in good corporate governance: The presence and problems of double-layered agency theory. *Corporate Governance: An International Review, 21*, 420-435. doi:10.1111/corg.12038
- Rai, S., & Mar, S. (2014). Cybersecurity and the board. *Internal Auditor, 17*(6), 21-23. Retrieved from <https://na.theiia.org/periodicals/Pages/Internal-Auditor-Magazine.aspx>
- Ramachandran, J., Ngete, Z. A., Subramaninan, R., & Sambasivan, M. (2015). Does corporate governance influence earnings management? Evidence from Singapore. *Journal of Developing Areas, 49*, 263-274. doi:10.1353/jda.2015.0169
- Ramanan, R. V. (2014). Corporate governance, auditing, and reporting distortions. *Journal of Accounting, Auditing & Finance, 29*, 306-339. doi:10.1177/01485558x14535779
- Ratnovski, L. (2013). Liquidity and transparency in bank risk management. *Journal of Financial Intermediation, 22*, 433-439. doi:10.1016/j.jfi.2013.01.002

- Rhee, E. Y., & Fiss, P. C. (2014). Framing controversial actions: Regulatory focus, source credibility and stock market reaction to poison pill adoption. *Academy of Management Journal*, *57*, 1734-1758. doi:10.5465/amj.2012.0686
- Robertson, C., Blevins, D., & Duffy, T. (2013). A five-year review, update, and assessment of ethics and governance in strategic management journal. *Journal of Business Ethics*, *117*, 85-91. doi:10.1007/s10551-012-1511-3
- Robeson, D., & O'Connor, G. C. (2013). Boards of directors, innovation, and performance: An exploration at multiple levels. *Journal of Product Innovation Management*, *30*, 608-625. doi:10.1111/jpim.12018
- Robinson, O. C. (2014). Sampling in interview-based qualitative research: A theoretical and practical guide. *Qualitative Research in Psychology*, *11*, 25-41. doi:10.1080/14780887.2013.801543
- Rodham, K., Fox, F., & Doran, N. (2015). Exploring analytical trustworthiness and the process of reaching consensus in interpretative phenomenological analysis; lost in transcription. *International Journal of Social Research Methodology*, *18*, 59-71. doi:10.1080/13645579.2013.852368
- Roe, M. J. (2014). Structural corporate degradation due to too-big-to-fail finance. *University of Pennsylvania Law Review*, *162*, 1419-1464. Retrieved from <https://www.pennlawreview.com/>
- Rossetto, K. R. (2014). Qualitative research interviews: Assessing the therapeutic value and challenges. *Journal of Social & Personal Relationships*, *31*, 482-489. doi:10.1177/0265407514522892

- Rowley, J. (2012). Conducting research interviews. *Management Research Review*, 35, 260-271. doi:10.1108/01409171211210154
- Rubin, H. J., & Rubin, I. S. (2012). *Qualitative interviewing: The art of hearing data* (3rd ed.). Thousand Oaks, CA: Sage.
- Ruggie, J. G. (2014). Global governance and new governance theory: Lessons from business and human rights. *Global Governance*, 20, 5-17. Retrieved from <http://acuns.org/global-governance-journal/>
- Ryan, C. G., Lauchlan, D., Rooney, L., Hollins Martins, C., & Gray, H. (2014). Returning to work after long term sickness absence due to low back pain – the struggle within: A qualitative study of patient’s experience. *Work*, 49, 433-444. doi:10.3233/WOR-131646
- Samitas, A., & Polyzos, S. (2015). To Basel or not to Basel? Banking crises and contagion. *Journal of Financial Regulation & Compliance*, 23, 298-318. doi:10.1108/JFRC-11-2014-0045
- Sarbanes-Oxley Act. (2002). *Securities and Exchange Commission: Standards relating to listed company audit committees*. Retrieved from <https://www.sec.gov/rules/final/33-8220.htm>
- Sarpal, S. (2014). Interrelationship among selected voluntary board practices in corporate governance: Evidence from India. *Indian Journal of Corporate Governance*, 72, 95-121. doi:10.1177/0974686220140202
- Saunders, M., Lewis, P., & Thornhill, A. (2012). *Research methods for business students* (6th ed.). London, England: Pearson Education.

- Sayce, S., & Ozbilgin, M. F. (2014). Pension trusteeship and diversity in the UK: A new boardroom recipe for change or continuity? *Economic & Industrial Democracy*, 35, 49-69. doi:10.1177/014383iX12462489
- Schepker, D. J., & Oh, W. (2013). Complementary or substitute effect? Corporate governance mechanisms and poison pill repeal. *Journal of Management*, 39, 1729-1759. doi:10.1177/0149206312441209
- Schillemans, T. (2013). Moving beyond the clash of interests: On stewardship theory and the relationships between central government departments and public agencies. *Public Management Review*, 15, 541-562. doi:10.1080/14719037.2012.691008
- Schmeiser, S. (2014). Board response to majority outsider regulation. *Applied Financial Economics*, 24, 19-29. doi:10.1080/09603107.2013.859373
- Schnatterly, K., & Johnson, S. G. (2014). Independent boards and the institutional investors that prefer them: Drivers of institutional investor heterogeneity in governance preferences. *Strategic Management Journal*, 35, 1552-1563. doi:10.1002/smj.2166
- Schreier, M. (2012). *Qualitative content analysis in practice*. Thousand Oaks, CA: Sage.
- Seidman, I. (2013). *Interviewing as qualitative research: A guide for researchers in education and the social sciences*. New York, NY: Teachers College Press.
- Sen, R., & Borle, S. (2015). Estimating the contextual risk of data breach: An empirical approach. *Journal of Management Information Systems*, 32, 314-341. doi:10.1080/07421222.2015.1063315

- Sengupta, P., & Zhang, S. (2015). Equity based compensation of outside directors and corporate disclosure quality. *Contemporary Accounting Research*, 32, 1073-1098. doi:10.1111/1911-3846.12115
- Silic, M., & Back, A. (2013). Factors impacting information governance in the mobile device dual-use context. *Records Management Journal*, 23, 73-89. doi:10.1108/RMJ-11-2012-0033
- Singh, K. D. (2015). Creating your own qualitative research approach: Selecting, integrating and operationalizing philosophy, methodology and methods. *Vision*, 19, 132-146. doi:10.1177/0972262915575657
- Sinkovics, R. R., & Alfoldi, E. A. (2012). Progressive focusing and trustworthiness in qualitative research: The enabling role of computer-assisted qualitative data analysis software (CAQDAS). *Management International Review*, 52, 817-845. doi:10.1007/s11575-012-0140-5
- Soltani, B. (2014). The anatomy of corporate fraud: A comparative analysis of high profile American and European corporate scandals. *Journal of Business Ethics*, 120, 251-274. doi:10.1007/s10551-013-1660-z
- Soundararajan, V., & Brown, J. (2016). Voluntary governance mechanisms in global supply chains: Beyond CSR to a stakeholder utility perspective. *Journal of Business Ethics*, 134, 83-102. doi:10.1007/s10551-014-2418-y
- Srinidhi, B., Shaohua, H., & Firth, M. (2014). The effect of governance on specialist auditor choice and audit fees in U.S. family firms. *Accounting Review*, 89, 2297-2329. doi:10.2308/accr-50840

- Srinidhi, B., Yan, J., & Tayi, G. K. (2015). Allocation of resources to cyber-security: The effect of misalignment of interests between managers and investors. *Decision Support Systems*, 75, 49-62. doi:10.1016/j.dss.2015.04.011
- Starbuck, W. H. (2014). Why corporate governance deserves serious and creative thought. *Academy of Management Perspectives*, 28, 15-21. doi:10.5465/amp.2013.0109
- Starr, M. A. (2014). Qualitative and mixed-methods research in economics: Surprising growth, promising future. *Journal of Economic Surveys*, 28, 238-264. doi:10.1111/joes.12004
- Steinbeck, R. M. (2014). An open letter to General Motors CEO Mary Barra. *Compliance Week*, 11(127), 44-45. Retrieved from <https://www.complianceweek.com/>
- Strikwerda, L. (2014). Should virtual cybercrime be regulated by means of criminal law? A philosophical, legal-economic, pragmatic and constitutional dimension. *Information & Communications Technology Law*, 23, 31-60. doi:10.1080/13600834.2014.891870
- Subramanian, R. (2017). Shareholder spring and social activism: A study of 2013–2015 proxy filings. *Corporate Governance: The International Journal of Effective Board Performance*, 17(3), 560-573. doi:10.1108/CG-08-2016-0170
- Sun, S., Zhu, J., & Ye, K. (2015). Board openness during an economic crisis. *Journal of Business Ethics*, 129, 363-377. doi:10.1007/s10551-014-2164-1

- Sur, S., Lvina, E., & Magnan, M. (2013). Why do boards differ? Because owners do: Assessing ownership impact on board composition. *Corporate Governance: An International Review*, 21, 373-389. doi:10.1111/corg.12021
- Switzer, L. N., & Wang, J. (2013). Default risk estimation, bank credit risk, and corporate governance. *Financial Markets, Institutions & Instruments*, 22, 91-112. doi:10.1111/fmii.12005
- Tantalo, C., & Priem, R. L. (2014). Value creation through stakeholder synergy. *Strategic Management Journal*, 37, 314-329. doi:10.1002/smj.2337
- Terjesen, S., Aguilera, R., & Lorenz, R. (2015). Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. *Journal of Business Ethics*, 128, 233-251. doi:10.1007/s10551-014-2083-1
- Thorne, D. M., & Quinn, F. F. (2016). Private governance in the supply chain. *Journal of Marketing Channels*, 23, 11-21. doi:10.1080/1046669x.2016.1147340
- Tian, J. J. (2014). Board monitoring and endogenous information asymmetry. *Contemporary Accounting Research*, 31, 136-151. doi:10.1111/1911-3846.12022
- Tong, A., Chapman, J. R., Israni, A., Gordon, E. J., & Craig, J. C. (2013). Qualitative research in organ transplantation: Recent contributions to clinical care and policy. *American Journal of Transplantation*, 13, 1390-1399. doi:10.1111/ajt.12239
- Tosey, P., Lawley, J., & Meese, R. (2014). Eliciting metaphor through clean language: An innovation in qualitative research. *British Journal of Management*, 25, 629-646. doi:10.1111/1467-8551.12042

- Trangkanont, S., & Charoenngam, C. (2014). Critical failure factors of public-private partnership low-cost housing program in Thailand. *Engineering, Construction, and Architectural Management*, 21, 421-443. doi:10.1108/ECAM-04-2012-0038
- The Trans-Pacific Partnership Agreement. (2016). *Executive Office of The President: Office of the United States Trade Representative*. Retrieved from <https://ustr.gov/tpp>
- Travers, D. (2013). Towards professional-model regulation of directors' conduct. *International Journal of Law & Management*, 55, 123-140. doi:10.1108/17542431311308458
- Turner, P. K., & Norwood, K. M. (2013). Body of research: Impetus, instrument, and impediment. *Qualitative Inquiry*, 19, 696-711. doi:10.1177/1077800413500928
- U.S. Department of Commerce, National Institute of Standards and Technology. (2014). *Framework for improving critical infrastructure cybersecurity*. Gaithersburg, MD: Author. Retrieved from <http://www.nist.gov/cyberframework/upload/cybersecurity-framework-021214.pdf>
- U.S. Department of Homeland Security. (2016). *National preparedness report*. Washington, DC: Author. Retrieved from http://www.fema.gov/media-library-data/1464697982833-6a649516858e91ad00acee92eb2b3654/2016NPR_508c_052716_1600.pdf
- U.S. Department of Justice. (2014). *Justice department announces criminal charge against Toyota Motor Corporation and deferred prosecution agreement with \$1.2 billion financial penalty*. Washington, DC: Author. Retrieved from

[https://www.justice.](https://www.justice.gov/opa/pr/justice-department-announces-criminal-charge-against-toyota-motor-corporation-and-deferred)

[gov/opa/pr/justice-department-announces-criminal-charge-against-toyota-motor-corporation-and-deferred](https://www.justice.gov/opa/pr/justice-department-announces-criminal-charge-against-toyota-motor-corporation-and-deferred)

U.S. Department of the Treasury. (2016). *TARP programs*. Washington, DC: Author.

Retrieved from <https://www.treasury.gov/initiatives/financial-stability/TARP-programs/>

[Pages/default.aspx](https://www.treasury.gov/initiatives/financial-stability/TARP-programs/Pages/default.aspx)

Vaismoradi, M., Turunen, H., & Bondas, T. (2013). Content analysis and thematic analysis: Implications for conducting a qualitative descriptive study. *Nursing & Health Sciences, 15*, 398-405. doi:10.1111/nhs.12048

Valentina, F., & Ivan, L. (2013). Modern features of financial globalization. *Annals of The University of Petrosani - Economics, 13*, 117-128. Retrieved from <http://www.upet.ro/annals/economics/>

van Esterik-Plasmeijer, P. J., & van Raaij, W. F. (2017). Banking system trust, bank trust, and bank loyalty. *International Journal of Bank Marketing, 35*, 97-111. doi:10.1108/IJBM-12-2015-0195

Venkatesh, V., Brown, S. A., & Bala, H. (2013). Bridging the qualitative-quantitative divide: Guidelines for conducting mixed-methods research in information systems. *MIS Quarterly, 37*(1), 21-54. Retrieved from <http://misq.org/>

Vincent, J. A. (2015). Building a strong board. Institute of management accountants. *Strategic Finance, 97*(2), 8-61. Retrieved from <http://sfmagazine.com/>

- Volonte, C. (2015). Culture and corporate governance: The influence of language and religion in Switzerland. *Management International Review*, 55, 77-118.
doi:10.1007/s11575-014-0216-5
- Walker, A., Machold, S., & Ahmed, P. K. (2015). Diversity and conflict in boards of directors. *International Studies of Management & Organization*, 45, 25-42.
doi:10.1080/00208825.2015.1005995
- Yin, R. K. (2014). *Case study research: Design and methods* (5th ed.). Thousand Oaks, CA: Sage.
- Ylinen, T. (2013). Pillars of prosperity: The political economics of development clusters. *Journal of International Development*, 25, 443-444. doi:10.1002/jid.2890
- Yu, X. (2013). Securities fraud and corporate finance: Recent developments. *Managerial and Decision Economics*, 34, 439-450. doi:10.1002/mde.2621
- Yuan, X., Guo, Z., & Fang, E. (2014). An examination of how and when the top management team matters for firm innovativeness: The effects of TMT functional backgrounds. *Innovation: Management, Policy & Practice*, 16, 323-342.
doi:10.1080/14479338.2014.11081991
- Zeitoun, H., Osterloh, M., & Frey, B. S. (2014). Learning from ancient Athens: Demarchy and corporate governance. *Academy of Management Perspectives*, 28, 1-14. doi:10.5465/amp.2012.0105
- Zhang, L., Zhang, Z., Jia, M., & Ren, Y. (2017). Do outside directors matter? The impact of prestigious CEOs on firm performance. *Chinese Management Studies*, 11(2), 284-302. doi:10.1108/CMS-10-2016-0199

- Zhang, P. (2013). Power and trust in board - CEO relationships. *Journal of Management & Governance*, 17, 745-765. doi:10.1007/s10997-011-9188-z
- Zhu, D. H. (2013). Group polarization on corporate boards: Theory and evidence on board decisions about acquisition premiums. *Strategic Management Journal*, 34, 800-822. doi:10.1002/smj.2039
- Zhu, D. H., Wei, S., & Hillman, A. J. (2014). Recategorization into the in-group: The appointment of demographically different new directors and their subsequent positions on corporate boards. *Administrative Science Quarterly*, 59, 240-270. doi:10.1177/0001839214530951

Appendix A: Invitation Letter

Dear Sir/Madam:

You are invited to take part in a research study about effective corporate governance in United States banks. The study is in partial fulfillment of the degree of Doctor of Business Administration by the researcher, Oladayo Ojo, a doctoral student attending Walden University. The intent is to gather insights from some board members, members of the nominating committee and knowledgeable executives on the overarching research question: What strategies do banking leaders use to identify board selection criteria to ensure effective governance?

The interview would span between 25-35 minutes and scheduled at your convenience. The doctoral study would not feature individual or company name and used for the research study only. I would provide you with a copy of the interview transcript to verify the accuracy before inclusion in my research paper. This research could make a difference by fostering business success when board members are selected for enduring characteristics that enhance corporate governance. I would send additional information on the background of the study, informed consent and confidentiality before the interview. I would appreciate your response on whether you would participate, decline or for additional information. Thank you very much.

Respectfully,

Oladayo B. Ojo

Walden University

Appendix B: Interview Protocol

Date: _____

Interviewer: _____

Respondent: _____

1. Identify myself and set the respondent at ease.
2. Provide background information regarding the study.
3. Explain the purpose of the study and the research question.
4. Explain the consent form: assure respondent of privacy and confidentiality.
5. Ask to record the interview or take notes as the respondent speaks.
6. Ask the interview questions using assigned code P1 through P4.
7. Ask follow-up questions.
8. Thank the interviewee.
9. Explain member checking procedure.
10. Conclude the interview.