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Corporate Governance Strategies to Support Financial Performance

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Walden University

College of Management and Technology

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Awuor Susan Ajwala

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Walden University
2018

Abstract

Corporate Governance Strategies to Support Financial Performance

by

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Msc, Rotterdam Business School, 2006

BA, University of Nairobi, 1996

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

October 2018

Abstract

The insurance industry continues to experience financial scandals despite increasing pressure to integrate sound governance practices. The purpose of this multiple case study was to explore the corporate governance strategies insurance business leaders used to support financial performance. The targeted population consisted of 7 business leaders from 7 insurance companies in Austria who have used corporate governance strategies successfully to support financial performance. The conceptual framework of this study was the agency theory. Data for the study were gathered from face-to-face semistructured interviews and a review of company documents. The data were analyzed using Yin's 5 nonlinear interlinked steps for assembling, disassembling, reconvening, inferring, and formulating conclusions. Three themes emerged from the data analysis: the need for a robust risk-management system, effective internal control mechanisms, and consistent application and compliance with corporate governance principles and regulations. The implications for positive social change include the potential for business leaders in the local community to restore confidence in the stability and financial performance of the insurance industry by establishing corporate governance structures with a robust risk-management system and processes that support transparency and accountability.

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Dedication

I dedicate this doctoral study to the memory of my mother Elizabeth Ojimba Ajwala, who was full of inner strength, courage, and determination. Her loving, kind, and inspirational words have been instrumental in providing me with the confidence and firm belief that I can fulfill my career pursuits.

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I wish to acknowledge the unwavering support of my family, my siblings, colleagues, course mates, and the faculty at Walden University for enabling me to soar onto a newer career height. I thank you!

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Table of Contents

List of Tables v

Section 1: Foundation of the Study 1

Background of the Problem 1

Problem Statement 2

Purpose Statement 2

Nature of the Study 3

Research Question 4

Interview Questions 4

Conceptual Framework 5

Operational Definitions 6

Assumptions, Limitations, and Delimitations 7

Assumptions 7

Limitations 8

Delimitations 8

Significance of the Study 9

Contribution to Business Practice 9

Implications for Social Change 10

A Review of the Professional and Academic Literature 10

The Strategy for Searching the Literature 11

Corporate Governance 12

Corporate Governance and CEO Remuneration 16

Remuneration with Long-Term Stock Options 19

Agency Theory Framework and Governance 22

The Effect of Globalization on Firm Governance 29

Ethical Consideration of Globalization 32

Accounting Qualification and Accounting Misrepresentation 33

Board Appointment, Independence, and the Audit Committee 34

Corporate Governance Regulation and Global Scandals 38

Financial Performance Linkage with Corporate Governance 40

Governance and Corporate Social Responsibility 45

Corporate Governance and Stewardship Theory 48

Codes of Corporate Governance 52

Corporate Governance within the Insurance Industry 55

Corporate Governance: One or Several Theories? 59

Ethics and Governance 63

Corporate Governance Structures 65

Corporate Governance in an Integrated Financial Market 68

Risk Management and Corporate Governance 71

Transition 75

Section 2: The Project 77

Purpose Statement 77

Role of the Researcher 78

Participants 80

Research Method and Design 82
Research Method 82
Research Design.... 84
Population and Sampling 87
Ethical Research....90
Data Collection Instruments 93
Data Collection Techniques....95
Data Organization Techniques....98
Data Analysis 100
Compiling a Database 100
Disassembling Data 101
Reassembling Data.... 102
Interpreting data 103
Conclusion making 104
Reliability and Validity....105
Reliability.... 105
Validity 108
Data Saturation.... 110
Transition and Summary....111
Section 3: Application to Professional Practice and Implications for Change 113
Introduction....113
Presentation of the Findings....113

Theme 1: A Robust System for Risk Management 116
Theme 2: A System of Internal Control for Sound Governance 120
Theme 3: Consistent Application and Compliance with Corporate Governance Principles and Regulations 124
Applications to Professional Practice 130
Implications for Social Change...132
Recommendations for Action 134
Recommendations for Further Research..137
Reflections 138
Conclusion 140
References...142
Appendix A: Interview Protocol and Questions 177
Appendix B: Solvency Capital Requirement..178

List of Tables

Table 1. Responses by Participants on Interview Questions 115

Table 2. Emergent Theme 1: Risk Management 116

Table 3. Emergent Theme 2: Internal Control Mechanism 121

Table 4. Emergent Theme 3: Corporate Governance Principles 125

Section 1: Foundation of the Study

Background of the Problem

Corporate governance is at the core of every institution. Corporate governance is the lifeline that ensures sustained profitability over time. Hsu and Wu (2014) asserted that companies with a higher percentage of directors were less likely to be embroiled in corporate scandal and failure. The role of a Board of Directors (BD) is essential. The other management comprises the executives who set the goals and objectives of a company. Within the last decade (2000s) there have been several notable financial crises where key corporate bodies and reputable firms have failed (Lee & Fan, 2014; Othman & Melville, 2016). Efforts to improve corporate governance by regulatory bodies in the Austrian listed companies aim at enhancing investor confidence in the Austrian Stock Exchange (Austrian Bureau of Statistics [ABS], 2015). Examples of improvements in corporate governance include the introduction of two regulations to the merger and acquisition markets. In addition, the Austrian legislator, the Austrian Financial Market Authority (FMA) enacted stronger measures to enhance the responsibility of the supervisory board and the external auditor (ABS, 2015). The solutions at improving corporate governance have not curtailed the recurring onslaught of one financial crisis after another. Instead, financial scandal continues to implicate and mire more companies with new cases bringing to the forefront an intense, vicious, and higher level of gross misconduct. Clearly, the instruments established to thwart financial misconduct and poor governance are inadequate as financial scandals continue to occur.

Problem Statement

Financial scandal mires the insurance business environment as policymakers have vowed sweeping changes in corporate governance in the insurance industry to safeguard profits and protect more than a million policyholders (Voinea, 2015). Forty percent of financial advisers do not comply with the law when selling insurance policy and products (Miller & Yang, 2015). The general business problem is some business leaders fail to implement strategies to support sound corporate governance, which could impair financial performance. The specific business problem is some insurance business leaders lack corporate governance strategies to support financial performance.

Purpose Statement

The purpose of this qualitative multiple case study was to explore the corporate governance strategies insurance business leaders use to support financial performance. The targeted population consisted of business leaders from seven insurance companies in the corporate sector in Austria who have used successful corporate governance strategies to support financial performance. Implications for positive social change include the potential to reduce negative influences from misgovernance that allow companies to remain profitable which is beneficial for employees and investors and the potential for continuing or widening access to insurance for residents, which allows investors and the local community to benefit from improved corporate governance. Implications for positive social change also include the potential for provision of stable employment opportunities and the restoration of local community trust in insurance companies' investment portfolios, which is beneficial to investors and the local community. With my

findings, I may enable positive social change by providing knowledge on the strategies that businesses may use to avoid financial scandal and support strong insurance institutions where investors, employees, and the local community have confidence in the stability and financial performance of the insurance industry.

Nature of the Study

The three broad categories of research methods are quantitative, qualitative, and mixed (Venkatesh, Brown, & Sullivan, 2016). I used the qualitative method. Qualitative researchers seek to gain a solid understanding of a particular organization or event (Özer, Ergun, & Yilmaz, 2015). Researchers that use the quantitative approach rely on statistical techniques to examine relationships or differences among dependent and independent variables to determine the relevance of a theory through testing hypotheses (Gergen, Josselson, & Freeman, 2015). As I was not examining the relationship between variables, I considered that the quantitative research method was not appropriate for this study of strategies for ensuring sound corporate governance to support financial performance. Researchers use qualitative and quantitative data using the mixed or hybrid research method (Halcomb & Hickman, 2015). My research, which may resolve the strategies used by companies effective in enhancing corporate financial performance, does not include a dependent and independent variable that is subject to a hypothesis testing. My research focus was appropriate for the qualitative research method to explore the corporate governance Strategies that support financial performance for insurance business leaders.

Qualitative researchers use designs such as ethnographic, phenomenological, narrative, and case studies (Yin, 2013). The origin of the ethnographic approach is the field of anthropology where the focus was the study of groups or organizations' cultures (Cincotta, 2015). My study had no exploratory intention to understand groups' cultures; consequently, the ethnographic design was not suitable for my study. Researchers use the phenomenological approach to address the meanings of subjective experiences of different people and their interpretation of the world; the subjectivity rendered the phenomenological approach inappropriate for my study. The case study is the exploration of a program, event, or activity (Petty, Thomson, & Stew, 2012). I conducted a multiple case study of selected companies in Austria to gain an understanding of corporate governance strategies insurance companies' leaders use to support corporate financial performance.

Research Question

What strategies do insurance business leaders use for corporate governance to support financial performance?

Interview Questions

1. Who is responsible for strategic corporate governance within your organization?
2. What strategies were used to ensure sound corporate governance of the organization?
3. What are the strategies used to link strategic corporate governance and the internal control systems (ICS) within your organization?

4. What, if any, related strategies for human resource management are in place to curb poor corporate governance?
5. What strategies were used to ensure that sound corporate governance leads to improved financial performance?
6. What measures are in place to enhance compliance toward corporate governance?
7. What additional information can you provide regarding strategies you use to ensure sound corporate governance to support financial performance?

Conceptual Framework

Agency theory is denotative of the principal-agent theory. Ross established the agency theory in 1973 (Davis, Schoorman, & Donaldson, 1997; L'Huillier, 2014). Mitnick was responsible for the introduction of today's prevalent concept that institutions form around agency (Mitnick, 1975). The two stakeholders are the principal and the agent with the principal as the shareholder and executives as the agent. The central proposition of this theory is that shareholders desire a maximization of their interest in a company when they invest capital, while the executive directs and manages the company with shareholders hopeful that the actions of executives are in the best interest of shareholders (Isaac, 2014).

The agency theory links directly to corporate governance. Agency theory is the dominant and founding paradigm of corporate governance (L'Huillier, 2014). Agency theory is also central to corporate governance and is an enabler in the exploration of

strategies that business leaders in the insurance industry use to ensure sound corporate governance to support financial performance.

Operational Definitions

Agency theory: Agency theory is denotative of the classical theory of the relationship that exists between the principal or shareholder and the agents, or the senior executives and managers. The agency theory was originally considered an economics theory (Alchian & Demsetz, 1972; Glinkowska & Kaczmarek, 2015).

Board of Directors (BD): BDs are the external corporate governance mechanism that business entities use to establish a governing body of individuals responsible for setting visions and strategic goals (Gebba, 2015).

Chief Executive Officer (CEO): The CEO is the most senior corporate officer responsible for overseeing operations, policy implementation, and strategy (Chakraborty & Sheikh, 2015).

Corporate Governance: Corporate governance is the mechanism that determines the manner in which management carries out its activities. In essence, corporate governance is the entire system that defines, directs, and controls a company (Abels & Martelli, 2013; Gebba, 2015).

Corporate Financial Scandals: Corporate scandals are the intentional manipulation of books of account to falsify accounting information for financial gain (Jovanovic & Grujic, 2016; McMahon, Pence, Bressler, & Bressler, 2016).

Corporate Social Responsibility (CSR): CSR is the attempt to achieve a balance between the economic, environmental, and social imperatives without undue harm to the

wealth maximization interests of shareholders (Popa & Salanta, 2014). However, there is no universally agreed definition of the term CSR as the term includes ethics, sociology, economics, and management (Richter, 2011).

Stewardship Theory: Stewardship theory is the hypothesis that business leaders guard the interest of shareholders and display self-sacrificing behavior (Hernandez, 2012). The theory lends support to the view that managers create profitable entities that enable shareholders to thrive.

Assumptions, Limitations, and Delimitations

Assumptions

An assumption is a realistic expectation about something believed to be accurate (Gheondea-Eladi, 2014). In research, scholars can develop theories and hypotheses that originate from initial assumptions. Marshall and Rossman (2016) asserted that assumptions are statements considered true or taken for granted. I assumed that the interview participants provided knowledgeable and honest responses to the interview questions. I sought to meet this assumption by interviewing business leaders that I was certain had the appropriate experience and qualifications. The other assumption was that the emergent information derived during data analysis and interpretation was representative and encapsulated the main theme without any gross omission on crucial information. I designed and organized the data collection by using open-ended questions that provided the participants with the chance to openly discuss their responses. Fan (2013) stated that the correctness and reliability of a test are as much about the method of data collection and assumption as it is about the validity of a test.

Limitations

Limitations are the potential shortcomings of a study (Marshall & Rossman, 2016). In case study research, limitations are the issues beyond a researcher's control which have the potential to affect the trajectory of a study. Theoretical considerations are guides for data collection in part and explainers of any research limitations (Astroth & Chung, 2018; Connelly, 2013). The interview participants are from the insurance industry; as a result, participants were limited to only insurance companies with financial insurance services. The results were not generalizable to other specialized industrial sectors. The second limitation was the case study participants' provision of information captions of their own perceptions of corporate governance for each case study. To mitigate the second limitation, I attempted to ask all the participants open-ended questions and provided a summary of transcriptions for their review to help in identification and elimination of their perception and biases. I also gathered data by interviewing and triangulating the data collection from the interviews with publications of company documents that are publicly available to all.

Delimitations

Delimitations are boundary lines and substances that were beyond the scope of this study (Marshall & Rossman, 2016). The findings from this study are suitable and applicable for large corporations. I delimited my research study to large insurance industries with significant capital outlay. Consequently, it is incorrect to incorporate the results of this study in evaluating and enhancing the corporate governance structure of

private or small and medium enterprises (SMEs) in the insurance industry or large entities within the financial and banking sector.

Significance of the Study

The findings from this study may have value to business leaders given the focus on the fundamental methods used by insurance companies to support corporate performance. Results from this study could also be of value to the practice of business as insurance business leaders may use this information to devise corporate governance strategies to increase profitability. These strategies are fundamental for the enhancement of organizational financial performance and could ensure that a broad array of procedures are present to guarantee sound governance, as an effective corporate governance structure can provide incentives to achieve the objectives and interests of an insurance company (Mugarura, 2016).

Contribution to Business Practice

The potential contributions to the effective practice of business include improved awareness by insurance companies of corporate governance strategies that have a direct bearing on the financial performance of companies. The findings may facilitate the effective practice of business by identifying strategies and processes for improving corporate governance. Chang, Yu, and Hung (2015) underscored the essential role of addressing business leaders' governance strategies keen on value creation and demonstrated that companies with sound corporate governance reported higher financial performance than those companies that paid less attention to governance.

Implications for Social Change

The implications for positive social change for local communities in Austria include the potential for better access to insurance for residents, stable employment opportunities for insurance company employees, and the investor restoration of trust in insurance investment portfolios. The restoration of trust by the local community implies a good business reputation for the industry, which creates new capital for companies' investment in the society (Elahi, 2012). Increasing insurance companies' profits can benefit policyholders and investors due to the cascading effect of increased profits (Waweru, 2014).

A Review of the Professional and Academic Literature

This literature review is a comprehensive overview of the literature on the fundamental methods used by insurance companies to support corporate performance. The purpose of a literature review is to provide a context for a research study as well as indicate the place within the existing body of research where a proposed study fits (Yin, 2014). Consequently, I provided a comprehensive analysis of literature from current knowledge based on the research topic of this study.

The critical analysis of this literature review is indicative of my reliance on the conceptual framework and its grounding principal-agent theory. Agency theory is a dominant factor in considerations and discussions regarding corporate governance. Segrestin and Hatchuel (2011) asserted that the agency theory is essential for companies and at the fore of strategy by management when considering aspects of corporate governance. Notable scholars have formulated theories around governance (Abels &

Martelli, 2013; Zitouni, 2016). However, the majority of theories on corporate governance still hinge around the principal-agent theory.

I organized this review of professional and academic literature in topical structure by addressing one focus area after another. Researchers and scholars routinely use the chronological or topical style when conducting and documenting the literature review segment of a research study (Fassinger & Morrow, 2013). While building on the conceptual framework, I ensured that this section contained a comprehensive discussion of the conceptual framework, an exhaustive review of the genesis and evolution of leading theories, as well as an analysis of the contrasting critical theories on corporate governance. I relied on the Walden University Library as the primary source for peer-reviewed journals and articles published between 2013 and 2018.

The Strategy for Searching the Literature

The strategy for searching for literature is an essential component of the literature review that enables researchers to safeguard the appropriate usage of literature for research studies. Yin (2014) stated that scholars use the literature review to provide insight into the manner that they may limit the scope of an intended study to a specific area of inquiry. For this literature view, I used the following databases: ProQuest, Emerald Insight, Science Direct, and SAGE Journals. I also used the Google search engine and Google Scholar to obtain information about the code of corporate governance, publications from governmental bodies, and reports from the banking and insurance industry.

I explored several keywords and phrases from my area of study and ensured first that I set the filter of my search to capture peer-reviewed scholarly materials published after the year 2013. The main key words and phrases that I explored include the code of corporate governance, the supervisory board, Board of Directors, risk management and the governance strategies. Consequently, of the 141 articles used in the literature reviews, 93.67% or 132 were peer-reviewed. Ninety-two percent of the articles in the literature review were published between 2014 and 2018.

Corporate Governance

The term corporate governance has different definitions. Corporate governance is the established process and systems in place to ensure control and provide direction for companies (Zitouni, 2016). Researchers continue to seek an optimal balance for stakeholders by maximizing the interest of shareholders.

The commencement of capitalism is considered as the original base of corporate governance. However, there is ambiguity within world economies when governments and other regulatory institutions begun to possess a systematic process and management of company governance (Zitouni, 2016). The principal-agent theory continues to remain at the center of corporate governance. Leadership knowledge of the role of the agency theory is the precursor to understanding the various intricacies and opposing viewpoints around corporate governance (Glinkowska & Kaczmarek, 2015; Kultys, 2016). Business leaders and scholars possess a keen awareness on the essential link that agency theory plays on the corporate governance stage; nonetheless, it is essential to moving beyond

that knowledge base to understand its applicability and dynamic potential when optimally applied.

Several theories and models are present on the theme of corporate governance. Examples of theories include the agency theory, stewardship theory, and the stakeholder theory. The global financial scandals in the past decade (2000s) are evidence that the existing framework of corporate governance is not sufficient and instead underscore that the measures and strategies in place fall short and would not guarantee sound governance (Kultys, 2016). The global financial business leaders have formulated various propositions and notable theories around corporate governance (Abels & Martelli, 2013; Zitouni, 2016). Most of the theories on corporate governance essentially hinge around the agent-principal theory.

Contentions prevail regarding whether the principal-agent theory is the genesis of poor governance and if leadership and training are the foundations by which sound governance thrives. Clarke (2015) argued that agency theory was one-dimensional and had a rigid simplicity as it mainly viewed the position and rights of the shareholder. Scholars such as Kultys (2016), and Ross and Mitnick (1975) opted to provide alternative theories. Kultys (2016) maintained that the limitations of the agency theory such as the assumptions of egoism flaw the agency theory. According to Kultys, business management reliance on the agency theory will not guarantee sound governance.

A dominant theory. The agency theory remains a dominant factor in global corporate finance in the considerations and discussions on corporate governance. Business scholars often regard agency theory as a subtopic of corporate governance.

Agency theory is a broad term. Segrestin and Hatchuel (2011) asserted that the agency theory is essential for companies and at the forefront for global companies when considering aspects of corporate governance and underscored that it is the essential link joining the constituent parts of corporate governance. Agency theory is pivotal in the discussion by business leaders on corporate governance due to its magnification of the intricacies and complexities of the principal-agent theory. The intricacies include the role of management the BD, the compensation of CEO, and the interest of other stakeholders. The intent of the agency theory was the formulation of strategies that would ensure that directors act in the best interest of the company. The notion of influencing the action of directors through alignment of their compensation with shareholder interest led to the creation of stock options as part of remuneration packages for CEOs and senior managers.

Seeking solutions. Scholars continue to propose that the best way to safeguard shareholder interest is by ensuring congruency between the interests of shareholders and executives. For instance, Segrestin and Hatchuel (2011) contributed to the field of corporate governance by magnifying the fundamental limitations of lopsidedness of the principal-agent theory which only considered the interest of the shareholder. Khan (2011) took the knowledge on corporate governance a step farther by suggesting the steps to remedy the flaws within the principal-agent theory by clearly distinguishing between the function of the shareholder and the executives. It is clear that a leader's use of a scheme that only maximizes shareholder interest produces numerous scandals, with some senior executives and stock market analysts colluding or engaging in other forms of malpractice

in the hope of maximizing short-term profits at the expense of a company's long-term prospects and profitability. Misconduct can occur when executives doctor quarterly or short-term performance statistics on which their pay relies to award themselves a high income. Hence, the executives who incorporate the fundamentals of the principal-agent theory may not necessarily realize sound corporate governance for their companies.

Business leadership attempts at achieving sound corporate governance may seem elusive, although it is attainable and the main way to guarantee financial viability and success. Khan (2011) said that sound governance is realizable only by addressing the flaws that existed with the principal-agent theory, a view that aligns with that of Clarke (2015), Christensen (2016), and Kultys (2016) as they also highlighted the necessity to address the flaws of the agency theory. Clarke noted that agency theory is reliant on the premise of shareholder primacy that suited the era immediately succeeding the Industrial Revolution; however, leadership on the notion of shareholder primacy as the sole objective as proposed by agency theory wrought continual damage to society and economies. The damage include the global financial scandal, no regard for the interest of other stakeholders and poor governance for businesses, Khan stressed the need for businesses to distinguish clearly between the role of the shareholder and the executives. Khan's focus was on the distinct separation between the function of the shareholder and the executives, and not the sole desire to gain congruence between the two roles. .

The law and legal enactments. Financial regulatory institutions recognize the importance of alignment in the role of the agent and principal and seek to take action to remedy any mismatch that exists. The mismatch between the two functions is the crux of

global corporate financial scandals. Various governments and the international financial community have instituted measures to segregate the principal-agent role within corporate bodies (Enriques & Zetzsche, 2015). For instance, the need to protect shareholders from misappropriation and poor governance through fraudulent accounting led the United States Congress to enact the Sarbanes-Oxley Act of 2002. The European Union, The Organisation for Economic Cooperation and Development (OECD), and the World Bank have each formulated principles of good governance and CSR. Enriques and Zetzsche (2015) observed how the Sarbanes-Oxley Act was ineffective in preventing further corporate scandals and restoring public trust and stated that hasty preparation and approval with little support from empirical financial literature renders it detrimental to corporate governance. Hence, although the codes of corporate governance are insightful, the legislative failings behind their enactment weaken their full effect.

Corporate Governance and CEO Remuneration

Controversies remain regarding CEO compensation and whether it should directly remain tied to performance. The CEO of Deutsche Bank, John Cryan said that he was unsure why his pay package included a bonus, yet he would work with the same zeal regardless of the day or year (Farrell, 2015). The maximization of shareholder interest occurs when the remuneration of the CEO aligns with firm performance in agency theory (Dedman, 2016). However, scholars such as Kultys (2016) and Clarke (2015) hold the belief that performance-tied remuneration, particularly those linked to short-term measures, is the leading cause of the numerous financial scandals that permeated the media in the 2000s.

Knowledge of the presence or absence of a significant relationship between CEO recompense and CSR disclosure is essential. Rashid (2018) stated that corporate governance practices do not have any influence on corporate social reporting of companies. Ali Reza and Amir (2018) said that the CEO and senior management establish the strategic direction and are responsible for securing the policies and strategies geared toward business success. A business strategy is the manner in which companies develop a detailed plan of its prerequisite for success (Umar, Sasongko, Aguzman, & Sugiharto, 2018). It is considered that a connection exists between corporate governance and social responsibility although few literatures have outlined whether a direct relationship between CEO compensation and CSR was present. Instead, there are findings that reveal the link that exists between the types of CEO compensation, whether through stock or non-stock option, and firm performance. Examples of findings with linkages between CEO compensation and performance include the study by Boumosleh and Cline (2015) where the authors found that director option remuneration had an inverse relation with the distribution of dividends.

It is challenging to create a uniform scale for use to gauge CEO compensation across different industries, in spite of the existence of linkages between disclosure type and CEO compensation. As such, Gill (2014) stated that two separate compensation gauges should be set aside, one for the CEOs of profitable companies and the other for CEOs of loss-making companies. While corporate governance disclosures are simpler to construct than social disclosures, it is inaccurate to gauge or score any disclosure solely on a disclosure basis as other parameters need to also be considered For example, it is

essential to consider the reason for the creation of each company policy, which requires public disclosure by senior management. Kim, Park, and Wier (2012) said that firms that behave in a socially responsible manner were more likely to act responsibly toward earnings management which protects shareholder wealth. A socially responsible company is more likely to ascribe to the principles of corporate governance without the sole reliance on appropriate executive compensation to attain sound governance.

Lack of clarity regarding CEO compensation. While there may be a relationship between CSR and CEO compensation, there is lack of clarity regarding the provision of a controlled environment that may negate other factors that could play a central role in enabling the relationship. Empirical study of Guthrie, Kwon, and Sokolowsky (2017) is denotative of a positive relationship between CEO compensation on one side and experience, qualification, and organizational type on the other. CEO compensation is a function of several factors that include corporate performance, CEO training, record of accomplishment, and the perception of the propensity of his or her ability to influence and deliver corporate returns.

A discussion on corporate governance and CEO compensation is incomplete without consideration of the links between firm performance and the remuneration of CEOs. Laskar and Maji (2016) said stock options are one of the principal ways through which companies reward CEOs with bonuses for satisfactory performance. Laskar and Maji were explicitly interested in the effects of corporate governance on CEO compensation during moments of financial recession and explored the opposing viewpoint conventionally held that CEO pay directly relates to performance. Better-

governed firms that provide marginally high returns to CEOs in the form of stock options have the predisposition during a recession to outperform those that exaggerate CEO compensation (Armstrong & Green, 2013; Laskar & Maji, 2016). Hence, the revelation about the linkages between firm performance and the remuneration of CEOs is valid as it is reliant on the essential element at the core of every shareholder interest, that is the CEO compensation, and the manner in which corporate entities attempt to align CEO and shareholder interest.

Conventionally, corporate governance is heavily reliant on financial performance measures originating from audited financial statements that portray earning levels and other means of growth. However, Lau and Roopnarainb (2014) expanded on the importance of incorporating non-financial performance measures, which are measures, not expressed in monetary units due to the increasing interest in non-financial performance measures and supported the idea of the importance of organizational awareness on the organizational use of specific performance measures to enhance employee motivation. The dominant use by corporate organizations of financial performance measures obscures the use of non-financial measures to gauge financial performance.

Remuneration with Long-Term Stock Options

There is a clear link between corporate governance and executive performance as corporate governance plays an essential function in the monitoring and control of operations. Sound governance enhances firm performance (Choi, Jo, Kim, & Moo, 2018; Wanyama & Olweny, 2013). Zhang and Gimeno (2016) said long-term investors and

managers could work in tandem to reduce quarterly earnings and focus instead on long-term profitability, sustained growth, and performance. Lau and Roopnarainb (2014) recommended that financial performance measures entail a financial and non-financial yardstick, though a focus by corporate organizations on long-term profitability introduces a new dimension scope, which fails to stipulate whether a measure of performance is financial or non-financial. Zhang and Gimeno (2016) focused on how various conditions of corporations affect the strategic direction of executives in the face of the quarterly earning obsession that permeates the stock markets. Zhang and Gimeno complemented the findings of Baber, Sok-Hyon, Lihong, and Zinan (2015) and highlighted the correlation that exists between long-range investor attitude and short-term earning by evidencing that indeed a negative relationship is present. Corporate directors rely on the findings by Baber et al. (2015) in establishing optimal compensation and fringe benefits for C-level staff or high ranking executives in a manner that reduces the propensity for misconduct and poor governance.

Incentive contracting. Human resource managers rely on incentive contracting as a tool for performance management to motivate employees to realize a perceived objective. Geiler and Renneboog (2016) analyzed the executive remuneration by concentrating their efforts on the pay of the CEO by carrying out a quantitative research method using the statistical regression approach and the nested logit model and said that the suitability of corporate governance is reliant upon environmental as well as organizational imperatives. These findings add to the growing body of knowledge that links corporate governance and performance with environmental considerations.

The findings by Geiler and Renneboog (2016) indicated that for non-dividend protected pay, the option of pay had a direct bearing on a CEO's stock options. As most stock options are not dividend protected, scholars suggest that stock options motivate managers to opt for the repurchase of stock over a dividend payout (Boumosleh & Cline, 2015). Geiler and Renneboog illustrated the existence of an inverse relationship where the projected stock prices had a compressing effect on the value of stock and other equity-related remuneration and advocated that senior managers and human resources managers should devise strategies that ensure that the compensation for senior managers was dividend blind or dividend neutral. The recommendation would ensure that the type and manner of equity payouts would never influence the CEO wealth.

Long-term stock options. An intricate association is present between a business executive remuneration and performance. This linkage is present whenever human resource managers document and propose the contractual details for the pay package of CEO and senior managers. Liu, Padgett, and Varotto (2017) studied the linkage between bank merger and executive compensation and the manner in which it linked explicitly to corporate governance and analyzed pre-post-merger on essential components such as the ROA-Return on Assets, leverage, equity, and risk. Contrary to the position advocated by Boumosleh and Cline (2015), Geiler, and Renneboog (2016), their results support the view of absence in the linkage between bonus payment and measures of value creation. The finding by Liu et al. is essential in the provision of a contrary view than the girding premise of the agency theory where misalignments often imply that CEO compensation may not be commensurate with corporate performance. Consequently, Liu et al. observed

that while salary and other long-term compensation were consistent with optimal contracting arrangements, bonus payments had the potential for manipulation in corporate entities without sound governance. The knowledge of the flaws in using bonus as a motivational tool is essential evidence supporting the view that misalignment of the interest of shareholder and CEO would not necessarily fail in maximizing shareholder wealth.

Understanding the contribution of scholars to the intricacies of the linkage between CEO remuneration with long or short-term stock options is necessary for performance contract management and more importantly for gaining an understanding on the effects of corporate governance. Notwithstanding, a corroboration of the limitation of each study is necessary when considering each contribution. For instance, an essential limitation of the study by Liu et al. (2017) is its primary focus on the banking sector and its restrictive in scope that center purely on the pre-and post-merger period.

Agency Theory Framework and Governance

Introduction. Agency theory is the relationship that prevails between the principal who is the shareholder, and the agent who is the company's management. In the agency theory or the agent-principal relationship, the overriding assumption is that the managers are inclined to make decisions that would not maximize shareholder interest due to non-alignment of goals between the principal and the agent (Abdullah & Valentine, 2009). Agency theory is ignorant of the works of other theories such as the indispensable assumptions from traditional management theory. Davis et al. (1997) differed with the views postulated by the agency theory and asserted that agency theory

assumes that management would always opt for the best alternative that increases their self-interest when faced with different options. Similarly, Pande and Ansari (2014) aligned their stance with Davis et al. and observed that the present governance structure and the blurring of roles between the shareholder, the board, and management work to make agency theory unproductive at its best.

Agency theory is denotative of the principal-agent theory. Ross and Mitnick established the agency theory in 1973 (Mitnick, 1973). Mitnick was responsible for the introduction of today's conventional concept that institutions use around agency (Mitnick, 1975). On the other hand, Abels and Martelli (2013) contended that the economic theory was the origin of the agency theory and that it is near impossible to discuss corporate governance without reference to the principal-agent theory. Other scholars such as Ferrero-Ferrero, Fernandez-Izquierdo, and Munoz-Torres (2012) and Denis (2016) emphasized on other essential aspects in the understanding of corporate governance structures. Geiler and Renneboog (2016) analyzed the governance structure through the prism of CEO remuneration and noted that environmental and organizational imperatives were essential in devising a sound governance structure.

Interest alignment for the principal-agent. The principal-agent theory is a derivation from the relationship termed as the principal-agent relationship. Given the nature of corporate entities there are two stakeholders at the heart of each corporate body in the principle-agent (Anand, 2012). The two stakeholders are the principal and the agent with the principal as the shareholder and the executives, the agent (L'Huillier, 2014). The central proposition of this theory state that shareholders desire a maximization

of their interest in a company when they invest capital while the executive leads and manage the company with the shareholders hopeful that the actions of the executives would be in the best interest of the shareholders (Isaac, 2014). Understanding the necessity of alignment, and the manner of achieving that alignment of interests is paramount in corporate governance. Dawar (2014) identified the mismatch in interest between the shareholders and executives as the crux of misconduct. Agency theory is the leading and founding theory of corporate governance while agency cost is its derivative. Agency cost is the cost an agent incurs while acting on behalf of a principal (Abels & Martelli, 2013). These costs prevail due to problems, such as conflicts of interest between shareholders and management (Feil, Rahman, & Sabac, 2018; Manzur Quader, & Dietrich, 2014). It is in the interest of companies to reduce these costs to every extent possible in the efforts to align stakeholder interest.

Limitations. Although agency theory holds a central place in the formulation of corporate governance principles and is one of the fundamental theories that emanate from economics it is not without limitations. Building upon the agency theory's drawback on the hypothesis of misaligned interest prompted (Donaldson & Davis, 1991, 1993) to develop the stewardship theory that provided a new perception to understanding the relationships between shareholder and management. The authors proposed that while on their own, managers will act responsibly as stewards of the assets they control. The stewardship theory addresses the limitations and assumptions of the agency theory (Balakrishnan, Malhotra, & Falkenberg, 2017). Hence, the stewardship theory counters the central hypothesis of the agency theory as espoused by Ross and Mitnick (1975) and

supported by researchers, as such Segrestin and Hatchuel (2011). The view advocated by Donaldson and Davis (1991) in formulating the stewardship theory, and in detailing the shortcomings of agency theory matches with the views by Clarke (2015) and Kultys (2016) who were highly critical about the weaknesses of agency theory. As such, the premise in stewardship theory is contradictory to, and divergent with the premise in the agency theory.

Alternative theories. Business scholars have candidly taken the option of making consideration of the two dominant theories around corporate governance. For instance, Glinkowska and Kaczmarek (2015) studied the two-tier board of a company where they analyzed both the classical and modern approaches to corporate governance through the lenses of agency theory and stewardship theory. The authors contended that the heart of the problem with poor governance lies squarely on the relationship between the supervisory board and the governance management board, and the role performed by the supervisory board. In their study, they drew parallels and comparisons between the agency and the stewardship theory where they underscored that theoretical basis for agency theory and stewardship theory is the field of economics and organizational psychology respectively (Glinkowska & Kaczmarek, 2015). The authors' findings and conclusion are indicative that attempts at refining and creating a modified and complementary theory for agency theory signify the lack of an optimal model for corporate governance. This viewpoint differs with that of Mitnick (1975), Donaldson and Davis (1993) as well Clarke (2015), and Kultys (2016) who were keen contenders of a

sole holistic theory and not a theory that modified the considerations of agency and stewardship theory.

The desire to mitigate the limitations of the agency theory that could not effectively curtail the numerous global scandals led to the propagation of the stewardship theory and the OECD guidelines. Clarke (2015) criticized agency theory as overly lopsided and one-dimensional. Donaldson and Davis (1993) also aligned their recommendations with Clarke by stating that agency theory relies on methodological individualism and possesses a shallow motivation model. These criticisms intersect with the opinions of Kultys (2016) who identified the spate of corporate governance and the unending economic crisis as the key drivers of the ongoing debate on corporate governance. In the study, Kultys used the descriptive and comparative method in the presentation of various models of corporate governance and presented a thorough analysis of the agency theory. Kultys created a model with supporting documentation on the definition of agency theory with egotism as the dominant limitation of the theory.

Business and economics scholars continue to propagate alternative theories to mitigate the perceived shortcomings of the agency theory. Kultys (2016) provided extensive descriptions of other theories that include the stewardship theory and contrasted its differences with the agency theory. Kini, Kracaw, and Mian (2005) stated that assumptions that a contractual agreement between the principal and agent are unreasonable to resolve the agency problem and proposed the market for corporate control where a well-performing firm takes over an inefficient one and as a result eliminate poor performing manager. The research by Kultys intersects with that of Kini et

al. as both researchers deliberated on the social agency theory that is an extension of the classical agency theory, and stated that its creation was due to the unrealistic underpinnings of the agency theory.

Business scholars have been able to highlight the shortcomings of agency theory in the proposals of alternative theories. Kultys (2016) contended that the agency theory is wanting, suggesting a modified version that incorporated a legal framework that gave preeminence to the director primacy model vide the theory of team production. Panda and Leepsa (2017) supported the inclusion of an independent board of directors to regulate the decision and actions of senior managers in aligning them with the interest of the shareholders. The research by Kultys is in alignment with that of Panda and Leepsa as Kultys recommended a revision of the corporate law that would confer power to the board of directors. A recommendation of the accordance of power to the board of directors is in stark contrast with the current agency theory where shareholders confer power to the board.

CEO duality. Although CEO duality is rampant and legal, many perceive its governance structure as feeble. Abels and Martelli (2013) criticized the mechanism of CEO duality as an optimal governance structure after carrying out a study of large corporations in the United States listed on the Fortune 500. Abels and Martelli demonstrated and contrasted the extent of CEO duality that existed in 2008 to 2010, and showed the manner in which retiring CEO continued to act as company chairperson. Conversely, Firth, Wong, and Yang (2014) undertook a study in corporatized state-owned

firms in China and noted that in profit-making firms, CEO duality is detrimental to firms' corporate governance and performance.

The assumption in the corporate business world is that CEO duality represents a weak governance structure and hence invariably leads to an increase in agency costs. Abels and Martelli (2013) commenced their study on the premise that the agency theory implies that duality in the role of CEO and chairperson increases the chance of agency costs, as it predisposes management to self-interest. They contended that the duality permitted CEOs to dominate over the board of directors, which was the main reason that led the Securities and Exchange Commission (SEC) and other regulatory authorities to insist that companies divorce the dual CEO and chairperson role. Their findings, although skewed toward duality in CEO role, are in alignment with the view held in Germany, Austria, and the Netherlands, where the governmental regulatory authorities had long instituted a dual-tier system, albeit for the board of directors with the management as separate from the supervisory board. Bezemer, Peij, de Kruijs, and Maassen (2014) identified the manner of curtailing the inherent complexities of a two-tier board consisting of the supervisory and management board and suggested that the two-tiered board system as an effective tool for attaining sound corporate governance. The research recommendation by Bezemer et al. intersects with that of Abels and Martelli in advocating for a dual governance structure. Both studies have potential in offering support to the recommendation for segregating the dual role of CEO and chairperson within public corporations with the aim of enhancing sound governance through independence and transparency.

The Effect of Globalization on Firm Governance

The global business world is complex, dynamic, with a plethora of mergers, acquisitions, and hostile takeovers, and other structures established to protect against torrential currents and cut-throat competition. Thanks to globalization, it is increasingly becoming difficult to speak of a standalone market as the world has become intensely interconnected. We live in a globalized world where the trading occurs in one marketplace. Enhancement in the transmittal speed of information, knowledge, goods, and services is the result of the information era in tandem with technological innovations. Ahmed and Van Hulten (2014) noted that globalization would likely only benefit countries that are open to trade and possess sound institutions. While there are several benefits from globalization, anti-globalization activists suggest the contrary, that globalization is solely responsible for a plethora of social and economic ills that permeate today's society. Globalization has created an integrated financial and capital market development, which creates uncertainty and risk (Aziz, Manab, & Othman, 2015). Hence, risk management continues to gain prominence in the global financial world.

Financial scandals. There are several definitions for globalization though the topic of globalization and its related benefits remains deeply contentious. The years succeeding 1990 were times of massive expansion, growth, and economic development that saw companies move to establish businesses abroad. Yoder, Visich, and Rustambekov (2016) indicated that many companies adopted an international expansion strategy to take advantage of emerging opportunities presented by target markets.

However, Harris (2015) noted that distortions in the rampant growth and success of companies arose from the notable failures and financial scandals as companies sought profits. For example, Enron the energy giant became bankrupt in 2002 due to debt-related fraud and misrepresentation with Anderson following suit in the similar era. Equally, to eliminate corporate fraud, the USA enacted the Sarbanes Oxley's Act of 2002 while several nations enacted the codes of corporate governance for similar reasons. Notwithstanding, it is unfortunate that these regulatory measures are insufficient in the elimination of financial scandals from the global world. Globalization is impactful to firms in a myriad ways that produce unprecedented change and challenge to the robustness of each governance structures. Technological advances have translated to cheaper transportation costs and faster speed which imply that small and medium enterprises (SMEs) can access global markets making the world closer and integrating trade, and global financial markets (Ahmed & Van Hulten, 2014). Globalization has led to the creation of new markets and the growth of new global players. Some countries in the southern hemisphere have witnessed sharp economic growth and development. Melo (2015) conducted a research study with a focus on the emerging markets and presented a comparative case study that viewed the various elements of corporate governance systems in the emerging economies of the BRIC (Brazil, Russia, India, and China). The author contrasted and compared the critical components of corporate governance for the countries clustered in similar groups and noted that there were stark differences observed in each group.

Governance structures are different from one jurisdiction to another, as does the role of the state, which may present a complicated scenario for international organizations whose regional operations transcend national borders. Duman and Üsenmez (2016) stated that rapid trade and globalization characterized the period post the 1990s because of technological advancement, and showed how transformation on the role of the state aligned with the imperatives of a dynamic international market. On the other hand, Melo (2015) assessed the internationalization patterns of seven major companies within the BRICs with the composition of board structure and the requisite attributes of directors and noted that the role of the state should be minimal in guaranteeing an optimal system of governance. Duman and Üsenmez provided a contrary view detailing how the state plays a significant and transformative role of bailout to assist companies mired in a financial crisis.

Monitoring and control are essential links in the realization of an optimal governance structure. In the research study by Duman and Üsenmez (2016) and Melo (2015) the government was the subject. However, Roman (2015) emphasized on the role played by the shareholder in combining a three-pronged approach to corporate governance by conducting a quantitative study on the banking and finance industry by analyzing the connection between corporate governance, internationalization, and government bailouts. Roman mainly addressed the element of monitoring by exemplifying how shareholder participation is essential and correlates with a company's risk and performance, and observed how shareholder involvement and activism might create shareholder value, and act as a destabilizing force. Roman aligned the conclusion

of his study around the shareholder-creditor conflict that often has the potential to lead high-risk return initiative that could be detrimental to creditors.

Ethical Consideration of Globalization

Business scholars often refer to business ethics as corporate ethics. Berger and Herstein (2014) defined business ethics as the moral philosophies that monitor the manner in which company acts. Business ethics is an essential component of globalization. Corporate leaders need to be prudent and trade ethically with globalization. Trading ethically ensures that leaders, shareholders, and other stakeholders hold the CEO accountable for ethically transacting business. Human rights activists have also assisted in the war against exploitation, as is the case when the human rights watch uncovered several instances of unethical practices.

The creation of a universal global body is limited and may not guarantee that globally companies trade ethically and fairly. The production of a universal global body is undoubtedly impractical. Besides, it is impossible to institute an agency to oversee and guarantee that all companies will trade responsibly. Ahmed and Van Hulten (2014) said that globalization would likely only benefit countries that are open to trade and possess sound institutions. We live in a globalized world with fragmentation in the judicial or regulatory framework. Laws in one country are not necessarily applicable to another, besides it is inconceivable to imagine the laws to which such an oversight body would prosecute.

Each person has a role to play in the global business arena that is increasingly dynamic and complex. The power and leverage for change rest mainly with consumers to

buy from companies that act ethically and responsibly (Fish & Wood, 2017). Consumers may choose to boycott individually or collectively the products that do not prescribe to the dictates of fair trade. Consumers can form movements or inform global activists about instances of unfair trade. Rodrigues and Borges (2015) stated that consumers play a central role in every section of the economic activity of a company. The perception of a company's CSR potentially affects the attitudes of consumers toward a given.

Accounting Qualification and Accounting Misrepresentation

Many scholars try to establish a correlation between the recognizable accounting qualifications, or lack thereof, and accounting misrepresentation by firms in attempts to uncover the cause of scandals that permeated the corporate world. Adewuyi and Olowookere (2013) argued that corporations must hire aptly qualified managers and board members to guarantee sound governance and a corresponding reduction in noncompliance. The hire of skilled managers ensures that a compliance officer is in place for the proper implementation of the code of corporate governance. Adewuyi and Olowookere surmised the essential elements of organizational and performance management that managers and business leaders need to implement to assure sound governance continually.

Singly, the lack of appropriate accounting qualifications does not directly construe an instance of accounting misrepresentation. In contrast to the research findings by Adewuyi and Olowookere (2013), Baber et al. (2015) segmented corporate governance into two parts and identified an external as well as an internal element toward misconduct and accounting misstatements. Baber et al. shed light on the apparent

linkages that exist between the misrepresentation of annual financial statements and corporate governance and identified the factors that provide an incentive for sound governance. These authors coined the term incentive effect to illustrate the relationship between the financial misstatement and external governance, by elaborating that management incentive to misrepresent financial statement and internal control oversight was a factor that directly determined the propensity of financial misrepresentation. Unlike the researchers Adewuyi and Olowookere who solely viewed internal factors as the leading cause of poor governance, Baber et al. contended that external governance plays a critical role.

Board Appointment, Independence, and the Audit Committee

A board of directors is independent when there is a substantial amount of independent non-executive directors. Bernard, Godard, and Zouaoui (2018) stressed on the qualification of the board of Directors. Various national stock exchanges recommend the appointment, the independence of a board of directors, and the presence of an audit committee as fundamental in guaranteeing a sound system of corporate governance (Mulgrew, Lynn, & Rice, 2014). Nonetheless, there are various empirical evidences regarding the effect of board structure on firm performance.

As with the independence, the qualification and experience of a board is an essential component in corporate governance literature. Padilla (2015) elaborated on the manner that disclosure of the knowledge of the board of directors affected the financial performance of companies. The author's literature review and theoretical framework addressed the main components of agency theory as well as the resource dependence

theory, and he undertook his research by conducting a quantitative study to assess whether there was a correlation between disclosures of director experience to firm performance. Padilla concluded that a relationship existed between the two variables; specifically, there were seven striking characteristics of the directors with linkages to good corporate performance.

Qualifications of the Board of Directors. The qualifications of many board of directors are numerous and diverse as companies preferences differ. Some companies insist on specific attributes for the board of directors. There is an intersection in the research study by Padilla (2015) and White, Black, and Schweitzer (2015) as the researchers highlighted on the experience and qualification of the board of directors. White et al. undertook a study where they examined the effect of the appointment of an academic director on corporate governance. They specifically examined the processes and the procedure around the advertisement, selection, and hire of external directors. The authors indicated that most small- to medium-sized firms tend to employ foreign academic directors. Their study yielded comparative statistics that elicited the critical reasons behind the appointment of academic directors as well as the consequential reaction by the market on director heterogeneity. The empirical results and findings provide analysis and the clustering of firms to three broad groups for the types of academic directors and the related market reaction.

Crespí-Cladera and Pascual-Fuster (2014) carried out a quantitative study and examined publicly traded companies in Spain. The authors noted the endorsement of Spanish best practices that the majority of members are independent directors and lead

the audit committee. In the study, Crespí-Cladera and Pascual-Fuster used a dataset consisting of 752 firms from 2009 to 2014. With this dataset, they compared the firms against a set of eight relevant statistics of board independence in Spain. Their results indicated that 14.2% of the firms had exactingly independent directors. Their analysis using the Pearson correlation coefficient revealed a high linkage between sales and market capitalization and confirmed that the stronger the control is by a significant shareholder, the lower the propensity for misrepresentation by independent directors. Crespí-Cladera and Pascual-Fuster viewed their findings in light of the agency theory, which premises that the independence of the director implies control and is an essential element to guard against the wealth confiscation of the shareholder. The authors supported the view that the independence of directors was more essential for firms with dispersed ownership structures than for those with concentrated ownership, such as those commonly found in Spain. The identification of the importance of director independence by Crespí-Cladera and Pascual-Fuster, especially for firms with dispersed ownership structures indicate the point of digression with the research by Padilla (2015) and White et al. (2015) that focused on specific attributes of the directors. These digressions are evidence from empirical research about the influence of board structure on firm performance is varied.

The appointment and independence of a board of directors is one prong in the understanding of the effect of the board of directors on corporate governance with an audit committee as the other. Mulcahy and Donnelly (2015) highlighted on the effects of the relationship between an external auditor and the audit committee members and

illustrated how the relationship influences the opinion of audit committee members when faced with divergent views between the external auditor and an organization's management. To accomplish this, the authors assessed and concluded that the audit tenure had no significant effect on the quality of work produced by an external auditor. Congruently, Brennan and Kirwan (2015), Krenn (2015), and Bhojraj and Sengupta (2003) criticized the use of an audit committee and stated that it is one-sided, flawed with similar limitations as that of the Board of Directors, and failed to consider present day complexities. The use of an audit committee is inadequate in mitigating the shortcoming of reliance on the external scrutiny by the external auditor or board of directors.

Mulcahy and Donnelly (2015) underpinned the role of an external audit toward the audit committee whereas Hsu and Wu (2014) undertook a quantitative investigation to uncover the relationship between board composition and organizational corporate failures in the United Kingdom. Their sample constituted a broad spectrum of failed firms that were deregistration from the London Stock Exchange (LSE) from 1997 to 2010. Equally like Mulcahy and Donnelly, and, Hsu and Wu conducted a quantitative study using regression as well as a univariate analysis to assess the relationship between corporate governance and corporate failure and used the definition provided by the U.K. corporate governance code to distinguish between the independent and non-independent directors. A grey director is often the terminology that is in use for non-independent directors.

The findings by Hsu and Wu (2014) illustrated through the provision of annual comparisons of financial performance that companies with a higher percentage of grey

directors were less likely to fail. On the contrary, the researchers indicated the existence of a significant and positive relationship between independent directors and poor governance. The findings of the study are contrary to conventional thinking on corporate governance. For instance, Srivastava (2015) stated that a board composition with an independent, grey, and inside directors, is essential for sound governance. The findings are supportive of the propositions of the collaborative board model that underpins the essential role of the grey directors.

The study by Srivastava (2015), Crespí-Cladera and Pascual-Fuster (2014), and Mulcahy and Donnelly (2015) have notable intersections and complementary points on the constituents parts of the Board of director function as an essential link in the quest for sound governance. Hsu and Wu (2014) gave value and credibility to the role played by grey directors and in contrary magnified the exaggeration placed on the role of independent directors after the onslaught of the major corporate scandals. The document by Hsu and Wu has fundamental leads and implications on past literature on corporate governance.

Corporate Governance Regulation and Global Scandals

The role of senior executives and accountants is essential in curtailing poor governance. Their actions, activities, and decision have an essential bearing on governance and the manner of sustenance of a company's profits over extended periods. Low, Davey and, Hooper (2008) observed that at the heart of most business scandals were accountants who knew, aided, or contributed to a corporate scandal.

The recent spate of financial scandals transcends through all regions, as the globe increasingly becomes a single trading floor. Sebhatu and Pei-lin (2015) focused their attention on newly industrialized nations with the example of China by conducting a multiple qualitative case study and highlighted that global scandals have been on the rise where they cited examples of the recent global scandals that occurred within the international concerns in China. In the article were reflections of the unfortunate reality and confounding fact of seeming contractions in the corporate world, where efforts marked toward global transparency do not align with a decrease in the level of global scandals. The authors observed that the United Nations Compact indicates that corruption accounts for about 10% of the total cost of doing business world over. The findings of the study are significant in the demonstration of the existence of a positive relationship between good governance and efforts to eradicate corruption. Sebhatu and Pei-lin elaborated on the linkages between governance and bribery and placed in context, the role of value-based businesses in working in tandem with governance framework established by governmental institutions. Corporate governance and misconduct possess linkages with changes in one factor influencing the other.

Evidence from research of a correlation between governance, regulation, and global scandals particularly with globalization give possible indication to the existence of an inverse relation between the establishment of national governance regulation and global scandals. Mugarura (2016) sought to determine the existence of a linkage between the establishments of robust corporate governance regulations that is responsible for the success or failure of corporations. Mugarura stated that regardless of how robust internal

control rules are, the fate of firms is also dependent on factors such as globalization, which are beyond the control of firms. The intersection point in the research by Sebhatu and Pei-lin (2015) and Mugarura is in discounting the premise that the presence of national or corporate governance regulation automatically translate to the achievement of sound governance for firms.

Financial Performance Linkage with Corporate Governance

There are strong linkages between firm performance and corporate governance. Undoubtedly the topic of corporate governance has received many a great attention particularly after the continued spate of corporate scandals (Grove, Patelli, Victoravich, & Xu, 2011; Lins, 2009). Donker and Zahir (2008) contended that creation of a mechanism for corporate governance would indisputably eliminate void in corporate governance. Consequently, attempts to fill the void led to the formulation and suggestion of several tools that range from the gadgets that enhance more transparency to the proposal by international institutions of corporate governance for a unified regulatory framework. An example of a unified framework is the principles of corporate governance, formulated by the OECD.

Corporate performance and risk. The intermediary role of governance in the linkage between corporate performance and risk is strong. For instance, Chang et al. (2015) undertook a study on Taiwanese listed companies to assess the link between firm performance and risk by relying on empirical evidence from Taiwan to develop a set of corporate governance assessment indices from the OECD categories. To proceed, Chang et al. fashioned a mechanism of unique features based upon firm disclosure, shareholder

rights, and the composition of the Board of directors. The authors were able to niche out the parameters that buckle corporate governance to risk and firm performance. The results of the studies on correlations between firm performance and corporate governance are confirmatory of the presence of a positive association with some notable exceptions. Chang et al. revealed five primary corporate governance variables associated with performance and risk, as well as highlighted on the mediating effect of corporate governance in the link between performance and risk. Correctly, the authors observed a divergence from the positive relationship between risk and return during a financial crisis, as the effect of corporate governance created a suppression effect, consequently, creating a negative correlation between risk and performance. Four distinct categorization of corporate governance variables were in the study results, where Chang et al. indicated that shareholder rights had a positive effect on firm performance and risk, as did the chairperson and CEO split. The research finding by Chang et al. are parallel with the research that Firth et al. (2014) undertook in corporatized state-owned firms in China and said that CEO duality is detrimental to firms' corporate governance and performance.

The results of the study by Chang et al. (2015) that shareholder rights and the absence of CEO duality have a positive effect on firm performance and risk, and are parallel with the findings of the study by Ferrero-Ferrero et al. (2012). Tsai and Tung (2014) noted that there is a relationship between CEO duality and government shareholding, and firm performance. The alignment fortifies the view that the effectiveness of the board of directors is sensitive to economic periods and the capital base serves to lower the rate of corporate risk-taking during a time of financial crisis.

Similarly, the research by Chang et al. in addition to creating an exception to the rule on the correlation between firm performance and risk showed that companies with higher levels of corporate governance reported high performance and low-risk levels. Consequently, Chang et al. underscored the essential role of addressing governance strategies by business leaders keen on risk management and value creation. These studies are essential in illustrating the essential link that exists between sound governance, firm performance, and risk, and for providing with the instances of the exception to the rule.

The effect of regional and national dimensions. While the formulation of a specific set of assessment indices for governance is an essential component in assessing firm performance, there is a continuation in desire to delve farther in the understanding of corporate governance and risk through the attempt at uncovering the effect of regional and national dimensions. Waweru (2014) undertook a quantitative regression analysis and examined the most significant 50 companies in South Africa listed on the stock exchange. Waweru undertook the study to establish the main factors that drive the quality of corporate governance in South Africa. Similarly, Şahin (2015) undertook a research study to understand the legitimacy of the codes of corporate governance from the perspectives of the developed and emerging economies.

Waweru (2014) described the main factors that shaped the standard of corporate governance as investment opportunity, firm size, and leverage, and observed that there is a plethora of studies focusing on the developed world with a limited number on sub-Saharan Africa. Şahin (2015) noted that the adoption of the common features of corporate governance standards is due to globalization though the codes of corporate governance

are not operational. Samaha, Dahawy, Hussainey, and Stapleton (2012) echoed the findings and observations of Waweru and stated that study on regional dimensions adds values to understanding the geographical and regional dynamics of corporate governance as relatively fewer studies exist on governance in sub-Saharan Africa. Notwithstanding, developing economies each possess huge disparities amongst themselves (Euromoney, 2007) hence the need to address corporate governance for each country separately. Consequently, it would be inappropriate to make blind generalizations of findings from a company to another with unique regional features.

Corporate governance mechanisms and firm performance. Evidence from the European context on the linkages between corporate governance and firm performance are numerous. Felício, Ivashkovskaya, Rodrigues, and Stepanova (2014) embarked on a study to examine the effect of corporate governance mechanisms on firm performance by reviewing the significant banks listed on the European stock exchange. Their assessment led to the findings that specific corporate governance variables had a direct effect on firm performance. The variables include the appointment age and meeting frequency of the board of directors. The authors' study has a direct contribution, in the development of substantial performance drivers amongst corporate governance indicators within the European banks and synchronizes with the research by Ferrero-Ferrero et al. (2012) and Waweru (2014). These authors noted that a correlation exists between corporate governance mechanisms and the financial performance of firms. The research study by Felício et al. provided unique lenses of a highly volatile capital market through which the effect of corporate governance on firm performance are observable.

The considerations of factors external to a firm are equally essential to the understanding of the linkage between governance mechanism and firm performance. Cheng, Liu, McConnell, and Rosenblum (2017) carried out a quantitative research study to ascertain causality by focusing their attention primarily on the fortune ranking of America's most outstanding company to establish the effect that this rating when published in the media, would have on corporate governance. The authors indicated that the ranking has a direct relationship and influence on CEO decisions on investment in firm capital. To underscore the linkage between governance and firm performance the report uses reputational risk.

Reputational risk is not the sole external element in comprehending the linkage between governance mechanism and firm performance. The empirical results from the research study by Cheng et al. (2017) are parallel with the view of Dyck, Volchkova, and Zingales (2008) that exogenous favorable results may serve the purpose of heightening CEO reputational capital. Cheng et al. elaborated on the manner in which factors external to a firm may have a bearing and direct influence on CEO activity and influence on corporate governance. The findings on external factors that influence CEO activity are significant and potentially valuable to the body of knowledge in governance.

Empirical research indicates the existence of a correlation between financial performance and governance mechanism. Habbash (2016) undertook a quantitative correlational research study to examine whether a positive relationship existed between corporate governance and financial performance by reviewing the market value and earnings on assets as well as the ROI-the return on investment of companies in the

Kingdom of Saudi Arabia in 2010 to 2014. The findings provide evidence to the presence of a statistically significant relationship between corporate governance and financial performance. The findings of the study are in alignment with the recommendations of Felício et al. (2014) who noted that there is a correlation between governance structures and firm performance such. The findings by Habbash give credence to initiatives by regulatory authorities to encourage the full enactments of mechanism that enhance sound corporate governance.

Governance and Corporate Social Responsibility

The manner of orientation of a firm’s corporate strategy has a direct bearing on its relationship with its stakeholders and its perceived societal responsibility. Consequently, the means and strategic aim of CSR and corporate governance are in close alignment. Devinney, Schwalbach, and Williams (2013) stated that a firm's CSR solidly anchors in its value proposition statement. A consideration of one without the full comprehension of the effect of the other is inadequate. O’Dwyer (2003) defined CSR as the means by which companies create and distribute wealth to all stakeholders with a high consideration for ethical implications.

Firm ownership has a direct bearing on governance and the strategy on CSR. Choi, Lee, and Park (2013) undertook an assessment study by formulating five hypotheses, which resulted in findings of a negative correlation between CSR and the categories of earnings management. The result of the study by Choi et al., however, discounted their hypothesis by indicating that while a negative correlation existed, it was weak for firms that have a highly focused leadership structure.

Empirical evidence is demonstrative of the strong linkages that permeate corporate governance strategies on financial disclosure and transparency, particularly the manner in which they interweave with earning potential and ultimately corporate responsibility. Choi et al. (2013) provided insight on the linkages between CSR, earning and financial disclosure. The authors noted that there was a propensity for some firms to abuse CSR measures to cover up poor performance accordingly the authors discouraged the utilization of extreme CSR measures where firm ownership is highly skews toward institutional investors.

Business literature on corporate performance incorporates the main considerations of the effect of corporate governance mechanism on firm performance during periods of financial crisis. Essen, Engelen, and Carney (2013) researched firms within the European Union prior and post a financial crisis to gauge the effect of sound corporate governance on corporate performance. Their findings are demonstrative that the establishment of proper measures of governance by firms was inadequate in a financial crisis. In essence, in a crisis moment, good governance policies would be counterproductive, as they would limit the highly desired broad decision-making platform necessary during crisis management. The study has significance in countering the conventionally held viewpoint that good governance had a direct effect on corporate performance consequently contradicting the research by scholars such as Felício et al. (2014). Notwithstanding, the research finding by Choi et al. (2013) is in alignment with the study by Ferrero-Ferrero et al. (2012) in the reinforcement of the view that the effectiveness of governance mechanisms is sensitive to economic periods. Hence, with these studies their authors

outlined an illustration of the scope where good governance is unsuitable and demarcations of the boundaries and the value of good governance.

Although wealth maximization is the overriding aim for firms, a corporate strategy that aims at establishing socially responsible firms have a direct bearing on the sound governance. Denis (2016) researched corporate governance and provided contrary evidence on the established business process of wealth maximization. Denis argued that the traditional norms that corporate entities use to maximize shareholder wealth were detrimental to businesses and other stakeholders. The author advocated for an all-encompassing analysis and strategy that would adequately maximize and create wealth for shareholders, by generating higher net earnings as a result, high EVA-Economic Value added while minimizing the opportunity cost of doing business. Denis elaborated extensively on the potential detriments of deviating from shareholder wealth maximization. The study by Denis is indicative of how governance directly correlates to media pronouncement and engagement and how the efforts of government enhance good corporate governance. The research findings by Denis are in alignment with the investigation by Cheng et al. (2017) as both authors offered a revelation of the effect of public publication of company ratings on corporate governance. Denis demonstrated the essential linkages between corporate governance and CSR by emphasizing that sound corporate closely enshrines to wealth maximization for the shareholder and other stakeholders.

Boosting CSR. Employees are an essential stakeholder group that is indispensable for any firm as employees have a significant role to play in the attainment

of a sound system of governance. Flammer and Luo (2017) undertook a research study on the employment of CSR as a tool to enhance employee engagement and found a positive correlation in companies' reaction to adverse employee behavior by heightened CSR endeavors. The benefits of using an effective CSR as a motivational tool is evident in the study. The authors provided substantial evidence of a relational link between CSR and employee engagement

Business scholars strive to find a solid understanding of the effect that CSR and governance tangibly has on the profit margin of corporates. Fish and Wood (2017) underscored the importance of maintaining congruence between corporate governance and CSR. The author commenced by demonstrating how it was valuable for management to recognize and instill sound measures for corporate governance and CSR. Like Kultys (2016), Fish and Wood expanded upon agency theory and economic theory by underpinning on the insufficiencies of these theories. Fish and Wood illustrated the complete effect of CSR on corporate performance and hence added value to the body of knowledge on governance. The authors underscored the importance of maintaining an optimal balance between CSR and corporate governance as a key in providing assurance and positive perception to creditors and investors, which in turn translates to high firm value and credit rating.

Corporate Governance and Stewardship Theory

Business scholars refer to agency theory as the classical theory and stewardship theory the modern. These two theories are pivotal to understanding the central tenets as well as assumptions on which corporate governance is founded (Glinkowska &

Kaczmarek, 2015). The hypotheses of the stewardship theory are contrary to those of the agency theory. Several scholars contend that agency theory is limited in its effectiveness at enhancing sound governance, due to its flawed assumption that business leaders will always exhibit self-serving behavior while managing a company (Abels & Martelli, 2013; O'Connell, 2007). Hernandez (2012) stated that stewardship theory originated from the notion that business leaders guard the interest of shareholders and display self-sacrificing behavior. The stewardship theory further lends support to the view that managers would create profitable entities that enable shareholders to thrive.

Although agency theory is essential in illustrating the conflict of self-interest, it suffers several drawbacks. Farias and Jones (2015) undertook a study to demonstrate the insufficiency of the classical and modern theories in maximizing shareholder wealth by commenting that agency theory as the girding theory of executive remuneration is faulty and created a ground for mistrust and manipulation. As with Donaldson and Davis (1991) Farias and Jones (2015) noted that, the underlying assumptions of agency theory were deficient with incorrect assumptions that humans would innately ever opt for self-serving behavior. The authors contended that stewardship theory, which originates from psychology and other behavioral sciences, offered an alternative explanation for motivation and behavior.

Limitations of agency theory. Several scholars provide empirical evidence that highlight the drawback of agency theory. The research study by Das and Dey (2016) noted a contrary viewpoint than that of the agency theory on aligning shareholder and management interest to safeguard wealth maximization, with measures such as executive

remuneration. Precisely, Das and Dey stated that there was no evidence that CEO remuneration and duality have a direct influence on firm performance as a result the research study intersects well with the investigation by Farias and Jones (2015).

Agency theory is continually criticism for its unique dimensional outlook. Farias and Jones (2015) stressed that in the classical model for CEO pay the financial outcomes was prone to manipulation, while the stewardship theory was pro-organizational. Stewardship theory is supportive of aligning the CEO remuneration with transformational leadership and a closely associated remuneration system that intertwine with transformation and sustainability principles.

The alternative theory. Stewardship theory is an alternative model to the classical agency theory through its heightened emphasis on transformational leadership and dynamic teams. Charas (2015) explored the dynamics of teams within the board of directors as a means to enhance corporate performance and illustrated that corporate performance improves when the board functions as a team. Charas supported the premise of stewardship theory and illustrated how directors failed to act in a self-serving manner, but instead, fostered team dynamics and value-creating activities, which positively influenced profitability. The research aligned with that of Farias and Jones (2015) that was supportive of stewardship theory and illustrating a CEO leadership that is purpose driven, responsible, and with attributes that align CEO and shareholder interest. Hence, these researches are illustrative that business leaders would inherently enhance team dynamics and optimize value-creating activities. The evidence from empirical literature illustrates that the action of shareholders influence business executives.

Business leaders have provided evidence on the manner in which the action of shareholders influence business executive. Hiebl (2015) stated that longevity of appointments of CFO and executives enhanced stewardship behaviors that were similar to the notions in stewardship theory.

CFOs face agency conflicts in their dual role as stewards of company finances, and benefactors of incentive compensation that derive from books of accounts under their purview. Hiebl were keen to establish other theories to substitute the agency theory with the intention of providing a robust and an all-encompassing theory to curtail the onslaught of the global financial scandals. Habbash (2016) contributed to the field of corporate governance with the formulation of a new theory, the institutional theory by using parameters that included board size and executive compensation packages. The study by Hiebl has a distinct contribution to the girding theories of corporate governance, as it was the first to analyze both the stewardship and the agency attitude of the CFO.

The attitude of the principal toward the agent is essential in understanding the shortcomings of agency theory, as is an understanding of corporate governance measures. Hiebl (2015) provided a body of knowledge that emphasized on the attitude of the principal and detailed how it was a strong determinant in the agents' perception of management and control. On the other hand, Fish and Wood (2017) used the corporate governance index created by Gompers, Ishii, and Metrick (2003) to gauge the extent of corporate governance in business entities. In spite of the potential contribution to the study on governance, by Habbash (2016), Fish, and Wood stated that the key reliance on secondary than primary data was a notable limitation in their study. Non-uniformity in

accounting practices continues to be a limiting factor in the comparability of information across business entities.

Codes of Corporate Governance

The code of corporate governance are the laws, frameworks, regulations, policies that determine how a company is directed (ElKelish, 2018; Schuchter & Levi, 2016). The high incidence of corporate scandals that have permeated the global business arena within the current and past decade has in part orchestrated the growing significance of corporate governance. Ongore and K'Obonyo (2011) stated that there is increased focus on corporate governance structures to assess their effect on accountability, transparency, and responsibility. For example, the UK code of corporate governance in 2016 is an amendment to enhance the guidance in the composition of the Audit Committee and the international standards of Auditing (Kultys, 2016). Consequently, the various regulatory authorities and arms of national institutes for enforcing sound governance establish or amend the codes of corporate governance to curb corporate misconduct and boost sound governance.

Geographical dimensions of governance. Several countries make concerted efforts at promoting a high quality of corporate governance and reporting by enacting codes of governance to foster investment. Prokhorova and Zakharova (2016) conducted a study whose focus was the adoption of the new codes of governance in Russia in 2014 to examine the quality of corporate governance that enhance transparency and boost investor confidence. Prokhorova and Zakharova illustrated by using the country context of Russia the essential role of corporate governance and noted that it is an essential

determinant for institutional investors' in their choice to invest in Russia, and established the direct link between the inception of corporate governance in a country and an increase in national economic performance. Similarly, Yeoh (2016) undertook a study to assess the corporate governance failure that resulted in the financial crisis of major banks in the United States of America - USA and the United Kingdom-UK, by utilizing case study to assess the significant scandals and to determine the extent of investigation of all employees responsible for wrongdoing. Both research studies intersect at the point of determination that the codes of corporate governance are inadequate as the sole instrument for achieving sound governance.

The inadequacy of the codes of corporate governance is a main topic in business literature on corporate governance. Nakpodia, Adegbite, Amaeshi, and Owolabi, 2018 stated that neither the codes nor the rule of governance alone is effective for sound governance. Yeoh (2016) highlighted the perceived shortcomings of the corporate governance practices by key business leaders by outlining the limitations and persistent deficiencies of regulatory authorities such as the Sarbanes Oxley Act (SOX) and the Dodd-Frank Act. Stanciu and Bran (2018) described the codes of corporate governance as the *explain-or-comply* principle which offers essential information as to the genuineness of board members' commitment. Yeoh underscored that the corporate governance framework and structures had made it difficult for the laws and regulations to detect the symptoms of an impending financial scandal. Similarly, Prokhorova and Zakharova (2016) detailed that corporate governance codes serve as an investment incentive and its enactment and implementation leads to increased responsibility for

shareholders in strategic management and decision making. However, an absence of a directly variable relationship between the implementation of the codes of corporate governance and national economic performance imply that there is an exception to the rule. Hence, the findings are significant in magnifying the financial situation in Russia where commercial performance fails to maintain a sturdy pace with the efforts on the enforcement of the codes of corporate governance. The research studies are congruent and supportive of the premise that the codes alone would not achieve sound corporate governance as there are unique components within the codes of governance that lure investors to invest capital or discourage employees from engaging in financial misconduct.

Empirical research provides evidence of linkages between the establishment of the codes of corporate governance and firm performance. Owusu (2016) undertook a study to examine the effect that compliance with the Ghanaian codes of corporate governance of 2003 had on governance quality and performance. The author used the Return on Asset (ROA) as the measure for firm performance to demonstrate the importance of the codes of corporate governance in enhancing good governance. The separation of the role of the CEO and chairperson of a board and an assurance that a third of the board of director is composed of independent directors enhances governance. Hence, the findings of the study are evident that a positive relationship exists between compliance with the codes of corporate governance and firm performance. Buallay, Hamdan, and Zureigat (2017) stated that corporate governance and firm performance are integral and closely aligned with risk management. Hence, the study by Owusu is in

alignment with the research by Yeoh (2016), Prokhorova and Zakharova (2016) but divergent on the determination of the end of the correlation between compliance with the codes of corporate governance and firm performance. Elshandidy, Shrives, Bamber, and Abraham (2018) stated that the principles and the mandatory corporate compliance measures possess the potential to complement each other. It is evident that the codes of corporate governance are essential but not reliable in assuring a robust system of sound governance.

Corporate Governance within the Insurance Industry

The insurance industry is an essential player in the global financial sector. Insurance premium for life and health, and the property, and casualty industry reported $7.3 trillion portfolio assets, which represent about half of the total portfolio assets of the insurance industry (U.S. Department of the Treasury, 2013, p. 5). Evidence of an interconnection between the insurance industry and the financial system is apparent in the majority of the past global financial crisis. The presumption is that the non-financial sector, such as the insurance industry, has a more lenient framework for corporate governance than the banking industry (Woo, Rhee, & Woo, 2015). Through the Dodd-Frank Act, the Federal Insurance Office (FIO) was establishment in 2012 to provide oversight and enhance financial stability in the insurance industry.

CEO duality. The general perception is that CEO duality has a positive influence on the quality of corporate earnings. Miller and Yang (2015) conducted a quantitative research study on corporate governance with a focus on the insurance industry by investigating the economic factors that determined the structural change for either a

combination or split in CEO role. In highlighting the unique position of the insurance industry, Miller and Yang (2015) indicated the firm size as the exclusive determinant in assessing the costs and benefit of splitting the CEO and board chair role with large insurance firm supporting a CEO duality leadership structure. Miller and Yang contributed a new dimension to the debates on the segregation of the function of the CEO and chair to the board. In spite the insistence by regulators on a split in CEO duality, the authors provided evidence from the publicly listed companies that supported a contrary viewpoint that support CEO duality. Hence, the study is contrary to the finding by Abels and Martelli (2013) and Chang et al. (2015) and scholars who do not support CEO duality. The finding by Miller and Yang are unique in the discussion of CEO duality in its provision of evidence that companies with a high percentage of independent directors were more pre-disposed to exploiting the advantages of CEO duality.

Many member states within the European Union possess a two-tier company board structure with the supervisory and executive board. Rab*ó*czki (2018) highlighted on the function of the supervisory as essential in providing oversight to the decisions of the management board. Bester (2015) undertook an exploratory case study to assess the rate of acceptance by the insurance companies in Slovenia to the newly established second-tier corporate governance structure whose purpose was enhancing enterprise risk management. Regulators within the European insurance industry developed a mechanism, solvency II in 2016, to create an effective supervisory system and aid in anticipating and curtailing financial crisis prior to their occurrence (Cardone-Riportella & García-Mandaloniz, 2017). Solvency II, is made up of three primary pillars and uses a

risk-based methodology (E-Vahdati, Zulkifli, & Zakaria, 2018). Still, empirical research provides evidence that no single governance structure is sturdy enough to offer sound corporate governance. The study by Prokhorova and Zakharova (2016) and Yeoh (2016) are supportive of this view, and their findings are congruent with the research findings by Bester, who emphasized that no single standalone system would guarantee an efficient risk management system within the insurance industry. Bester instead stated that enterprise risk management, is itself, a blend of numerous, skills, principles and theories, which included items such as general management, planning, and risk modeling. Notwithstanding, the two pillar system continue to provide insurance companies with a well-integrated risk management platform.

An initial pillar with quantitative indices for guidelines and a second pillar with qualitative constitutes a two-pillar system. Bester (2015) provided an essential knowledge and insights on the notable advantages and disadvantages of executing the second pillar to enhance corporate governance. Specifically, Bester stated that insurance companies perceived the second pillar as laborious, cumbersome, and ambiguous, even though its stipulations and guidelines, unlike pillar I, were qualitative hence less desirous of numerical tabulation. On the other hand, Mayes (2015) undertook a study on the regulations of the non-bank financial sector that were embroiled in major financial scandals in New Zealand during the period 2006 to 2010. The purpose of the study by Mayer was to determine whether the operational corporate governance stipulations and its guidelines were wanting.

The segregation of banks and non-financial institutions. The main contributing factor to the financial crisis within the insurance industry was the categorization of the banking and the non-financial institution, where the former, operated with a highly regulated and supervised environment than the latter. The insurance industry falls within the non-financial institutional category. Mayes (2015) provided extensive information and finite details on the treatment accorded to banking and non-financial and showed how providing institutions with the decision of an option of institution type of financial or non-financial, led to a weakening in the corporate governance structures. The weakening in governance structure was due to company preference for classification as some company executives preferred to opt for the non-financial designation for its presumed lenient governance stipulations.

A system of sound corporate governance requires that a comprehensive and elaborate system is in place to assure governance whether in the banking or non-financial institution. Such a system is often the product of a skillfully woven strategy that encompasses all the essential component of a company operation for both the banking and non-financial institutions. Adams and Mehran (2012) observed that the focus on board effectiveness and governance of financial institutions with the omission of the non-financial sector had led less scrutiny and weak governance in the financial industry. The presence of a robust governance system for the banking and non-financial sector is fundamental. Empirical research is in alignment with the perspective that accords a uniform governance principle to banking and non-financial as is evident from the survey by Prokhorova and Zakharova (2016), Yeoh (2016), and Bester (2015). This perspective

is congruent with the study of Mayes (2015) who created new knowledge that illustrated management failure and poor governance prior to a major global financial crisis. Mayes demonstrated to regulators of the banking and non-financial institutions that sound governance is the byproduct of widespread public disclosure and sound management, and not necessarily of the meddling supervision by the supervisory board.

Corporate Governance: One or Several Theories?

The agency theory is the dominant theory that girds the founding principles of corporate governance (Tomsic, 2013). In the aftermath of the global financial crisis, several scholars have voiced the urgent need to develop a new corporate governance theory based on a holistic approach (Othman & Melville, 2016). Lattemann (2014) noted that corporate governance reforms in emerging countries shifted from a closed to a more open and transparent system. As such, several theories have been proposed and established to supplement or out rightly replace the agency theory.

The propagation of several theories in attempts to create a best-fit framework theory of corporate governance continues. Borlea and Achim (2013) viewed corporate governance through time to chart the different theories formulated to enhance corporate governance. Although corporate governance is deeply rooted in the agency theory that developed in the early 70s to address the conflict from the divergence between ownership and control, it did not suffice in achieving sound governance (Borlea & Achim, 2013). Similarly, Clarke studied corporate governance through time by analyzing the different eras of corporate governance to chart the evolution of corporate governance over time. Clarke's research establishes from the proposition that the agency theory, seen as, the

dominant theory in corporate governance, was inadequate to satisfy the demands of governance and environmental sustainability (Clarke, 2015). These findings align with research by Bell and David (2015) who argued that agency theory destroyed the dignity of executives. Besides, Clarke noted that the premise of shareholder primacy that suited the era immediately succeeding the industrial revolution was the girding premise of agency theory, however having the notion of shareholder primacy as the sole objective has wrought continual damage to society and economies (Clarke). Other scholars who maintain that agency theory has flaws from its inception echo these criticisms.

Complementarity of the theories. Business researchers prescribe a complementary while others, supplementary theory for the agency theory. The theories proposed are the stewardship theory, the stakeholder theory, resource dependence theory, the transaction cost theory, the political theory, the ethics theory and the theory of efficient markets respectively (Borlea & Achim, 2013). All theories are diverse in nature. The stakeholder theory esteems the interest of other stakeholders (Hussain, Rigoni, & Orij, 2018; Ribe, Ortiz-Marcos, & Uruburu, 2018). Barker and Chiu (2018) recommended stakeholder value creation as an ideal requirement for corporate success. Unlike the agency theory that is primarily about the maximization of shareholder interest, with the stakeholder theory business leaders are focused on the creation of value for all stakeholders.

Bernard et al. (2018) highlighted on the effect of CEO performance and company performance with specific emphasis on corporate sustainability and recommended an internal control framework that considered the essential role played by external

stakeholders. While there are several instances that link corporate governance with corporate social responsibility which in turn promote a positive corporate image and confidence within the general population, Crifo, Escrig-Olmedo, and Mottis (2018) undertook a study that indicated that corporate governance might possess an ambiguous role in corporate sustainability depending on the composition and type of the Board of Directors. The fashion in which a company positions its corporate strategy has a direct bearing on its relationship with its stakeholders and often demarcates the extent to which its corporate social responsibility can transcend. Additionally, in alignment with theme 1, it is essential for business leaders to consider the qualification and composition of the board as it would have a significant bearing on a company's internal control framework as regards corporate sustainability.

To improve business performance in the insurance industry and thereby support financial performance, business leaders must make every effort to design an organizational architecture with an overarching strategy that would implement a robust internal control system and governance mechanismThe essence that each theory had a specific focus on an element of governance signifies that a combination of several corporate governance theories is the only possibilities foe sound governance.

CSR and responsible business are essential elements in ascribing levels of robustness to corporate governance structures. Clarke (2015) stated that the objective of business for wealth creation must adjust to align with the paradigm of sustainability, which implies a higher consideration for corporate social and environmental responsibility. The findings align with the proposal by Devinney et al. (2013) who said

that a firm's CSR solidly anchors in its value proposition statement. Equally, O'Dwyer (2003) in defining CSR linked corporate wealth creation and distribution with ethical implications.

The studies highlighting the drawbacks on agency and the associated preeminence with shareholder value also contain alternative proposals of other organizational dimensions whose consideration may assist in bolstering a sound system of governance. Htay, Salman, and Meera (2013) undertook a conceptual analysis study on the main conventional corporate governance theories of agency, stewardship, and stakeholder theory, highlighted on their deficiencies, and proposed the universal corporate governance theory in a bid to fill the void in corporate governance theory. The findings of the study by Htay, Salman, and Meera is in alignment with the study Clarke (2015) who provided insight on team production theory with a focus shift away from agency theory and related shareholder value.

The Drawback of agency theory. Corporate governance parameters are dynamic and continually evolving consequently, overtime a static system would be inadequate to assure governance. Clarke (2015) highlighted the essential need to reformulate the considerations of corporate governance continually in response to economic, environmental, and social changes. Equally, this study is in alignment with the survey by Htay et al. (2013) who established the ethical approach theory as a holistic approach to fill the gap in corporate governance theory. The study is beneficial to the body of knowledge in corporate governance through its role in amplifying the absence of a comprehensive theory for sound governance. In addition, Htay et al. illuminated the

factors for consideration in establishing corporate governance guidelines by regulatory bodies and maintained that a myriad of factors that include culture, politics, and regulations, in addition to the stakeholders, shape corporate governance. Hence, any theory about governance must encapsulate those factors and maintain cognizance that agency theory, stewardship theory, and stakeholder theory were inadequate in grasping the totality of corporate governance practices as no one theory provided an all-encompassing solution.

Ethics and Governance

There is a close relationship between ethics and corporate governance. Mees (2015) indicated that it is difficult to comprehend wholly corporate governance statutes without delving into a topic on business ethics. The codes of corporate governance of many nations rarely include ethical provisions, yet most financial scandals entail ethical issues (Mallin, 2015). Ethics pertains to moral judgments and is essential as decisions made by employees often sway the culture of an organization, which could have significant ramification on organizational reputation.

Considerable evidence is present that the principles that discredit senior executive behavior are in agency theory. Bell and David (2015) carried out a study on corporate governance with a focus on executive compensation and proposed an alternative theory to model the appropriate executive behavior. The authors posited that corporate governance is reliant on the agency theory, which fails to portray the action of executives appropriately. There are intersections in the study findings by Zaharia and Zaharia (2015) and the study by Bell and David as the former authors undertook studies that assessed

international business ethics as an essential factor of organizational culture. The authors posited that overreliance on rigid guidelines of a governance framework had the potential to erode salient features of legal and moral human conduct. The researchers are encouraged by the limitations, of agency theory and the code of corporate governance to formulate alternative theories in the comprehension of corporate governance.

A complex world and complexity in theory. The virtue theory has four cardinal virtues, which aim to provide positive corporate governance outcome. Bell and David (2015) contrasted agency theory and virtue theory as it related to governance and provided an executive remuneration model for performance, evaluation, and compensation. Equally, in criticizing agency theory, Zaharia and Zaharia (2015) stressed that businesses are not in existence purely for short-term profits that benefit the shareholder, but for a multitude of functions and goals that would ensure sustainability. The societies in which today's global businesses operate provide an assumed authorization that companies will operate honestly and responsibly (Zaharia & Zaharia, 2015). Hence, the findings by these authors are significant in magnifying the reality that attainment of a system of sound governance is complex and requires the corroboration of numerous factors.

The code of ethics is the set of procedures formulated by firms to act as a conduct guide for staff adherence to ethical standards. Garegnani, Merlotti, and Russo (2015) carried out a quantitative research to assess the effect of specific corporate governance structures on the quality of the code of ethics in Italy. The authors identified the relation between corporate governance structures and effective ethics by assessing the governance

structures of executive compensation, the independence of auditors, the primary shareholders, and the age and diversity of the CEO. Their findings are essential in the understanding of the importance of ethics in the study of governance and align with the results by Bell and David (2015) who argued that agency theory trampled and destroyed the dignity of executives. Hence, the authors supported the virtue theory of governance, which they used to create a remuneration model for the executive theory that provided a more favorable image of executive behavior by emphasizing on ethics, integrity, and excellence. Garegnani et al. were supportive of the codes of ethics and stated that the codes of ethics are pivotal in ensuring CSR, which also facilitates a climate of trust with other stakeholders. Hence, ethics in business is essential in adequately handling the competing demands of the modern business world.

High numbers of independent directors often imply a higher propensity toward sound governance. Garegnani et al. Russo (2015) negated the conventionally held notion in governance literature that a high number of independent directors is synonymous with sound corporate governance and provided findings that supported the view that companies with key strategic objectives such as sustainable strategic orientation and high regard for business ethics required fewer independent directors. Hence, the increasing utilization of the codes of ethics could bring about reform to companies, which are necessary for ensuring the protection of stakeholder interests.

Corporate Governance Structures

Governance is multifaceted, and the corporate governance structures that combine to form a governance system is increasingly becoming complex in a dynamic and fast-

paced world. Corporate governance structures incorporate controls, policies, procedures, and guidelines that aid companies in attaining their objectives while also satisfying stakeholder needs (Prokhorova & Zakharova, 2016). A corporate governance mechanism consists of internal and external techniques. Yasser and Mamun (2015) outlined the use of the CEO role and chair of the board of directors as techniques for governance. Shehata (2015) expounded on the significance of the codes of corporate governance and described its development, and benefits within the Gulf Cooperation Council (GCC). The findings of these researchers are indicative that corporate governance may involve the use of large array structures that are very divergent and still manage to attain the goal of sound governance.

Governance structure and best practice. Researchers continually provide rankings to governance structures in a bid to ascertain a set of dominant governance structures. Salami, Johl, and Ibrahim (2014) carried out a study to assess the current governance structures and their related framework and proposed a new framework for corporate governance. The research finding are in alignment with the results by Zuckweiler, Rosacker, and Hayes (2016) who undertook a comparative study to assess the rank of corporate governance best practices for businesses. Salami et al. proposed a governance framework with the following components, ethical behavior, economics, and the environmental and social imperatives and integrated the interests of the principal stakeholders of a company. Salami et al. contended that the current structures for governance were defective as they only served the interest of shareholders. Similarly, in highlighting the drawbacks of the current governance structure, which originates from

agency theory, Zuckweiler et al. underscored the essential and leading role of strategic human resource management and observed that it was in stark contrast with the traditional attention placed on the board of directors as the central factor in corporate governance. Consequently, the efforts to seek a dominant governance structure are essential at indicating the lack of a single central governance structure.

A robust structure of governance is complex and consists of well-orchestrated and coordinated components. Salami et al. (2014) said that the arrangements in place for corporate governance had been reactive and not at all holistic and identified the control mechanisms conventionally used to safeguard and maximize the wealth of the shareholder. The recommendations from the study by Salami et al. are in alignment with the survey by Wahba (2015) who stated that no governance structure operated in a vacuum and that there are strong interconnections amongst all structures. These perspectives are in alignment with the study by Prokhorova and Zakharova (2016), and Yeoh (2016) as well as Bester (2015) who emphasized that no single standalone system would guarantee an efficient risk management system. Corporate governance is a multifaceted, dynamic, and ever evolving.

Business leaders continually attempt to arrange the structures of governance in a sequential order of preeminence. Zuckweiler et al. (2016) identified strategic human resource management as the most significant corporate governance structure. The other governance structures, in order of priority, are information technology, the board of directors, corporate risk management, and internal and external audits together with the associated internal control system. In contrast, Wahba (2015) undertook a study that

investigated the structures of corporate governance with board characteristics and leadership and stated that there was no direct correlation between board characteristics and firm performance. There are intersections in the study by Wahba and Zuckweiler et al. as Wahba supported the perspective that a duality in corporate governance structure with a split in the CEO and chairperson role enhanced firm performance. Hence, although there is a lack in the provision of a definitive order of dominance for in the compositions of corporate governance, they concur on numerous essential dimensions.

Corporate Governance in an Integrated Financial Market

Globalization has a myriad effect on the system and structures of nations. The effect of economic globalization is highly reliant a nation’s level of income (Samimi & Jenatabadi, 2014). Some business leaders have supported this viewpoint. In contrast, in developed and high-income countries, the highlight is on the political and social dimensions of globalization (Asongu, 2014). While there are proponents and opponents of globalization, many scholars believe that it is not possible for all global citizens to benefit equitably in the absence of a mechanism of corporate governance that guarantees sound governance.

Diversity in governance structure. The use of corporate governance structures can curtail the issues around tax havens and tax evasion. Gajevszky and Geamanu (2014) undertook a descriptive research study that assessed the codes of corporate governance of Cyprus and Malta, two countries in Europe considered as tax havens. The authors were supportive of the codes of the two nations with the principles and recommendations of corporate governance of the OECD. Likewise, Chhillar and Lellapalli (2015) undertook a

study that compared and contrasted two corporate governance models, with the stockholder model that is predominant in the Anglo-Saxon countries as one, and the stakeholder model prevalent in Germany and continental Europe. Chhillar and Lellapalli highlighted on the challenges of the agency problem to support the call for a review in corporate governance structures and segmented the dimensions of the governance models into two categories with an internal and external model. Similarly, Mugarura (2016) undertook a correlational research to explore the different corporate governance structures from notable emerging nations to determine the critical component for financial sustainability for companies operating in a globalized economy. Mugarura outlined the set of procedures and rules that define corporate success or failure and theorized that in spite of the laws that guarantee success there are extraneous factors most notably globalization that play a pivotal role in the success of companies. Mugarura posited that corporate governance mechanisms are essential in aligning the several constituents parties in and within organizations in a globalized world. The findings in these studies synchronize as the researchers were supportive of the codes of governance and the national governance structures, and also provided additional dimensions besides the codes that must be in place to assure sound governance from the national viewpoint.

Tax haven. Taxation has a critical role in globalization given the ability that individuals and companies possess to potentially distort and erode the tax base of nations as investors continually seek jurisdiction with the lowest tax rate. Gajevszky and Geamanu (2014) highlighted the manner in which the OECD carried out an exercise to integrate the tax havens to create transparency and allow financial disclosure. The authors

noted that globalization created several opportunities for economic development and growth for businesses and individuals through competitive trade, innovative technology and the creation of new markets. The findings and recommendations of this study overlap with those of Mugarura (2016) who stated that in a globalized world, corporate governance was particularly essential in enhancing the stability of financial markets and supporting the profit objectives of companies. Hence, one can construe that success or failure may effortlessly result within a globalized integrated market with lax governance structures that precipitate exploitation including ills such money laundering.

Corporate governance systems of a majority of countries typify a blend of two models within the governance continuum with the two governance models on either end of the continuum. Chhillar and Lellapalli (2015) indicated that while it would be advantageous to seek convergence in the code of governance and enable companies to operate within a unified framework in the globalized world, it was not feasible to gain convergence within the different corporate governance codes. Indeed, globalization has deepened the tax race where the country with the lowest tax rate attracts the foreign investment. Gajevszky and Geamanu (2014) stated that the tax haven in Malta and Cyrus currently operate under a regulated framework that conforms to international standards thereby they qualify as whitelisted jurisdictions and that globalization has given prominence to tax haven as many multinationals seek ways to take advantage of jurisdictions with lower taxes. While Gajevszky and Geamanu were supportive of the OECD's and the European Union's effort in assuring sound governance, Chhillar and Lellapalli advocated for the stakeholder model which does not merely consider the

shareholder wealth maximization but also makes considerations for the welfare of other stakeholders. Unlike the shareholder model, in the stakeholder model control is mainly with the mega institutions. A merger and hostile takeovers such as those within shareholder model were highly improbable in the stakeholder model (Chhillar & Lellapalli, 2015). The stakeholder model is advantageous, as it possesses a two-tier system of governance with the management board and the supervisory board with no dual membership to either board. Hence, the initiative of the European Union and the OECD in addressing the tax haven has brought a marked change in the way that tax havens function.

Risk Management and Corporate Governance

Risk management continues to gain prominence in the global financial world. Globalization has created an integrated financial and capital market development, which creates uncertainty and risk (Aziz et al., 2015). Risk management describes the procedures used by companies to identify, control, and mitigate risk (Zuckweiler et al., 2016). Thomas and Xu (2018) defined risk management as the arrangement that involves the comprehensive analysis and management of organizational risk. Sinha and Arena (2018) viewed risk composition as an integral feature of an internal control system of any entity. Strategic risk management is essential as it continually enables firms to define current and long-term objectives for the future. Kim and Yoo (2017) and Timothy and Ard-Pieter (2018) highlighted risk management as central to strategic planning and objective setting. Zungu, Sibanda, and Rajaram (2018) stated that firms that aligned risk formulation with strategy setting were more successful in mitigating corporate risk.

Equally, risk management is essential in its provision of insights to management how to reduce and possibly eliminate risk as well as inform about any existing potential opportunities. Calandro (2015) stated that the challenge for most business leaders and CEO is not mainly in the risk management of known risks but is in the identification, assessment, and control of risk and uncertainty that present feeble signals. Today, more than ever, executives are cognizant that they continually have to gird, confront, and deal with the increasingly higher levels of risk and uncertainty.

The essence of risk governance. Managerial accountability plays an essential role and is the leading cause of the rise in corporate governance establishments in corporate America. Annamalah, Raman, Marthandan, and Logeswaran (2018) revealed the link between risk management and firm performance. Cheffins (2015) undertook a study to identify the trends that gave prominence to corporate governance and determined the circumstances that were prevalent which thrust discussions on corporate governance to the forefront and said that a lack of enterprise risk management created room for misconduct to thrive. The finding of the study are in alignment with the study by Nahar, Jubb, and Azim (2016) who undertook an investigative study to assess the correlation between risk management and the performance of the financial institutions. The authors argued that the increase in the number of the global financial crisis has created an emphasis on governance performance and risk. Increased governance is in alignment with the views of Maxfield, Wang, and Mariana Magaldi (2018) who observed that there was an increasing awareness to governance structures after the financial crisis. Still, there are notable deviations in the finding by Cheffins (2015) and by Nahar et al. as Cheffins

highlighted on corporate governance as fundamental for structuring and controlling companies. The authors noted that a lack of a significant shareholder in most publicly listed companies resulted in the absence of a dominant shareholder. A shortage of a principal shareholder, who would generate an internal influence and control, inadvertently creates a risky situation or governance risk. On the other hand, Nahar et al. stated that in the past, the understanding was merely that risk identification, control, and disclosure led to reductions in the conflict in interest between the principal and the agent, while simultaneously improving company performance. The findings in both studies are indicative of the essential role that risk governance plays in the modern complex and globalized business arena. The role of risk governance subsequent to the onslaught of the numerous global financial crises is impossible to overstate.

A simple goal of profit maximization with unbridled risk is detrimental to companies, the financial systems, and any local communities. There are notable intersections in the studies by Nahar et al. (2016), Cheffins (2015), and Lenssen, Dentchev, and Roger (2014) as Nahar et al. presented an integrative approach of risk management and governance as the solution to sustainable businesses as well as identified the governance mechanisms that would reduce risks in the global business environment. The recommendations by Lenssen et al. are in alignment with those advocated by Schneider and Scherer (2015) and Saggar and Singh (2017) as they all lay emphasis on the role of sustainable business and CSR in the attainment of a system of sound governance. Schneider and Scherer stated that several international companies discover that maintaining a global business may imply a thrust to business locations

lacking a democratic state and with a weakened regulatory framework. The authors contended that these challenges which result from globalization test the leading governance approach that places the shareholder as the critical player in corporate governance and also magnifies the core deficiency of the agency theory. These findings are in alignment with the perspective espoused by Clarke (2015) and Kultys (2016) as they all highloghted on the main limitations of the agency theory. Schneider and Scherer supported the notion of democratization of corporate governance as the solution to challenges of increased risk in integrated global markets. Hence, the complexities of today's globalized business environment project a bright light at the glaring weakness of the agency theory as the complex and dynamic financial institutions of the modern age requires a well-formulated and an integrative system of governance where risk management at its core.

Corporate governance and corporate responsibility possess key linkages that weave core elements of their themes together. Lenssen et al. (2014) identified five levels to governance for sustainability and provided the example of the global financial crisis that ensued from the sub-prime mortgage to illustrate the systemic effect that this type of misconduct had on the economy. The authors demonstrated that corporate responsibility and governance together were inadequate in addressing risk management and its effect on a company. The finding by Lenssen et al. is in alignment with those of Schneider and Scherer (2015) who undertook a study to explore the effect of risk on corporate governance. Their study assessed the role an integrated market had on the incidences of risk. The authors highlighted the manner in which risks posed a threat to corporate

legitimacy where continually companies find that the globalized business environment may imply operating under conditions of weak rules and political governance failure. Their findings are significant in the provision of evidence that no single solution suffices to guarantee a robust risk management solution and governance in an integrated global financial market.

Transition

In Section 1, I commenced with setting the background of the problem, the problem, and purpose statement, the nature of the study, the research, and interview questions. I outlined the agency theory within the conceptual framework. Agency theory is theory that best aligns with the research question of this study. I made provision for the meaning of the operating definitions followed by a listing of the assumptions, limitation, and delimitations of this study.

I completed section 1 with a review of current literature on the fundamental aspects pivotal to the discussion and study on corporate governance and provided an analysis of the perspective on the framework and structures formulated to enhance corporate governance. In the section of the literature review, I underscored the attempts by various scholars and business leaders to find a lasting solution that result in sound corporate governance for companies.

In Section 2, I detailed a depiction of this research project. The descriptions included the role of the researcher, participant, and the research method and design for this study. Documentation comprises the data collection instruments, techniques, and data analysis methods. Lastly, in this section, I outlined the role of the researcher and finally

provided the methods used to guarantee the validity and the reliability of this study. In Section 3, I described the findings, implications, and application for professional practice and the recommendations for action and further research.

Section 2: The Project

In this section, I elaborated on the research method and design used to address the problem and purpose of this study. To do this, I expanded on the appropriateness of the selected research methodology and design. I also detailed the role of the researcher, the technique used to select participants, and the methods for data collection and analysis. Lastly, I elaborated on the steps taken to assure the validity and reliability of results.

Purpose Statement

The purpose of this qualitative multiple case study was to explore the corporate governance strategies insurance business leaders use to support financial performance. The targeted population consisted of business leaders from seven insurance companies in the corporate sector in Austria who have used successful corporate governance strategies to support financial performance. Implications for positive social change include the potential to reduce negative influences from misgovernance that allow companies to remain profitable which is beneficial for employees and investors and the potential for continuing or widening access to insurance for residents, which allows investors and the local community to benefit from improved corporate governance. Implications for positive social change also include the potential for provision of stable employment opportunities and the restoration of local community trust in insurance companies' investment portfolios, which is beneficial to investors and the local community. With my findings, I may enable positive social change by providing knowledge on the strategies that businesses may use to avoid financial scandal and support strong insurance

institutions where investors, employees, and the local community have confidence in the stability and financial performance of the insurance industry.

Role of the Researcher

The role of the researcher is essential in mitigating biases and subjectivity for a study. In qualitative research, the researcher gathers information and is the instrument for data assembly. The researcher is the primary research instrument (Sze & Tan, 2014). I was the researcher who undertook this study and explored the corporate governance strategies insurance business leaders use to support financial performance. Researchers have a more etic role than an emic role. The etic role refers to the viewpoint from without while the emic refers to the viewpoint from within a social group. Researchers who use the emic role assume the role of an insider such as an active participant during a phenomenological study and researchers who assume the etic role take on an external view from peripheral or outside perspective such as an objective viewer (Cui, 2014). Qualitative research has considerable variations ranging from a purely etic or emic role to a blend of the two roles.

I am interested in issues associated with corporate governance, as I have been able to amass a considerable body of knowledge on various aspects of the topic. The main subject of my graduate thesis was transparency and regulatory compliance, which is part of the broader topic of corporate governance. There is no accompanying personal connection to the research topic of this study.

I kept a journal and wrote personal thoughts, reflections, and views about this research study and immediately mitigated any bias. Chikweche and Flatcher (2012) said

that it is essential to be fully cognizant of biases that may impair the objectivity or the opinion of a researcher. Preferences blur a researcher's ability to provide an impartial view of research accounts that form from one's background or upbringing (Maxwell, 2013). Biases have the potential to distort an accurate picture and affect the validity and reliability of research findings.

The Belmont Report of 1979 is essential in research as it outlines the basic ethical principles for carrying out ethical research. The Belmont Report has provisions when involving humans in experimental research. Belmont report has specific examples where the use of research participants may be construed as posing a potential for high ethical risk (Bracken-Roche, Bell, Macdonald, & Racine, 2017). In keeping with the Belmont Report, I asked the interview participants to sign a consent form before the actual interview. I informed the interview participants that they could withdraw from the study at any time and included information on how they may withdraw without penalty. I requested the interview participants to review my summary of interview responses to assess credibility through member-checking. Harper and Cole (2012) defined member-checking as a method used to evaluate the credibility of results which works through restating, reconfirmation of transcripts and the confirmation of summaries by participants to determine accuracy. Hence, to mitigate biases during data collection and analysis, I took notes and relied participant confirmation of transcripts and summaries to assess any experiences that may have caused the omission of or overly emphasized specific accounts of my research findings.

As the primary research instrument, I established an interview protocol which strengthened the quality of data obtained and enabled a focused and meaningful data collection process that captured the account of the participants. I used semistructured interviews. Researchers use semistructured interviews to obtain a detailed report from a participant when addressing a research question (Marshall & Rossman, 2016). I used a smartphone for recording digital media and replayed recordings to ensure the validity and accuracy of my findings as well as reconfirm all the details of my summary

Participants

Selection of participants is pivotal for any research. Allwood (2012) advocated that the idea behind qualitative research is the intentional selection of participants with knowledge that would best enhance research. I chose seven business leaders of companies who are involved in high strategic management and planning positions responsible for setting and making governance-related decisions and have used successful corporate governance strategies to support financial performance in the insurance industry.

Planning and formulating corporate governance strategies demands the expertise of specialists in that field (Othman & Rahman, 2014). I also established a prerequisite during initial phone conversations to determine whether my interview participants had the authority to represent and speak on behalf of the organization. I consulted with the Global Federation of Insurance Associations (GFIA), the international insurance agency who sets standards and compliance measures, as well as industry-specific positions regarding best practices on insurance matters. Formulation of eligibility criteria for study

participants is an essential component of research and has the potential to influence the sufficiency of data collection (Lopez-Dicastillo & Belintxon, 2014). The eligibility criteria for research participants describe the vital characteristics for participants which in turn aid in the achievement of accurate results.

I ensured that the seven business leaders were knowledgeable regarding the process of governance and could authoritatively speak about how management decisions affect or impede the framework of governance. I reviewed the company website of each participant and checked that each participant is acquainted with the organizational structure of the senior management team, and obtained the central contact details of the front office of the seven insurance companies of my study. As part of the interview protocol process, I contacted the interview participants and made an introduction of my research study, obtained specific business, and position related information about each participant. Kvale and Brinkmann (2009) and Parlalis (2011) recommended such an acquaintance and reconnaissance procedure as part of the interview protocol. Subsequently, I sent out consent forms by post and email before the interviews wherein I also elaborated to the participants by phone regarding the objective and requirements of the interview. The process of contacting and informing participants guarantees that the research participants are fully aware of the process and are sufficiently knowledgeable (Rawson & Hughes-Hassell, 2015). Qualitative researchers uphold the strategy of selecting suitable participants for the purpose of a research study (Robinson, 2014; Trotter, 2012). I established a checklist on which I recorded each completed consent form as a mandatory process prior to the commencement of data collection.

A researcher's ability to work together with researcher participants is beneficial for the successful conclusion of the interview process. Gill (2014), a scholarly researcher, communicated with participants by telephone and through a face-to-face meeting to build rapport and trust before discussing the finer details of the research objective. I sent simple introductory emails and then met face-to-face with the seven participants and created an appropriate working relationship before undertaking the semistructured interviews.

Research Method and Design

Research Method

The three broad categories of research methods are quantitative, qualitative, and the mixed method approach (Venkatesh et al., 2016). The quantitative approach is the empirical study of phenomena that uses statistical techniques, while researchers use the qualitative method to gain a solid understanding of a particular organization or event and is most appropriate for a study of subjects without quantifiable variables (Özer et al., 2015). The key difference in the research methods is about how each method is used. Allwood (2012) described qualitative research as the research that seeks to study and analyze items in their original setting to decipher a phenomenon regarding the meanings people hold and attach to them.

Bailey (2014) stated that qualitative research traced its origin to applied psychology and noted that it is a research methodology providing a comprehensive perspective on participants' view. In qualitative research, data gathering is in the language of the informant while in quantitative research data reporting is through statistical analysis (Bristowe, Selman, & Murtagh, 2015). I used the qualitative research method to

undertake my study. The qualitative research method was the most appropriate to fulfill the requirements of my research that explored the corporate governance strategies to support financial performance.

In quantitative research method, the statistical and numerical measures are the means used to undertake empirical investigation of social phenomena (Barnham, 2012). Quantitative research is more objective and reliable, with a reduced level of researcher subjectivity (Yilmaz, 2013). With quantitative research, a general assumption is the existence of a constant and measurable reality (Thamhain, 2014). The thrust of my research was to explore the successful strategies of shareholders without the need to use a hypothesis to test statistical variables. A quantitative research method was not suitable for my study.

Researchers use the qualitative and quantitative approaches to design research in the mixed or hybrid research method (Caruth, 2013). While many researchers rely heavily on either the quantitative or qualitative research method, it may be beneficial to incorporate the advantages of both research methodologies in some instances (Christ, 2013). The quantitative and qualitative methods are essential when using the mixed research method hence this research method was not the optimal methodology for my study. Integration of data and hypothesis is essential to the mixed method research design hence researchers recommend the inclusion of at least three distinct hypotheses in this research methodology (Zohrabi, 2013). These recommendations are essential in guaranteeing that a mixed method research can deliver a strong tool for exploring complex processes.

Research Design

A comprehensive and well-considered research design is essential for the successful completion and delivery of research objectives. Research design is the elaborate description of procedures for researching a systematic and logical format to accomplish a research objective and resolve a research problem (Caruth, 2013). Qualitative researchers use designs of grounded theory, ethnographic, phenomenological, narrative, and case studies (Yin, 2013). The narrative research and grounded theory are not suitable research designs for the Walden DBA study as the faculty emphasizes on the practical application of putting theory into practice to bring about social change and resolve business issues.

The case study design was the most appropriate of the remaining three research designs. The case study is the exploration of a program, event, or an activity (Petty et al., 2012). I conducted a multiple case study of selected companies in Austria and contributed to the practice of the corporate governance strategies insurance companies' leaders use to support corporate financial performance.

The case study is an excellent research design for gathering a plethora of ideas and views on human behavior. Case study has its origin in anthropology, medicine, sociology, and psychology (Yilmaz, 2013). The case study approach has a broad thrust for potential future research as well as a unique capability for flexibility that is advantageous for researchers interested in uncovering complexities in behavior. Taylor and Thomas-Gregory (2015) itemized and noted that case study augurs well when the

purpose of a research study intends to complement a psychological study or reveal a unique phenomenon.

The case study approach has notable shortcomings in spite its prominent advantages. A primary limitation of the case study design is the potential for inherent biases in data collection analysis and interpretation from the viewpoint of a singular person. The deduction of a correlation or causal-effect relationship is impossible with case study research despite the fact that case study offers researchers excellent chances of uncovering phenomena from a myriad angles (Rawson, & Hughes-Hassell, 2015).

There is a possibility to trace the origin and the specific field of social science responsible for the foundation of the ethnographical approach. The ethnographic approach originates from the field of anthropology where the initial focus of the field was the study of groups or organizations' cultures (Cincotta, 2015). The main aim of ethnography is the exploration of various cultural phenomena. The ethnographic approach is distinguishable given its notable feature of participant observation in undertakings to modest research (Simpson, Slutskaya, Hughes, & Simpson, 2014). My study had no exploratory intention to understand groups’ cultures; consequently, the ethnographic design was not suitable for my study on the corporate governance strategies to support financial performance.

Researchers use the phenomenological approach to address the meanings of subjective experiences of different people and their interpretation of the world. Englander (2016) noted that researchers use the phenomenological approach, a scientific discipline, to examine a phenomenon from the subjective perspective of participants. The

phenomenological approach has some distinct benefits. Firstly, the phenomenological approach has an advantage that provides to qualitative research design and method, the ability to view varied perspectives of the experience of participants, and especially at specific moment or point in history (Rawson & Hughes-Hassell, 2015). Secondly, researchers using the phenomenological approach will benefit from a plethora of precious data derived from the shared experience of participants (Caruth, 2013). Notwithstanding these notable merits, the phenomenological approach has its share of weakness.

Given the subjective nature of the phenomenological approach, it may be daunting for researchers to prevent biases. The subjectivity may undermine the efforts to establish validity and reliability. Allwood (2012) specified that the intensely qualitative attribute of phenomenological approach presents researchers with the challenge of summarizing, deducing, and presenting finding. Unlike other methods with the chance for generalization, the phenomenological approach does not provide any generalizable data. The sample sizes involved in phenomenological approach are minor which imply that it is near impossible to refer or categorize an experience as typical (Bailey, 2014). The essence of research design in the phenomenological approach did not align well with my study focus on the corporate governance strategies to support financial performance, irrespective of the merits of the phenomenological approach.

Data saturation is a method researchers use to guarantee the accuracy and validity of data in qualitative research. Failure to attain data saturation would make feeble the quality of a research study (Fusch & Ness, 2015). While it may be easier to ascertain the point of data saturation in quantitative research definitively, it is a more daunting task in

qualitative research. I attained data saturation when additional data did not yield any new themes, and when there was sufficient data to respond to my research questions effectively.

Qualitative researchers use several forms of data collection that include an interview, the collection of documents, and audio recording. During the data collection phase, I gathered publicly available documentation that consisted of the financial rules as well as the annual financial statements, and records that supplemented my primary data collection. I noted down the relevant observations from the seven organizations that I visited when conducting my interviews. I checked whether other forms of data collection corroborated with my assessment of the knowledge base of the interview participants. Triangulation is the presentation of several sources of data and is essential in enhancing reliability (Fusch & Ness, 2015). Triangulation is an essential part of the fulfillment of data saturation.

Population and Sampling

Selection of participants is pivotal as an appropriate choice can best inform and enhance the knowledge demand in pursuance of a particular study research. In qualitative research, the critical determinant in the successful management of population sampling is the intentional selection and delineation of participants that would best enrich research (Emerson, 2015). The scope of this study was a multiple case study research of seven insurance industries located in Austria. I chose seven business leaders of companies who are in top strategic management and planning positions responsible for setting, making

governance related decisions, and who have successfully used corporate governance strategies to support financial performance in the insurance industry.

A researcher may use various sampling approaches that include census, convenience, purposeful or the snowball methods. I used purposive sampling for this research study. Purposive sampling is a procedure where a researcher relies on his judgment in selecting members of the population to take part in a research study (Robinson, 2014). Purposive sampling is subjective sampling and requires that a set of selection criteria be set out prior to the selection of sample within the sphere of those criteria. The technique I selected for this study involved choosing suitable business leaders who are knowledgeable on with the process of governance and can authoritatively speak about how management decisions affect or impede the framework of governance. Onwuegbuzie and Byers (2014) encouraged qualitative researchers to involve thoroughly versed interview participants who possess the requisite knowledge on the objective of the research. Elo et al. (2014) specified that the level of grasp of interview participants should comprise the requirements for involvement in qualitative study research. To commence the process, I obtained the current publication of the Austrian Financial Market Authority (FMA), which is the authority responsible for the insurance market. The Federal Ministry of Finance oversees the FMA. In the publication from the FMA is an outline of the financial performance of primary insurance and reinsurance companies in Austria as well as the depictions of the general trends across various insurance sectors.

I exercised my judgment basing upon the criterion of corporate success and selected seven case studies to ensure proper representation and best inform my research

study. White, Oelke, and Friesen (2012) indicated that it is to the advantage of research for researchers to select interview participants who can provide broad and multiple viewpoints of their experience and scope. Subsequently, I contacted my interview participants by email and telephone and asked pertinent questions to gauge their skills in the process of governance.

My research study consisted of seven participants. Yin (2013) recommended a sample size limit of 10 participants for a case study. Data saturation is the process of data gathering, assembling, and analysis to a level when new data will yield no further insight (Jessiman, 2013). Unlike quantitative research that is highly reliant on the precision of data, qualitative research relies on data saturation criterion to ensure validity. Data saturation is a hallmark for high-quality research (Fusch & Ness, 2015; Marshall, Cardon, Poddar, & Fontenot, 2015). I carried out semistructured interviews on a small sample size of seven, which provided rich and detailed information that met my research objective.

I attained data saturation when additional data yielded no new themes and when there was sufficient data to respond to my research questions effectively. I safeguarded that my research study attained data saturation, the point where additional data yielded no new insight or evidence, even though no single definitive method can conclusively assure data saturation. In addition to the semistructured interviews, I obtained pertinent data from online insurance organizational records and reports from the regulatory authorities and the locational premises of the seven insurance companies during my interview process.

Ethical Research

The ethical matters that may occur with the use of humans as participants in ethical research are pertinent to ethical research. Ethical research serves to ascertain that research undertakings remain ethically sound (Bromley, Mikesell, Jones, & Khodyakov, 2015). Each research has its stipulations and potential set of ethical issues. As a prerequisite each researcher must review such stipulation and be fully conversant. (Hirschberg, Kahrass, & Strech, 2014). Hence, possession of the knowledge and the fulfillment of each ethical requirement will aid researchers in publishing work that is ethically sound.

As a qualitative researcher, I undertook the process and steps that helped my study align with the IRB requirements. I sufficiently apprised the participants of the entire interview process, informed of the interview, and provided with a consent form for their completion and signature. The informed consent is a document that participants must sign as evidence of their agreement to take part in study research (Thomson, Roberts, & Bittles, 2014). On the consent form, participants found pertinent information concerning my research study including the primary intention of my research, the potential benefits, associated risks, and the specific description of procedural performances.

In keeping with the principles of the Institutional Review Board (IRB) on the rights of participants, I initiated the interview process in advance of the actual proposed interview date and discussed the informed consent process with my interview participants. The IRB functions to protect the rights of human subjects in research

endeavors as stipulated by the federal regulations (Kumar, 2013). I guaranteed that all interview participants received sufficient information on their rights including withdrawal rights from the research study and interview. As indicated by Thrope (2014) on the provisions of the Belmont report, I appraised the interview participants with knowledge on the precise manner in which a withdrawal without penalty would occur. Upon conclusion of my discussion, I requested the participants to complete and sign the consent form.

Together with the consent form, I informed the participants that there was neither any financial contribution nor monetary compensation resulting from participating in the research. I notified the participants that participation in the study was valuable in providing essential knowledge on the key strategies to ensure sound corporate governance and support financial performance. The results of this study could also be of value to the practice of business as insurance business leaders may use this information to devise corporate governance strategies to increase profitability.

To guarantee the ethical protection of the participants and in keeping with the mandatory requirements to complete the IRB application form, I applied for an IRB approval from Walden University before commencing data collection for my research. I was granted a permit with the IRB approval number 07-16-18-0661415 when it was confirmed that my research and subject conformed to the ethical standards set by the IRB. The desire to protect the interest of participants, minimize and mitigate possible risk, and uphold the trust and confidentiality of research participants led to the

establishment of the ethical standards of the IRB (Erlich & Narayanan, 2014). The receipt of approval is indicative of adherence to the criteria of the IRB.

The stipulations of the IRB are that research subjects are sufficiently aware of the benefits and of the risks that may emanate from conducting research. Unlike quantitative research, it may not be possible to protect the anonymity of participants, though qualitative researchers can guarantee their confidentiality. The Belmont report supports beneficence; the principle of privacy and confidentiality with the aim of preserving research participants from harm or risk that result from information disclosure (Doyle & Veranas, 2014). I reassured the interview participants of the steps that I undertook to safeguard their confidentiality. Hence, I distorted the characteristics of the participants and relied on pseudonyms to refer to participants and their locations so that data given was not traceable to participants. I used alphanumeric codes (P1 and incrementally) to identify participants and pseudonyms for labeling organizations.

Breaches of confidentiality have the potential to ruin public trust in future research. Neusar (2014) stated that the deductive disclosure results when features of a person become discernible in research. To protect confidentially, I made sure that no identification or company details was visible on data collection materials. Subsequent to the data collection phase, I delivered a summary of the findings from the study to the interview participants. I informed the participants that the final research document included the Walden IRB approval number, and that I will keep the details of the study securely and safely for 5 years to safeguard their rights.

Data Collection Instruments

In a qualitative research study, the researcher is the primary data collection instrument. A data collection instrument is the device for gathering research data (Morse, 2015). The research method and design of a research study determine the appropriate data collection instrument and technique. Data collection instrument is an essential feature of research on which its reliability and validity depend (Marshall & Rossman, 2016). I handled my role with care when I observed and transcribed participants' responses to guarantee reliability and validity.

I was the primary research instrument in this research study, which included multiple data sources to guarantee triangulation. Researchers have the chance of using various data sources for triangulation in a case study research (Strauss & Corbin, 2014; Yin, 2014). I collected data using semistructured interviews and explored the strategies insurance business leaders use to ensure sound corporate governance and support financial performance.

The semistructured interviews are open-ended and provide with the chance of gathering rich data and establishing clarity. Moagi (2016) indicated that semistructured interviews are essential as through them a researcher can draw connections between multiple data forms. However, Walker et al. (2015) stated that semistructured interviews might be time-consuming and laborious to design. Notwithstanding, interview questions are developed based on their significance to meet the purposes of a research study. Semistructured interviews offer the interviewees the chance to provide their insights suitably and conveniently.

I used actively listening as a research instrument to gather data that guarantee sound corporate governance and support financial performance. I also listened to senior executives in the insurance industry as they can best speak authoritatively on behalf of the organization and can make strategic decisions on behalf of the insurance organizations they represent. I carefully listened to the responses provided by each interview participants, and I transcribed data to capture each answer precisely. Widodo (2014) specified that transcription of data is essential in qualitative research as it captures and deciphers the meanings of naturally occurring phenomena.

I used the process of triangulation to ensure the validity and reliability of data. I gathered archival documents that included publicly available published financial statements and annual reports, and records to supplement the primary data collection of the critical items of corporate governance to support financial performance within the insurance industry. I also enhanced the validity and reliability of the data collection instruments and relied on member checking peer reviews and member checking. Harper and Cole (2012) defined member checking as a method used to evaluate the credibility of results. Harvey (2012) stated that member checking improves credibility. Rohrbeck and Gemünden (2011) specified that the use of a wide array of sources of data collection is essential in confirming triangulation. Hopf, Francis, Helms, Haughney, and Bond (2016) in the research study on the core requirements for successful data linkage, used the triangulation protocol for a systematic comparison of findings between the different methods. A triangulation protocol is a comprehensive process, which lists the whole manner of handling a triangulation for qualitative studies (Harvey, 2015; Hopf et al.,

2016). Hence, triangulation was beneficial for this research as it provided for cross-validation, which aided in attainment of consensus and validated the results from data collection.

I used an interview protocol to safeguard consistency with the interviews and assist with time management. Castillo-Montoya (2016) stated the use of an interview protocol enhances the quality of research data. I have included the following document in the appendices, Appendix A: Interview Protocol and Questions.

Data Collection Techniques

I conducted a qualitative, multiple case study to explore the strategies insurance business leaders use for corporate governance to support financial performance. The target population was the business leaders from seven insurance companies in the corporate sector in Austria. The primary data collection instruments that I used were interviewing and archival materials retrieved online or from the office premises of the participants.

Researchers have a wide array of resources at their disposal for data collection. Notwithstanding, a strong relationship is present between data types and the method used to collect such data. McCarthy, Wagner, and Sanders (2017) detailed that even though the techniques for data collection and analysis are similar for all research design methods, the manner of performance reporting differs significantly. Marshall and Rossman (2016) noted that in qualitative research, interviews, observations, and archival materials are the primary sources of data around which data collection technique depend.

Each data collection technique possesses specific merits and demerits. Questionnaires are cost-effective with the potential to cover a large population within a short period. However, they are often impersonal with a limited provision for face-to-face interaction, unlike interview process, which offers the advantage of assessing respondents' understanding (Andraski, Chandler, Powell, Humes, & Wakefield, 2014; Yin, 2014). I collected data using interviews due to the advantages they offer. The benefits of the interviews include the opportunity to pose follow-up questions as well as a setting to observe participant and their gestures to obtain non-verbal cues, which may complement participant responses. Notwithstanding, interview process has some notable demerits. They can be time-consuming especially when there is a need for additional time for member checking, and an interviewer has the potential to influence the interview responses by posing leading the questions. Hence, it is essential that a researcher take necessary precaution to minimize the potential shortcomings from the usage of each data collection technique.

I also relied on information from archival materials to complement my data collection techniques and mitigate possible disadvantages of using the interview. Observations are advantageous because they provide a direct method to capture and collect data, which implies that the data is accurate and highly reliable. The demerits of observation are its failure to capture past occurrences and its inherent limitation of impossibility at observing opinions (Morse, 2015). By using archival materials, I stood to benefit from its cost-effectiveness and the chance of obtaining historical data that span several years which provided with an ability to observe critical trends and features.

Notwithstanding, an archival material may be outdated and unreliable (Smith, 2012; Yin, 2014). Nonetheless, I contemplated that the use of a dual data collection technique potentially allowed for the merits of one to mitigate the limitations of the other.

I established an interview protocol and consulted well in advance with the interviewees by email and phone. Appendix A: contains the details of the interview protocol for use by this research. Once the consultative process with the interviewees was completed, I arranged a face-to-face meeting prior to commencing with the interviews, to establish a purposeful working relationship. Silverman (2013) advocated the use of pre-sessional interview consultation as it enhances the quality of a proposed research. Castillo-Montoya (2016) in formulating the interview- protocol refinement framework, said that with the use of an interview protocol researchers could increase the quality of data they obtain from research interviews. Hence, it is beneficial for qualitative researchers to use semistructured interview protocol as a planning tool to conduct research.

I also established a systematic follow-up process for the interview protocol and ensured that it was in accordance to plan. I ensured that the data collection was handled professionally with due diligence and that care was exercised to guarantee that the numerous steps and recommendation of data collection were adhered for interviews, audio recordings, and archival documents. I arranged for member check subsequent to concluding the interview process and during data analysis by providing a summary of the interview, and by posing questions to the participants to determine the accuracy of data findings. The process of member checking served to decrease the incidence of incorrect

data and misrepresentation (Reilly, 2013). I used member checking to help in increasing the credibility and validity of my study.

Data Organization Techniques

I used several data organization techniques to systematical order, arrange, and sort the data obtained using the data collection instruments and for the data collection techniques defined for this study. A researcher has the responsibility of organizing data in a consistent and orderly fashion that can quickly enable third-party scrutiny for objectivity (Silverman, 2013). An essential component of data organization vests in the ability to confirm the objectivity of the methods used to organize data.

As part of the interview protocol, I commenced by obtaining the consent of the research participants for participation in the study and for audio recording of the entire interview process. Digital recording technologies present a unique opportunity for documenting sonic expressions (Smith, 2016). The signed consent is an assurance of participant agreement in my commencement of the audio recording on my laptop and the digital recording on a smartphone. I tested all the recording gadgets prior to the actual interview to guarantee that the auditory and digital recorder was in good working order and the result of a mock recording was audible enough to permit the transcription of data.

I used a notepad and research diary to aid me with proper documentation and the organization of the substantial amount of data gathered from the research study. Jacob and Furgerson (2012) kept a folder with their interview. I took notes throughout the data collection phase. Notetaking and maintaining a journal inspires researchers to encapsulate their reasoning about descriptions that reflect personal experiences and situations

(Houghton, Casey, Shaw, & Murphy, 2013; Marshall & Rossman, 2015; Yin, 2014). I arranged the diary in chronological order for each participant and referenced the publicly available documents provided at the interview, in the journal with a cross-reference to a catalog for all materials and archival documents provided.

Creation of a sequence for labeling and storing interview materials, and archival material is essential to a system of sound data management. I created a precise form for labeling all the materials provided and gathered prior and during my interview. The labelling sequence was intuitive and involved the use of a name order that was indicative of the information stored in each file. Documentation of data and the use of an appropriate technique for data organization are essential to maintaining data integrity and enabling the efficient process of research data analysis (Grossoehme, 2014). Labeling and cataloging in a structured form increase the propensity for achieving a high quality of data finding as well as guarantees ease with the retrieval of research data.

I recorded the interviews and revisited them by listening to the recordings. I used MAXQDA for windows software for data analysis to reassemble data by the coding of each concept and the identification of emergent themes. I also provided each interview participant with a copy of the transcript of each interview including a summary of the findings and conclusions from the study in a document of two pages. The protocol of transcribing data with subsequent member checking would enhance the reliability and validity of collected data (McCarthy et al., 2017). Subsequently, I kept each recording together with the transcribed data, related archival materials, and the digital records securely in access-by-code devices for 5 years following which destruction of all data

will take place.

Data Analysis

After my interview and transcribing the interview process, I began the process of data analysis by considering all the data collected using the data collection methods and the data collection techniques for this research study. I reviewed the data from the interview, observation, audio recordings, documents and all archival records. For qualitative research, the steps of data analysis involve the entire process that systematically compiles and organizes data for meaningful analysis to permit the formation of themes by coding and the subsequent representation of data (Kornbluh, 2015). Hence, data analysis incorporates numerous interlinked steps with activities that form part of data analysis and representation.

I followed Yin's process of a five interlinked steps for data analysis. Yin (2014) advocated for the use of a five-step non-linear approach for compiling the database, disassembling data, reassembling data, interpreting data, and making conclusions about data. I will discuss each step in greater detail.

Compiling a Database

Compilation of a database involves the collection of data from research in a structured manner. The main types of qualitative data that I gathered included structured and unstructured text, audio and visual recordings (Rowley, 2012; Rubin & Rubin, 2012; Yin, 2014). I commenced with the organization of data by transcribing, data cleaning, and labeling the data. I replayed the audio recording to safeguard the accuracy of the transcribed data.

I anticipated that the size of data collection under this research study was voluminous hence requiring systematic analysis (Burnap, Avis, & Rana, 2013; Yin, 2014). I organized the transcribed data and archival documents chronologically and in a sequential manner to a clean layout that was easy to retrieve. The process involved the initial structuring, labeling, and defining the data.

Disassembling Data

A clean and organized database provides the benefit of a quick, easy, and speedy access of specific data. Such a database enables users to access data and leave data intact when a layered structure is in place for the database. With the compilation in place, I proceeded with breaking out the data to smaller fragments, which made it easy when working with tiny segments of the entire data without losing track or disorganizing the database. I also used a coding system for each section of data, and I used a code that was easily identifiable and recognizable. Coding is the manner of categorization of data to facilitate analysis (Fusch & Ness, 2015; Yin, 2013). From each segment that emerged from disassembling, I assigned a code to enable easy tracking and the specificity of data types.

I repeated the disassembling process during reassembling and the interpreting of data stages, to verify the validity of my coding and the emergence of themes. The constant review and prodding of recurring concepts will facilitate accurate identification of the emergent themes. During coding, it is imperative for researchers to be cognizant that incorporating all the information supplied by research participants is not required (Derobertmasure & Robertson, 2014; Yin, 2013). I engaged an iterative process for an

orderly compilation of data which was succeeded by the disassembling phase where data was broken to tags and then reassembled to cluster groups as theme emerged.

Reassembling Data

The next step involved the reassembling of data to align with the identification of the new framework on the process of disassembling data. As qualitative research presents with rich contextualized data and images, which may be a challenge to research if the data volume is immense (Fielding, 2012; Kornbluh, 2015; O'Reilly & Parker, 2012). To counter this challenge, I used computer-aided software for qualitative data analysis.

Once a framework of coding was in place, I reassembled the data by aligning to fit the newly created coding system. To proceed, I relied on a computer software to help in reassembling the data. An essential step with qualitative research and data analysis lies in the ability to uncover patterns as well as frequencies (Krenn, 2015; Miles & Huberman, 1994). I used text analyzer to find the most frequent phrases as well as subjected the data to Microsoft Excel for the graphical depiction of words that most often occurred, and pie charts with which one can easily discern and interpret qualitative data.

As with quantitative research, there are several computer software packages for qualitative research methods. Kornbluh (2015) identified the commonly used computer programmes for qualitative data analysis as QDA Miner Lite, Nvivo, ATLAS, MAXQDA, and Quirkos. Researchers rely on qualitative data analysis to manage voluminous amounts of data, save time, and enhance the validity of qualitative research (Burnap et al., 2013). Consideration of the use of data analysis software including Information Technology (IT) software available for qualitative data analysis and

representation would be prudent. The merits for MAXQDA include the provision to support text, audios, and graphical files as well as its inherent capability to handle numerous coding, retrievals, and visualization (Franzosi, Doyle, MClelland, Putnam Rankin, & Vicari, 2013). I used MAXQDA for windows software.

MAXQDA aided with the coding of each concept and the subsequent identification of emergent themes. Pierre and Jackson (2014) detailed that the critical facets of qualitative data analysis are the coding of data that serve the purpose of condensing the data to reasonable portions, coalescing the codes to broader themes and finally displaying or representing the data. A distinct advantage of MAXQDA is its ability to form themes from the various concepts and the graphical display in MS Excel or Word, of those concepts and codes, as they emerge through a plethora of data. These byproducts help in providing the essential building block that forms the basis for interpreting data.

Interpreting data

The use of a structured system of data analysis will guarantee an accurate interpretation and representation of data gathered to gain an understanding of the strategies insurance business leaders use for corporate governance to support financial performance. Pierre and Jackson (2014) described qualitative data analysis as the procedures that commence from data collection to the organization, explanation, and interpretation of the phenomenon of a research study. During the interpreting data stage, I used the reassembled data to form a narrative.

There are several approaches used by researchers to analyze data, the style

incorporated often varies with the methods of qualitative design inquiry. Each qualitative research design calls for a different data analysis process. Yin (2013) stated that it is essential for a researcher to use the appropriate data analysis for each research design approach. For this multiple case study research, I used methodological triangulation to enhance the validity of my research. The combination of several data sources aids in achieving methodical triangulation (Marshall & Rossman, 2016). To do this, I used the information gathered from the interview, observation, audio recordings, and all the archival records. Qualitative research routinely incorporates member checks to solicit research participant insight on research findings (Modell, 2015; Wilson, 2014). I also reassembled the data and reviewed the process with emergent themes again to compare emergent themes as well as incorporate member checks as a compulsory part of my data analysis process.

Conclusion making

Before closing the data analysis process, I proceeded to the conclusion stage to systematic and meticulously compose a summary. Shekhar Singh, (2014) provided a comprehensive conclusion during the data analysis phrase after relating new research findings to the case study research of non-profit organization. In concluding the study, I highly considered data and information from the interpretive stage to draw a summary.

I also gauged if patterns that emerge corroborate with the general writings of other authors and try to assess reasons for material deviations. Miles and Huberman (1994) advocated stepping back to consider what the analyzed data mean and evaluating their implications when making qualitative research conclusions. Within my summary, I

cross checked and compared my findings with those of previous studies in corporate governance of financial and the non-financial institutions to uncover any significant divergence, similarity, or overlap. In qualitative studies, the provision of data to rival findings is through the identification of an alternative or competing finding (Farrelly, 2013; Yin, 2014). Hence, such a comparison would aid in enhancing the validity of my research.

I documented all findings that resulted from the rival finding and assessed the emergent themes with the stipulations of the agency theory, which was the girding and framework lens for the literature review of my research study. The agency theory fulcrums on the assumption that managers are inclined to make decisions that would not maximize shareholder interest due to non-alignment of goals between the principal and the agent (Abdullah & Valentine, 2009). Hence, in my summary I considered and weighed the critical elements of the conceptual framework of this research against each emergent theme, and corroborated recent research finding published since 2018 while my literature review was ongoing to uncover the strategies that ensure sound corporate governance in the insurance industry.

Reliability and Validity

Reliability

Reliability and validity are critical determinants of effectiveness for any qualitative research study. In qualitative research, reliability is the assurance that multiple readers will provide a similar analysis of data as did the researcher. The most important standard of a research study are validity and reliability. Notwithstanding, the gauge for

validity and reliability differ for qualitative and quantitative research (Gheondea-Eladi, 2014). Ali and Yusof (2011) defined reliability as the ability for a researcher to replicate a study that would yield similar results. Researchers strive to keep the research setting to a constant to enhance the chance that replication provides identical results.

Unlike quantitative research where research instruments may easily be subjected to a test and retest to confirm reliability with the generation of a similar response, in qualitative research the consistent maintenance of the concept of reliability often presents with a challenge. The chance of attaining research reliability maybe hampered and is not always possible, such as when it is impractical to replicate the actual setting of data collection. Notwithstanding, there are several strategies can aid qualitative researchers in guaranteeing the trustworthiness of research findings which include, data triangulation, a demonstration of an unobstructed flow of thought in data collection and interpretation, and the engagement of a sound system for data storage and record keeping (Kornbluh, 2015). I envisioned that a combination of these strategies would help enhance the reliability of this research study and provide a more comprehensive set of findings.

I undertook several steps to assure my research. While going through the entire research process, I created a journal for documenting all the research steps and procedures systematically and logically. Appendix A contains the details of the interview protocol that guided me in ensuring that all the necessary steps for obtaining a robust and detailed data, essential for achieving the objectives of my research study. The receipt of feedback on an interview protocol enhances the reliability and the trustworthiness of a

research instrument (Castillo-Montoya, 2016). I received feedback from peers before the finalization of the interview protocol.

In addition to the interview protocol, I created provisions for debriefings using external checks and retained all signed copies provided to me as evidence of the third party views, sentiments, and opinions. El Hussein, Jakubec, and Osuji (2015) said that with peer review, the peer, as well as the researcher, should each provide a document of their reports. Yin (2014) referred to coding by a third party as blind coding. I used information and communication gadgets to record findings accurately and transcribe data. The use of relevant MAXQDA computer programs and MS office packages to analyze and represent data assisted in assuring reliability.

To safeguard the reliability of the findings, researchers need to examine dependability. Dependability is the extent by which findings are subject to change and uncertainty (Anney, 2014). Dependability is an essential quality in research findings. Yin (2013) defined dependability as the constancy with which research findings could be repeated and result in similar outcomes.

I addressed dependability by maintaining an accurate record of all audio- tapes, documents, and kept precise details of the research steps with the guide of a research journal and an interview protocol. Gheondea-Eladi (2014) posited that the context of qualitative research is prone to constant changes, as a result it is prudent to document all features of changes should future researcher take an interest in replicating the results. Researchers use documentation in the confirmatory process to ascertain dependability (Marshall & Rossman, 2016; Thomas & Magilvy, 2011; Yin, 2014). The maintenance of

audio and written records provided an audit trail that I availed to the interview participants for future access for review of the themes generated from the data collection and analysis.

Validity

While using numerical indices and measures readily ascertain the validity of research findings, it may be a daunting task to determine in qualitative research, which revolves around human understanding. Business scholars have endorsed various terminologies and perspectives to infer the word qualitative validity as it is complicated to encapsulate the term to a single phrase in qualitative research (Anney, 2014). Scientific scholars are critical of qualitative research for failing to conform to the tenets of validity and reliability when carrying out experimental research (Gheondea-Eladi, 2014). The challenges of ascertaining validity in qualitative research and the divergent views by scholars are indications of how complex the term validity is in the contextual setting of qualitative research.

There is a plethora of views and terms that scholars have created to signify the intent of validity. Elo et al. (2014) defined validity as accuracy or precision of a research finding. In qualitative research, the attainment of validity is by giving heed to the credibility, transferability, dependability, and confirmability of research findings (Sarma, 2015; Yin, 2013). I used a methodical structure in which these qualities were realizable in my research study and allowed for the test by external scrutiny.

A qualitative researcher can use several methods to establish credibility, transferability, dependability, and confirmability and hence ascertain validity. Reliability

is the gauge for correctness or the truthfulness of research data and findings (Sarma, 2015). Credibility is about the believability and trustworthiness of research findings (Bennett & McWhorter, 2016). I used triangulation of data sources to guarantee credibility. Corroborating multiple data sources such as the accounts of third parties support credibility (Marshall & Rossman, 2016). I used peer review, established, and followed the interview protocol in a systematic order, to enhance the credibility of my research. Farrelly (2013) theorized that the use of investigators, other third parties, and the choice of spending additional time in a field location to gather information bolsters research credibility. The actions targeting credibility assures that a researcher is addressing the findings from the perspective of the participants.

Transferability is the ability by which the findings of qualitative research are generalizable. McInnes, Peters, Bonney, and Halcomb (2017) defined transferability as the extent to which elements in a naturalistic study can extrapolate to other settings. To enhance on transferability, I adequately provided with a comprehensive description of the process, limitations, and assumptions of my research to aid readers to evaluate whether appropriate generalizations is possible to other contexts.

Researchers carry their own biases to a study. Hence, a research finding has the potential for bias. Confirmability in a qualitative research study is the extent to which the results and research are without the effect of a researcher's bias (Fusch & Ness, 2015). I used multiple validation strategies that include peer reviews and methodical triangulation to assure confirmability by using numerous data sources. When external reviewers

examined and corroborated the data substantiating my findings it resulted in an assumption that no biases influenced the data collection and analysis.

Data Saturation

Failure to attain data saturation affects the quality of research by curtailing its validity. O'Reilly and Parker (2012) stated that data saturation occurred when there were no new elements of discussion from interviewees concerning a research question. Fusch and Ness (2015) recommended a sample size of 10 for a multiple qualitative research case study. I planned to advance with interviewing the seven participants again, if there was no attainment of data saturation after the initial seven interviews, to a point when no additional themes emerge. I documented the level and position at which data saturation occurred and described the manner in which I was able to assert the attainment of data saturation for my research study.

I documented a plan for the process of the contemplation of data to challenge my research findings prior to the data collection phase. In quantitative studies, the statistical estimates act as the gauge for extrapolating data finding (Yin, 2014). However, for qualitative studies, the yardstick to gauge and challenge data findings may only be achieved through the identification of an alternative or rival finding (Farrelly, 2013; Yin, 2014). I used the process of an alternative rival finding, which is similar to a method of elimination, to ascertain data saturation, where each additional contrary finding lent credence, and strengthened the findings of my research study.

In accordance with the interview protocol, I carried out a pilot test to ensure that I posed the right questions during the interview process. Sarma (2015) advocated that that

pilot testing might assist in the refinement of the interview questions. Pilot testing aids in safeguarding that the interview questions are appropriate and fit within the time allotted for an interview.

The formulation of a unit of study may appear daunting for research but when well-framed supports data validity. Hence, formulating proper definitions of a case study and bounding helps to mitigate the potential challenge with data formulation (Yin, 2014). The action of establishing a unit of study aids in ring-fencing or setting boundaries by defining the possible extent of any study without the risk of data saturation. I made a concise formulation of the unit of my research study and used the bonding process by setting an appropriate context and hence narrowed my research to a manageable size as the topic of corporate governance is complex and broad.

Transition and Summary

In this section, I deliberated on the purpose of this qualitative multiple case study, which explored the strategies insurance business leaders, use for corporate governance to support financial performance. In section 2, I incorporated a discussion on the research methods and research design and provided information on the key determinants of population sampling, and the alignment with the stipulations of ethical research and the IRB requirements. In this section, I also included a discussion on the instruments, and techniques in use for the collection, organization, and analysis of data. I established the achievement of reliability and validity for this research.

In Section 3, I presented the findings and results of this study and included a discussion of the application to professional practice, the implication for social change,

recommendation for action and further research, as well as a consideration of my experience with the research process. Lastly, in the section, I incorporated a summary and conclusion.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative multiple case study was to explore the corporate governance strategies insurance business leaders use to support financial performance. The targeted population consisted of business leaders from seven insurance companies in the corporate sector in Austria who have used corporate governance strategies to support financial performance. The findings revealed that successful insurance business owners relied on a robust system for risk management, used an effective method of internal control for sound governance, and consistently applied and complied with corporate governance principles and regulations.

Presentation of the Findings

I conducted semistructured interviews and collected annual financial reports from business leaders from seven insurance companies in the corporate sector in Austria to respond to the following central research question: What strategies do some insurance business leaders use for corporate governance to support financial performance? I reviewed online archival materials regarding corporate governance for each of the seven insurance companies and carried out a thorough study of peer-reviewed journals which served as the foundation to link my research question to the conceptual framework.

The sample for this multiple case study consisted of seven business leaders from seven insurance companies who have been continually successful in implementing governance strategies that support sound governance. The participants were senior insurance leaders and all possessed over 17 years of experience in the sector. I continued

to interview the participants until I was confident that I had reached data saturation. Each participant responded to seven open-ended interview questions. The interview time varied, with an average time of an hour and 10 minutes. I used pseudonyms (e.g., P1, P2, P3.) to preserve the confidentiality of each participant, while also ensuring no disclosure of company details in any of the collection materials.

I recorded the responses to the semistructured interviews and revisited the responses by listening to the recordings. I provided each interview participant with a copy of the transcript of each interview, including a summary of the findings and conclusions from the study. Harvey (2015) specified that the provision of summary transcriptions to participants allows for member-checking and enhances the validity and credibility of data. I used the process of triangulation to ensure the validity and reliability of data by gathering archival documents that included published financial statements to supplement the primary data collection of this study. I commenced with the organization of data by transcribing, cleaning, and labeling the data. I replayed audio recordings on my laptop and the digital recording on a smartphone to safeguard the accuracy of the transcribed data. I reviewed the responses of each participant for each of the seven questions separately and coded the responses for recurring themes using MAXQDA.

Next, I conducted another analysis using the total of participant responses grouped for each question. The analysis of data indicated 93 coded statements and 11 unique codes. I was able to determine three central recurring themes (see Table 1).

Table 1

Responses by Participants to Interview Questions

Excerpts responses from participants	Interpretation and analysis	Emergent subthemes
Interview Question 1: What are the strategies used to link strategic corporate governance and the internal control systems (ICS) within your organization? P2: "We have a team of executives who are conversant with the corporate governance requirements as stipulated by the Austrian codes of corporate governance." P7: "By crafting policies that set the minimum requirements for BOD, especially for the supervisory board membership."	An analysis of the responses from the participants indicate on the essential role of ensuring that board members possess the appropriate qualification	Qualification of Board members
Interview Question 2: What strategies were used to ensure that sound corporate governance leads to improved financial performance? P1: "The senior management of our organization has opted to comply with the voluntary regulations as the Austrian codes of governance by offering to comply with the requirements of the codes than opting to explain." P3: "Providing CEOs and our managers and senior staff with remuneration incentive that encourage and reward excellent financial performance for our shareholders and business clients including the community where we operate". P4: "with objectives that aid in complying with the codes and the annual risk reporting per Solvency II.	An analysis of the responses from the participants indicate on the role of risk reporting as per the governance principles and on the requirements of Solvency II as well as the significance of complying with the codes of corporate governance	Solvency II Risk reporting Explain and comply

The 11 unique codes represented the main sub-themes that morphed from my study. Consequently, the major themes that emerged after several iterative processes of compiling, disassembling, and reassembling data with MAXQDA were (a) a robust system for risk management, (b) a system of internal control for sound governance, and (c) the consistent application of and compliance with corporate governance principles and regulations. I have presented each thematic finding in greater detail.

Theme 1: A Robust System for Risk Management

The first theme was the importance of possessing a robust system for risk management. The participants' responses emphasized the essential need for a robust system for risk management. The coded frequencies of Theme 1 with its corresponding subthemes and the percentages of occurrences in participants' responses for each subtheme appear in Table 2.

Table 2

Emergent Theme 1: Risk Management

Subthemes	*n*	P1-P2	P3-P4	P5-P7
ERM system	13	30	40	30
Comprehensive risk	12	20	35	45
A risk management framework	15	30	20	50

Note. *n* = Occurrences. P1-P7 represents percentage of occurrences in participants' responses rounded to whole numbers.

All the participants reported to me regarding the marked steps that have been put in place to guarantee a comprehensive risk management system. The participants

informed me that a CEO and directors within an insurance company must consistently give attention to risk management to ensure sound corporate governance. Risk management involves all the organizational procedures that companies use to identify, control, and mitigate risk (Zuckweiler et al., 2016). P4 stated that, “a proper risk management framework is an essential requirement and we work to confirm that it’s operational at critical level, all the times.” P3 stressed the importance of monitoring and reviewing the risk management framework to align it with the ever-changing realities of the insurance industry.

The risk management framework is essential in the assessment and management of risk, which aids in the selection and specification of appropriate organizational control. Thomas and Xu (2018) defined a risk management framework as the overarching organizational architectural structure which allows for a structured and coherent way of determining, controlling, and managing risk. P3 and P4 noted that firmly enshrining risk management needs within the business strategy aids in achieving optimal results toward sound governance in the insurance industry. P1 indicated that, “the enterprise risk management (ERM) is a comprehensive tool with which risk is effectively managed in our company.” Kim and Yoo (2017) defined ERM as the definitive strategy by a business to plan, identify, control, and mitigate risks that would adversely interfere with the operations and objectives of a company as well as the identification of any resultant opportunities. The findings from my data analysis align with the views of Cheffins (2015) who observed that a lack of ERM created room for misconduct to thrive. With ERM, business leaders can help ensure that organizational risk remains within manageable

levels without exceeding the organizationally predefined levels of acceptable risk and uncertainty.

An ERM system includes the procedures that organizations use to manage risk. Kim and Yoo (2017) stated that ERM procedures limited agency costs and recommended the use of ERM to enhance corporate governance practices within business companies. P2 and P5 informed me that an effective ERM facilitated advance information sharing on risk elements that provide managers with a warning on ways to avoid or mitigate risk. All participants in this study underscored the relevance of having an effective ERM system that is flexible and adaptable to the dynamics of the modern insurance industry.

Agency costs occur when an agent acts on behalf of a principal. Feil et al. (2018) defined agency costs as the provisions of firms' contract that aids in aligning the actions of managers with the interest of the shareholder. Agency theory hinges on the notion of misalignment between the interest of shareholder and management as the genesis of poor governance. Dawar (2014) underscored the mismatch in interest between the shareholders and executives as the crux of misconduct. All the participants elaborated in this study how enshrining an elaborate system of risk management created a system that enabled an appropriate identification and classification of risk with clarity on the staff responsible for managing risk. The proper management of risk results in the reduction of the negative impact of risk and ultimately the preservation of business earnings and the shareholder value.

Strategic risk management is a critical determinant in the way that companies will define and execute their current and long-term objectives. All the participants' views

aligned with that of Timothy and Ard-Pieter (2018) who stressed the linkages between business strategy and strategic risk management. P6 informed me about the consistent efforts of his company to streamline and weave risk management strategies together with annual efforts by the CEO and senior management in designing an overarching strategy. Zungu et al. (2018) conducted a study on ERM and strategy formulation by making comparisons using the traditional risk management procedures and concluded that firms that included risk formulation during strategy setting were more successful in mitigating corporate risk. Such companies stood to benefit from a system that girds against potentially unfavorable risk events that may lower company profitability and earnings and thereby reduce shareholder value.

The participants underscored on the pivotal role of a robust risk management framework in enhancing financial performance. The essential part of risk management as a defining factor aligns with the views in my literature review that were highlighted by Nahar et al. (2016) and Lenssen et al. (2014). P1, P4, P5, and P7 repeatedly mentioned the improved financial performance as a tangible benefit that results from the consistent and appropriate application of risk management procedures. Annamalah et al. (2018) discovered a correlation between risk management and business performance. P1, P3, and P6 provided examples of how their insurance companies made marked improvements in financial performance that was evidenced through higher earnings when they initially implemented an overarching risk management system. P5 and P6 warned that insurance businesses in the 21st century face challenges that include global competition from within the insurance industry, emerge from other complex systems, deregulation, and political

risk. Senior management need to continually ensure that their risk management system is sufficiently robust to anticipate and implement risk strategies that mitigate risk and most importantly present with concrete information on how businesses can exploit global market changes to their advantage.

The central business proposition of all insurance companies regardless of sector centers on risk. Buallay et al. (2017) specified that corporate governance and firm performance are intimately entwined and stated that risk management as an essential element of sound corporate governance that managers need to actively implement to assure a comprehensive system of control and governance. Sinha and Arena (2018) advocated for the promotion of internal control features that are specific to audit that advanced risk awareness and sensitization through employee empowerment and training. Maintaining a corporate culture that allows a robust system of risk management to thrive is essential for the survival and enhances business performance within the insurance industry.

Theme 2: A System of Internal Control for Sound Governance

An effective internal control system is essential in guarding against financial loss and ensuring that executives accomplish their strategic objective. Participant P2, P3, P5, and P7 stated how crucial it is to link strategic goals with the system of internal control. P2 and P4 specified that an internal control system and governance mechanism designed in isolation has the potential to create gaps and losses in operations which would undoubtedly be detrimental to the insurance industry. The coded frequencies of Theme 2

with its corresponding subthemes and the percentages of occurrences in participants' responses for each subtheme appear in Table 3.

The participants emphasized to me the importance of having board members that were suitably qualified and independent. The view on the possession of appropriate qualifications align with those of White et al. (2015) and Bernard et al. (2018) who highlighted the experience and qualification of the board of directors. P2, P5, and P7 stressed on the importance of a functional Board of directors who can adequately define a governance structure with internal organizational structures that assure proper control and oversight which match with the OECD (2017) guidelines on insurers governance on the stipulations for the composition and the diversity of boards. P3, P6, and P7 indicated the way in which the organization routinely evaluates the board to ensure that they fulfill the requirements listed and approved in the organizational internal control framework.

Table 3

Emergent Theme 2: Internal Control Mechanism

Subthemes	*N*	P1-P2	P3-P4	P5-P7
Qualified board members	12	20	40	40
Controls with stakeholder interest	15	20	30	50
Effective governance tools	11	30	30	40
Reforms on control framework	13	25	30	45

Note. n = Occurrences. P1-P7 represents percentage of occurrences in participants responses rounded to whole numbers

The participants informed me that the business leaders in the insurance industry must define and implement a system of internal control and governance that would help attain the ultimate goal of profitability for the business. All participants in this study underscored to me the need for the CEO's involvement in ensuring that the system of internal control is owned and promoted by staff and for the benefit of all stakeholders of an insurance company. Maxfield et al. (2018) noted an increasing awareness and compliance with the internal control and governance structures after the 2010 financial crisis but cautioned that majority of the reforms on the internal control framework continue to correspond and give preeminence to the interest of the shareholder. The reforms on the internal control framework and governance conform to the central premise of the agency theory which maintains the shareholder interest at its core. Maxfield et al. evidenced through their study that internal control reforms that are agency-theory driven center on maximizing shareholder interest and hence continue to be laden with the demerits of the agency theory where little consideration goes to the benefit of other stakeholders which creates the potential for financial misconduct and scandals. The internal control system must align with the company strategy and give full heed to the interests of all stakeholders.

All the participants in their response to the question of linkages of internal control and corporate governance specified that success in their insurance businesses considers an effective governance structure and an internal control framework as one that is tailored to create value for all stakeholders. P4 stressed that, “the insurance industry has become very competitive and complex and it would be imprudent for our company to possess an

internal control framework that purely sought after maximizing the shareholder interest by focusing attention solely on corporate earnings". The views on the consideration of the interest of other stakeholder align with the stakeholder theory. Hussain et al. (2018) stated that with the stakeholder theory businesses consider the managerial, financial and socio-environmental objectives. Barker and Chiu (2018) recommended stakeholder value creation as an ideal requirement for corporate success. Unlike the agency theory that is primarily about the maximization of shareholder interest, with the stakeholder theory business leaders are focused on the creation of value for all stakeholders.

Bernard et al. (2018) highlighted on the effect of CEO performance and company performance with specific emphasis on corporate sustainability and recommended an internal control framework that considered the essential role played by external stakeholders. While there are several instances that link corporate governance with corporate social responsibility which in turn promote a positive corporate image and confidence within the general population, Crifo, Escrig-Olmedo, and Mottis (2018) undertook a study that indicated that corporate governance might possess an ambiguous role in corporate sustainability depending on the composition and type of the Board of Directors. The fashion in which a company positions its corporate strategy has a direct bearing on its relationship with its stakeholders and often demarcates the extent to which its corporate social responsibility can transcend. Additionally, in alignment with theme 1, it is essential for business leaders to consider the qualification and composition of the board as it would have a significant bearing on a company's internal control framework as regards corporate sustainability.

To improve business performance in the insurance industry and thereby enhance financial performance, business leaders must make every effort to design an organizational architecture with an overarching strategy that would implement a robust internal control system and governance mechanism that creates value for all the stakeholders within an organization. An internal control mechanism that only considers value creation for the shareholder will likely reduce agency costs but not provide the insurance companies with the strong girds required to be profitable and remain sustainable in the long term. Barker and Chiu (2018) recommended stakeholder value creation as a prerequisite for corporate innovation and success. Unlike the agency theory that grounded this study, an integration of all stakeholder interest that gives due consideration to corporate social responsibility, as well as corporate sustainability imperatives, is vital as propagated by the stakeholder theory.

Theme 3: Consistent Application and Compliance with Corporate Governance Principles and Regulations

Corporate governance in the insurance industry has been gaining significant attention and increasing focus by government and compliance regulators. All the participants pointed out that compliance is a vital component of corporate governance. The coded frequencies of Theme 3 with its corresponding subthemes and the percentages of occurrences in participants' responses for each subtheme appear in Table 4.

Compliance is the procedure that safeguards that companies abide by rules, standards and remain ethical in their dealings (Buallay et al., 2017; Nakpodia et al, 2018). P4 and P6 informed me that there had been many regulatory issues and amendments to

the existing governance framework in Austria. P2, P4, and P7 noted that the corporate governance compliance framework for the insurance industry especially companies listed on the ABS was comprehensive and very elaborate. P5 informed me that there are suitable Information Technology (IT) soft wares that can effectively implement and offer support in the implementation of regulatory procedures within the insurance business.

The participants spoke in detail of the need for consistency in the compliance and application of governance regulations. P5 and P6 stated that corporate governance compliance has two main approaches, the rule, and principle-based approach. Elshandidy et al. (2018) noted that the mandatory and voluntary corporate compliance measures should be viewed in close association as they possess the potential to complement each other. The complementary viewpoint augurs well with the recommendations by Nakpodia et al. (2018) for an integrated system that consolidates the components of the rule and principle directives. Both the voluntary and mandatory compliance types need to be viewed jointly whenever possible and not in complete isolation.

Table 4

Emergent Theme 3: Corporate Governance Principles

Governance principles	*N*	P1-P2	P3-P4	P5-P7
Adherance to Solvency II	23	30	25	45
Codes of Corporate Governance	18	15	30	55
Explain or Comply principle	17	20	35	45
Risk report on governance stipulation	15	30	40	30

Note. n = Occurrences. P1-P7 represents percentage of occurrences in participants responses rounded to whole numbers

All participants informed me of the stringent procedure that is in place to safeguard the compliance with mandatory legislation on corporate governance. P2, P3, and P7 highlighted on the specific management procedures that were established to update their business strategy to align with the additional measures enacted by the Austrian legislator to enhance the responsibility of the supervisory board. In Austria, The Netherlands, and Germany the governance structure for listed companies consists of a two-tier system with the supervisory board and the management board. The management board is responsible for the general direction while the supervisory board is accountable for the material business decision. Rabóczki (2018) indicated that the role of the supervisory was instrumental and it was established to oversee the decisions of the management board on behalf of other stakeholders. The two-tier governance structure is in greater alignment with the stakeholder theory as opposed to the agency theory, which grounded my study.

All participants emphasized to me on the manner that unswerving compliance with Solvency II, a regulatory ruling in 2016 by the European Union (The European Insurance and Occupational Pensions Authority) that govern the way in which the insurance business is financed and regulated, has enhanced governance by the supervisory board. The views on consistency in compliance align with those in my literature review by Cardone-Riportella and García-Mandaloniz (2017) who stated that the Solvency II was created to bring about positive change and to create an effective supervisory system to curtail financial crisis within the insurance industry. Solvency II, which is composed of three primary pillars, considers a risk-based methodology (E-

Vahdati et al, 2018). Participant P3 indicated that, “the requirements for Solvency II are rigorous but beneficial to our company and its stakeholders”. P1 and P5 indicated that full compliance with Solvency II ensure that their companies consider all elements and types of risk and has created more transparency and appropriate disclosure of all risks on the financial statement. Such disclosures are essential in aiding insurance companies in providing solid options on the ways to manage uncertainty and mitigate risk. P1, P4, and P6 cautioned that though beneficial, relatively smaller insurance companies may find cumbersome the financial modeling regulations imposed by Solvency II that is essential in computing the Solvency Capital Requirement (SCR). An excerpt from one of the participants that has the information on the comprehensive allocation of major risk as reported in Solvency II disclosure (YE) 2017 is located in Appendix B.

The participants informed me that the mandatory compliance reporting for the insurance companies continues to evolve as regulatory authorities incorporate new operational realities of the insurance industry. P2 and P4 specified that sometimes the task of comprehending a new complex regulation is arduous requiring specialist knowledge in financial modeling, actuarial sciences, or insurance law. Elshandidy et al. (2018) recommended that the merits of the regulations often outweigh their costs. Hussain et al. (2018) observed that regulatory authorities usually provide a transitionary period to allow companies to implement new regulations to aid in smoothening operations and lower disruptive potential to business. P2 noted that, “compliance with most regulation including Solvency II incorporated a transitionary period which has given us ample time to implement its rigorous requirements. I would have been difficult

to implement Solvency II without this grace period”. One can construe that initial compliance with the regulation is indicative of senior managements' resolve and unflinching commitment toward corporate governance.

All the participants informed me that the majority of the compliance requirement for corporate governance revolved around reporting and disclosure requirements. Elshandidy et al. (2018) underscored that risk reporting was relevant to the corporate governance of insurance companies. P6 and P7 informed me that the reporting and other compliance-related reporting for the insurance industry has evolved and become increasingly stringent especially since the recent spate of the global financial crisis that plagued the insurance industry. The views on rigorous reporting and compliance do not align with those in my literature review by Woo et al. (2015) who observed that the insurance sector has a more lenient framework for governance than the banking industry. P4 and P6 narrated how their companies continually abide by the reporting requirements and how such compliance has served to maintain credibility and consumer confidence. The presumption that the non-financial sector, of which the insurance company comprises, has a less stringent corporate governance framework than the banking sector may not hold true due to the rise in nature and scope of new corporate governance regulation increasingly imposed on the insurance sector.

The participants specified that the amendment in 2015 of the Austrian codes of corporate governance provided a governance framework that increases transparency and accountability to all stakeholders. The participants mentioned how they had implemented the requirements of these codes by either complying or offering an explanation for non-

compliance. The corporate code of governance is a legal framework that is non-binding although companies listed on the ABS must fully comply with its requirements (Schuchter & Levi, 2016). P1, P3, and P7 acknowledged that compliance with the codes together with the implementation of a comprehensive risk management procedure has wrought on benefits which aid all stakeholders besides potential investors in assessing corporate performance. P1 also highlighted how it has complied with voluntary regulations as the Austrian codes of governance by offering to comply with the requirements of the codes than opting to explain, as it was in the interest of all stakeholders. However, the participants informed me of the consolidated implementation of the codes with other governance measures to enhance performance which would not be attained purely by implementing the codes. The complementary viewpoint of applying the codes of governance as part of a comprehensive governance structure resonates with the recommendation in my literature review by Prokhorova and Zakharova (2016), Yeoh (2016) and Bester (2015) who underscored that the code of corporate governance was inadequate alone. The evidence implies that there is no single solution for sound governance.

In summary, unlike the agency theory that grounded this study, the results of my data indicate the importance of implanting the codes of corporate governance which addresses the need of all stakeholders, contrary to the agency theory but in alignment with the stakeholder theory. The evidence indicates that corporate compliance with the codes alone is not sufficient and that a comprehensive strategy that incorporates other governance structures is pivotal in restoring public confidence and enhancing corporate

performance.

Applications to Professional Practice

The purpose of this multiple case study was to explore the strategies insurance business leaders use for corporate governance to support financial performance. A successful and profitable insurance environment is beneficial to society as it promotes risk control activity and boosts the public and investor confidence. Choi et al. (2018) stated that the practice of good governance promotes firm credibility and financial performance. A successful insurance company is beneficial in reducing the overall risk exposure and provides the potential for a safe environment that is conducive to higher investments opportunities and a higher financial earning potential.

The findings of this study are essential to the professional business practice in many ways. As indicated by the participants a robust system of risk management is necessary for enhancing stability and corporate success. Insurance business leaders could consider embedding risk management in its totality to their organizations. Strategic risk management is a critical factor in determining the manner in which companies execute their current and long-term objectives (Saggar & Singh, 2017). An ERM would benefit insurances companies in the identification, assessment, and management of risk as well as the maximization of business opportunities. As informed by P2, P5, and P7 implementing a risk management system and consolidating risk management and reporting may be achieved with senior management commitment and involvement through strategic planning and objective setting. The use of a risk management

framework would be essential in ensuring that staff members with defined roles use established, iterative processes, and risk reporting tools to assess and control risk.

My data findings and recommendations could comprise solutions of possible enhancements in strategies that insurance business leaders need to eliminate noncompliance with corporate governance practices and improve financial performance. CEOs must underscore the importance and give full heed to the corporate governance principles and regulations, as well as enshrine their requirements to corporate strategy during strategy formulation by senior management, with full participation of staff. Wanyama and Olweny (2013) indicated that the benefits of implementing and complying with corporate governance standards include an increase in trust and a reduction in the cost of capital. Choi et al. (2018) specified that the implementation of corporate governance principles might be tedious at the onset, but the benefits that derive from its application are tangible and far-reaching. As per the findings of this study, it is beneficial for insurance companies to commence the process of full compliance with the stipulations and principles of corporate governance by designating suitably qualified legal and financial staff to map out the consolidation of each element to the organizational framework of rules and procedures. Equally, I would recommend training for senior management staff so as to ensure that they understand and appreciate the requirements as well as obtain knowhow on how to optimize the implementation of corporate governance principles. From the data findings of this study, to help navigate through the increasingly complex regulatory framework of corporate governance, business leaders in the insurance industry may make use of information technology software to assist with the

implementation of corporate governance principles and regulation. For instance, Matrix Laboratory (MATLAB) may be used to improve the mathematical models of governance that are prescribed by Solvency II.

The consistent application and compliance with corporate governance principles would increase transparency and accountability in the insurance industry. Besides, it has a positive impact on earning and would raise the share price on insurance shares. Schuchter and Levi (2016) stated that the benefits of the codes of corporate governance include greater accountability and a high propensity for ethical behavior. Compliance with corporate governance principles ensures that other stakeholder interests are recognized and safeguarded. Prokhorova and Zakharova (2016) and Yeoh (2016) emphasized that a governance mechanism must be comprehensive enough with complete regard for all stakeholders to guarantee corporate success. Ribe et al (2018) described the use of the stakeholder theory by management as a symbiotic association for corporate sustainability. With my study research, I may contribute to the necessity for corporate executives in the insurance business to seek a holistic management mechanism to impact corporate value through value creation for all the stakeholders. A holistic management mechanism occurs when senior business leaders consistently apply and comply with corporate governance principles.

Implications for Social Change

The findings of this study may have a positive social impact in myriad ways. The consistent application and compliance with corporate governance principles and regulations by the insurance industry may create stability in the insurance industry and

bolster public confidence. Thomas and Xu (2018) specified that weak corporate policy results from a lack of stringent governance principles. The global financial scandals have increased since 2010, which has created business disruptions and occasioned losses for investors and the general public. An insurance industry with a robust risk management system results in the enhancement of transparency and abidance by the requirements of the corporate governance principles which safeguard the interest of all stakeholders. A method of internal control for sound governance results in a culture of openness and transparency and policies that are in the best benefit of the shareholder where business leaders make decisions which would positively impact on corporate earnings.

The observance of ethical practices and sound governance would cause CEOs to implement policies aimed toward value creation for the stakeholders. The implementation of value creation policies may result in an insurance industry that offers insurance products that create value for stakeholders, consider, and abide by the principles of corporate sustainability all which lead to responsible businesses. Barker and Chiu (2018) argued for the incorporation of corporate governance principles as they provided value for investors without solely seeking value for the investor. An insurance industry that creates value through observance of risk management, complies with good governance principles, and implements a system of internal control that may beneficially affect social change and is likely to create a business environment with better access to insurance for the community, stable employment opportunities, and the restoration of confidence in the insurance investment portfolios.

Recommendations for Action

This study may offer essential policy strategies as well as implications that may aid insurance business leaders in the design and implementation of an organization architecture that is fully cognizant, implements and complies with risk management, internal control, and corporate governance principles. The CEOs and the corporate insurance directors have a pivotal role to play in enacting strategies that define the course of the insurance industry. Ali Reza and Amir (2018) in examining CEO and senior management compensation specified that business leaders establish the strategic direction and are responsible for securing the policies geared toward business success. Business leaders are an essential link who would effect change and who may pay attention to the results of this study to bring about positive change to the insurance industry.

The insurance business leaders may consider incorporating the emergent themes from this study in designing their company strategies. A business strategy is the means by which companies develop a thorough methodology and a detailed plan of its prerequisite for success (Umar et al, 2018). I would recommend that the CEO and the directors amend their organizational architecture to safeguard that the business strategy that derives from it incorporates each of the three themes identified in this study.

Specifically, I would recommend the implementation of an ERM system which would lead to the existence of a comprehensive risk management system. To establish an ERM, the CEO and the directors would need to design a risk management framework that strategically builds all the risk elements in one place. The consolidation of all significant risk in a central location may practically is attained by identifying all the

substantial risks and uncertainties which may be disruptive to an insurance organization. A risk map may be used to assess the probability and the magnitude of risk, which would be followed by a procedure that carefully crafts mitigating measure for the proper management of risk and the maximization thereof of all plausible opportunities. A strategic risk management system is essential and a primary determinant of the fashion in which companies execute their objectives (Saggar & Singh, 2017). An ERM is highly recommended as it provides the insurance industry with the chance to reduce disruptive element that would impede business objectives and offer an opportunity for the delivery of positive business performance.

I would recommend the implementation of an effective internal control system which would create stakeholder value and safeguard against financial loss. A stable internal control system has the potential to gird against the pitfalls that led to the rise in the spate of global corporate scandal. To successfully establish an adequate internal control mechanism, I recommend that the CEO and corporate directors make an appropriate linkage between the strategic objectives of the organization with the system of internal control. An arbitrary set of internal controls is weak from the onset and is guaranteed to not protect a company's earnings in a highly volatile and competitive business environment (Waweru, 2014). I would recommend the services of a reputable management consulting company for insurance organizations that are not well versed in comprehensive risk mapping and assessment, to provide training and assistance with the implementation of internal control framework that aligns insurance companies' control

with the OECD (2017) guidelines that ensure the principles on qualification, composition and the diversity of board members.

I would recommend for the CEO and corporate director involvement in ensuring the consistent application and compliance with corporate governance principles and regulation. I would recommend the purchase of software for mathematical modeling used to improve the mathematical models of governance for corporate governance to help in computing the SCR. I would recommend the implementation of the corporate governance principles for all major insurance companies as opposed to the option to *explain*, that is optional for companies in the *explain-or-comply* governance principles. The *explain-or-comply* principle offers valuable information as to the genuineness of board members' commitment (Stanciu & Bran, 2018). I would also recommend that the consistent application and compliance with corporate governance principles and regulation is owned and promoted by staff and for the benefit of all stakeholders of an insurance organization. To attain this, the CEO may need to involve all staff in the understanding of the need for the governance structures and work with the directors to implement a change mechanism that would achieve the buy-in of all stakeholders where the shareholders comprehend and are appreciative of the need for sound corporate governance. Considering the requirements for all stakeholders promotes value creation for stakeholders and would beneficially affect social change.

I hope that the results of this study may provide the insurance business leaders with the strategies for corporate governance to support financial performance. This study will also be beneficial to insurance company employees, the regulators of corporate

governance principles, and the central community of stakeholders within the insurance industry. My family, research study participants, and my recent residency one cohort of students with whom I was fortunate to liaise would also receive a copy. Without breaching any confidentiality rules, I plan to disseminate a summary of the study to my colleagues at work. At a later stage, I plan to co-publish a review of my research in a scholarly journal and seek for opportunities to present at suitable financial professional conferences at my work place.

Recommendations for Further Research

The focus of this study was on the strategies that insurance business leaders use for corporate governance to support financial performance. The targeted population consisted of a business leader from seven insurance companies in the corporate sector in Austria who have used corporate governance strategies to support financial performance. Conducting an interview of insurance business leaders who have endured corporate hardship or an insurmountable amount of disruptive pressure from the insurance industry and still managed to maintain success may be essential to better understand and appreciate the essence of success amidst a highly competitive industry. Future research may also consider the extent to which the code of corporate governance established by the ABS, the OECD (2017) guidelines, and Solvency II created in 2016 by the regulators within the European insurance industry converge and overlap to understand if there would be a need to consolidate their requirements to simplify the regulatory elements within the insurance industry.

The primary limitation of this study is its confinement to the realm of the insurance industry, and the participants were from the financial insurance services. Marshall and Rossman (2016) specified that limitations are boundaries beyond the periphery of the research study. The findings and deductions of this study may not be relevant and applicable to other industrial sectors. I would recommend the study research to unravel the sound corporate governance practices in other industries. The second limitation was the case study participants' provision of information captions of their perceptions of corporate governance for each case study. Marshall and Rossman (2016) indicated that in qualitative research, the onus of transferability rests with other researchers or readers in determining whether research findings are applicable from a study to another context. I would recommend the exercise of caution to other researchers in the possible application of my research findings to another setting.

Reflections

I chose to approach this study with an open mind and a fervent desire to unravel the reason and solution why corporate governance continues to mire the insurance industry. Corporate governance is a topic about which I have a keen interest and consistently kept abreast with on significant developments regardless of the industry. As I have read and acquainted with new issues that have come to surface on the topic of governance, I have discovered that my interest levels have also heightened as I have gleaned and absorbed new insights.

I could have been biased because of the facts that have been presented in the news and on social media that global businesses would always have the propensity for failures

in as far as they enact the policies and practices on behalf of the shareholder, to whom they are accountable. I reasoned that such policies would only ever benefit the shareholders. Chikweche and Flatcher (2012) specified that it is essential to be profoundly aware of biases that may render partial the opinion of a researcher. I made every effort to design statements that would yield the best potential in obtaining objective feedback from each of the seven interview participants. I avoided research bias in the collection and analysis of the data emanating from this study by reviewing the participant responses with each participant to make sure that my transcribing was indeed objective. I also used the same question for each interview and was heavily reliant on the interview protocol. After completing the research study, I have been better informed especially after conducting the interview sessions and listening to the insurance leaders speak authoritatively and some passionately, in answering to my interview questions, on the possibility and indeed the actual realization of corporate governance strategies that support financial performance especially when they closely intertwine with value creation.

I realize that the successful completion of a Doctorate study in business is not an easy feat. Courage, determination, and the persistent spirit to ebb on even against one's will are necessary. There were indeed several times on the academic journey that I wanted to quit and opt for the easy way out. I have been frustrated when I could not seem to get the script right when I could not adequately and efficiently put into words my thoughts as I typed one page after another. Most importantly is the knowledge that it is impossible to accomplish the study on my own. I have received invaluable support from

each of the faculty especially when I could not keep the end goal in proper view. The advice and feedback I have obtained has been valuable and has helped me in understanding; I appreciate the need for scholarly writing, which I use in my professional work.

Conclusion

The insurance industry is in the middle of a modern global marketplace that is increasingly complex, dynamic, and has many torrential currents that morph from the disruptive forces of new technology, innovation and a grander global connection. Equally, the magnitude and scope of risk and uncertainty unleashed on the insurance industry continue at such an unprecedented rate. These uncharacteristic times occur in a global financial market littered with one occurrence after another of global scandal. The insurance market has not been exempted, as in fact, financial scandals have continued to mire the insurance business environment in spite the fact that policymakers have vowed sweeping changes in the insurance industry to safeguard profits and protect more than a million policyholders (Voinea, 2015). The rate and number of global misconduct and scandals are indicative of the dire need for a sure solution to sound corporate governance.

The insurance business leaders need to set strategies for corporate governance to support financial performance. The leaders need to reestablish and rewrite the insurance business strategy to incorporate a robust system for risk management that would comprehensively assess and mitigate risk and reduce any disruptive elements that would impede business objective and offer a chance for the delivery of positive business performance. The insurance business leaders need to establish an adequate internal

control system which would safeguard against financial loss. A robust internal control system has the potential to gird against the pitfalls that led to the rise in the spate of global corporate scandal. Lastly, the insurance business leaders need to ensure the consistent application and compliance with corporate governance principles and regulations. The regular and full implementation of the regulations and principles of corporate governance considers the needs of all stakeholders and promotes value creation for stakeholders and may beneficially affect social change. A comprehensive system of sound governance is sure to result in enhanced financial performance and value creation for all stakeholders which position insurance companies for the present, and also the future.

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Appendix A: Interview Protocol and Questions

Title of Study: Corporate Governance Strategies to Support Financial Performance
Name of interview and Position: ____________________________
Place:__________Date ____________________Time_________

I. Introduce self to participants.
II. Thank the participants for their time and voluntary intention to participate in the study.
III. Provide interview with overview of the consent form that they have read, signed, and sent via post.
IV. Give the participants a copy of the consent form.
V. Inform participants of the recording of the interview and note if they will have any concerns.
VI. If in agreement, proceed to turn on the audio recording device.
VII. Commence with the interview.
VIII. Carry on with follow-up questions.
IX. Request and collect hard copy documents and any relevant materials.
X. Thank the participants again for their time.
XI. Provide contact details to participants incase prospective questions should arise.
XII. End the protocol.

The following are the open-ended questions I will use in the study:

1. Who is responsible for strategic corporate governance within your organization?
2. What strategies were used to ensure sound corporate governance of the organization?
3. What are the strategies used to link strategic corporate governance and the internal control systems (ICS) within your organization?
4. What, if any, related strategies for human resource management are in place to curb poor corporate governance?
5. What strategies used for corporate governance leads to improved financial performance?
6. What measures are in place to enhance compliance toward corporate governance?
7. What additional information can you provide regarding strategies you use for corporate governance to support financial performance?

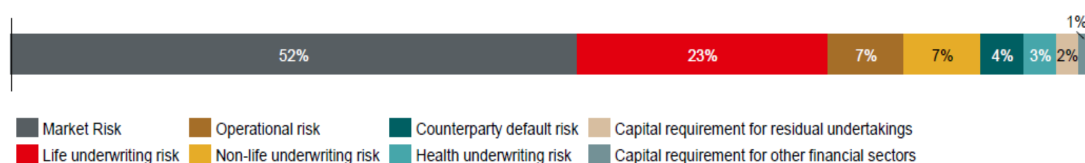
Appendix B: Solvency Capital Requirement

SOLVENCY CAPITAL REQUIREMENT (III)

Allocation of risks

- **Market risk accounts for more than 50% of total solvency capital requirement**
  - 64% of total market risk consists of spread risk and equity risk
  - Interest rate risk and currency risk make up almost one third of total market risk
- **Life underwriting risk contributes to the total solvency capital requirement with 23%**
  - 69% of life underwriting risk derives from lapse risk
  - Second biggest driver is life expense risk with 17% of total life underwriting risk
- **Operational risk ranks third with 7% of total solvency capital requirement**
- **Non-life underwriting risk and health underwriting risk together correspond to 10% of total solvency capital requirement**

- **SCR of €3,525mn – Risk allocation**



Excerpt on the comprehensive allocation of major risk as reported in Solvency II disclosure (YE) 2017.