DIRECTORS' VALUES: A GLIMPSE INTO THE BLACK BOX

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Abstract

Boards have an important role in contemporary society. In fact, in some cases boards govern firms that are wealthier and more powerful than the governments of the countries in which they operate. In recent years, the impact on society of the failures of some large corporations has led governments to prescribe the role of directors. However, by virtue of context, personality or values, no degree of prescription will overcome the fact that there will always be many shades of grey. In other words, different directors and boards may come to different decisions about seemingly similar matters due to their personal values. In spite of this, little is known about the behaviour of directors or the values of the directors that govern companies. Their decisions are made behind closed doors, or in *the black box*. Therefore, a greater understanding of directors' values and behaviour is argued to be worthy of research and is the focus of this thesis.

Given the widely reported difficulty in recruiting directors for research purposes, criterion and snowball sampling techniques were used to source participants. The sample consisted of 25 participants with board experience in Australian public companies. A qualitative dominant mixed methods research design was used. Initially, the Portrait Values Questionnaire (PVQ) developed by Schwartz et al. (2012) was used to measure the directors' values. Semi-structured interviews were then conducted to check the congruence between their measured values and how they perceived their values. In this phase, the reconciliation of directors' values with their fiduciary responsibility, and the role of their social identities in providing a link between their values and behaviour, was explored.

Directors' reactions of the PVQ (in the interviews) indicate a high level of acceptance of the measured values with the strongest values being *self-direction, benevolence* and *universalism*. For the reconciliation of the directors' values with their fiduciary responsibility, the findings suggest that besides the pecuniary aspects of emphasised by economic theories, such as agency theory, directors' actions are influenced by their values. As an illustration, *universalism* appeared to guide the directors to focus on the long term interests of their companies. The findings also indicate that for those directors who anchored their values on their social identities, behaviour was contextual and driven by their most salient social identity. Another finding that was not the focus of this study but that unexpectedly emerged in the analysis is

the *glass cliff* concept, with the female directors appearing to be in more precarious board or professional positions in comparison to the male directors. However, due to the sample size and sampling strategy used, a caveat that the findings need to be interpreted with care is required.

Despite the limitations, this study draws attention to the potential importance of values to the recruitment of directors. The research also provides a foundation for future research on values and board dynamics and the link between values anchoring and ethical behaviour.

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Statement of authorship and sources

This thesis contains no material published elsewhere or extracted in whole or in part from a thesis by which I have qualified for or been awarded another degree or diploma.

No parts of this thesis have been submitted towards the award of any other degree or diploma in any other tertiary institution.

No other person's work has been used without due acknowledgment in the main text of the thesis.

All research procedures reported in the thesis received the approval of the relevant Ethics/Safety Committees (where required).

Signed:

Acknowledgements

CHAPTER 1: INTRODUCTION

1.1.　Background to the research

Societal trust in corporations is at a low level (Bachmann, Gillespie & Priem 2015; Edelman Trust Barometer 2014). Pearce and Stahl (2015) have attributed this to a seemingly endless list of board directors and senior executives who have been exposed as committing greedy and dishonest business practices. These amoral actions have led to changes in corporate governance legislation (for example, the enactment of the *Sarbanes-Oxley (SOX) Legislation* in the United States of America (hereafter U.S.) and the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* in Australia) (Dah, Frye & Hurst 2014; Riaz, Ray & Ray 2015). However, such changes have not resulted in the standards of governance expected by society (Spitzeck 2009; Weber 2015). The corporate governance laws in Australia, the U.S., and many other western countries, prescribe the role of a board as fiduciary in nature and proscribe boards from behaving in ways contrary to the best interests of their companies (Bryant & Davis 2012; Cottrell 2009). Yet, the varying plausible interpretations of corporate governance by the Courts highlight the ambiguity in how boards should enact their fiduciary roles and act *bonafide* (Langford 2011).

Research scholars have attempted to clarify how boards can carry out their fiduciary roles and act in the best interests of their companies (Erkens, Hung & Matos 2012; Petra 2005). Predominantly, the research has been within a structuralism paradigm, with the use of quantitative methodologies and focussing on the links between boards' demographic variables and financial performance (Viganò et al. 2011). Notwithstanding the useful information obtained from this stream of research, at a practical level, the U.S. company, Enron, serves as a paradox to the emphasis on such variables (Hendry 2005; Westphal & Bednar 2005). In this case, as at 31 December 2000, Enron had a US$75.2 billion market value (Soltani 2014), and the Enron board consisted of knowledgeable individuals who were believed to be undertaking their roles proficiently (Boerner 2011; Pugliese, Minichilli & Zattoni 2014). Yet, the unethical tone at the top, which might not have been discernible to outsiders, contributed to the bankruptcy of one of the largest companies in the U.S. that had been credited as being at the forefront of innovative energy supply (Soltani 2014). Similar

characteristics were observed in large Australian companies when bankruptcy petitions were filed; for example, Harris Scarfe (a retail company), HIH (an insurance company) and OneTel (a telecommunications company) (Kang et al. 2013). The consequences of these corporate failures are significant, as an illustration, following the collapse of Enron, 5000 people were left unemployed and the losses incurred by employees and investors were estimated at US$50 billion (Steffensmeier, Schwartz & Roche 2013). It would appear that the upper echelons in corporations became (or were) less attuned to treating other members of society with the ethical and moral standards that they are worthy of (Cooper, Dacin & Palmer 2013). These actions have led to groups like the Occupy Movement, recently formed by members of the public, to castigate a section of the upper echelons in corporations for their greedy and dishonest behaviour and to urge a change in the paradigms that directors and executives use in governing their organisations (Pirson, Martin & Parmar 2015; Zuber 2015). From a scholarly perspective, this calls into question the use of a structuralism paradigm and the focus on the board demographics-financial performance relationship (Pugliese, Minichilli & Zattoni 2014).

Instead of the focus being on structuralism and financial performance, some researchers have argued that an alternative to gaining clarity on directors' roles might be found by examining directors' actual behaviour (Nielsen & Huse 2010; Pugliese et al. 2009; van Ees, Gabrielsson & Huse 2009). Moreover, Huse et al. (2011) suggested that such examinations would benefit from a cross-disciplinary integration of perspectives, such as between social psychology, business and management. One subsequent study that has followed this approach is the systematic review of the link between the personalities and the decisions of the upper echelons in corporations, in which personality variables, such as the locus of control were found to influence corporate decisions (Abatecola, Mandarelli & Poggesi 2013). Specifically, upper echelons with an internal locus of control believed that they were in control of events, while those with an external locus of control felt that circumstances in their lives were beyond their control and attributable to external forces (Abatecola, Mandarelli & Poggesi 2013). This review also highlighted that there has been a proliferation of investigations into the upper echelons but that there is still a gap in knowledge about their behaviour (Abatecola, Mandarelli & Poggesi 2013). Similarly, Pugliese, Minichilli and Zattoni (2014) also highlighted the limited knowledge but in contrast with the earlier review, they singled out the behaviour of board directors as an area that needed further insight. This thesis therefore seeks to

address the gap in knowledge on board directors' behaviour by examining their values. The focus on values hinges on earlier work that has contended that, values are stable standards by which individuals evaluate issues and subsequently guide their behaviours (Hyde & Weathington 2006; Rokeach 1973).

The examination of the values of board directors is not a novel endeavour as prior research by Adams, Licht and Sagiv (2011) and Fortuna (2012) has done so. These researchers have highlighted the pivotal role that board directors have in the governance of corporations. Hawken, Lovins and Lovins (2010) have stated that some corporations have turnovers that surpass the gross domestic products in some developing countries. Therefore, the researchers that have examined the values of board directors (Adams, Licht & Sagiv 2011; Fortuna 2012), undertook a worthwhile exercise in determining what is important to a select group of individuals who have such an influential position in contemporary society. This thesis is aligned with the extant research by Adams, Licht and Sagiv (2011) and Fortuna (2012) that argues that determining the values of board directors is important. This thesis however differs from the extant research on board directors' values by using a mixed methods research approach as opposed to a quantitative approach as used by Adams, Licht and Sagiv (2011) or a qualitative inquiry as used by Fortuna (2012). Another differentiating attribute is that as recommended by Viganò et al. (2011), the use of a mono-theoretical approach has been avoided in the examination of the board directors' values and behaviour. Specifically, a social psychological construct referred to as values anchoring is recognised in the investigation of the role of the social identities the values and behaviour relationship (Hackett 2013).

At a logical level, trying to examine values and social identities is a challenging exercise, and this is more so for the upper echelons in corporations. Corporate governance theorists and researchers have frequently reported on this difficulty and have metaphorically labelled the behaviour of directors as occurring in *the black box* (Daily, Dalton & Cannella 2003; Erakoviç & Overall 2010; Leblanc & Schwartz 2007). The metaphor of *the black box* is ascribed due to the negligible knowledge of what happens in boardrooms and the inaccessibility of upper echelons of corporations for research purposes (Leblanc & Schwartz 2007).

Board directors' reluctance to participate in research is understandable, with legislation in most Anglicised countries making board directors personally liable in both civil and criminal jurisdictions for transgressions of their companies (Daily, Dalton & Cannella 2003). Furthermore, board directors are understandably wary of participating in research since in some cases the information they provide (if disclosed), might be construed as providing signals to the market (Hamouda & Ben Arab 2013). Leblanc and Schwartz (2007) have also stated that board directors are most often a clique of privileged individuals not accessible to lay people and academic researchers (Leblanc & Schwartz 2007). Not surprisingly then, directors' behaviour behind the closed doors of boardrooms is heavily shrouded by privacy and confidentiality. Therefore, as stated earlier there is a gap in knowledge about their behaviour.

1.2. Purpose of the research and research questions

Given the gap in knowledge about directors' behaviour, this thesis hinges on the premise that values are a predictor of an individual's behaviour and therefore focusses on directors' values. Specifically, this examination entailed identifying the values of the directors using a validated measure of values developed by Schwartz et al. (2012). Subsequently, semi-structured interviews were conducted where the congruency between the directors' measured values and their self-perceived values was checked. In addition, how directors' reconcile their values with their fiduciary responsibilities and the role their social identities play with respect to their values and behaviour, were explored.

The research questions were as follows:

1. What are directors' core values?
2. How do directors' reconcile their values with their fiduciary responsibility?
3. What influence do directors' social identities have on their values and behaviour?

1.3. Significance of the research

By addressing the research questions, some understanding on the values, social identities and behaviour of board directors was obtained. The focus on these constructs provides an alternative epistemic approach to the predominant use of agency theory in corporate

governance research. Moreover, given numerous reports of corporate fraudulent behaviour attributable to senior executives and directors, such an alternative has a high potential of providing information on the *modus operandi* of the upper echelons through their values and behaviour (Fortuna 2012).

With the study having a limitation in the sample size and sampling strategy used, the interpretations of the findings are not generalizable. The findings can however be used to inform larger scale studies (with explanatory designs) that investigate the influence of the board directors' values on the dynamics in their boards and that explore diversity in boardrooms in the context of personal values. Those who are involved in the recruitment of boards can use these findings. Moreover, the findings on values anchoring can be used in further research that investigates the link between the values anchoring construct and the ethical behaviour of the upper echelons in corporations. Such an endeavour might interest corporate governance policy makers, as the variables that facilitate ethical corporate behaviour could be identified.

1.4. Summary of the methodology

A mixed methods research approach was used to explore the values and behaviour of directors. Due to the barriers in accessing directors for research purposes, the sampling strategy included the use of a "sponsor", that is someone with good access to board members who is used to recruit the research participants (Leblanc & Schwartz 2007, p. 848). Criterion and snowball sampling techniques were used with the resultant sample consisting of 25 participants with experience as board members in Australian public companies.

The study was exploratory by design and was carried out in two phases. Firstly, the directors' values were measured using the Portrait Values Questionnaire developed by Schwartz et al. (2012). Secondly, semi-structured interviews were used to assess the congruency between the directors' measured values and their self-perceived values. Data collected in the interviews also included information on how the directors reconciled their values with their fiduciary responsibilities and the role of their social identities in the link between values and behaviour.

The data collected in the two phases were analysed separately. In the first phase (that is quantitative), descriptive statistics were used to examine the values of the participant directors. The descriptive statistics included raw weightings, means and standard deviations of the participants' values. An independent-samples t-test was also computed to find out if there was difference between the values of the male and female directors. For the qualitative analysis, themes and patterns were generated via a combination of an *a priori* and inductive method that was iterative between the data collected and extant literature (Miles & Huberman 1994).

1.5. Limitations of the research

Various researchers have highlighted the challenge in accessing directors for research purposes and more so, for research that seeks to investigate their behaviour (Boriboonsate 2011; Hambrick, Werder & Zajac 2008; Huse et al. 2011; Leblanc & Schwartz 2007). Not surprisingly, there was difficulty in recruiting participants for the research. Ideally, the sample would have been randomly selected and consisted of everyone that meets the criteria for the population being examined (Bryman & Bell 2011). Due to the sampling techniques (that is non-random criterion and snowball sampling) and the sample size (25 participants), the findings cannot be assumed to be representative of the entire population of directors.

Another limitation pertains to the reluctance of the directors. At a common sense level, the values, social identities and behaviour of directors are not easy topics to research. Understandably, directors may be hesitant to provide a significant amount of detail on board decisions for the fear of potential lawsuits that might result in them being personally liable. Board matters tend to be shrouded both formally and informally with privacy and confidentiality so the directors would in most instances be averse when discussing behaviour that relates to board matters. In order to mitigate this challenge, the directors were assured that their privacy and confidentiality is maintained by omitting all unique identifiers. Therefore, the directors who participated will not be vulnerable to potential lawsuits and breach of the trust, privacy and confidentiality within their boards. However, despite the reassurances, a complete picture of what happens in *the black box* may not have been obtained.

As this research was largely qualitative, a valid criticism is that since there was no inter-rater reliability in the qualitative analysis, the credibility of the findings may be impaired. Converse, is the argument by research methods scholars such as Creswell (2014) and Patton (2002) that subjectivity is an innate attribute of qualitative analyses. This assertion is supported by an empirical study by Armstrong et al. (1997) who investigated how six experienced qualitative researchers analysed a transcript and found that there were indeed distinct differences in the interpretations.

The credibility of the findings might also be questioned due to the use of self-reported data on values, social identities and behaviour, as the participants might only have provided information that is socially desirable. Moreover, as the researcher is a candidate in a religious affiliated university, it could be argued that there is the likelihood that the participants' responses were congruent to the socially focussed mission of the Australian Catholic University of enhancing the common good and maintaining human dignity. The researcher was aware of these limitations and as an endeavour to mitigate them and have a judgement free environment where the participants can relate their actual values, social identities and behaviour, the researcher throughout all the interviews maintained a neutral stance. An ideal situation would have been to use an ethnography methodology to observe how the board directors' values and social identities translate into the behaviour in a similar way as Bezemer et al. (2014) observed the meetings of their participants. However, due to the challenge in accessing board directors (for reasons covered earlier), it was not feasible to use such a methodology.

1.6. Definitions

Board interlocks: Occur when a board directors is on at least two boards concurrently (Haunschild & Beckman 1998).

Director: According to section 9 of the Australian *Corporations Act 2001*, a director is a person appointed to serve on the board of a company. The terms *board director*, *board member* and *director* are used interchangeably in this thesis.

Groupthink: Occurs due to a high level of social cohesion in a group which results in a low level of critical inquiry in the group and results in impaired group decision (Callaway & Esser 1984).

Identity: A role or behaviour that an individual identifies with (Hogg, Terry & White 1995).

Pluralistic ignorance: Occurs when a person in a social group tries to maintain their social identity by publicly supporting a view that he or she does not privately support due to a misperception that others in the social group support that view (Halbesleben & Buckley 2004).

Public company: A company that is registered under the Australian *Corporations Act 2001* and according to section 112 (1) of the *Corporations Act 2001* is limited either by shares or guarantee.

Social identity: A social group in which an individual perceives that he or she belongs (Hogg, Terry & White 1995).

The black box: A metaphor that can be used by researchers and other lay people who are not privy to actual board matters to describe the little knowledge on board directors' actual behaviour (Daily, Dalton & Cannella 2003).

Values: Beliefs and/principles held by an individual that, in comparison to attitudes, are more stable and stronger predictors of his or behaviour (Hyde & Weathington 2006; Rokeach 1973). The synonym for values in the context of this thesis is *personal values.*

Values anchoring: A social psychological construct in which it is asserted that an individual's values can be anchored in their personal concerns or social groups (that is social identities) (Hackett 2013). According to Hackett (2013) the anchoring occurs along a continuum and when values are anchored in personal concerns then they are a stronger predictor for behaviour than when anchored in social identities.

1.7. Outline of the thesis

This chapter has provided an overview of the research. Chapter 2 presents the pertinent literature with emphasis on the corporate governance literature that has relied on economic and management and the literature that has focussed on the behaviour of board directors and managers. Since values are important to this research, chapter 2 also includes a background on values. The final section of chapter 2 provides the gap in knowledge and the research questions, which set the parameters for the research. Chapter 3 begins with a discussion on the justification for the methodology. Subsequently, the chapter includes a synopsis of the underlying philosophical perspective and details of the research design. Chapter 3 also includes the ethical considerations for the research and ends with a summary of the methodology. Chapter 4 presents the findings from the research with these findings being organised based on the research questions. Chapter 5 concludes the thesis and includes an interpretation of the findings and a reflection on the implications and limitations of the findings. The final section in chapter 5 includes some possible avenues for further research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The corporate governance literature can be broadly classified into two research streams. In both streams it is primarily prescriptive (Westphal & Zajac 2013). There is, however, a salient difference with economic and management theories underpinning research in the first stream while behavioural aspects of corporate governance are the focus in the second stream (Westphal & Zajac 2013). In the first stream, research questions are generally formulated around what interests or whose interests should be served by companies (Licht 2004). On the other hand, in the second stream, psychological constructs such as values are used in order to provide an understanding on the behavioural aspects of corporate governance (Adams, Licht & Sagiv 2011).

This chapter discusses the literature pertaining to both research streams. Specifically, section 2.2 includes an overview of the extant corporate governance literature, which has drawn from economic and management theories. Subsequently, section 2.3 includes research that has focussed on behaviour in the context of corporate governance. Since researchers have argued that values are important in the understanding of behaviour (Rokeach 1973), section 2.4 includes an overview of the values construct. It is argued that despite values being stable, social context can influence an individual's hierarchy of values at a given time (Boer & Fischer 2013). Section 2.4 therefore includes a discussion on the values anchoring construct, which takes into consideration that values can be situational. Section 2.5 concludes the chapter with a summary and the research questions. Various theories will be invoked in this chapter and it could be argued that such a technique hampers the depth of the analysis in the review of pertinent literature. However, the use of multiple theories (that is various scholarly perspectives) is important to provide a context on the gap in knowledge about directors' values and behaviour.

2.2. Economic and management theories

Prior to the corporate governance literature focussing on psychological constructs such as values, an emphasis was placed on the relationship between the board of directors,

shareholders and management in a corporation (Fortuna 2012). As stated at the beginning of this chapter, this body of literature primarily focus is on whose interests and what interests should be served by companies (Licht 2004). An early example of work within this category is that of Berle and Means (1932), attributed as a foundation for research on corporate governance (Connelly et al. 2010; Fama & Jensen 1983; Jensen & Meckling 1976; Shleifer & Vishny 1997). In summary, Berle and Means (1932) argued that despite shareholders being the legitimate owners of corporations, they, in essence do not have much control as the board appointed by shareholders controls a corporation's activities.

Four decades later, Mace (1972) provided clarity on the function of a board of directors. Mace (1972) conducted 75 in-depth interviews with senior executives in companies in the U.S. The findings (though limited to boards in manufacturing, mining and retail industries), showed that the functions of boards include providing advice to management, monitoring management and acting when a crisis arises. Moreover, Mace (1972) found that large corporations were similar to small family owned companies with the power of control being with the Chief Executive Officer (hereafter CEO) and not the board. Therefore, some may interpret the finding that a board has very little control over a company's activities. However, management (including the CEO) are involved in technical aspects of control and the ultimate control of a company lies with a board which has the power to hire and sack a CEO (Mizruchi 1983).

A complementarity to the works of Berle and Means (1932) and Mace (1972), were economists Jensen and Meckling (1976), who articulated a corporate governance theoretical framework, commonly referred to as agency theory. Jensen and Meckling (1976) did not specifically include board members in their framework. Instead, they described their corporate governance framework by referring to a contractual relationship, between shareholders (as the principal) and management in a corporation (as the agents). With the agent's role being to make decisions on the principal's behalf, Jensen and Meckling (1976) posited that the principal incurs monitoring costs to incentivise the agents to limit the level that the agents will seek to maximise their benefit at the principal's expense. Additionally, they posited that the agents might have to incur bonding costs, which provide a guarantee that decisions made are in alignment with the principal's benefit. Fama (1980) supported this

framework of separation of ownership from control with reference to shareholders and management.

Agency theory was further developed by Fama and Jensen (1983) who included boards in their agency framework. Fama and Jensen (1983) suggested that, in order to mitigate the agency problems that occur in the decision process in companies, there should be a separation of management of decisions from the control of these decisions. Fama and Jensen (1983) highlighted that a board of directors has a decision management role that entails the initiation and ratification of decisions. Subsequent to the ratification, management is involved in the control of the respective decisions, which include the implementation of a board's decisions and measurement of the performance of the implemented decisions (Fama & Jensen 1983). The separation of the management of decisions from the implementation is in contrast with the argument by Mace (1972) that the management of decisions is by CEOs. The assertion that a board is involved in the decision management is however more aligned to a later study by Mizruchi (1983) who argued that a board has the ultimate control of decisions in a company.

Further work on the role of a board was by management scholars, Pfeffer and Salancik (1978) who introduced resource dependence theory. The focus in resource dependence theory (a management theory) is on the board as a provider of resources as opposed to agency theory (an economic theory) where the emphasis is on separation of functions and the board as monitor of management (Hillman & Dalziel 2003). Pfeffer and Salancik (1978) described boards as having a resource provision role and explicated the role in terms of four aspects which include firstly that consistent with Mace (1972) boards provide advice and counsel services to their management teams. Secondly, boards can enhance the legitimacy of their companies. Thirdly, boards provide a link between their companies and the stakeholders. Lastly, boards enable access to important resources that are generally external to their companies. This work by Pfeffer and Salancik (1978) highlighted that a board's role includes not only monitoring management (from an agency perspective) but also the provision of resources to its company (from a resource dependence perspective) (Hillman & Dalziel 2003). Recent research by Pugliese, Minichilli and Zattoni (2014) who used archival data on large Italian companies and surveyed CEOs from the Italian companies indicated that agency and

resource dependence perspectives were not mutually exclusive and therefore boards have provide both monitoring and resource provision functions.

Earlier research however seemed to emphasise on the monitoring function (Hillman, Withers & Collins 2009). For example, Bhagat and Black (2002) examined the relationship between the monitoring role of boards and their respective companies financial performances. Using archival data on 934 large U.S. companies they did not find a correlation between boards' monitoring role (non-executive directors were used as the proxies for the role) and financial performance of their companies (Bhagat & Black 2002). Similar to Bhagat and Black (2002) with respect to methodology, but different in terms of context, was an earlier study by Laing and Weir (1999) who used archival data on 115 large United Kingdom (hereafter U.K.) companies. The findings from this study conducted in the U.K. were consistent with the findings from the U.S. study by Bhagat and Black (2002), with no correlation found to exist between non-executive roles and companies' financial performance. Interestingly, the findings from these two American and U.K .studies show the dichotomy between agency theory which proposes that monitoring costs have to be incurred to incentivise boards to act in the shareholders' interests (Jensen & Meckling 1976), and empirical research which indicates the converse.

Kiel and Nicholson (2003) in a study similar to Bhagat and Black (2002) in terms of methodology, but carried out in a different context, also highlighted the inconsistency in the empirical research on the relationship between boards monitoring role and companies' financial performance. Using archival data on 348 large Australian public companies, they found that there was an indication of a positive relationship between the proportion of non-executive directors and their companies' financial performance. A subsequent study by Nicholson and Kiel (2007) however indicated that the positive relationship was indefinite. The two studies used different methodologies with the earlier one using a structuralism paradigm (that is a quantitative approach), while the later one used a qualitative approach, that is, interviews and archival data on seven Australian boards. The later methodology is congruent with the argument by researchers such as Pugliese et al. (2009), that in order to better understand directors' roles, empirical research on directors should veer away from board

issues (such as independence supported by agency theory) to the contextual and behavioural issues in boards.

An example of a study that investigated the contextual issues that board directors encounter in their roles was by Nicholson and Newton (2010). Specifically, similar to Mace (1972) a few decades earlier in a U.S. context, they surveyed 148 managers and directors from Australian companies to find out what these participants perceived being a board director entails. Given the limited empirical research on directors in an Australian context (Monem 2013), the research by Nicholson and Newton (2010) provides an insight into the role of Australian directors. As a caveat, since the sample in the study by Nicholson and Newton (2010) included managers without directorship experience and participants from both the profit and not for profit sectors, caution is needed when making inferences that relate to board members in large public corporations. Despite this methodological limitation, the findings from the study by Nicholson and Newton (2010) indicated that directors are usually involved in matters relating to risk, compliance, managerial development, governance and strategy. The roles are consistent with both agency and resource dependence theories (discussed earlier). In addition, these findings suggested that directors are also involved in the management of their respective companies' stakeholders, consistent with stakeholder theory.

Stakeholder theory was elucidated by Freeman (1984), who explained that one of the implications of the theory is the broadening of boards' fiduciary responsibilities. That is, a board is not only accountable to shareholders as agency theory suggests, but also to other stakeholders such as customers, suppliers, investors and the community. This assertion on the accountability of boards to various stakeholders has been empirically tested. For example, Wang and Dewhirst (1992) surveyed 2,361 directors in U.S. companies and found that directors recognised a responsibility to the stakeholders of their companies. Moreover, the findings showed that directors' ranking of importance of the stakeholders was as follows: first, were customers and government, second were the shareholders, third were the employees, and last was the community. This ranking of stakeholders is not consistent with agency theory, which, as stated earlier, is the dominant theory in corporate governance literature.

The classification of stakeholders based on an economic function such as on how they invest, buy and supply, as stakeholder theory does, fails to take into consideration the social ties that bind members of a group together (Crane & Ruebottom 2011). A study in the U.S. which focussed on stakeholders and directors and used archival data from 224 companies addressed this limitation in stakeholder theory, by synthesising stakeholder theory with institutional theory from a sociological perspective (Luoma & Goodstein 1999). Institutional theory posits that certain institutionalised practices at the company, industry or societal level can lead to related responses (DiMaggio & Powell 1983). The findings in the research by Luoma and Goodstein (1999) showed that institutional factors, which included legal, cultural, industries and organisational size, influenced the boards' levels of stakeholders' orientations. Similarly, in a theoretical paper by Aguilera and Jackson (2003), the researchers highlighted that in reality, a principal in an agency relationship, who is also a stakeholder, can have multiple identities for example as an institutional investor or an individual shareholder. Agency theory however does not take into consideration these multiple identities of a stakeholder or principal and hence the researchers proposed a theoretical model where institutional theory was embedded into agency theory (Aguilera & Jackson 2003).

Mirroring the theme in stakeholder theory, of basing decisions on the interests of various stakeholders is stewardship theory, which some scholars having used the theory in the management and corporate governance literature (Davis, Schoorman & Donaldson 1997; Hernandez 2012; Huse 2005). Stewardship theory has a behavioural undertone, with management being viewed as stewards of companies, who have altruistic motivations that are aligned to those of the shareholders (Davis, Schoorman & Donaldson 1997). Similarly, a board is also viewed to have altruistic motivations and as an example, the CEO and board chairperson duality of roles (hereafter CEO/Chair duality), is viewed as acceptable from a stewardship perspective (Donaldson & Davis 1991; Shen 2003). From an agency perspective, the CEO/Chair duality would impinge on independence and therefore not be acceptable (Mizruchi 1983).

Stewardship theory also suggests that a board should work collaboratively with the managers and be involved in not only the formulation of strategies but also the implementation of strategies (Hillman & Dalziel 2003; Shen 2003). Based on the premises of the theories

discussed, stakeholder, resource dependence and institutional theories would also support this type of collaboration whereas agency theory would not (Huse 2005).

This section has highlighted some of the aspects canvassed in the corporate governance literature. Specifically, various researchers and theorists have elucidated the role of boards and the structure needed for effective corporate governance. As stated in the introduction, some corporate governance scholars (Hambrick, Werder & Zajac 2008; Huse et al. 2011; van Ees, Gabrielsson & Huse 2009) have recommended that future research should move away from being conducted within a structuralism paradigm and focussing on demographic variables and variables. Instead, the focus should be on cognitive aspect pertaining to boards to provide the required understanding on how boards can function successfully. One way to gain knowledge on the cognitive matters is to focus on the actual behaviour of directors (Huse et al. 2011).

2.3. Directors' actual behaviour

This section discusses the literature that has used psychological approaches to provide an understanding of the behaviour of board members. Specifically, the discussion centres around two constructs that have been used to analyse the behaviour of the upper echelons. These are: the psychological, values construct (Adams, Licht & Sagiv 2011) and, the sociological, social identities construct (Pearce 2013). The rationale for the prominence of these two constructs when analysing the literature on the behaviour of board members is that empirical research has shown a person's values to be an indicator of his or her behaviour (Rokeach 1973). Research has also shown that people will sometimes behave in ways that are in discord with their values and that this could be due to their social context (Boer & Fischer 2013). Therefore, the overarching premise in social identity theory, that the social groups to which an individual perceives that he or she belongs influence his or her behaviour (Hogg, Terry & White 1995), is used to provide an enhanced understanding of directors' values and their behaviour.

2.3.1. Empirical research on the values of directors and management

As stated, boards occupy an important place in the governance of companies. There are however scarce empirical research studies that have investigated the values of directors

(Adams, Licht & Sagiv 2011; Fortuna 2012). Some studies have focussed on the values of top management teams solely (England 1978; Westwood & Posner 1997). In this section, empirical research on the values of management is discussed in conjunction with that on board directors' values. The rationale is due to the limited research on directors' values and some researchers having not indicated whether the management teams that they examined were also board members (given that a person in management could also be an executive board member). Moreover, as previously highlighted, boards are generally involved in managing corporate decisions and require management teams to implement and measure their board decisions. Therefore, an awareness of managements' values is important.

Research that examined the values of management was by England (1967), who developed a theoretical framework that linked managements' values to their strategic decisions and tested it on a sample of 1,072 U.S. managers. England (1967) found that of the three values orientations, which were being *pragmatic*, *moralistic* and *emotional*, the strongest one was the pragmatic values orientation followed by the moralistic orientation and lastly the emotional one. These results indicated that the managers' perceived things that are important in terms of success (pragmatic) rather than as being right or wrong (moralistic) or pleasant or unpleasant (emotional) (England 1967).

Subsequent work by England (1978) using a broader sample of 2556 managers from Australia, Korea, Japan, India and U.S. also found that that consistent with earlier findings U.S. managers valued pragmatism. Similarly, Korean and Japanese managers ranked pragmatism as their highest values orientation. In contrast, the highest-ranking values' orientation for the Australian and Indian managers was the moralistic one. The study also indicated that despite the managers being drawn from diverse industries, that there was no significant difference in the values orientation held by managers from different industries (England 1978).

Other studies that have used the values' instrument developed by England (1967) include work by Westwood and Posner (1997) who surveyed 505 managers from Australia, 1,060 from the U.S. and 653 from Hong Kong on their values. Similar to the earlier findings by England (1978), Westwood and Posner (1997) found that there was a difference in the values orientations of the top management teams in the U.S. in comparison to the Australian ones.

The U.S. managers displayed values that related to success in their organisations whereas the Australian managers were more committed to values that related to serving the community. Interestingly, the values orientation of the Hong Kong managers were aligned to the U.S. and not to traditional Chinese values as had been hypothesised. The alignment to U.S. values was attributed to the exposure of the Hong Kong managers to factors such as the U.S. media and training (Westwood & Posner 1997). This finding suggested that the broad cultural values dominant in the countries that their companies operate did not influence the values of the top management teams. Instead, the social context that the top management team is exposed to influences their personal values.

Oliver (1999) conducted a similar study to Westwood and Posner (1997), using the values measure developed by England (1967), but restricted to 217 U.S. managers. The findings indicated that despite the change in the business environment over the preceding three decades, managers' values had remained stable over time, as the managers were still pragmatic as they perceived the important things in terms of success (Oliver 1999).

Besides the values instrument developed by England (1967), the Allport, Vernon and Lindzey (1960) (AVL) values measure has been used in research on the values of managers. A limitation however of the AVL values measure is that it is ipsative, meaning that, rather than use a Likert scale, the respondent is forced to choose a value that relates to him or her from a list of values (Hegarty & Sims 1978). In spite of this, Hegarty and Sims (1978) used the measure in conjunction with simulated managerial ethical dilemmas and 120 graduate business students (the graduate. The findings indicated that the respondents' values were strong predictors of the unethical decisions made in the simulated dilemmas. Two cautions relate to this study, firstly, the use of the simulated dilemmas does not necessarily mean that the findings actually occur in a real business setting and secondly, a convenient sample consisting of students is not at par in terms of research rigour with a random sample of managers.

Badr, Gray and Kedia (1982) used a similar sampling design as they surveyed 106 graduate business students from the U.S. and Egypt. Consistent with Hegarty and Sims (1978) they found a link between values and managerial decision making. They also found that the religious values were higher in the Egyptian participants than in the U.S. participants and this

was attributed the difference due to the prevalence of Islam in Egypt. This finding of the strong religious values among the Egyptian participants is supportive of the earlier discussed finding by Westwood and Posner (1997) that the values of top management teams are influenced by the social context that they are exposed to. In stating this, a caveat is required when interpreting these results not only because the sample consisted of graduate students but also since the participants did not necessarily have top managerial experience.

Research on the values of top management teams within the 1980s used similar methodologies to that used by Badr, Gray and Kedia (1982). For example, Barnett and Karson (1987) surveyed 136 U.S. managers in one study and Barnett and Karson (1989) surveyed 513 U.S. managers in a second one to investigate the link between values and ethical decisions using their own values instrument in combination with vignettes. Consistent with prior research, the findings indicated a link between the values of the participants and the decisions that they made. However, like other research that had used a similar methodology (Hegarty & Sims 1978), the participants' responses to the vignettes does not necessarily guarantee that they would act in a similar way in an actual business situation and no explanation on the participants' ranking of their values as would have been provided by a qualitative inquiry was sought.

As can be noticed from the discussion, studies within a structuralism paradigm or in other words, research works that used quantitative methodologies and sought to provide generalisations on the values of top management teams have been dominant. This was also so at the beginning of the 21st century with Sarros and Santora (2001), who surveyed 181 managers in Australian companies on their values and leadership style. Based on a values measure developed by Schwartz (1992) and a questionnaire that measured the managers' type of a leadership, Sarros and Santora (2001) found that a quest for personal success (*achievement)* was the highest ranked value orientation followed by a care for the goodwill of others within their in-group *(benevolence)*. This was inconsistent with prior findings by Westwood and Posner (1997) who had found that among Australian managers, a concern for the wellbeing of the community was the most important value and success was a secondary value. Both studies analysed interval data in the form of the Likert responses with items that captured the values' priorities of individuals and this would not be a reason for the difference

in the finding. A different methodology, specifically, one that also uses qualitative inquiry might have shed some light on the managers' ranking of their values.

Despite the inconsistency in findings, Sarros and Santora (2001) provided some insights into values that had not been captured in prior research on managements' values. For example, they found that the two lowest ranked values in their sample of Australian managers were, having power through a dominance of other people and a commitment to traditions and customs. Sarros and Santora (2001) also found that those managers who in unison displayed values that related to a concern for the wellbeing of others, honesty and an ambition for personal success were the ones who led their team members through inspiration.

Similar in terms of having an explanatory research design was research by Stackman, Connor and Becker (2006) whose sample included 884 managers from both the for-profit and government sectors in the U.S. and Canada. The Rokeach Values Survey (RVS) developed by Rokeach (1973) was used to and the findings indicated that in spite of the financial performance motive being more dominant in the for-profit organisations than in government, there was no significant difference between the values of the managers from the two sectors. Stackman, Connor and Becker (2006) also examined the difference in values between genders and found that there was no significant difference between the values of the male and female managers. As a caution in the interpretation of the findings, the RVS is ipsative (Stackman, Connor & Becker 2006) and is thus similar to the AVL values instrument, which as stated earlier it forces the respondent to choose values that are consistent with himself or herself from a list of values. In stating this, the RVS is a validated values measure and was in fact a foundation for the Schwartz Values Survey (SVS) developed by Schwartz (1992). The SVS produces interval data on a respondent's values (Schwartz 1992).

An example of research where the SVS was used was a study conducted by, Adams, Licht and Sagiv (2011) who used the instrument to examine not only the values of top management teams as other research had (England 1978; Westwood & Posner 1997) but also that of board directors. Adams, Licht and Sagiv (2011) had a sample consisting of 502 directors and 126 CEOs and vice-CEOs from Swedish companies and used a similar methodology to earlier studies on managers' values, for example, Hegarty and Sims (1978). That is, the SVS was used

to identify the values of the participants in the first wave and subsequently they responded to vignettes on scenarios a board member might encounter when there are conflicting interests of stakeholders and shareholders. Adams, Licht and Sagiv (2011) found that the board directors who had strong values of power and achievement were more likely to support the interests of shareholders. As stated, a shortcoming of the methodology used, is that the responses to the vignettes or simulations is not a guaranteed predictor of the respondents' behaviour in an actual similar situation. Moreover, with the study being within a structuralism paradigm, nuances and explanations which could have been collected using a qualitative inquiry are not obtained as only quantitative methodologies are used (Huse et al. 2011).

A study that digressed from the structuralism paradigm was by Fortuna (2012), which had an exploratory research design and 24 board members in U.S. companies were interviewed. Specifically, Fortuna (2012) requested the participants to share their experiences on both positive and negative board matters that they were involved in. The findings indicated that firstly, the board members viewed their primary responsibility to be to the shareholders which is consistent with agency theory and the work by Mace (1972). Secondly, Fortuna (2012) identified from the participants experiences the values that led to their board experiences being either positive or negative. The values that led to positive board experiences included being "collaborative, collegial, respectful and [having] cognitive diversity" (Fortuna 2012, p. 10), while the values that led to negative board experiences were being "combative, dysfunctional, disrespectful and [having] cosmetic diversity" (Fortuna 2012, p. 11). Inasmuch as the study may be a contemporary trailblazer with respect to investigating the values of board directors, the use of a validated values' measure in conjunction with the interviews might have provided more concrete insights on the link between the directors' values and the positive and negative experiences that they discussed.

A search using EBSCOhost, Emerald, Informit and ProQuest databases, has not identified any study whereby the values of board directors were investigated using a validated values' measure and subsequent qualitative inquiry approach. Moreover, in the examination of values, it has been hypothesised that the social identities of an individual have a role in the values-behaviour relationship (Pearce 2013). It is therefore important to consider the values of board directors in tandem with their social identities. Empirical research studies that have

examined the social identities of both directors and top management teams are discussed in the following sub-section.

2.3.2. Empirical research on the social identities of directors and management

An example of a study that examined the social identities and behaviour of directors and top management teams used longitudinal archival over a five year period based on 55 U.S. companies confirmed the hypothesis that board directors and senior executives perform their roles in social contexts that transcend their respective organisations (Geletkanycz & Hambrick 1997). Specifically, Geletkanycz and Hambrick (1997) found that the strategies that the companies formulated and implemented were dependent on the directors and executives' external social ties (for example social ties among their colleagues in similar industries). Carpenter and Westphal (2001) using surveys and archival data on 720 directors were analysed complemented the findings by Geletkanycz and Hambrick (1997) by contending that strategic contexts of board interlocks were important in the contributions by the board directors. That is, for companies going through uncertain times, the appointment of board-interlocked directors from companies with diverse strategies enhance the boards' roles while for companies that are prospering, the appointment of board-interlocked directors from companies with homogenous strategies augment the boards' roles (Carpenter & Westphal 2001).

Another study that has also focussed on the social identities of directors and executives, has shown that when boards have greater control over their CEOs then the external social ties among the CEOs are weakened (McDonald & Westphal 2010). Specifically, with a sample consisting of 300 CEOs in U.S. companies and the use of both surveys and archival data, McDonald and Westphal (2010) confirmed that when boards exercise a high level of monitoring and control over the CEOs., they responded by being less inclined to identify with the corporate elite social identity. The implication of CEOs not identifying with the social identity is that they are less willing to assist and collaborate with their peer CEOs on strategic matters which has been contented as being detrimental to their companies as they can benefit from mutual collaborations (McDonald & Westphal 2010). Such a perspective is in

stark contrast to agency theory, which advocates for boards' monitoring and controlling functions (Hillman & Dalziel 2003).

Similar contradictions to agency theory had been reported by Westphal (1999) in a study where 243 CEOs and 564 non-executive directors in U.S. companies were surveyed on the effect of their social ties within their boards. Westphal (1999) found that in instances where, the executive and non-executive board members were friends (which was operationalised as perceived obligations to care for the wellbeing of each other), increased interactions among the two groups of board members in advisory and counsel strategic issues and in turn augmented their companies' overall performance. From an agency theoretical perspective, such cordial relationships would be seen as impairing the independence of the non-executive directors and the monitoring function of the board (Hendry 2005).

An alternative view agency theory was also found in another study that also investigated the internal social ties among board members, using a sample consisting of 603 non-executive directors from medium sized U.S. companies in the first wave and 999 in the second wave (Westphal & Bednar 2005). Specifically, a conceptual framework on *pluralistic ignorance* which explained how directors misperceived the similar concerns that their fellow board members have due to a lack of communication was developed (Westphal & Bednar 2005). The researchers tested their conceptual framework using a sequential research design, in which they initially surveyed non-executive directors on the behaviour in their boards and companies' strategies. Subsequently, archival data on the directors and their respective boards was analysed to corroborate the data collected in the first stage. The findings suggested that the non-executive directors were unwilling to express their concerns on matters pertaining to the company due to their misperception that fellow directors had similar concerns on companies' strategies (Westphal & Bednar 2005). The findings also indicated that those boards with heterogeneous non-executive directors and low levels of internal social cohesion led to an exacerbation of pluralistic ignorance (Westphal & Bednar 2005). At first glance, the findings by Westphal and Bednar (2005) on the positive relationship between social cohesion and pluralistic ignorance could be taken to mean that the level of *groupthink* would be a (Callaway & Esser 1984). At a deeper level of analysis, when directors have a high level of social cohesion with each other then they might share their personal

concerns on board matters as opposed to maintaining a view that their fellow board members do not have similar concerns and thus the level of pluralistic ignorance is reduced (Westphal & Bednar 2005).

The findings on social ties and pluralistic ignorance would also be important in the examination of the appointment of board directors and executives. This is as empirical research shows that directors tend to favour the appointment of fellow board members who are similar to them (Westphal & Zajac 1995). Specifically, Westphal and Zajac (1995) used a self-categorisation theoretical perspective and longitudinal research design to analyse archival data on 413 large U.S. companies and found that CEOs tended to favour the appointment of directors that were demographically similar to them. Using a self-categorisation theoretical perspective meant that, firstly people derive their self-identity and self-esteem from group membership, and, secondly, that people tend to favour homogenous groups so as to increase the salience of group membership and in turn their self-identity or self-esteem (Westphal & Zajac 1995). A more recent study by Zhu and Westphal (2014) where a similar methodology with archival data on 275 companies being analysed was used, corroborates the finding that the board members will tend to favour appointment of fellow directors who hold similar social identities and/or have homogeneous characteristics. Westphal and Bednar (2005) would argue that in such instances where the board directors have homogenous characteristics and maintain similar social identities, pluralistic ignorance is reduced and in turn the level of strategic decision making in the boards is augmented.

The studies covered so far in this sub-section were conducted in the U.S. Some empirical studies conducted outside the U.S. One study outside the U.S. used social identity theory and analysed archival data on board members in 350 U.K. companies to investigate the effect of task-related social identities on boards' effectiveness (Kaczmarek, Kimino & Pye 2012). The findings suggested that in instances where the board members held multiple directorships and where the CEOs had long tenures in one company then each of the factors led to a decline of their firms' overall performance (Kaczmarek, Kimino & Pye 2012). The finding on the multiple directorships was consistent with the proposition by Hillman, Nicholson and Shropshire (2008) who argued in their conceptual paper that when a director has multiple competing social identities then their ability to carry out their monitoring and resource

provision roles will be impaired. With respect to the long tenured CEOs, Kaczmarek, Kimino and Pye (2012) contended that such CEOs would strongly identify with their CEO social identity and this may be at times inconsistent with social identities on their companies or boards.

In an Australian context, a recent study investigated board directors' behaviour by analysing their interactions with each other during six board meetings (Pugliese, Nicholson & Bezemer 2015). The methodology used was unique as the units of analyses were two boards and not individual directors with the rationale being that board decisions are made collectively. Moreover, the challenge of accessing directors was overcome by video-recording the board meetings, conducting semi-structured interviews, administering a survey and reviewing archival data on the boards of two large Australian companies (Pugliese, Nicholson & Bezemer 2015). The findings showed that the directors viewed their boards as effective when they had an equal opportunity to participate and contribute in their board meetings and that the set durations of the meetings, agendas being discussed and the boards' culture in the meetings influenced how the directors interacted with each other (Pugliese, Nicholson & Bezemer 2015). An earlier study by the same researchers had found that CEOs and chairpersons were the most significant participants with the two speaking for at least 50 percent of each meeting time, the board meetings of the were heterogeneous (Bezemer et al. 2014). A further analysis by Bezemer et al. (2014) indicated that the two boards tackled their board agendas differently. For example, in spite of both boards meeting the same number of times over the course of the data collection period, one of the boards meetings lasted for two hours and on a weekday while the other one lasted for a full day on a weekend. These two studies provided some insight into the internal social ties of board directors. However, as was highlighted by the researchers, the interactions of the directors outside of their meetings were not considered. Notwithstanding the limited feasibility of such an endeavour, it would have shed light on the directors' social identities and behaviour.

Using a different methodology (a case study with the use of a qualitative approach) and in a Canadian context, an examination was conducted on how the level of emotions displayed by top management teams translated to the social identities held by the lower level managers (Huy 2011). The findings suggested that the social identities of the lower level managers were

inadvertently affected by the level of emotions that executives demonstrated. Subsequently the lower level managers either supported or opposed the strategies initiated by the executives (Huy 2011). These findings highlight that social identities are contextual as had been earlier posited by Ashforth and Mael (1989) in their conceptual paper which argued that an individual can have numerous social identities and that he or she will defer to the most salient social identity based on the particular situation that they are experiencing. An empirical study by Leavitt et al. (2012) has also corroborated this notion of deferring to the most salient social identity when an individual is faced with competing identities. An aspect that was not specifically investigated by either empirical stud was what influence an individual's values would have in the social identity that he or she defers to and subsequent behaviour in given contexts.

Mirroring Huy (2011) with respect to using social identity theory as the underpinning theory, Pearce (2013) investigated how managers evaluate ethical and legal judgements. Based on a sample consisted of 252 managers from U.S. and Canadian companies who responded to a survey on the factors that influence their values and 12 vignettes on ethical, legal and moral dilemmas. Professional associations and senior managers were found to influence the managers' emphasis on legal values in business decisions. With respect to the ethical values, the findings suggested that the managers had a stable ethical system that guided them in making the business decisions. Moreover, the level of ethical importance that the managers placed on a certain business matter influenced their emphasis on ethical values in the business decisions (Pearce 2013).

As stated, Pearce (2013) investigated behaviour by analysing managers' values juxtaposed to their social identities. It is therefore argued that a similar perspective of integrating values and social identities would be beneficial in addressing the knowledge gap about the behaviour of directors. After all, a consistent theme thus far in the thesis has been that board directors have a pivotal role in the governance of companies and therefore understanding their behaviour is important. With values being important in understanding behaviour, the following section discusses the theory on values.

2.4. Theory on values

In the seminal research by Rokeach (1973), a value as, "an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence" (Rokeach 1973, p. 5). The beliefs that certain forms of conduct are preferable over others in certain situations were referred to as *instrumental values*, while the beliefs that certain values are worth to be strived for were called *terminal values* (Rokeach 1973). For example, honesty is an instrumental value while environmental sustainability is a terminal value.

Earlier work on values can be traced back to that by Parsons (1949), a sociologist, who devoted a significant portion of an over 800 page thesis discussing values, with an overarching theme that values are beliefs and/or principles that an individual either consciously or unconsciously appeals to so as to rationalise his or her behaviour. Moreover, he contended that values are stable, as these beliefs and/or principles are passed on from one generation to another through socialisation and can take decades or even centuries to change (Parsons 1949) .

This conceptualisation of values was in accordance with the work by Kluckhohn (1951), an anthropologist, who also viewed values to be beliefs and/or principles. Kluckhohn (1951) also drew attention to the hierarchical nature of values, which was captured in his definition of a value as being, "a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means, and ends of actions" (Kluckhohn 1951, p. 395). The hierarchical nature of values was also later captured by Rokeach (1973) who, as stated earlier, defined values with reference to a preference of one belief over another.

The hierarchical nature of values has been investigated in empirical research studies and as an example, Twenge et al. (2010) analysed the values of 16,507 U.S. students who represented three different generations. Their findings highlighted the hierarchy of values that the students had, and, the generational differences in the prioritisation of their values. In another study the influence of the participants' countries had on their hierarchy of values was examined using three data sets, that is 41,968 participants from 67 countries in the first data set, 42,359 participants from 19 countries in the second one and 84,887 participants in

the third data set (Fischer & Schwartz 2011). The findings showed that there was a very low variance in the hierarchy of values between people from different countries (Fischer & Schwartz 2011). Despite the sample size being large and representative of the population, thereby making the interpretations of the findings more generalisable, a limitation in the methodology used by Fischer and Schwartz (2011), characteristic of most research on values, is that the data collected was self-reported. That is, there is the likelihood that by surveying the participants on their values and culture, that they responded based on their perceived cultural or societal norms and this in turn contributed to the low variance in values' priorities between countries as. It is plausible that use of an ethnography as a methodology or observing participants on how their values translate to their behaviours could circumvent such a methodological limitation (Meglino, Ravlin & Adkins 1989; Van Maanen 2011). However, the validated values' measures that Fischer and Schwartz (2011) used (three values' instruments were used) were designed to enable intra-retrospection as opposed to inter-retrospection which would have augmented their validity (Schwartz 1992).

Given that an individual's dominant value(s) in their hierarchy of values will either intuitively or intentionally lead the individual to rationalise his or her behaviour (Parsons 1949), it is argued that values as opposed to attitudes influence an individual's behaviour. Rokeach (1973) explained on the difference between values and attitudes by highlighting that values influence the attitudes that an individual may have. For example, the most dominant value for a CEO is respect, when the chairperson in a board meeting castigates the CEO, his or her attitude following the castigation could be humiliation. Values therefore tend to be more enduring beliefs when compared to attitudes (Rokeach 1973). This assertion by Rokeach (1973) was substantiated by findings from a meta-analysis by Boer and Fischer (2013) which reported that individuals' attitudes change from time to time based on the situations people face, and that individuals' personal values which are more stable govern the attitudes that people have.

Other seminal work on values by Schwartz (1992), a social psychologist, condensed the 36 values dimensions proposed by Rokeach (1973) into 10 values types that differ based on the underpinning motivations. Using a cross-sectional research design with 25,863 participants across five different continents, Schwartz (1992) identified 10 value types that were posited

as being universal, since all of the values were grounded on needs that all human beings require to enable their existence. The 10 value types Schwartz (1992, p. 38)are, "power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security" (Schwartz 1992, p. 38).

Subsequent work by Schwartz (1994) provided an explanation on his initial theoretical framework by highlighting that the underpinning motivations that differentiated the values are continuous rather than discrete (this is analogous to the colours spectrum represented by a circular continuum). An illustration of the circular continuum of values posited by Schwartz (1994) is presented in Figure 2.1. Moreover, Schwartz (1994) elucidated that the 10 values types are organised around the circular continuum based on two conflicts: "self-transcendence" (benevolence and universalism) in tension with "self-enhancement" (power and achievement) and "openness to change" (self-direction and stimulation) in tension with "conservation" (tradition, conformity and security) (Schwartz 1994, p. 24). Hedonism was the only value type found not to have a distinctive value dimension but instead had characteristics of both the openness to change and the self-enhancement values dimensions (Schwartz 1994) as illustrated in Figure 1.

The ordering of the 10 value types and the overall theoretical framework developed by Schwartz (1992) was validated by empirical research where the sample included approximately 22,000 participants from 40 different countries (Schwartz & Sagiv 1995) and a confirmatory factor analysis with sample size of 10,857 participants from 27 countries (Schwartz & Boehnke 2004).
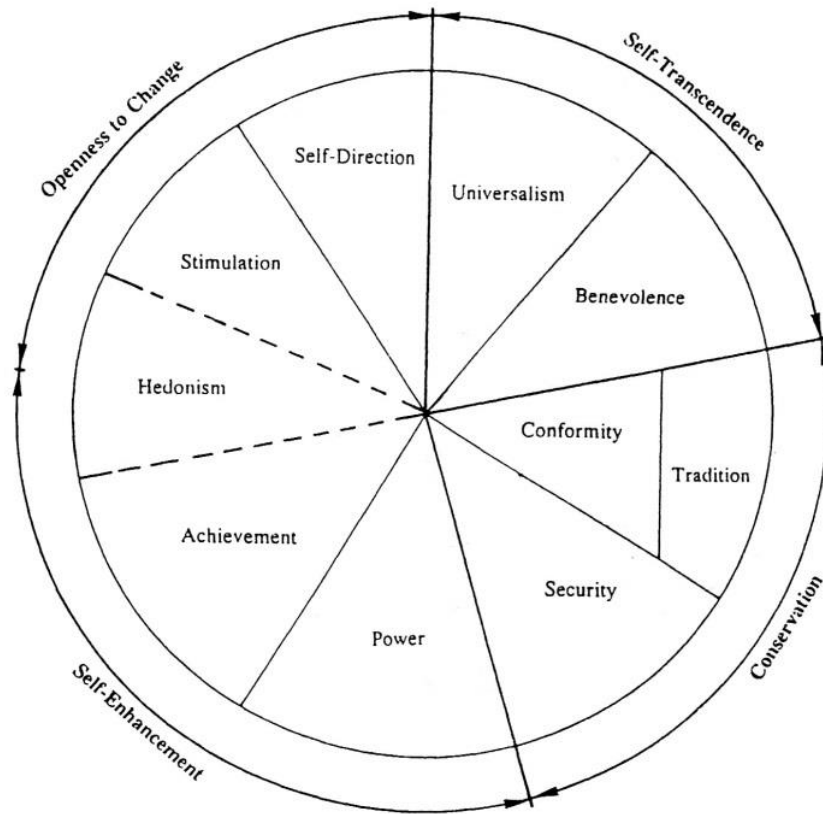
Figure 1: Circular representation of the basic human values

Source: Schwartz (1994, p. 24)

2.4.1. Schwartz et al.'s refined theory of values

More recent work by Schwartz et al. (2012) has not only validated the original values' framework developed 20 years earlier (Schwartz 1992), but has also provided a more refined framework. That is, using a sample consisting of 6,059 participants from 10 countries, Schwartz et al. (2012) postulated the existence of 19 value types which provide a higher level of universality (across all humans) and predictive power of peoples' behaviour. The 19 value types are: "self-direction-thought, self-direction-action, stimulation, hedonism, achievement, power-dominance, power-resources, face, security-personal, security-societal, tradition, conformity-rules, conformity-interpersonal, humility, benevolence-dependability, benevolence-caring, universalism-concern, universalism-nature and universalism-tolerance" (Schwartz et al. 2012, p. 669). The definitions for each of the values is presented in Table 1 and in order to be consistent, the exact wording used by Schwartz et al. (2012) is used.

Table 1: Definitions of the 19 value types posited by Schwartz et al. (2012)

Value	Conceptual definition in terms of motivational goals
Self-direction-thought	Freedom to cultivate one's own ideas and abilities
Self-direction-action	Freedom to determine one's own actions
Stimulation	Excitement, novelty, and change
Hedonism	Pleasure and sensuous gratification
Achievement	Success according to social standards
Power-dominance	Power through exercising control over people
Power-resources	Power through control of material and social resources
Face	Security and power through maintaining one's public image and avoiding humiliation
Security-personal	Safety in one's immediate environment
Security-societal	Safety and stability in the wider society
Tradition	Maintaining and preserving cultural, family, or religious traditions
Conformity-rules	Compliance with rules, laws, and formal obligations
Conformity-interpersonal	Avoidance of upsetting or harming other people
Humility	Recognizing one's insignificance in the larger scheme of things
Benevolence-dependability	Being a reliable and trustworthy member of the ingroup
Benevolence –caring	Devotion to the welfare of ingroup members
Universalism-concern	Commitment to equality, justice, and protection for all people
Universalism-nature	Preservation of the natural environment
Universalism-tolerance	Acceptance and understanding of those who are different from oneself

Note: For consistency, the exact wording used by Schwartz et al (2012, p.669) is provided.

Similar to the original framework, the 19 value types were also arranged around a circular continuum based on the underpinning motivations as illustrated in Figure 2. Two other distinct tensions between the values were also identified. Firstly, the values in the top half of the circular continuum represent values that emphasise growth and can be observed when an individual is free from anxieties and on the other hand, the values in bottom half encapsulate values that are converse to growth and protect an individual from anxieties and threats. The second tension is that between a social focus (represented by values in the left semi-circle of the continuum) and a personal focus (represented by values in the right semi-circle of the continuum).

Figure 2: Circular continuum of values with the factors that underpin their ordering

Source: Schwartz et al. (2012, p. 669)

2.4.2. Influence of values on behaviour

Having identified the 19 value types in the refined theory of human values by Schwartz et al. (2012), it is important to establish the relationship between these values and an individual's behaviour. As stated earlier, seminal work by Rokeach (1973) has argued that with values being stable, there exists a strong correlation between a person's values and his or her behaviour. Other research that corroborated this assertion, used the values framework developed by Rokeach (1973) and found that the values of the 69 participants influenced their perceptions of morality (Finegan 1994). Another study examined the values-behaviour relationship using the Schwartz Values Survey developed by Schwartz (1992) and found that the values of the 809 participants influenced their consumption of fair-trade products (Doran 2009).

Some scholars have tended to veer away from absolutism and have argued that personal values are stable but peoples' hierarchy of values will change based on what is most important to them and their social environment as at a particular time (Meglino & Ravlin 1998; Rohan 2000; Scott 2000). For example, England (1967) argued that values are not stable but are

induced by the context. A similar argument was made in the work by Darley and Batson (1973) which also examined the values-behaviour relationship. Specifically, personality measures, which included items on values, were administered to a group of 40 seminarians, who were subsequently asked to move to another building for the second procedure (Darley & Batson 1973). Unbeknown to the seminarians, the transit between the buildings was part of the data collection as they were being observed on whether they would help an individual in need of assistance who was in a laneway. Such a data collection method might be construed as deceptive and/or unethical, based on the Australian research code, the *National Statement on the Ethical Conduct in Human Research (2007)*. None of the participants stopped to assist the person and these findings showed that the data on personality and values collected in the first stage did not predict whether the seminarians would help the person who appeared to be in need (Darley & Batson 1973). Given these findings, it is plausible that the context might influence how individuals' values translate to their behaviour. The seminarians may have unconsciously deferred to their values that relate to being punctual to the second session over helping someone. All in all, this rationale is conjecture, but greater insight would have been provided if Darley and Batson (1973) interviewed the seminarians post-observations, in order to determine how the seminarians explained their behaviour.

In summary, inasmuch as the seminal work has indicated that personal values are a strong predictor of individuals' behaviours (Rokeach 1973), other empirical research has indicated the converse (Darley & Batson 1973). Given this dichotomy in the value-behaviour relationship, Hackett (2013) contended that a social psychological construct, referred to as, *values anchoring*, might provide the clarity on these divergent findings. The following sub-section discusses the values anchoring construct.

2.4.3. Values anchoring

In this construct, the values-behaviour relationship is conceptualised with regard to a continuum where a person's values can either be anchored on things that are important to the individual or on his or her social identities (Hackett 2013). When the values are anchored on personal concerns, Hackett (2013) posited that values are stable as they are not influenced by context. Therefore, when values are anchored on an individual's concerns, then they are a

strong predictor of the person's behaviour. This proposition mirrors the assertion by Rokeach (1973) that values are stable and predictors of behaviour. Empirical research has indeed found that when people anchor their values on personal concerns, for example, social justice and fair-trade products, then the individuals' values are strong predictors of their behaviours (Doran 2009).

On the opposite side of the continuum, when values are anchored on social groups, Hackett (2013) postulated that the values are situational based and that peoples' behaviour are determined by their most salient social identity. This assertion is analogous with the underlying premise of social identity theory, that the social context and the social group that is most salient at a particular time influence will determine a person's behaviour at that point of time (Ashforth & Mael 1989). An empirical study where the social identities, values and behaviour of a group of professionals who had multiple organisational identities corroborates this assertion on situational-based behaviour (Leavitt et al. 2012). Specifically, the study found that where a participant had dual organisational identities, the identity that the participant activated had disproportionate impact on their behaviour (Leavitt et al. 2012). For example, for the participants that were both engineers and managers, it was found that their resultant behaviour was influenced by whether they activated their identities as engineers and took on the concern for public safety as the paramount value or that as managers, where of prime importance were the returns to the shareholders (Leavitt et al. 2012).

Examining the efficacy of assertions by the values anchoring construct was not an indicated aim of empirical studies that support it (Doran 2009; Leavitt et al. 2012). Hackett (2013) however, purposively examined the soundness of the construct using 302 respondents from the U.S. classified either as democrats or republicans and surveyed them on their values and their actions on social issues such as poverty and civil rights. The measures used were the Schwartz Values Survey and a survey developed by Hackett (2013) on values anchoring. The survey developed by Hackett (2013) included items on, the importance of basing decisions on activism on the respondents' values versus the manifestos of the respondents' political parties. The findings showed that the respondents' levels of activism on contemporary issues such as gun ownership, immigration, poverty and civil rights, were stronger when their values

were anchored on these issues, which were of a particular personal concern to them, than when their values were anchored on their political parties.

These findings provided evidence for the influence of values on certain behaviour. However, as Hackett (2013) highlighted, further research using the construct is needed to investigate the values-behaviour relationship. Relevant to this thesis, with the values of directors being used to examine the knowledge gap on directors' behaviour, a consideration of the values anchoring construct in the analysis values-behaviour relationship, is deemed as a worthwhile exercise. In particular, the role the directors' social identities play in the value-behaviour relationship is an aspect that might narrow the knowledge gap on directors' behaviour. Finer details on this gap in knowledge are provided in the following section, which summarises this chapter and includes the research questions.

2.5. Summary and research questions

The corporate governance literature has been classified into two streams, with the first one being that which relied on economic theories and management theories, and the second that which examined the behaviour of directors by focussing on their values and social identities. From the literature in the first stream it can be concluded that boards have two main roles, which are monitoring and resource provision functions (Hillman & Dalziel 2003). The literature in the second stream acknowledges that despite the valuable information on boards' roles, the behaviour of directors is an important research area given the position boards have in contemporary society, and that what motivates directors to behave in a certain way, transcends the explanations provided by economic and management theories (Kaczmarek, Kimino & Pye 2012). This literature has also been clear in highlighting that, any research that seeks to examine directors actual behaviour should expect a challenge in accessing the directors and have metaphorically described it as, examining *the black box* due to the limited knowledge on their behaviours behind the closed doors of the boardrooms (Daily, Dalton & Cannella 2003; Erakoviç & Overall 2010).

Investigating the values of the directors has been argued to be a worthwhile endeavour in providing some clarity on what goes on in *the black box* (Fortuna 2012). The values-behaviour relationship hinges on the assertion that values are strong predictors of individuals'

behaviours (Rokeach 1973). Some empirical research has however questioned the efficacy of the values-behaviour link (Darley & Batson 1973). It was therefore argued that, a consideration of the values anchoring construct (Hackett 2013), by assessing the role social identities could play in the values-behaviour relationship, might be a plausible way to provide some clarity.

The gap in knowledge is arguably quite wide and this study cannot fully address this gap in knowledge. Therefore, the parameters for the study were set with the following research questions:

1. What are directors' core values?
2. How do directors' reconcile their values with their fiduciary responsibility?
3. What influence do directors' social identities have on their values and behaviour?

Chapter 3 discusses the methodology used to address these research questions.

CHAPTER 3: METHODOLOGY

3.1. Introduction

This chapter discusses the methodology used to address the research questions identified in the preceding chapter. The methodology can be perceived to be the link between the epistemology and the technical aspects of the research (Quinlan 2011), with epistemology referring to how a researcher acquires knowledge on a particular phenomenon (Sumner 2006) whereas the technical aspects include the data collection and analysis modes. In both the business, and the broader social sciences research, methods literature, a fundamental principle concerning the methodology is that the research objectives should dictate the methodology (Punch 2014; Quinlan 2011; Zikmund et al. 2010).

The next section discusses the rationale for the methodology by considering the alternative methodologies and the justifications for the suitability of the methodology. Section 3.3 then presents the three main philosophical perspectives that underpin research in business and management, and subsequently identifies the perspective used in this study. Section 3.4 then includes a detailed discussion on the research design with a focus on the sampling, data collection and analysis. Thereafter, section 3.5 discusses the ethical considerations for the research and lastly, section 3.6 includes a summary of the chapter.

3.2. Rationale for the methodology

As highlighted in the literature review, most studies that have examined the behaviour of board members have been within a structuralism paradigm as they have utilised quantitative methodologies (Viganò et al. 2011). One study that stands out used a qualitative approach to examine the values and behaviour of U.S. directors and executives (Fortuna 2012). Most other studies, have used archival data from databases such as COMPUSTAT, RiskMetrics (Boivie, Graffin & Pollock 2012; McDonald & Westphal 2010; Zhu & Westphal 2013) and data from the Dun and Bradstreet Reference Book of Corporate Management (Boivie, Graffin & Pollock 2012). Given their use of archival data, these studies had large sample sizes, which increased the likelihood of the generalisability of the findings to the population under focus. Inasmuch as archival data would have conveniently yielded large sample sizes, the required level of

explanation on the values-behaviour relationship would not be obtained from the databases and registers.

Instead of the archival data, some quantitative studies have used vignettes and surveys (Adams, Licht & Sagiv 2011; Pearce 2013). Vignettes have been mainly used in the business and management research to examine ethical dilemmas (Barnett, Bass & Brown 1994; Walker, Smither & DeBode 2012). A limitation with the use of vignettes is that the action a participant may take in response to a vignette may be actually quite different from their actual behaviour (Groves & LaRocca 2011). This self-reporting limitation may also be present when questionnaires and interviews are used. In order to mitigate this limitation, as opposed to using a sole data collection procedure, complementary data collection approaches have been recommended, to reduce common method variance (Feilzer 2010).

Table 2 shows the recent extant studies and the methodologies used.

Table 2: Methodologies used in similar studies

Research	Subject area	Methodology and data instruments used
McDonald and Westphal (2010)	Strategic behaviour of U.S. board directors	Quantitative-Archival data
Adams, Licht and Sagiv (2011)	Values, strategic and ethical behaviour of Swedish directors	Quantitative-Portrait Values Questionnaire (PVQ) and Vignettes
Boivie (2012)	Strategic behaviour of U.S. board directors	Quantitative-Archival data
Fortuna (2012)	Values of U.S. board directors and CEOs	Qualitative-Semi-structured interviews
Pearce (2013)	Ethical behaviour of U.S. and Canadian executive management	Quantitative- Vignettes
Zhu and Westphal (2013)	Strategic behaviour of U.S. board directors	Quantitative- Archival data

Alternatives that could have been used to address the research questions identified in the previous chapter could be from either a qualitative or a quantitative approach. When a quantitative approach is used the purpose is generally to validate an existing model or theory while on the other hand a qualitative approach provides descriptions of particular phenomena and participants' experiences (Creswell 2014). The underlying philosophical perspective for a quantitative approach is positivism or post-positivism whereas for a qualitative approach it is

constructivism (Crotty 1998). In other words, in a quantitative approach the major tenets are validity, reliability and generalisability while in a qualitative approach, which is used to provide a deeper understanding on phenomena, relies more on the researcher's interpretation and therefore, the emphasis is on the authenticity and credibility of the findings (Creswell 2014). Some of the strategies used in qualitative studies include phenomenology, ethnography and grounded theory, while in quantitative studies experiments and surveys might be used (Neuman 2011). Generally, a quantitative analysis uses statistical procedure whereas in a qualitative one, the researcher identifies themes and patterns from the data (Creswell 2014).

Quantitative and qualitative approaches can be used together in what is referred to as a mixed methods research approach (Johnson, Onwuegbuzie & Turner 2007). A mixed methods research approach is aligned with the triangulating approach advocated by Campbell and Fiske (1959). Such an approach not only provides a means of corroborating results but also complementarity of methods in order to mitigate the common method variance (Johnson & Onwuegbuzie 2004; Johnson, Onwuegbuzie & Turner 2007). A plausible argument is that with triangulation and complementarity as attributes of the mixed methods research approach, the credibility, depth and range of the research is increased (Collins, Onwuegbuzie & Sutton 2006).

Having the mutual use of quantitative and qualitative approaches to address the research objectives means that a pragmatic philosophical perspective underpins the approach (Johnson & Onwuegbuzie 2004). The data collection procedures and analysis can therefore be from a quantitative and/or a qualitative perspective. A summary of the attributes of the qualitative, quantitative and mixed methods research approaches is provided in Table 3.

	Qualitative approaches	Quantitative approaches	Mixed methods approaches
Purpose	Provides understandings and descriptions of participants' experiences	Tests and validates already developed theories	Provides greater insight, enables triangulation and complementarity
Philosophical assumptions	Constructivism	Positivism or post-positivism	Pragmatic
Strategies employed	Phenomenology, grounded theory, ethnography, case study and narrative	Surveys and experiments	Uses both qualitative and quantitative strategies
Methods employed	Open ended questions, observations	Closed ended questions, numeric data	Pluralistic methods from both approaches
Analysis	Themes and patterns are identified. Emphasis is placed on credibility, authenticity and trustworthiness.	Statistical procedures are utilised. Emphasis is placed on generalisability of findings, validity and reliability.	Practices from both qualitative and quantitative approaches can be used.

Source: Based on Creswell (2014, p.18) and Johnson & Onwuegbuzie (2004, pp. 19-21).

Similar to Fortuna (2012) who used a qualitative approach and more specifically a narrative research strategy, the research aims could also have been addressed in this research by the use of qualitative research solely. For example, the appropriateness of phenomenology was considered. Phenomenology, as a strategy, contributes to a deeper understanding of what an experience means for an individual who has lived the experience and is able to comprehensively describe it (Moustakas 1994). A researcher who uses this qualitative strategy endeavours to capture the essences of an experience from participants descriptions (Giorgi 2002). The objective of capturing descriptions of lived experiences in a phenomenological approach mirrors a narrative research. Strategies from both phenomenology and a narrative research would be useful in providing an understanding on directors' values and behaviour. However, using phenomenology solely, as a methodology, increases common method variance (Feilzer 2010) .

Another alternative was, ethnography, which is concerned with providing an understanding of the culture of the participant and this entails the researcher being immersed both as a participant and observer in the culture under study (Patton 2002). Given the widely reported difficulty in accessing directors for research (Leblanc & Schwartz

2007), it was viewed that while the methodology may be appropriate to address the research questions, it would not be practical to conduct.

The final qualitative strategy that was considered was a grounded theory approach. Such an approach is generally used where there is an absence of an adequate theory to explain a phenomenon (Reiter, Stewart & Bruce 2011). In the concurrent data collection and analysis phases, emerging inter-relationships are sought, and these in turn provide an explanatory theory on the phenomenon (Moustakas 1994; Reiter, Stewart & Bruce 2011). For the purpose of this study, despite there being an arguably large gap in knowledge on directors' behaviour, it would be difficult to justify a grounded theory approach to provide the required understanding. This is, given, the extant research on personal values and behaviour in the social psychology literature (Darley & Batson 1973; Rokeach 1973), and in the corporate governance literature (Adams, Licht & Sagiv 2011; Fortuna 2012).

Following a consideration of the methodologies used in similar extant studies and the different strategies that might be used to address the research aims, it was pivotal to match the research questions with an appropriate methodology, given that, the research questions govern the methodology (Punch 2014; Quinlan 2011; Zikmund et al. 2010). For the first research question, the purpose was to identify the participants' values, and therefore a quantitative approach that was deemed appropriate. Specifically, in contrast to Fortuna (2012) who as stated earlier used a qualitative inquiry to identify the values of U.S. directors and executives, using a validated values measure was viewed as strategy to increase the validity of the findings (Frels & Onwuegbuzie 2013). Moreover, it was argued that the measure would provide a concrete foundation for the participants' descriptions of their values and this would in turn provide a means of checking the congruency between their measured values and their self-perceived values. For such an endeavour a qualitative inquiry was deemed appropriate. Therefore, to address the first research question, both quantitative and qualitative approaches were selected. For the second and third research questions, a qualitative approach was viewed as appropriate. This was since, a deeper understanding was required of the directors' values-behaviour relationship and a qualitative approach might capture nuances that may be otherwise missed when a quantitative methodology is used

(Patton 2002). Table 4 shows the research questions and the relevant methodological approach.

Table 4: Research questions and relevant methodological approach

Research question	Methodology
1. What are directors' core values?	Quantitative and qualitative
2. How do directors' reconcile their values with their fiduciary responsibility?	Qualitative
3. What influence do directors' social identities have on their values and behaviour?	

Given that both quantitative and qualitative methodologies were used, then a mixed methods research approach (Johnson, Onwuegbuzie & Turner 2007) was utilised in this study. The next section highlights the underpinning philosophical perspective of the mixed methods research approach used but prior to this, provides a discussion on the main philosophical perspectives in business and management research.

3.3. Philosophical perspective

The three main philosophical perspectives that guide business and management research are positivism or post-positivism, interpretivism and critical inquiry (Hallebone & Priest 2009). These three philosophical perspectives differ as a result of the distinct views held on the epistemology and ontology (Bryman & Bell 2011). The epistemology which was also defined in section 3.1, refers to how the researcher acquires knowledge (Sumner 2006) and the ontology are the assumptions held by the researcher about the reality of the issue being investigated (Biesta 2010).

The first philosophical perspective, positivism or post-positivism is associated with quantitative methods of research. The attributes that lead positivism to be associated with such methods were described by Crotty (1998, p. 28) who highlighted that a positivist's researcher perceives the world as, "a world of regularities, constancies, uniformities, iron-clad laws, absolute principles". The epistemology inherent in positivism can therefore be argued to be objectivism which means that a certain phenomenon has intrinsic meaning and this

meaning is independent of a researcher's consciousness (Crotty 1998). Therefore, in the positivism or post-positivism paradigm the methodologies that are developed, seek to provide findings that are generalisable and that can provide predictions of the phenomenon being analysed (Hallebone & Priest 2009). Examples of such methodologies include experimental and survey research (Crotty 1998).

The second philosophical perspective, interpretivism is generally associated with qualitative methods as a researcher using such a paradigm seeks to generate their descriptive understanding of a certain phenomenon (Hallebone & Priest 2009). In contrast to the positivism perspective where objectivism is a key attribute, in the case of interpretivism the innate epistemology is usually constructivism which is described by Crotty (1998, p. 9) as "meaning is not discovered, but constructed". This would imply that gaining a contextual understanding is of essence in this paradigm as opposed to positivism or post-positivism where generalisability of the findings takes precedence. Examples of methodologies where meaning is constructed include, phenomenological and grounded theory research (Crotty 1998).

The third philosophical perspective, critical inquiry, stands in stark contrast to the interpretivism paradigm whereby meaning is constructed in order to merely provide an understanding of a certain phenomenon (Crotty 1998). This is as research that is underpinned by such a philosophical perspective goes further than interpretivism would to challenge the status quo and endeavour to lead to a change (Crotty 1998). Fittingly, are works that have used postmodernism and feminism perspectives to advocate for change (Duberley & Johnson 2009).

Of relevance to this study, business research methods literature highlights that the chosen philosophical perspective should fit well with the research purpose and focus (Quinlan 2011). The philosophical paradigm that was deemed most appropriate for this research had both the objectivism attribute inherent in positivism or post-positivism and the constructivism attribute that is innate in interpretivism. The mixing of these paradigms is not prohibited, and, it is in fact, a strategy that has been highlighted as capitalising on the strengths of each philosophical paradigm (Johnson & Onwuegbuzie 2004; Rossman & Wilson 1994). The mixing

of the two philosophical perspectives has been referred to in literature as using a pragmatic perspective (Rossman & Wilson 1985).

Early proponents of the pragmatic perspective were, "Charles Sanders Peirce, William James and John Dewey", theorists and researchers in the late 19th and early 20th centuries, who were described as having had a "constructionist and critical" worldview (Crotty 1998, p. 61). Exponents of the pragmatic perspective, whose work is more recent, have conveyed that notwithstanding, such an approach entails pluralistic approaches; the basis of using these approaches is to address the research aims in an adequate fashion (Morgan 2007, 2014; Patton 1990; Teddlie & Tashakkori 2010). Ultimately, adopting pragmatism as a philosophical perspective, there is little emphasis placed on the dichotomous objectivism and constructivism paradigms and greater emphasis is placed on customising a research design that has the potential to address the question that the researcher is investigating (Feilzer 2010).

The next section discusses the research design.

3.4. Research design

The research design encompasses the technical aspects or more specifically the methods of inquiry that guide the procedures in research (Creswell 2014). With respect to a mixed methods research approach, due to the pluralistic approaches that can be used in the approach there are a plethora of mixed methods research designs (Nastasi, Hitchcock & Brown 2010). For example, Leech and Onwuegbuzie (2009), presented 24 different typologies of the mixed methods research designs. Despite the presence of varied conceptualisations of the mixed methods research designs, the basis for the different conceptualisations appears to be the same. That is, the technical aspects such as the weighting given to the quantitative and qualitative approaches, the timing of collection of data, and the stages at which to analyse and integrate the findings are all developed based on the particular issue being researched (Nastasi, Hitchcock & Brown 2010).

For this research, in order to identify the values of board members and uncover how the directors reconcile their values with their fiduciary responsibility and the role that their social

identities played, it had characteristics of an exploratory design. Research that is exploratory by nature tends to be qualitatively oriented and provides an understanding of a phenomenon, and one that is explanatory is more quantitatively oriented and is used to explain relationships or trends that may exist in a given population (Creswell & Plano Clark 2011). Moreover, based on the classifications of some theorists of the mixed methods research designs (Hanson et al. 2005; Leech & Onwuegbuzie 2009), this research was, *a sequential qualitative dominant, mixed methods research design*. The sequential research design had two phases. The first phase used a quantitative approach to identify the values of the participant board directors. As already highlighted, the identification of the values was facilitated by the values questionnaire developed by Schwartz et al. (2012). The second phase used a qualitative approach and examined whether the measured values were congruent with the self-perceived values, and the influence of the participants' values on their behaviour in board matters. Semi-structured questions were used in the second phase and similar to the values questionnaire and section 3.4.3 presents the details of these data collection instruments.

Researchers who are proponents of the mixed methods research method approach (Creswell & Plano Clark 2011; Teddlie & Tashakkori 2010) have supported the use of a standardised notation when describing the mixed methods research design used. The standardised notation for this mixed methods is, Quan → QUAL, indicating that the quantitative approach preceded the qualitative one and the qualitative approach was the more dominant one of the two approaches.

Given that the overall research design has been highlighted, the following sub-section covers a discussion on the sampling design.

3.4.1. Sampling design

In developing a sampling design, the sampling strategy to be used to select the participants and the size of the sample need to be considered (Collins 2010). In an ideal situation, the sample would be randomly selected and the total number of people in the overall population who meet the sampling criteria would be included in the sample (Bryman & Bell 2011). Such a scenario is however not practical when it comes to the research on board members. This is

because details of the experiences of researchers have been unambiguous on the challenge of accessing board members for research purposes (Hambrick, Werder & Zajac 2008; Huse et al. 2011; Leblanc & Schwartz 2007). Inasmuch as the empirical research referred to has been predominantly from a North American context, the challenge is also existent in an Australian context as has been demonstrated by research carried out by Boriboonsate (2011) where a 5.5 percent response rate from the participants was obtained and there was difficulty in general in gaining information from board members.

A few years prior to the research by Boriboonsate (2011), a review by Leblanc and Schwartz (2007) focussed solely on strategies that could be used to mitigate the difficulty of accessing board members. These strategies were based on prior research on board members. The researchers concluded that contacting board members directly by either cold calling them or via a mail-out were the most ineffective techniques for the recruitment of participants. On the other hand, a more effective technique that was suggested was the use of a "sponsor", which is basically the researcher using someone within close ranks with the board members to aid in the recruitment of participants (Leblanc & Schwartz 2007, p. 848).

The use of a sponsor appears to have been applied in an Australian context by Spring (2010) whose research focussed on the impact board members from six Australian banks had on the corporate entrepreneurship of their organisations. The sampling strategy justification used by Spring (2010) was on the basis of a suggestion by a former chairman of a large Australian public company who stated that without having someone to introduce the researcher to board members then it would be a futile attempt to access board members for research purposes. The statement from the chairman of the Australian public company corroborates with the conclusion by Leblanc and Schwartz (2007) that a board member would be more willing to accept to participate in research from a request from fellow colleague than from one by an academic researcher.

With the difficulty in accessing board members for research in mind, due care was still taken to ensure the sampling strategy was not merely a convenient sampling technique but one that meets pre-determined criteria. Both criterion and snowball sampling techniques were used in this research. In criterion sampling, the participants are selected because they represent the

pre-set criteria (Collins 2010). In snowball sampling the other participants who meet the pre-set criteria are sourced from others who have already participated in the research (Quinlan 2011). Despite these two sampling techniques being non-random, they are purposive sampling techniques. A convenience sampling technique, that is where participants are conveniently chosen based merely on the ease of access (Collins 2010), was avoided in this research as pre-set criteria for the participants had already been established. A convenience sampling technique which in most instances is categorised as having a low level of research rigour (Teddlie & Yu 2007), would have resulted for example in the use of students within the university as participants, who might have been requested to envision themselves as board members.

For an individual to be a participant in this research, the criteria were as follows:

- The individual has experience as a board director of an Australian public company. The definition of a public company was in pursuance to section 112 (1) of the *Corporations Act* where a public company could be limited by shares or guarantee. As stated previously a common theme through the thesis has been the pivotal role boards of public companies have. Concerning the location setting for the study, this criterion was for feasibility purposes.

- The individual has board membership experience in a company where the managerial and board roles were mutually exclusive which meant that executive and non-executive directorship roles were clearly defined.

- The individual has experience as a director in a board without a CEO/Chair dual role. The CEO/Chair duality did not provide any challenges in the participants' recruitment process, as a majority of large Australian public companies have different persons in the CEO and chair roles (Cottrell 2009).

Having set out the criteria for the participants, potential sponsors who would introduce the researcher to board members were identified and contact was made. The sponsors included:

- The principal supervisor for this research who had both executive and non-executive level experience in the Australian public sector

- A retired manager who worked with the student researcher and had accumulated an extensive network in her professional experience

- Professional and academic staff in the Australian Catholic University who had also accumulated various contacts in their professional experiences

For the recruitment of participants, the sponsors contacted prospective participants that they may have known at a personal and/or professional level and asked them if they would be willing to participate in the research. In total, the sponsors contacted 17 prospective participants. Sixteen of these participants were willing to participate in the research and one declined. Following the expression of a willingness to participate, the student researcher contacted the prospective participants via email. The email included a brief background of the research project, a URL link to the values questionnaire and an attachment with a formal participant letter (see Appendix A). Completing the values questionnaire was deemed to be acceptance to participate in the first phase of the research. Fourteen of the participants accepted to participate and two did not respond to the email despite an initial expression of willingness to participate in the study and follow-up emails. Out of the remaining 14 participants sourced by the sponsors, four of the participants did not meet all the pre-set criteria with one being a director in a self-managed super fund and the other three being board members in private enterprises. Two out of the four that did not met the criteria agreed to be used for the pilot testing of the values questionnaire and the interview questions.

A snowball sampling technique was also used by requesting the participants after their interviews to let the researcher know of board directors who met the participants' criteria and would be willing to participate. Furthermore, following each interview an email was sent to each of the directors who participated to acknowledge their participation and as a reminder to inform the researcher of other board members who met the pre-set criteria and may be willing to be surveyed and interviewed. Fifteen additional board members who fulfilled the criteria (four did not meet the criteria) were sourced using the snowball sampling technique. Table 5 below presents the outcome of the sampling strategies used

Table 5: Outcome of sampling strategies employed

	Accepted	Declined	Referred but did not meet criteria	Did not respond
Provided by sponsors	10	1	4	2
Referred by participants	15	-	-	-
	25	1	4	2

With regard to the second aspect of the sampling design, that is the sample size, since the research used two sampling techniques that are purposive and the dominant component was qualitative, the concept of data saturation was an option that could have been used. Data saturation usually occurs at the point where no new themes emerge from data collected (Guest, Bunce & Johnson 2006). Using data saturation is of assistance at the conceptual level, however at a practical level it does not provide much guidance when planning for the sample size (Guest, Bunce & Johnson 2006). For this research, despite the qualitative component being dominant, the concept of data saturation was not used but guidance on the sample size was obtained from Creswell (2013, p. 81) who suggested a sample size of approximately "25" in a qualitative study.

In summary, the sampling design yielded a sample size of 25. With such a small sample size and the purposive sampling techniques employed, the findings from this research, due care is required when making interpretations on the findings. A positive aspect is that the board members were from diverse backgrounds in terms of the industries they served as board members, educational backgrounds and professional backgrounds. Moreover, with a sample of 25 participants, a contextual understanding of the participants' values and behaviour could be obtained through qualitative inquiry, which may not have been feasible with a large sample size.

3.4.2. Participants

Data was collected between September 2013 and April 2014. The sample used in this research consisted of 15 male directors and 10 female directors. Each of the participants was assigned an alphanumeric identification. The first character represented the sequence in which data was collected and the second one represented the gender of the participant. Therefore, 1M represented the first male director who completed the values measure.

All of the 25 participants were above 50 years in age. A majority of the participants (16 out of the 25) were aged between 50 and 65. Only one of the female directors was aged over 65. The age range of the participants is not surprising as a 2013 report by the Australian Council of Superannuation Investors (ACSI) states that the average age for non-executive directors in the Australian Stock Exchange (ASX) 200 companies was 63 in overall, 64 for male directors and 58 for female directors (Australian Council of Superannuation Investors 2013).

A majority of the participants (24 out of 25) have a tertiary qualification, which was the foundation for their professional background. One of the participants does not have a tertiary qualification but has considerable experience in management.

Four of the directors (participants 9M, 12M, 4F and 10F), have experience in two or more different industries. Seven have board experience in the financial & insurance sector and similarly, seven have board experience in the healthcare & social assistance industry. Four directors have board experience in the information industry and three in the retail trade industries. For the arts, entertainment & recreation, mining and utilities, there were two board directors in each of these three industries while in the construction and professional, scientific & technical services, there was one board director in each of the two industries.

In overall, participant 9M has the highest number of board memberships, having been a director for six large public companies. The roles were however not all interlocks and 9M stated that despite receiving approximately 20 board invitations since retiring as a senior executive, he had made a personal resolution not to chair more than two boards at the same time. The participant stated that he was of the view that he was more than capable of chairing more than two boards in tandem when everything was going well. However, the chances of running into problems concurrently was significantly high and this would in turn make it a challenge to effectively chair the boards. Furthermore, 9M stated that he would not accept to be the chair in a board unless he had served in the board as a non- executive director for atleast one year and thereby gained an understanding of the company. For the other participants, the number of board memberships that they held concurrently appeared to have varied between one and three. The exception was participant 4F. As at the date of the interview, 4F was sitting on the boards of five public companies.

Three participants (6M, 9M and 4F) stated that following their executive roles (in large public companies for 6M and 9M and in a large private company for 4F) they were approached by the board chairs or other colleagues to be board members in the different boards. According to the participants it appeared that they had been approached due to the reputation that they had earned while serving in their executive roles. For example, participant 9M highlighted on how after he had retired from being a senior executive in a large company, he was approached by the board's chair of a rival company to serve as a board member. The participant joined the board and formal agreements were made to cater for the non-disclosure of information pertaining to the company that he was previously a senior executive.

Most of the other participants also stated that they were approached within their social and professional networks while the remaining (that is 1M,2M, 13M and 2F) stated that they directly applied for their board positions. According to the participants factors that triggered the interests included being of the view that the advertised role matched their skill set, interests in the missions and values of the companies and career advancement by building up a board work portfolio and gaining skills pertinent to the role.

While in the boards, the participants seem to have been involved in committees and board roles that were consistent with their professional background. Seventeen of the participants had a background in business & management and three others had a similar business & management but coupled with other fields such as engineering, law and environmental conservation. All of these participants were in board committees related to business & management such as audit & risk management, marketing, people & services and property & investment committees. The two participants with a healthcare background and the one with a healthcare and sociology background were in boards within the healthcare & social assistance sector. These participants had undertaken further postgraduate studies in the business field (for example a Masters Business Adminstration) and in turn also had business related roles within their boards. For example, 6F was a member of the remuneration, finance and client services committees.

Table 6 provides a summary of the demographics of the participants.

Table 6: Background characteristics of the participants

Participant's code	Gender	Age range	Professional background	Industries served as a director
1M	Male	65-69	Business & Management	Transport
2M	Male	65-69	Education	Retail Trade
3M	Male	50-59	Business & Management	Public company (was not specified)
4M	Male	60-64	Business & Management	Information
5M	Male	70+	Business & Management	Healthcare & Social Assistance
6M	Male	65-69	Business & Management	Information
7M	Male	50-59	Business & Management	Arts, Entertainment & Recreation
8M	Male	65-69	Business & Management	Finance & Insurance
9M	Male	70+	Business & Management	Finance & Insurance, Information, Mining and Retail Trade
10M	Male	60-64	Business & Management	Finance & Insurance
11M	Male	50-59	Business & Management	Heathcare & Social Assistance
12M	Male	70+	Engineering and Business & Management	Finance & Insurance and Mining
13M	Male	50-59	Business & Management	Information
14M	Male	65-69	Business & Management	Finance & Insurance
15M	Male	60-64	Business & Management	Healthcare & Social Assistance
1F	Female	65-69	Education	Arts, Entertainment & Recreation
2F	Female	50-59	Business & Management	Construction
3F	Female	50-59	Law and Business & Management	Transport
4F	Female	50-59	Business & Management	Finance & Insurance, Retail Trade and Utilities
5F	Female	60-64	Health Care	Healthcare & Social Assistance
6F	Female	60-64	Health Care	Healthcare & Social Assistance
7F	Female	60-64	Business & Management	Professional, Scientific & Technical Services
8F	Female	50-59	Law, Business & Management and Environment Conservation	Utilities
9F	Female	60-64	Sociology and Health Care	Health Care & Social Assistance
10F	Female	60-64	Business & Management	Finance & Insurance and Healthcare & Social Assistance

Having provided some details on the participants (to maintain the privacy of the participants due consideration was taken through an omission of any unique identifiers), the next section discusses the data collection instruments that were used.

3.4.3. Data collection instruments

3.4.3.1. Portrait Values Questionnaire (PVQ)
An overview of the PVQ

The Portrait Values Questionnaire (hereafter PVQ), a 57-item instrument (see Appendix B) developed by Schwartz et al. (2012), was used in the quantitative facet of this research. The

PVQ measures the 19 values, with each value being measured by 3 items and has a six-point scale ranging from *very much like me* to *not like me at all,* in which the respondent likens himself or herself to 57 short portraits. These portraits are limited to one sentence to avoid double-barrelled statements (Schwartz et al. 2012). Based on the gender of the respondent, either a masculine version or feminine version can be given to the respondent, with the only difference being in the pronouns used in the short portraits. Permission to use the PVQ was granted by Professor Shalom Schwartz (see Appendix C).

The 57-item PVQ has been endorsed as being more precise in terms of measuring the values in comparison to the previously developed, Schwartz Value Survey (SVS) (Schwartz 1992), and the 40-item PVQ (Schwartz et al. 2001) that both measure 10 universal values while the 57-item PVQ measures 19 values (Cieciuch et al. 2014; Lönnqvist et al. 2013). Assessing the PVQ not only meant taking into consideration these endorsements but also, the levels of reliability, validity and sensitivity which are used to evaluate the quality of a measuring instrument (Punch 2014; Zikmund et al. 2010).

The reliability of the PVQ

Reliability in this context is synonymous with the consistency and a measure is said to be reliable "when different attempts at measuring something converge on the same result" (Zikmund et al. 2010, p. 305). Cronbach's α, which ranges from 0 to 1 with 0 indicating no consistency and 1 indicating a consistency estimates the reliability of a measurement (Bryman & Bell 2011; Zikmund et al. 2010).

For this research, SPSS version 20 was used to compute the internal consistency. The internal consistency of the PVQ measured by Cronbach's α was 0.907. Four of the values (*hedonism*, *self direction-thought*, *self direction-action* and *universalism-nature*) had Cronbach's α greater than 0.907. Out of the four values, *hedonism* had the highest Cronbach's α (0.911). The difference in the Cronbach's α if *hedonism* would have been deleted was 0.004. For the other three values, *self-direction-thought, self direction-action and universalism-nature*, the Cronbach's α if either were to be deleted was 0.908. This means that there was only a 0.001 difference. For the other 15 values, if they were deleted, Cronbach's α would have reduced to below 0.907. If deleted, *face* as a value had the largest reduction (0.012) and would have

reduced to Cronbach's α of 0.895. The Cronbach Cronbach's α for the PVQ and the 19 values are shown in Table 7.

Table 7: PVQ reliability statistics

PVQ Cronbach's Alpha for the 19 items= .907	
Value type	Cronbach's Alpha if item is deleted
Achievement	.902
Benevolence-care	.898
Benevolence-dependability	.901
Conformity-interpersonal	.897
Conformity-rules	.898
Face	.895
Hedonism	.911
Humility	.899
Power-dominance	.901
Power-resources	.902
Security-personal	.897
Security-social	.900
Self-direction-action	.908
Self-direction-thought	.908
Stimulation	.905
Tradition	.900
Universalism-concern	.905
Universalism-nature	.908
Universalism-tolerance	.902

The validity of the PVQ

Validity is synonymous with accuracy and an instrument is said to be valid if it accurately measures the concept that it was intended to measure (Zikmund et al. 2010). Punch (2014, p. 101) has stated that, "there is no foolproof procedure to establish validity, and the validation methods used should depend on the situation". Given that this statement highlights the ambiguity in determining whether an instrument is valid, guidance was obtained from research methods literature social psychology and business & management. In social psychology literature, the concept of validity has a quantitative aspect to it with various statistical procedures being used to determine whether the instruments are valid or not (Haynes, Richard & Kubany 1995). On the other hand, in business and management research, Zikmund et al. (2010, p. 307) has suggested that four criteria which are "face validity, content

validity, criterion validity and construct validity" should be examined when assessing the validity of an instrument.

1. An instrument has *face validity* when the people to whom the instrument is administered are of the opinion that the instrument is relevant for its intended use (Nevo 1985). The PVQ was viewed to have face validity as it had been used in previous studies, most notably by Adams, Licht and Sagiv (2011) and Adams and Funk (2012) to measure the values of board members from large public companies in Sweden. Based on the discussions of the findings in these two studies the PVQ appeared to have served its intended purpose (from the perspective of the board members).

2. *Content validity* focusses on whether the instrument measures the concept being examined in its entirety (Punch 2014). In the case of PVQ, the 57 item instrument has been highlighted by Schwartz et al. (2012) as covering all the substantive aspects of individuals' values. Various researchers who have utilised the instrument to measure the values of individuals (Adams & Funk 2012; Adams, Licht & Sagiv 2011; Lönnqvist et al. 2013) have supported this attribute.

3. Based on Zikmund et al. (2010) *criterion validity* appears to have two aspects to it that are based on a time dimension. Firstly, an instrument has "concurrent validity" if the instrument is administered at the same time as the criterion being measured and is valid and on the other hand has "predictive validity" if it can predict a future occurrence (Zikmund et al. 2010, p. 308). Studies that have used the PVQ have justified the use of the instrument on the basis of these two aspects (Adams, Licht & Sagiv 2011; Lönnqvist et al. 2013).

4. An instrument has *construct validity* if within the theoretical context in which it exists, the results from the instrument indicate that variables that should be related are indeed related, whereas those that should not be related, are disassociated (Punch 2014). In an analysis of the values theory and PVQ, the instrument was found to have a strong construct validity (Datler, Jagodzinski & Schmidt 2013).

The sensitivity of the PVQ

An instrument that has a high level of sensitivity, caters for the variability in responses (Zikmund et al. 2010). Such a level of sensitivity would not be present in an instrument with a dichotomous response, for example *yes* or *no* (Zikmund et al. 2010). As stated earlier in the

overview of the PVQ, the instrument has a six-point scale ranging from *very much like me* to *not like me at all.* The PVQ would therefore have a high level of sensitivity.

The acceptable levels of reliability, validity and sensitivity of the PVQ justified the use of the PVQ as a data collection instrument for this study.

3.4.3.2. Semi-structured interviews

Conducting interviews subsequent to a quantitative phase can provide an elucidation on issues that would not generally be picked up from positivist or post-positivist research (Creswell & Plano Clark 2011). Consistent with a pragmatic perspective, using a qualitative inquiry following the quantitative phase was important in obtaining the directors' feedback on the congruence of their PVQ measured values to their self-perceived values, their perspectives on how they reconcile their values with their fiduciary responsibility, and their account on the role of their social identities in the values-behaviour relationship. Therefore, interviews were conducted in this study.

Interviews can range from being unstructured which tend to only use a prompt to trigger a conversation to structured interview where a specific set of questions are asked (Bryman & Bell 2011). For this study, semi structured interviews were used. In semi-structured interviews, the researcher is guided by questions included in an interview guide though there is some flexibility in terms of the sequence of questioning, how the participant will reply to the questions and the researcher further probing the participant (Bryman & Bell 2011). As stated earlier, semi-structured interviews were used by Fortuna (2012) who examined the values of board directors and executives in the U.S.

The interview guide (see Appendix D) compromised of six sections. All sections were addressed in each of interviews (though not always in a sequential order). Using questions and probes from the first section a background on their roles in the boards and the factors that led them to accepting the board roles were covered (details on the participants background were in section 3.4.2). The second section contained questions to ascertain the congruency between the directors' PVQ measured values and their self-perceived values. In the third section, the questions and probes were developed to enable the participants' reflect

on how their values may have contributed to their roles as board members. In addition, in this section, there were two questions that required participants to reflect on whether his or her fellow board members had consistent or inconsistent values. The processes by which the directors managed the inconsistencies in values and diversities in the boards were also investigated. In the fourth section, the questions and probes were developed to explore the construct of values anchoring by assessing the role the directors' social identities played in the values-behaviour relationship. The fifth section included questions to obtain data on the directors' demographics. Generally, participants addressed these demographic questions at the outset of their interviews when they discussed their backgrounds (the directors' demographics were presented in section 3.4.2). The sixth section was developed to find out how the participant would prefer to be described in the presentation of the findings. Initially, pseudonyms were deemed appropriate but for the sake of consistency and more effective data management the directors were assigned the alpha numeric identifications.

The finer details of the data collection procedures are provided in the following section.

3.4.4. Data collection procedures

As discussed in the previous section, the two instruments used for data collection were the PVQ and semi-structured interviews. Professor Shalom Schwartz provided the male and female versions of the PVQ in Microsoft Word format. The two versions were inputted in the exact wording provided by Professor Schwartz into Qualtrics.

Shortly after the two instruments were ready to be administered, a pilot test was carried out. As stated in section 3.4.2, the participants in the pilot test were two board members who did not fully meet the pre-set criteria. The issues that were considered during the pilot testing phase included:

- The face validity of the PVQ and the semi-structured interviews. In spite of the two pilot-study participants not having board experience in large Australian public companies, they were still in a good position to assess the face validity of the PVQ and interview guiding questions. From the pilot-study participants' feedback, they were of the view that the participating directors would find a high level of consistency between the aims of the research and the data collection instruments.

- The feasibility of the sequence of the data collection procedures. The PVQ was administered first and when completed an analysis of the PVQ that provided a values profile was performed. The values profile was then emailed to each of the participants in the pilot test. An interview date and time, which was within a week of the completion of the PVQ, was agreed upon. The period between the completion of the PVQ and the interview date seemed adequate to provide the participant with an opportunity to reflect on the values profile which could be discussed in the interview.

- The logistics of completing the PVQ and the semi-structured interviews. The time it took each participant to complete the PVQ was noted based on a Qualtrics report of the questionnaire. The average duration it took the pilot-study participants to complete the PVQ was seven minutes and each interview in this phase was conducted within 25 minutes.

Following the pilot-study phase, the two instruments were ready for implementation. Using the Qualtrics Mailer feature, individual URL links were created for each participant. These links were unique for each participant and were provided to each participant in an email, which also included an attachment of the research project information letter (see Appendix A).

All of the 25 participants completed the PVQ within a fortnight of receiving the email. The progress of completion of the PVQ was observed on Qualtrics and after each participant completed the PVQ, an analysis that resulted in a values profile of the 19 values proposed by Schwartz et al. (2012) was conducted (see Appendix E for the coding of the 57 items and the 19 values). Subsequent to each participant's PVQ analysis, a values' profile, which consisted of the participant's weightings ranging from one to six for each of the 19 values, and a request for the scheduling of an interview was sent to the respective participant via email. Due to the challenge in accessing directors for research purposes (Leblanc & Schwartz 2007), which has already been highlighted earlier on in the thesis, the board directors were given the option of either a face to face meeting or a telephone interview. Telephone interviews are not as widely used as face to face meetings in qualitative approaches in particular where symbolic interactionist perspectives are used since some non-verbal cues could be missed (Berg & Lune 2012). However, due to the limited spare time that the upper echelons of corporations have, the inclusion of an option of conducting telephone interviews was used as a strategy to

mitigate the difficulty of accessing board members. Moreover, the use of telephone interviews is usually appropriate when the participants are from diverse geographical locations (Berg & Lune 2012). For this study, the board directors were based in different states in Australia which include: New South Wales, Western Australia and Victoria and therefore the telephone interviews were appropriate for feasibility reasons. Most of the board members (21 out of 25) opted for telephone interviews.

The telephone interviews were all conducted in a private office at the Australian Catholic University that had teleconference facilities. Four of the participants who were in close proximity to the researcher based in Melbourne, Victoria preferred a face-to-face meeting. Two of the face-to-face meetings were conducted in a private office at the Australian Catholic University and the other two were conducted in two different cafeterias (selected as meeting places for the interviews by the participants). Conducting the interviews in the cafeterias was not ideal but in retrospect, a rapport seems to have been established in the informal setting, and rich qualitative data was obtained. Furthermore, the two participants expressed their willingness to be contacted once again should the researcher require clarification on any issues that may not have been appropriate to discuss in the cafeteria.

At the beginning of each interview authorisation was obtained for the recording of the interview. The interviews were recorded using a Livescribe smartpen and notes taken on a Livescribe notepad. During the course of the interviews, the researcher maintained a neutral stance. In a neutral stance the researcher abstains from making extensive comments on the participants responses to the interview questions and is neither reaffirming or disaffirming to the responses (Pezalla, Pettigrew & Miller-Day 2012).

The audio-recordings were stored on the Livescribe desktop platform. The smartpen had the capability to store recordings but since the School of Business at the Australian Catholic University owned the smartpen, and on completion of this study, other researchers would use it, following the interviews the recordings were transferred into the Livescribe desktop and deleted from the smartpen. The researcher then transcribed the interviews in Microsoft Word.

During the initial stages of the data collection, an update of the Livescribe software resulted in four audio recordings to be erroneously deleted from the Livescribe desktop. The audio recordings in the Livescribe desktop had not been backed up. The researcher contacted the participants with missing audio recordings and requested them to confirm the transcriptions and interpretations. Subsequent audio recordings were backed-up.

3.4.5. Data analysis

Data was first analysed in the quantitative phase and then in the qualitative phase. In the quantitative phase, each participants' scores of the 19 values were calculated by taking the means of the items that indexed them (in the 57-item PVQ, each value had three items) (Schwartz et al. 2012). As stated earlier, each participant received their weightings for each of the 19 values a few days prior to the interviews. In addition to this analysis, Cronbach's α which as highlighted before, measures the reliability of the instrument (Zikmund et al. 2010), was calculated for the PVQ (the results of the calculation are included in section 3.4.3.1). Descriptive statistics, which included the mean, modes and distribution (using Shapiro-Wilk test) of the interval data collected from the PVQ, were computed using SPSS version 20.

An independent-samples t-test, which measures the significant difference between the means of two independent groups (Pallant 2010), was also computed. The t-test was calculated with respect to the values of the male and female directors. A paired-samples t-test which compares the changes in scores, for example, in an experimental design, before and after an intervention (Pallant 2010), was not appropriate to compare the values of the male and female directors. The rationale for the calculation of the difference was that the sampling strategy used resulted in the female directors' proportion being 40 percent of the total sample, which was larger than the anticipated sample proportion. In Australia, only approximately 11 percent of the directors' are female (Australian Council of Superannuation Investors 2013). However, due to the sample size due care is recommended when making interpretations from the findings of the independent-samples t-test.

At the outset of the analysis, in line with an underpinning pragmatic philosophical perspective, the use of Computer-Assisted Qualitative Data Analysis Software (CAQDAS) such as ATLAS.ti, Leximancer and NVivo (Atherton & Elsmore 2007) were considered for use in the organisation

of the qualitative data. CAQDAS do not actually analyse the data but facilitate its analysis and it is the researcher who is the actual analysis tool (Leech & Onwuegbuzie 2007). In fact, an examination on the different qualitative analysis techniques found that despite the increased duration that an analysis using CAQDAS took, the rigour of the research was not enhanced, in comparison to manual coding (Dolan & Ayland 2001). CAQDAS are however useful in data management (Bergman 2010; Dolan & Ayland 2001), and for this reason, NVivo (the Australian Catholic University has subscribed for this CAQDAS) was used to facilitate the qualitative analysis.

A combination of an inductive and an *a priori* method (Miles & Huberman 1994), was used to generate themes (referred to as *nodes* in NVivo). Use of an inductive method solely would have meant that a grounded theory research method was used which as indicated earlier, would not been appropriate due to the existence of extant literature and theories. A combination with an *a priori* method meant that guidance could have been obtained from extant relevant literature to generate themes (Miles & Huberman 1994). Therefore, qualitative analysis entailed an iterative process of reading the transcripts (that were in Microsoft Word format and imported into NVivo) and the literature that pertained to the three research questions to identify the emerging themes, which were then coded at their respective nodes. Subsequently, the nodes were reviewed in conjunction with the transcripts, with repetitive nodes being consolidated, and upon reflection, a theme needed to be re-coded this was also done. The list of nodes is provided in Appendix F.

3.4.6. Authenticity, credibility and trustworthiness
Maintaining the authenticity, credibility and trustworthiness of the findings (Creswell 2014; Miles & Huberman 1994), were considered as the pivotal aspects in the analysis and this was more so since a qualitative dominant approach was used. For this research, one factor that enhanced the authenticity, credibility and trustworthiness of the results was the use of respondents' validation (Barbour 2001). This means that for each participant, following their reflection, (each participant received their values' profile once they had completed the PVQ and this was before their interviews) they discussed the congruency between the measured values and how they perceived their values.

Another aspect that contributed to the authenticity, credibility and trustworthiness of the findings is that the methodology used in this study has been presented in detail. This means that the methodology used can be assessed and subsequent interpretations on the findings can be made with a consideration of the methodology utilised. Furthermore, the methodological details can be useful for future research that may seek to replicate this exploratory study in a different context.

A criticism that can however be levelled against the analysis, in particular the qualitative analysis is that the inter-rater reliability was not considered in this research and this in turn compromised the credibility of the findings. Inter-rater reliability refers to the level of agreement in the themes generated by independent coders (Armstrong et al. 1997). Notwithstanding inter-rater reliability can enhance the rigour of research, it also has its limitations as is evidenced in an empirical study which examined how six experienced qualitative researchers would analyse a similar transcript (Armstrong et al. 1997). Their findings showed that the six researchers identified similar basic themes but their descriptions of the themes and their patterns of relationships were different (Armstrong et al. 1997). These highlight the subjectivity, which is an innate attribute of qualitative research, or the interpretivism paradigm (discussed earlier). This research used a mixed methods research approach and therefore, as stated earlier, the level of authenticity, credibility and trustworthiness of the findings is augmented as opposed to, if only a qualitative methodology was used.

In line with authenticity, credibility and trustworthiness are the ethical considerations, which are presented in the following section.

3.5. Ethical considerations

Prior to the data collection for this research, approval from the Australian Catholic University Human Research Ethics Committee was obtained (see Appendix G). The ethics committee assessed the ethics application in pursuance with the principles of research merit, integrity, justice, beneficence and respect set out by the *Australian Code for the Responsible Conduct of Research (2007)* and the *National Statement on the Ethical Conduct in Human Research*

(2007). These five principles have been used to present the ethical considerations for this research.

Section 1.1 of the National Statement highlights that a research has merit firstly when the research being conducted endeavours to fill a gap in the literature, secondly the research will contribute to the knowledge and thirdly that the research is conducted or supervised by individuals competent in the area of research. Firstly, the literature review covered in the preceding chapter identified the gap in knowledge of the values-behaviour relationship of board directors. Secondly, as it has already been stated, this research contributes to the body of knowledge on the behavioural aspects of corporate governance. Thirdly, the researcher obtained training at the Australian Catholic University on the ethics of research, meta-theoretical perspectives of research design and research methods. The supervisor for the research project has extensive experience as a principal investigator in large research projects and industry experience at executive levels.

In adherence to sections 1.3 of the National Statement and 1.4 of the Australian Code, the research was carried out with a commitment to integrity. A virtue ethics approach as opposed to a mere deontological approach was used throughout the course of the research. A virtue ethics approach demands that a person does that which is good and noble because it is the right and moral thing to do whereas in a deontological one, the actions of a person are purely prescribed by their duty or role (Koehn 1995).

The participants had an informed consent and pursuant to section 1.4 of the National Statement, the research was carried out in a just manner with the absence both of an unfair burden on the participants and the exploitation of the participants. For the first stage, a participant's completion of the PVQ was viewed as consent. The participants for the study consisted of the upper echelons of corporations with a high level of education and having frequent dealings with complex and ambiguous situations in their roles, they were experienced consumers of research. Moreover, the participants were well aware of their rights and were not subject to any undue influence in the research process. For the second stage the participants explicitly indicated in writing on their willingness to participate in the interview. The participants were also notified in the participants' information letter and in the

interviews ,that consent could be withdrawn at any given point of the research process without any repercussions on their part.

At the outset of the research, due consideration was given to the principle of beneficence. Section 1.6 of the National Statement describes beneficence to have occurred when the risks to the participant such as harm or discomfort are outweighed by the benefits the research will have. In the case of this research, with the participants being the upper echelons of corporations it was expected that time would be of essence for them and therefore the time it took to complete the two instruments was deemed to be an opportunity cost. In the recruitment of the participants, it was highlighted that their participation would contribute to the body of knowledge on behaviour in the corporate governance literature, and this might have brought some personal satisfaction to some of the participants. A second benefit for the participants was that the values profile sent to them after completion of the PVQ was not only a foundation for the interviews, but it also provided them with a synopsis of their personal values from a credible values' measure. Another benefit for the participants was that participants were advised that a summary of the findings after completion of the research. It was highlighted that the findings might provide some clarity on directors' values-behaviour relationship which might be of interest to them in board reviews and the recruitment process.

Another ethical consideration and of great essence to the research project, was the respect for privacy and confidentiality of the participants, in accordance to section 1.11 of the National Statement. The data collected using Qualtrics and from the interviews was individually identifiable and the documents used for analysis purposes are either identifiable or re-identifiable. Any unique identifiers that could compromise the participants' privacy and confidentiality have been omitted. The data collected and analysis documents are in the possession of the student researcher (under lock and key) and will be stored for a five-year archival period.

3.6. Summary of the methodology

A mixed methods research approach was used to explore the values, behaviour and social identities of 25 board members. The philosophical perspective that underpinned the methodology was pragmatism and an exploratory research design was used. Data was

collected in two phases with the PVQ being used in the first phase to identify the values of the participants. The second phase used a qualitative approach with semi-structured interviews were used to examine the congruence of the participants' PVQ measured values with their self-perceived values, how the directors reconcile their values with their fiduciary responsibility and the role the participants' social identities in the values-behaviour relationship. The findings from the quantitative and qualitative analyses are presented in chapter four.

CHAPTER 4: FINDINGS

4.1. Introduction

The limited knowledge of board directors' behaviour has been highlighted consistently through the thesis. The research questions that provided the parameters for the study, with a consideration of the arguably large gap in knowledge, have also been identified and they include:

1. What are directors' core values?
2. How do directors' reconcile their values with their fiduciary responsibility?
3. What influence do directors' social identities have on their values and behaviour?

The methodological approach to address these research questions was covered in the previous chapter this chapter presents the findings from the analysis. The findings are organised based on the three research questions. Specifically, section 4.2 includes the results on the values of the participants. Section 4.3 presents the findings on how the board directors' reconcile their values with their monitoring and resource provision roles. Subsequently, section 4.4 includes the findings on the role the board directors' social identities have on values-behaviour relationship. Lastly, section 4.5 provides a summary of the findings.

4.2. Values of the participating directors
The research question that was firstly addressed was:

What are directors' core values?

Descriptive statistics of the participants' values
An inspection of the raw ranking of values by the 25 participants indicated that four out of the 19 values (*benevolence-dependability, self direction-action, self direction- thought and universalism-tolerance*) were measured as being important values across the sample of 25 directors as the minimum scoring by all the participants was greater than 3 (see Appendix H for each participants' PVQ measured values). A subsequent computation of the means and standard deviations indicated that the participants' ability to cultivate their own ideas and thoughts (*self direction-thought*) was their most important value with a mean of 5.45 and a

standard deviation of 0.46. The standard deviation was the lowest in comparison to the other 18 values which suggested that, in additon to the value for an autonomy of thought being the most important it had had the lowest variation in the participants' measured values. Being a reliable person when called upon by members of someone's social group (*benevolence-dependability*) was the second highest mean score (5.20) and the standard deviation was 0.68. Having the ability to determine ones' own actions (*self direction-thought*) had a mean score of 4.93 and a standard deviation of 0.66. The final value that was ranked greater than 3 by all the participants was an acceptance for anyone that has different beliefs (*universalism-tolerance*) with a mean of 4.75 and standard deviation 0.69. Interestingly, according to Schwartz et al. (2012) a high ranking *universalism-tolerance* implies that the individual is willing to accept those different from himself or herself but this does not necessarily mean that there is a concern for the wellbeing of those whose are different. A high ranking in *universalism-concern* would indicate a concern for the wellbeing of others (Schwartz et al. 2012). The three *universalism* values (*universalism-concern, universalism-nature and universalism-tolerance*) had means between 4.27 and 4.75 with the standard deviations ranging between 0.69 and 1.14. The universalism values were observed as important to a majority of the participants. Table 8, shows the means, standard deviations and ranges for the the 25 participants' PVQ measured values.

In order to examine the distribution of the participants' PVQ measured values, the Shapiro-Wilk test of normality which is recommended for small samples (Shapiro & Wilk 1965) was computed using SPSS Version 20. The test indicated that 12 of the 19 values were normally distributed (p.>0.05). Table 9 presents the significance levels (p) for the test of normality.

Table 8: Descriptive statistics of participants' values

Value type	N	Minimum	Maximum	Mean	Standard Deviation
Achievement	25	2.00	5.67	4.40	0.79
Benevolence-care	25	3.00	6.00	5.04	0.80
Benevolence-dependability	25	3.33	6.00	5.20	0.68
Conformity-interpersonal	25	1.33	5.33	3.24	1.01
Conformity-rules	25	2.00	6.00	4.36	1.22
Face	25	2.00	6.00	4.27	1.07
Hedonism	25	2.00	6.00	3.87	1.09
Humility	25	2.33	5.33	3.92	0.86
Power-dominance	25	1.00	4.33	2.89	1.07
Power-resources	25	1.00	5.00	2.75	1.03
Security-personal	25	2.33	6.00	4.60	0.98
Security-social	25	2.00	6.00	4.53	0.97
Self-direction-action	25	3.67	6.00	4.93	0.66
Self-direction-thought	25	4.33	6.00	5.45	0.46
Stimulation	25	2.33	5.67	4.15	0.96
Tradition	25	1.33	6.00	3.72	1.39
Universalism-concern	25	2.67	6.00	4.75	0.83
Universalism-nature	25	1.67	6.00	4.27	1.14
Universalism-tolerance	25	3.33	6.00	4.75	0.69

Table 9: Tests of normality – Shapiro Wilk

Value type	p-value
Achievement*	0.02*
Benevolence-care*	0.01*
Benevolence-dependability*	0.01*
Conformity-interpersonal	0.76
Conformity-rules	0.07
Face	0.44
Hedonism	0.72
Humility	0.29
Power-dominance*	0.02*
Power-resources	0.67
Security-personal*	0.02*
Security-social	0.34
Self-direction-action	0.09
Self-direction-thought*	0.02*
Stimulation	0.17
Tradition	0.22
Universalism-concern*	0.03*
Universalism-nature	0.35
Universalism-tolerance	0.28

*Significant difference at $p < 0.05$.

Scholars such as Allen and Bennett (2012) have however cautioned against making judgements based only on the test of normality statistics and have suggested that a visual inspection of the graphs complement the interpretation of the test of normality statistics. The

box plots presented in Figure 3 show that a majority of the participants indicated that seven values were important to them and these included values for success (*achievement*), concerns for the welfare of those in their social group (*benevolence-care*), being dependable members to their fellow in-group members (*benevolence-dependability*) and concerns for the safety of themselves, their family members (*security-personal*), being autonomous in thought (*self-direction thought*) and commitments to social justice (universalism-concern). On the other hand, an observation of the box plots showed that most of the participants were either neutral or placed little importance toward the imposition of their opinions on others (power-dominance).
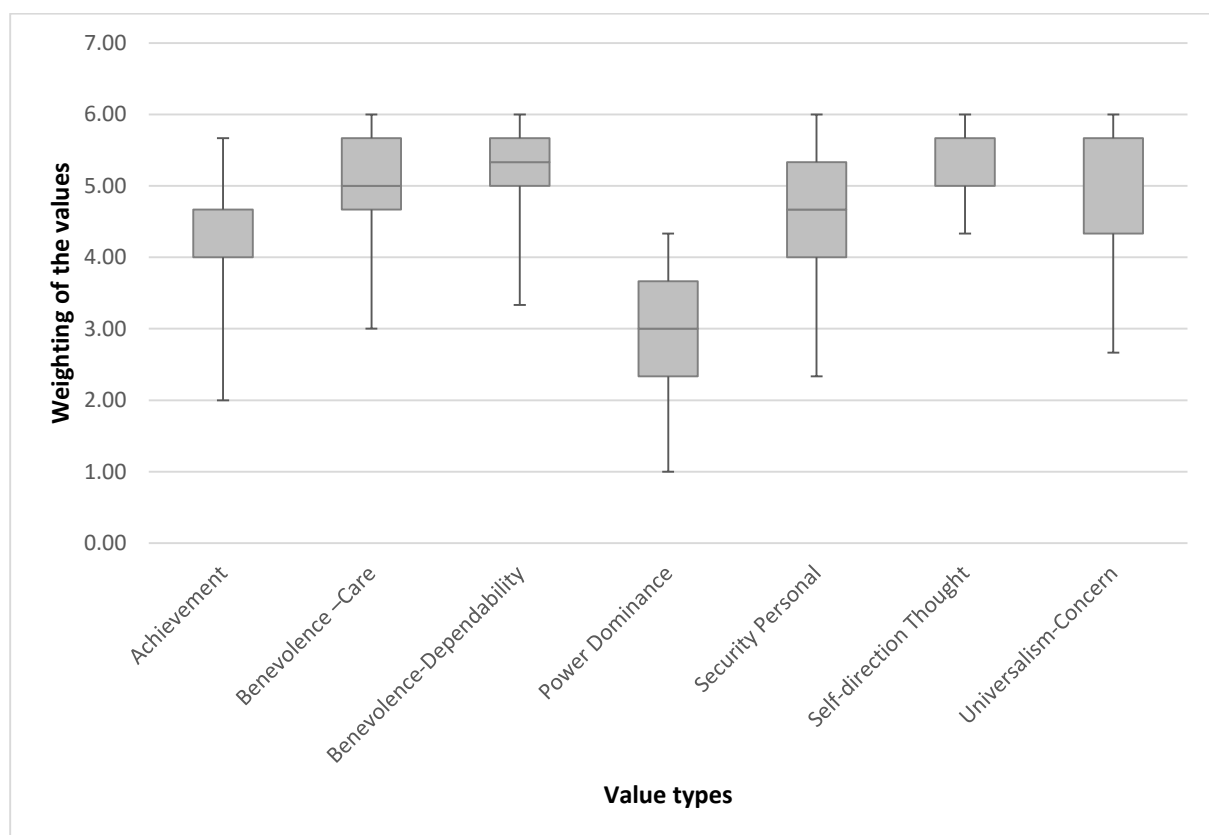
Note: *Achievement* and *Self-direction Thought* medians are equal to upper quartile (Q3) and the *Universalism-Concern* median is equal to the lower quartlie (Q1)

Figure 3: Box plots of the PVQ values with p<0.05

Independent-samples t-test for difference in values between male and female participants

An independent-samples t-test was computed to find out if there was a significant difference between the values of the 15 male directors and the 10 female directors (as stated in chapter 3, due to the small sample size, generalisations across the population of directors cannot be

assumed to exist). Prior to the computation of a t-test on the values, it has been suggested that each individuals' scorings of the 19 values be centred by deducting the average of the weightings (labelled as MRAT) of an individual's 19 values from their scoring of each value (Schwartz 1992; Schwartz et al. 2012). For example, for participant 1M, the MRAT (that is the average of his weightings) was equal to 3.23 and the scoring for achievement as a value was 3.67. The centred score was therefore 0.44 (see Appendix F for the centred scores for each individual).

The independent-samples t-test that was computed was a two-tailed test, and it was taken into consideration that the two groups were heterodascedastic, that is had unequal variances (Bowen & Wiersema 1999). The findings from the t-test showed that, there was no significant difference in the values of the 15 male directors and 10 female directors, except for *face* as a value which had a p-value of 0.02. The general rule is that a significant difference is taken to exist between the groups if the p-value is less than 0.05 (Pallant 2010). Table 10 shows the 19 values and the corresponding findings from the independent-samples t-test.

Table 10: Findings from the independent-samples t-test on directors' values and gender

Value type	Male			Female			p-value
	N	Mean	Std. dev.	N	Mean	Std.dev.	
Achievement	15	0.15	0.62	10	0.10	0.69	0.84
Benevolence-care	15	0.77	0.57	10	0.76	0.42	0.95
Benevolence-dependability	15	0.86	0.57	10	1.03	0.37	0.39
Conformity-interpersonal	15	-0.83	0.63	10	-1.34	0.68	0.07
Conformity-rules	15	0.09	0.72	10	0.10	1.12	0.98
Face*	15	-0.27	0.57	10	0.40	0.67	0.02*
Hedonism	15	-0.16	0.83	10	-0.75	1.25	0.21
Humility	15	-0.47	0.57	10	-0.17	0.57	0.21
Power-dominance	15	-1.18	0.64	10	-1.67	1.00	0.19
Power-resources	15	-1.49	0.54	10	-1.57	1.16	0.84
Security-personal	15	0.17	0.59	10	0.56	0.69	0.16
Security-social	15	0.26	0.67	10	0.26	0.80	1.00
Self-direction-action	15	0.55	0.57	10	0.83	0.92	0.41
Self-direction-thought	15	1.17	0.67	10	1.20	0.57	0.93
Stimulation	15	-0.03	0.76	10	-0.27	0.98	0.51
Tradition	15	-0.45	1.02	10	-0.70	1.12	0.57
Universalism-concern	15	0.31	0.68	10	0.73	0.79	0.19
Universalism-nature	15	0.06	0.85	10	-0.09	1.28	0.75
Universalism-tolerance	15	0.46	0.38	10	0.50	0.77	0.90

*Significant difference at $p<0.05$. Value scores are centred around their average weighting across the 19 values.

The significant difference (p=0.02) suggests that the avoidance of circumstances of humiliation and the maintenance of one's reputation (that is *face*) is not as important to the male participant directors (centred mean = -0.27 and standard deviaton =0.57), as it is to the female participant directors (centred mean = 0.4 and standard deviation = 0.67).

Figure 4 shows a bar chart representation (since the independent variable is nominal) of the centred means of face as a value (dependent variable) and the gender of the participant directors (independent variable).
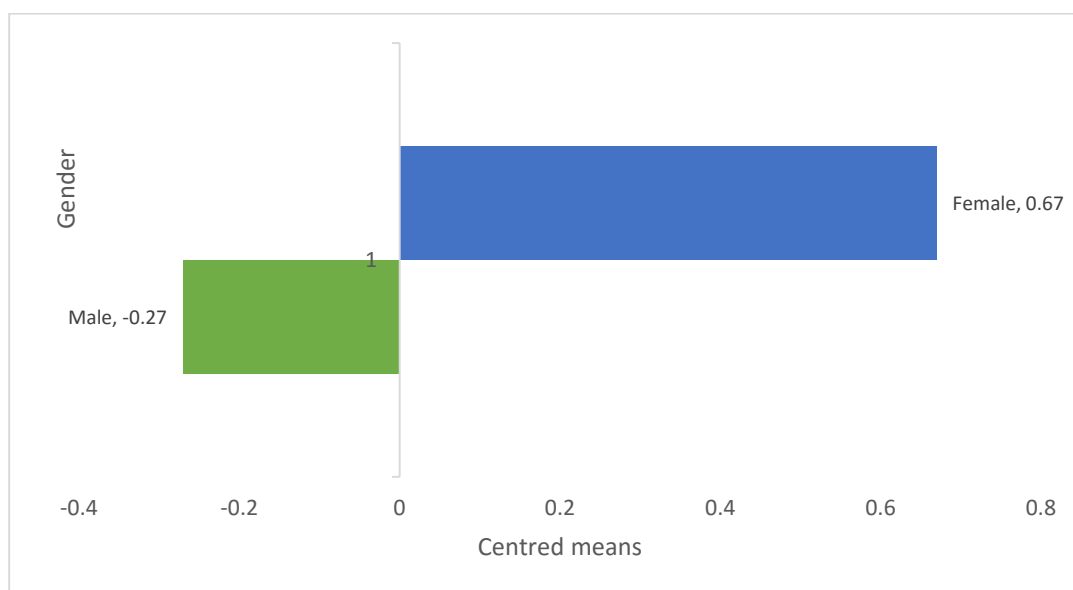
Figure 4: Centred means of face as a value and participants' gender

Researchers such as Leggett et al. (2013) have however cautioned against making inferences which arbitrary rely on levels of statistical significance that are lower than p=0.05. The pitfall is exacerbated further in this study due to the small sample size (25 participants), which limits the inferences that can be made solely based on the quantitative facet. Therefore, for this study, as a strategy to check on the congruency between the quantitative and qualitative components, each director received his or her respective findings from the quantitative facet and later, once the analysis was completed, a summary of findings from both components (that were de-identified to maintain privacy and confidentiality) was also provided to the directors.

Findings from the qualitative analysis on the assessment of the congruency between the directors' PVQ measured values and their self-perceived values

In each interview, the participant was queried on whether the PVQ measured values was a correct indication of their values firstly in his or her role as a board director and secondly in life in general (as stated, participants had been provided a ranking of their PVQ measured values prior to the interviews). The directors agreed that the PVQ measured values were in essence a correct reflection of how they perceived their values. The themes that emerged following an analysis of each director's contemplation on the congruency between his or her PVQ measured values and the self-perceived values were *self-direction is important, benevolence towards in-group is important, universalism is important* and *power is not a prominent value*. A discussion on these themes (referred to as nodes in NVivo) follows.

Self-direction is important

Most of the participants (20 out of 25) discussed the high importance that they place in their ability to foster their own ideas (*self-direction-thought* in the PVQ) and being in control of their own actions (*self-direction-action* in the PVQ). For example, participant 14M whose PVQ measured values showed *self-direction (thought and action)* as being of highest importance, confirmed the ranking, and asserted that it was cardinal as a board director to have these values, otherwise if directors are not able to cultivate their own ideas and take responsibility for the actions being encountered then groupthink would be exacerbated. Participant 14M discussed the importance that he placed on *self-direction* as follows:

> Self-direction-thought and action are high. That is the whole point of being a director. You are there to express a point of view. You are part of team clearly. The one thing you need to avoid in a group is groupthink. One needs to express opinions that are well thought, well rounded [and] reasonable.

Participant 10F also confirmed that *self-direction (thought and action)* were important values to her and described the values with reference to being the importance of being autonomous. Specifically, participant 10F stated that autonomy is pivotal in her roles as a non-executive director. The participant elaborated that inasmuch as a board has to reach a resolution as a group, she expects to have a high level of independence in how she discerns the positions she takes in her boards' decisions. According to participant 10F, the chairperson of the board has the responsibility to ensure that the autonomy in thought and actions is enacted by ensuring

that there is a free flow of thought and actions among board members. Similarly, two other participants (7M and 3F) discussed *self-direction* in terms of autonomy and highlighted that being able to voice their opinion and having a high level of control over their lives was not only significant to them but also, that it translated to being an effective board member.

A few participants (7F and 10F) emphasised the high importance that they place on *self-direction-action* over *self-direction-action* and they elaborated this with discussions on how their "personal work ethic" had contributed to their professional success. For example, Participant 7F related the importance that she places on s*elf-direction-action* to her "strong work ethic" which in turn has enhanced her professional reputation as a board member. Participant 10F had a similar contemplation on the importance of *self-direction-action*, however, without any prompt from the researcher, stated that she believes that the proverbial glass ceiling that has limited the proportion of female board members in the large organisations, is non-existent. For participant 10F, with board experience in three large Australian corporations, she attributed her professional success to her conscientiousness and people who have recognised her work ethic therefore providing her the opportunities to be part of teams that govern the organisations. Participant 10F's attribution to others who have recognised her capabilities and empowered her is consistent with the next theme that emerged from an analysis of the congruency between the PVQ measured values and the self-perceived values.

Benevolence towards the in-group is important

The analysis of the interview transcripts, indicated that being dependable and caring for those within the directors' social groups (measured a *benevolence dependability* and *care* by the PVQ*)*, are salient values for a majority of the directors (17 out of 25). Overall, the directors discussed the importance of *benevolence (dependability* and *care)* by highlighting that in order for a board to function effectively there has to be a good level of camaraderie among the members. The participants explained that this entailed being dependable and trustworthy individuals in both personal and professional contexts. To illustrate, participant 9M (with extensive board experience in large Australian corporations within the mining, financial services, telecommunications and retail trade industries), stated that being a person who has a concern for the wellbeing of others, trustworthy and reliable are very important values.

Participant 9M further stated that throughout his work experience he had not encountered directors or senior executives who did not hold these values in high esteem. Participant 9M pointed out this might be because of his experience is confined to large and successful corporations, but in essence, he believes that to do well in the corporate world, a person needs to have these values as they provide the person and the company with the social licence to operate.

A few participants (8M and 10F) discussed the importance of *benevolence (dependability* and *care)* and related it to possessing humility and empowering their groups to succeed. Specifically, participant 8M explained that the *benevolence* values are important to him and that these values mirrored his perceived obligation to be humble by attributing successes (both as a director and the board) to the team. Participant 8M further stated that he was cognizant that the values that he described and holds dear are also evident in his personal life. A similar sentiment was provided by participant 10F who emphasised that her strong *benevolence* values are reflected both in her role as a director and in her personal life. Moreover, the participant stated that she views humility as a pivotal value that leads her to act in ways consistent with her strong *benevolence* values and "make heroes" of the people within her social group.

This theme captures the directors' views of strong concerns for the wellbeing of those within their social groups, whereas the next theme has a broader focus, with the participants discussing the high importance they place on the welfare of society and the natural environment.

Universalism is important

A majority of the participants (18 out of 25) stated that *universalism* is an important value. The participants' descriptions of the importance of *universalism* values covered three main issues and these were their commitments to tolerance, social justice and care for the environment. For commitment to tolerance (measured as *universalism-tolerance* in the PVQ), the participants highlighted that they accepted people irrespective of their race, cultural identity, social status, religious affiliation and educational background. The descriptions that the participants provided mainly related to their personal lives. A few of the participants, for

example 2M and 9F, provided illustrations that related to their board experience. Specifically, 2M stated that his previous experience was as a board director of a multi-national company and that one of the directors had personal values that he asserted are aligned with his oriental cultural identity while the other directors have westernised cultural identities. Despite this difference, participant 2M stated that he accommodated and strived to understand his fellow director's different perspectives. On the other hand, participant 9F illustrated her ascription of tolerance to the manner in which she relates with her board colleagues who as she stated do not have a tertiary degree while she does. Participant 9F explained that she finds that the difference in educational background becomes most prominent to her in board committee tasks where expertise is required. The participant however pointed out that she holds her fellow board members in high esteem and that their professional competencies overshadow any formal education limitation that they might possess.

The second issue covered in the participants' strong ascriptions of *universalism* was that they are committed to alleviating the systemic injustices in their communities (measured as *universalism-concern* by the PVQ), with a majority of the participants (16 out of 25) declaring the value as pivotal. Overall, the descriptions of *universalism-concern* provided by the directors had an ethical undertone with their specific actions transcending their board roles and personal commitments to act for the common good being salient. For example, participant 11M stated that upholding the rights of the indigenous population of Australia is an important issue to him. The participant has therefore purposively taken up roles in organisations that advocate for the Australian indigenous and marginalised communities, and through such an action, he can contribute in changing the social structures to cater more appropriately for the needs of these communities. Other examples were participant 15M who commented on how besides his board work he is involved both in formal and informal capacities in educating people on an equitable society and participant 5M who indicated that he is committed to *universalism-concern* through his personal and professional affiliations with organisations that endeavoured to alleviate societal injustices.

The third sub-theme that the participants discussed and that has a connotation of *universalism* was a concern for the environment (measured as *universalism-nature* in the PVQ). The analysis of the participants' PVQ responses indicated that a majority of the

participants (21 out of 25) had a strong concern for the natural environment. An analysis of the subsequent interviews indicated a schism in the way the directors perceived their concern for nature, with the descriptions either relating to an ethical concern or a pragmatic concern. For the participants that discussed their high ascription of universalism-*nature* in terms of an ethical concern, their descriptions indicated that the value is pivotal simply because environmental sustainability is a right and just pursuit. Examples of participants whose descriptions included 1M, 1F, 8F and 10F who were adamant that environmental sustainability is an important issue and that their motivation for the value stems from idealism (that is, their concern for the wellbeing of society). In fact, participant 8F stated that *universalism-nature* is pivotal to the extent that it has influenced the board and other professional roles that she has accepted. On the other hand, were directors whose views of a concern for the natural environmental are for a pragmatic concern meaning that *universalism-nature* was important primarily because, failure of their companies to meet their environmental responsibilities undermined the legitimacy of their companies. As an illustration, participant 12M described *universalism-nature* as requiring boards to formulate innovative business practices that are environmentally conscious as failure to do so leads a company to lose its social licence to operate. Similarly, participant 15M asserted how his level of concern for the natural environment was influenced by his upbringing in rural Australia, and stated, "I was brought up where you bury your rubbish and forget about it." The participant highlighted that with greater insight into how humans' actions impact the environment, "an out of sight, out of mind" perspective would not be a viable option for directors and executives due to corporations' environmental responsibilities and failure to meet these responsibilities compromise corporations' positions in society.

In summary, the analysis of the participants' contemplations on the congruency between the PVQ measured values and their self-perceived values indicated that *self-direction, benevolence towards in-group members* and *universalism* are important values. The analysis also suggested that power is not a prominent value for the directors.

Power is not a prominent value

A majority of the participants (19 out of 25) explicitly stated having the ability to control others and impose their personal views (*power-control)* as well as gaining material resources (*power-*

resources) are not important to them. At a logical level, and as empirical research indicates, these assertions are not consistent with the fact that the upper echelons of corporations are in positions of power with widely reported large remuneration packages (Pottenger & Leigh 2015). The participants reconciled the disparity by highlighting that in the grand scheme of things, values that have a *universalism* and *benevolence* focus take precedence over values where that translate to exercising control over others (*power-control*) and the pursuit of wealth (*power-resources*). As an illustration, participant 1M stated that in spite of the senior positions that he holds, having power by controlling others is not an important value. Participant 1M further stated that as he is just one of the board members, governing the corporation, he recognises that he is not omnipotent and strives to lead by avoiding overpowering fellow directors and executives, and inspiring others who are at lower levels of the hierarchy of the organisation. Similarly, other participants (5M, 6M, 15M, 4F, 7F, 8F and 9F) described their low ascription of *power-control* by referring to the importance of being part of a cohesive team that does not undermine each person's contributions and governing the organisation in a style that inspires their stakeholders.

Governing in a consultative style is consistent with a description by participant 10M who stated that he had observed that when boards had exercised power there were reactive actions in particular by shareholders, which might have a damaging effect on the boards' governance. Specifically, the participant stated, "When there is power and control by the board there is unrest and the shareholders do not like it". The company that related to participant's 10M reflection had been liquidated and the participant stated that it in this case the board could have exercised a higher level of consultation with its shareholders and other stakeholders.

The participants' contemplations on *power-control* also considered descriptions of the importance of both informal and formal governance structures. Specifically, inasmuch as the directors' values had stronger *universalism* and *benevolence* themes, they highlighted that informal governance structures which included how others perceived their behaviour and the formal governance structures such as their companies' policies and legislation were important in obtaining control in the organisations. The enactment of these structures is however different from an individual imposing their own personal opinion, which is what *power-control*

as a value captures. On the other hand, the informal and formal governance structures referred to have a normative function. An example where a participant (15M) described *power-control* as a low ranking value and highlighted the importance of governance structures is as follows:

> True power is carrying people with you, earning their respect as opposed to enforcing it. There is an odd exception when you would enforce [control]. You would need to send a framework to ensure that people know what to expect.

Albeit that the pursuit of wealth (*power-resources*) is not considered as important by the majority of the participants (19 out of 25), a majority of participants (24 out of 25) declared that the zeal for success (measured as *achievement* by the PVQ) is important. The participants were unequivocal that amassing wealth does not equate to their perception of success. In general, according to the participants, in the context of their board roles, success is indicated by being part of small teams that are able to govern the companies in ways that yield the maximum benefit to all the stakeholders (that is, a utilitarian perspective). The participants' descriptions of their value for success had connotations of the impact that their actions have on their personal reputation. Following an analysis of the interview transcripts a distinction in the manner in which the participants articulated the importance of their reputation (measured as *face* by the PVQ) based on their gender was apparent. The descriptions of the male directors centred on the maintenance of their reputation while those of the female directors focussed still focussed on the preservation of their reputation but had an added dimension as the female directors reported how they needed to have built their reputation as successful directors and executives. The difference in the directors' reports of their *face* values complements the findings of the independent-samples t-test, which indicated that the female directors place significantly greater importance on their reputation than their male counterparts. That is, a plausible reason that the female directors have a higher ascription of *face* is the added dimension of proving themselves to be worthy of their success and the perception that if their reputation is tarnished it will be difficult to build up again.

As a summary, the first research question sought to identify the values of the directors. It was found that *self-direction, benevolence* and *universalism* are important to the directors. On the other hand, the findings indicated that, *power* is not a prominent value. The next section discusses the findings for the second research question.

4.3. Values and behaviour of the participating directors

The second research question was:

How do directors' reconcile their values with their fiduciary responsibility?

In the interviews, the directors were queried on how their values (measured by the PVQ and self-perceived) translate to their positions on board decisions and/or contributions to the boards. In addition, participants' reflections on the consistency between their values and those of their fellow board members were sought. As stated, the qualitative analysis entailed iterative reviews of pertinent literature and the participants' descriptions, and therefore, the themes were identified through a deductive and inductive process. In order to find out the influence the directors' values have on their position on board decisions and/or contributions guidance was obtained from both Australian legal literature (Welsh 2014) and corporate governance literature (Hillman & Dalziel 2003; Hillman, Nicholson & Shropshire 2008). The legal literature states that, directors undertake their fiduciary responsibility by acting in good faith, in the best interests of their companies, exercising their powers for a proper purpose and avoiding conflicts of interest (Welsh 2014). The corporate governance literature on the other hand provides an alternative to operationalise boards' fiduciary responsibility with the two main roles of boards, which are contented as monitoring, and resource provision functions (Hillman & Dalziel 2003; Hillman, Nicholson & Shropshire 2008).

Following from this, the themes identified were *values and the monitoring function* and *values and the resource provision function.* Since the units of analysis were individual directors (and not the board of directors), these themes encapsulated how the individual directors' values influenced their fiduciary duties, and how the individual directors perceived that their motivation to abide by their fiduciary duties impacted their monitoring and/or resource provision functions within their respective boards. For the question addressed to the participants on the consistency of values with fellow board members the purpose was to assess the diversity and, the concept of pluralistic ignorance (Westphal & Bednar 2005). However, the units of analysis were individual directors and not entire boards therefore the findings would have a lower level of validity than if the boards were investigated. In spite of this limitation, a theme of *conformity-interpersonal and pluralistic ignorance* was identified as

a suitable theme for the participants' descriptions on the diversity of values in their boards. Discussions on the themes follow.

Values and the monitoring function

This theme includes descriptions that the directors provided on the influence their values have on the way they undertook the monitoring function. In general, the directors perceived that in essence they are "agents", "custodians" and "stewards". The board directors elucidated that having such roles meant that were ultimately responsible for any successes and/or failures in their companies. A majority of the participants explicitly indicated that the shareholders had given them a mandate to govern their companies in turn they had to ensure the viability of their companies. Sub-themes that were salient in the directors' descriptions were that *self-direction, stimulation, benevolence* and *conformity-rules* have an influence on their monitoring function.

For the influence of *self-direction* on the monitoring function, in overall, the directors asserted that their independence and in turn their monitoring role is enhanced when *self-direction in thought and actions* is at a high level. Specifically, the participants in their roles as non-executive directors stated that their high ascriptions of *self-direction* translated to being able to be independent and maintain positions in board decisions that maximise the benefits for the shareholders. This description is consistent with being an agent of the shareholders. As custodians and stewards, the participants' descriptions indicated that *self-direction* impact how they view their responsibility to ensure the viability of their companies. As an illustration, participant 2F stated that *self-direction* resonated well with the way she viewed her role as a board director and in one instance in her capacity as a non-executive director, she took over the reins as CEO for a company that was at risk of bankruptcy. The participant explained that though she facilitated the financial turnaround of the company, with the perceived risk of personal liability and/or damaged professional reputation other board members would not have acted in a similar way. However, for the participant, she stated that her rationale was that she perceives herself as a steward (or custodian) who has the responsibility to ensure that the company is sound and therefore her high-ranking *self-direction* values will influence how she undertakes the responsibility.

The second value that appeared to influence the directors monitoring function is the value for novel ideas and things (measured as *stimulation* by the PVQ). *Stimulation* is important to a majority of the directors (21 out of 25) and they stated that this importance translates to the calibre of the management teams that their boards select. The participants explained that their boards are responsible for the successes and failures of their company, but the direct impact that boards have on their companies is diluted, since boards formulate the strategies while the management team is involved in the implementation (and measurement of the efficacy of the strategies). The directors stated that their boards therefore seek to employ managers who share their vision of being creative and innovative for the strategic reason that board decisions that cater for *stimulation,* when implemented by the managers the result will be an enhanced competitive advantage. As an illustration, participant 14M described the influence of *stimulation* as follows:

> Directors are innovative and like change and like to be stimulated. When it comes to the board circumstances change slightly. Most of us were CEO, senior management, CFO. When you are at the board level you are there to work with senior management, review management, set strategies in conjunction with senior management etcetera. The board needs to put in place a senior management team that shares their vision of being innovative and see the benefit of change.

Benevolence values with respect to the value for being a dependable person (*benevolence-dependability*) and concern for the wellbeing of those within the participants' social group (*benevolence-care*) appeared to influence the directors in their monitoring role. All the participants declared a strong ascription of *benevolence-dependability.* The participants' comments on this value that were related to the monitoring function showed that the non-executive directors valued an open communication with the executive team, in particular the CEO. To illustrate this, participant 9M who was both a non-executive director and chairperson (the participant had retired as a director as at the date of the interview) stated that he maintained a philosophy that open communication between the non-executive directors and management team. According to the participant this is paramount for the board to responsibly enact the mandate to govern given to it by stakeholders. Using a metaphor, participant 9M narrated the importance of the communication between him as a non-executive director (and chairperson) and the executives as follows:

> You need to have a very open exchange. You do not want bad news hidden. I would say to CEOs when chairman that one of the things I want in the relationship was I want

bad news to come by Telex, good news by letter. That was important because if I do not have the bad news then I cannot be a party to the solution but I will be a party to the problem.

With respect to *benevolence-care,* it was inferred that the value influenced the level of explicit support that the non-executive directors give to the management team and in particular the CEO. All of the participants stated that the concern for the wellbeing of those within their social group (measured as *benevolence-care* in the PVQ) is important. Only one participant (6F) however described *benevolence-care* as being the rationale for her espousal of the CEO's actions. Specifically, participant 6F asserted that board members should support CEOs' initiatives as the CEOs have a greater awareness of the complexities of what is happening in their companies. The participant further stated, "It is important to support the CEO and promote the CEO's ideas to fellow board members." In such a case, it can be inferred that a CEO is viewed as belonging to the participant's social group and therefore the director will endeavour to act in ways that she perceives will enable the CEO to be successful in his role of managing the company. However, with such a high inclination towards *benevolence-care* translating to supporting the CEO, the level of independence of the non-executive director would be justifiably considered impaired.

Another value that seemed to influence the directors' monitoring role relates to the level of importance that the participants place in the adherence of set principles and regulations (measured as *conformity-rules* by the PVQ). A majority of the participants (23 out of 25) stated that *conformity-rules* is important to them with the participants stating that this translates to adhering to both their legal and ethical responsibilities. Relevant governing bodies enact the legal responsibilities while the individual directors and society frame the ethical responsibilities (that is the principles and norms) that the board members and their companies to follow. According to the participants, as directors, they are stewards who have a duty to protect the interests of the people who have given them the mandate to perform their roles, and by adhering to their legal and ethical responsibilities their companies maintain their legitimacy not only from the perspective of the shareholders but also other stakeholders.

A caveat on the adherence to the rules and regulations was however provided by four of the directors who stated inasmuch as the compliance with rules and regulations was important, directors still needed to be flexible in terms of the compliance. Specifically, according to these participants the legal and ethical obligation cannot be contravened, with the example provided being matters pertaining to the safety of employees. On the other hand, the four participants highlighted that in some instances, there should be nimbleness, with the way the business is conducted in such a way that innovative processes that are still legal, ethical and yield returns to the companies are still undertaken. The participants stated that the returns might not be gained in the short-term which might be akin to the shareholders' interests but that in the long run the shareholders and other stakeholders would benefit from the nimble choices. Participant 10F was one of the participants that provided the caveat and she described it as follows:

> Compliance is a balance. We are blessed to live in Australia under rule of law. It is important when being a steward of a company. The rules and regulations are very important but you cannot become too bogged down. You have to be a bit flexible in terms of performance. Every company is expected to be 100 percent compliant but need[s] to be flexible when it comes to the company's performance. You need to have a good risk framework, encourage people to be innovative. [But] some things such as OHS you need to be 100 percent compliant. On the other hand you want your organisation to be nimble and take risks in business.

An analysis of the participants' responses to the influence of the their values on their behaviour also showed that in essence, the directors obtained guidance on their legal obligations from the *Business Judgement Rule* in the Australian *Corporations Act 2001* that prescribes that boards should act with care, diligence and in the best interests of their companies. The participants ethical obligations were on the hand are based on codes from professional associations for example the *Australian Institute of Company Directors,* and the directors' comprehension of what is right and wrong in a given situation. One of the directors (9M) highlighted that the Australian *Corporations Act 2001*, does not state that a board has a duty to protect the interests of the shareholders but it does affirm that a board should act *bonafide.* The participant stated that he does indeed need to protect the shareholders' interests but that he has an expansive obligation that is not only aligned to the *Business Judgement Rule* but that also meets his ethical responsibilities. Moreover, the participant stated that he did not find there were any particular times when there was tension between meeting the short-term interests of the shareholders and the long-term interests of other

stakeholders as the focus was on ensuring that the company is a going concern and not one particular stakeholder. Participant 9M explained his perceived expansive duty as follows:

> [As a director] you have a fiduciary duty to the enterprise. Your primary responsibility is to the company, which is interpreted being to the shareholders, but it is not the shareholders at any one time [but] it is to the company as an ongoing entity. The point on whether you have to think of suppliers, employees, the community et cetera. I do not see any conflict.

In summary, *self-direction, benevolence, stimulation* and *conformity-rules* values were inferred as having some influence on the directors' monitoring role. The next section includes a discussion on the participants' reflections that related to the influence of their values on the resource provision function.

Values and resource provision function

It was inferred that *universalism* influences the directors' resource provision role. The participants description indicated, that resource provision functions which include formulating strategies, advising and counselling management and enhancing the reputations of their companies (Hillman, Withers & Collins 2009), were influenced by the values.

For the formulation of the strategies, concerns for the wellbeing of society (*universalism-concern)* and for the natural environment *(universalism-nature)* seemed to influence the position that the individual director took on board decisions. The participants descriptions had salient statements on how in the formulation of strategies, they consider not only the financial implications but also the effects the boards' strategies will have on society and the natural environment (that is the triple bottom line). As an illustration, participant 1M identified a board decision on a large capital project where the board conducted a cost-benefit analysis with a consideration of not only the economic aspects but also the impacts that it would have on society and the environment in the short and long-terms. Similarly, participant 9M illustrated the influence of his *universalism-concern* value by highlighting that in a previous capacity as a non-executive director of a large Australian public company, the employees were involved in strikes which resulted in substantial losses for the company. Participant 9M proposed to his fellow board members that in alignment with the principle of subsidiarity the employees' viewpoints needed to be considered in the board's decisions since whatever the board ratified would have an impact on the employees who clearly had grievances that they

were seeking to be addressed. Participant 9M highlighted that with the consideration of the employees' perspectives; the strikes ceased, there was a reported increase in employee morale and the resultant overall performance was good. An extract of participant 9M's description is as follows:

> [The employees] were having over 100 strikes a year and losing 10 percent of available time. We made changes in [unique identifier] after spending money, time with the intention that [board and management] had to earn the trust of the employees. You could not just say trust me. …Labour productivity 18 months later was 100 percent higher than it was prior to June 1993 and capital effectiveness using capital equipment was 25 percent better. These changes were not done by oppressing the people but by the way they were treated then and gave them greater job satisfaction, greater involvement which led to better job satisfaction and people were obviously happier to come to work and being well rewarded. …The employees would know that you were serious and involved them with the decision-making

Participant 8M who declared that he has a strong ascription of *universalism-concern* had a similar reflection as he stated his personal values, which have a prominent focus on societal wellbeing, are at the forefront of his mind in the contributions he makes in board meetings. Participant 8M however stated that inasmuch as he holds dear a concern for the wellbeing of society, at a practical level, board matters are often ambiguous and have inherent opposing tensions. The participant elaborated that when he is faced with a dilemma that may he utilises utilitarianism in order to identify the greatest good for the majority. An analogy that 8M provided was that when he is faced with a dilemma on whether to make 5,000, the redundancies would be contrary to his strong universalism values. However, when analysed deeper, if the 5,000 positions are not made redundant, the company could potentially be liquidated and in that case, the other 40,000 or so may lose their jobs in the long-term. Participant 8M justified his position that it would be for the long-term benefit of the company and its stakeholders to make the 5,000 employees redundant.

Universalism also appears to have been an impetus in the board directors' advisory and counsel role. The directors were clear that the board makes decisions collectively and that no single one person necessarily imposes their ideas onto others as a consensus is required. Moreover, the directors indicated that their contribution in terms of advice and counsel did not necessarily relate to their expertise in specific fields and experience in board interlocks but also their concerns for the wellbeing of others also impacted their contributions. The most

salient of the values that influenced the advice and counsel that the directors provided to management was the directors' commitment to environmental sustainability (*universalism-nature*). To illustrate this, participant 13M highlighted that interactions with the suppliers for a printing company of which he was a manager fostered his concern for the natural environment. Participant 13M, described that the suppliers were passionate about the environmental impact of their raw materials and this then sparked his interest in broader environmental issues. With this interest, the participant attended various environmental training courses and kept abreast on environmental issues by reading pertinent literature. Participant 13M stated that inasmuch as his expertise is in Finance and that he serves in a board in the information industry, he believes that his concern for the environment has diffused to the board decisions and practices in the company. Similarly, participant 1F, who declared that a concern for the natural environment is pivotal, stated that her board contributions have mirrored her concern for nature despite the application not being easily apparent considering her expertise is in education and serves in a board in the arts, entertainment and recreation industry.

Universalism also seemed to have an impact on the legitimacy of a company, with the participants who were perceived by society to hold in high esteem the value, enhancing the reputation of the company. For example, one of the participants attributed his reputation as a moral person who also has a concern for societal welfare, in the business community and broader society, as leading to his appointments to board interlocks in large and successful corporations. The participant elaborated that his moral and universalistic reputation is captured in an extract from the memoirs of a former prime minister, where the participant is described as being an ethically responsible corporate leader. In such a case, the participant's reputation appears to have enhanced the legitimacy of the companies that he served as a board member.

The legitimacy of a company appeared to also be influenced if the directors displayed a consideration not only for the financial aspects but also for the impacts that their companies have on society (*universalism- concern*) and on the environment (*universalism*-nature). In essence, the directors asserted that for a company to maintain its licence to operate, its board needs to take into consideration the triple bottom line (financial, social and environmental

impacts) by taking into account the legitimate needs all stakeholders. in order to maintain its social licence to operate. Participant 9M elucidated this assertion by providing a hypothetical example, by stating that if his company seeks to cut costs by disposing off waste in an expedient and cheap yet irresponsible manner, in the short term, the company might perform well financially. However, the participant predicted that in the long term, his company would run into opposition with its stakeholders and thereby lose its moral licence to operate. Participant 8F also had a similar explanation on the assertion of having a universalistic perspective and an extract from the participant's reflection, which captured this assertion, is as follows:

> You cannot serve the shareholder unless you have a sustainable business model. You need the customers, a social licence to operate. Taking care of stakeholders is not a zero-sum game.

To sum up the theme, *universalism* appears to influence the directors in resource provision roles such as the formulation of strategies, provision of advice and counsel to management and enhancement of their companies' reputations. The next theme that will be discussed also relates to the values-behaviour relationship and covers the participants' descriptions on the relationship between *conformity-interpersonal* and pluralistic ignorance.

Conformity-interpersonal and pluralistic ignorance

This theme includes the directors' reflections on the response to whether their values were consistent with their fellow board directors and is considered in the context of an avoidance of an interpersonal conflict (measured as *conformity-interpersonal* by the PVQ). The directors' responses suggested that the directors who indicated that they avoided interpersonal conflicts, opted not to speak out on concerns that they had on board matters and that they might have misperceived that their fellow board members had similar concerns.

Generally, the directors who have a high ranking of *conformity-interpersonal* and tend not to voice out their concerns stated that they did not want to unsettle the status quo. One participant indicated that his avoidance of unsettling the status quo in the board dynamics was evident in his behaviour as a board member for a currently liquidated company. The participant stated that the company "did not break the law but skirted around the rules." The

participant elucidated on this statement by providing an example of where according to him the board resolved to set up a subsidiary company with a dubious (but legal) intention. This participant highlighted that notwithstanding that the issue of incorporating a subsidiary was deeply concerning to him, he did not vent out his concern. The reason that the participant provided for not venting his concern to the board was that the board's chairperson was a very strong willed person who had the support of other board members. The participant described his avoidance of unsettling the status quo in his board as follows:

> [The chairperson of the board] had a very strong character. When there is a strong personality, you cannot agree with him all the time. Sometimes there would be a bit of disagreement, a bit of feeling of unease when some were not saying things while others were. Sometimes I would not challenge. I did not want to upset the apple cart, or did not want to make a scene.

In this case, failure of the participant and his colleagues to voice out concern on the incorporation of the subsidiary could be attributed to the pecking order, with the chairperson having the greatest power in the board. It is however, not clear whether the other directors (besides the chairperson) had similar concerns on the subsidiary, as they were not part of the sample for this study.

One other participant provided a similar reflection, which also suggested the existence of a pecking order in his board. According to the participant, the directors have varying levels of influence in the board's decisions and that the ones with lesser influence do not appear to speak up on their concerns. Moreover, according to the participant the fact that his fellow board directors are from diverse cultural backgrounds (Australia Japan, U.K. and U.S.) implies that they have different value systems and that he sometimes avoids saying things that may create animosity (indicating a high ascription of *conformity-interpersonal*). Based on the literature (Westphal & Bednar 2005), the perceived disparate cultural backgrounds and the fact that some of the board members do not speak up might indicate the existence of pluralistic ignorance. However, there is no clear indication of whether the board members do indeed have different value systems and in particular whether those at a lower level of the pecking order share concerns with others as the board was not the unit of analysis of this study.

Converse to the two reflections where an avoidance of the unsettling the status quo may have led to pluralistic ignorance in their boards were reflections provided by other participants such as 1M, 12M, 3F, 5F, 6F and 9F. For example, one of the participants stated that his board had a diverse skill set and different viewpoints were encouraged in the board meetings. The acknowledgment of the diversity and the open communication in this board implied that the board directors would be willing to voice their concerns on certain board matters. Another participant provided a similar description as he asserted that board directors have different views and opinions and therefore will not always agree. The participant stated that it was imperative to understand the context behind all board directors' view and opinion and try to get some common ground. The participant was therefore of the view that a board's chairperson holds a pivotal role in ensuring that all the directors' views and opinions are heard and once these views and opinions are fully explored then an informed decision can be made by the board (with the knowledge of the risks associated with the decision). The participants' assertions suggested that it was important that diversity in boards serve to leverage the resolutions in order to enable more balanced and informed decisions. In these scenarios, the directors were not necessarily averse to voicing their concern to avoid interpersonal conflict (indicating that *conformity-interpersonal* was low ranking). Moreover, it might seem that the level of pluralistic ignorance was reduced due to the presence of an environment where the directors can voice out their concerns.

An exception on the level of pluralistic ignorance reducing due to lower prominence of *conformity-interpersonal* was also evident from the analysis. Specifically, participants 8F and 10F stated that inasmuch as diversity was important in boards, they only joined boards that were congruent with their values. Therefore, at the outset they carried out their due diligence on the board and company before accepting appointments as board members. Given that their fellow board members would have similar values as theirs, the participants would most likely be willing to voice their concerns on certain issues due to their mutual concern for issues. However, participants 8F and 10F indicated that it is important for them to avoid interpersonal conflict (that is a high ranking of *conformity-interpersonal*) which is not consistent with the other findings.

In summary, an avoidance of interpersonal conflict (that is, *conformity-interpersonal*) might influence pluralistic ignorance in boards. However, the units of analysis in the study were individual directors and not their boards, which limit the veracity of the finding. The next section will still focus on the values-behaviour relationship but more precisely covers the influence that the directors' social identities appear to have on the relationship.

4.4. Role of social identities in the values-behaviour relationship

The third research question was:

> *What influence do directors' social identities have on their values and behaviour?*

To address this research question, the directors were requested to firstly identify social identities that were consistent with their values, secondly, to reflect on any tensions that they might have experienced because of divergent values and social identities, and, thirdly, the role that they perceived their social identities played in instances when they were faced with the dilemmas. The lens that the research candidate used to analyse the qualitative data obtained from these interview questions (and the third research question) is based on social identity theory and the values anchoring concept. Social identity theory posits that a person's behaviour is guided by their strongest social identity in a given social context; these social identities basically being the social groups that the person perceives that he or she belongs to (Ashforth & Mael 1989). The values anchoring concept further proposes that if a person anchors their values on social identities then his or her behaviour is situational and driven by the strongest social identity whereas if a person anchors his or her values on personal concerns then their behaviour is independent of the context (Hackett 2013). Therefore, two themes were identified from the qualitative data on the role of social identities in the values-behaviour relationship. The two themes are *values are independent of the situation* and *values are dependent on the context*.

Values are independent of the situation

The directors' descriptions suggested that when the directors anchored their values on issues or things that were personally important to them, then these values were stable and would therefore be a strong predictor of their behaviours. To demonstrate, participants 5F and 6F described how their strong *universalism* values are consistent with the educational and professional background in medicine. These participants highlighted that inasmuch as the

concern for the welfare of society is attributable to their education and professional backgrounds; their strong *universalism* values were part of who they are as individuals (that is their identities). Both participants were of the view that they did not experience a challenge in juggling multiple social identities in their roles since their social identities and roles as a board members were mutually exclusive. Furthermore, they both declared that their strong *universalism* values, underpinned by their devotion for the wellbeing of others, were stable and translated into their behaviour both in their professional and personal lives. Participant 1F who stated that her behaviour was influenced by her values as opposed to her social identities held a similar perspective. The participant illustrated her assertion by highlighting that her strong ascription of *universalism-nature* implied that anytime she is faced with dilemma in which her value for the environment is one of the opposing values, she will certainly behave in a way that is consistent with and that her concern for the environment.

Other participants reiterated that they perform their due diligence (with what is publically available and through their social networks) to ensure their values are congruent with the board and companies that they serve. As an example, participant 4F stated she could not join a board unless the values that the board espouses are congruent with hers. Similarly, participant 8F who has a strong concern for the environment emphasised that she would only be willing to be involved in organisations that were environmentally responsible. Participant 8F stated, "I could never be a director in a mining company. I have the skills to do it but it would not fit with my values". Participants 5M and 8M also provided similar experiences. Participant 5M stated that companies in which he serves as a board member tend to have strong social focusses which are consistent with his values. For participant 8M, despite being a board member in a company in the financial services industry his company's mission and values (evidenced by philanthropic projects that the participant identified) were congruent with his strong *universalism* values. For these four participants their descriptions indicate that they anchored their values on issues that are personally important to them (for example the environment and societal wellbeing), therefore their behaviours with respect to these concerns were stable.

The directors highlighted that the personal concerns on which they anchored their values, are attributable to their family upbringing, religion and/or cultural background. A majority of the

participants indicated a familial influence in their personal concerns and/or hierarchy of values. For example, participants 1M and 14M attributed their values to their family upbringing. Both participants explained, that they have maintained the values they acquired in their upbringings for example a concern for the wellbeing of those whom they interact with (*benevolence-care)* and the importance placed in being a reliable person (*benevolence-dependability*).

Participants 4F, 8F and 13M also indicated a familial influence on their personal concerns. The participants indicated that *universalism* values were acquired in their formative years with their families. For example, participant 4F stated that she was "always taught to be to be diligent, honest, hardworking, care for others [and] treat others as you would wish to be treated". In addition, these participants declared that the values that they acquired in their formative years were stable and not influenced by the context. This assertion was captured in the following statement by participant 4F, "Your values are ingrained in you, [and they] are part of your DNA."

In addition to a familial influence, two participants (2M and 2F) stated that their religiosity influence the issues that they perceive as important. Both participants 2M and 2F stated that their strong *universalism* and *benevolence* values are the cornerstones of their faiths and are instrumental in defining who they are (that is their identities). The participants' descriptions indicated that they anchored their values on issues that the participants and their religions hold as being dear, for example 2F stated that she believes in "giving back to the community" consistent with *universalism-concern*. The participants did not appear to anchor their values on their religious groups (or social identities) solely as this might have meant that an issue that is important to the religious group but not necessarily to them would not guarantee that they would behave in a constant way irrespective of a change in context.

In a similar way as religiosity, a few participants commented on how their personal concerns have been shaped by their cultural background, and that these values attributable to their cultures do change irrespective of changes in context. For example, participant 6F attributed her strong ascriptions of *benevolence and universalism* to her Indian heritage. Similarly, participants 2F, 5M, 6M, 9M and 10F stated that *self-direction* was pivotal to them and that

this is consistent with their Australian cultural background where emphasis is placed on being autonomous. For the participants who anchored their values on issues that were predominant in their cultural background and that were also important to them, as opposed to anchoring their values only on social identities that relate to their cultural background, their values seemed to be stable even if the was a situational change.

Values are dependent on the context

The directors' reflections on the role of social identities in the values-behaviour relationship suggested that when participants anchored their values on their social identities, their values and behaviour were contextual and were influenced by the most salient social identity at a given point in time.

Some of the participants (11 out of 25) stated that they viewed their values as situational, which they explained as being, that they defer (either consciously or unconsciously) to their most salient values and social identities that would assist them in navigating through a particular situation. To demonstrate this, one participant asserted that he views his values as being contextual as he finds that he has multiple social identities. The participant identified his social identities as being part of a top management team and being part of a patriotic group since he is a retired naval officer. The participant compared his social identities and was of the view that both social identities have *benevolence* and *universalism* as their underpinning values. There was however a difference with a high level of ambiguity in board (and corporate) matters while as a naval officer things were unambiguous as they was a clear right and wrong. The participant further stated that, in his role as a non-executive director, depending on the context that he was in, he would appeal (either knowingly or unknowingly) to the values that relate to the social identity that he perceived as being most prominent. The participants' description of the contextual nature of his values is captured in the following extract from his reflection:

> In the business world, things are not black and white but rather on the grey-side and therefore this switching on and off values is something I have come to observe. At one time, a certain value will be rank higher than the other [will] and another time; the other value will need to rank higher.

The reflection that participant 6M provided echoed the one above. Participant 6M highlighted that in his role as a board director he found that he needed to be a "juggler" in to attune to his multiple social identities and therefore, the participant's most salient social identity would influence the associated values and subsequent behaviour. As an illustration, the participant stated that not long prior to the interview he had meetings with an elite class of people from the Middle East whom he considered as his close acquaintances. The participant further stated that he could still stoop to his social identities that do not have such affluent attributes (for example in his community service) which are consistent with a concern for the wellbeing of society and nature. In this case, the directors' behaviour would be influenced by his most salient social identity in the given context.

Similarly, participant 11M described the link between his values and behaviour as being situational with behaviour being dictated by the values that are intrinsically linked to the predominant social identity at a given time. The participant further stated that his guidance on dealing with the contextual nature of the link was to evaluate the values, social identities and behaviour based on what is moral, ethical and legal. Participant 10F had a similar description but elaborated that there was an exception with some situations in particular to do with the welfare of others (for example Occupational Health and Safety matters) where she reiterated her behaviour is stable. When the participant's behaviour is stable, she would have anchored her values on issues that were important to her, for example *universalism* with respect to the safety of all.

From the participants' reflections, being in board interlocks in a diverse range of industries (for example 9M and 4F) and having multiple professional backgrounds (for example 8F) does not imply that the directors' values and behaviour are contextual. The directors can anchor their values on issues that are personally important to them and therefore their values will be stable and a strong predictor of their behaviour. As an illustration, participants 9M and 4F hold dear the *benevolence* and *universalism* values and irrespective of the board and industry, which they serve, it could be taken to mean that their values will be constant. Likewise, for participant 8F, *universalism-nature* is a pivotal value and irrespective of her diverse professional background, a concern for the environment will most likely remain the same despite a change of contexts, since she has anchored this value on a personal concern.

To sum up, in the values-behaviour relationship, if a director anchors their values on personal concerns then their values appear to be stable while if they anchor their values on their social identities, the behaviour appears contextual and determined by their most salient social identity. The next section will provide a summary of the findings of this research.

4.5. Summary of findings

A summary of the findings presented in this chapter are shown in Table 11:

Table 11: Summary of the research findings

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<tr><td>

What are directors' core values?

The directors identified the PVQ *universalism, self-direction* and *benevolence* values as the most important.

There was **no significant difference** in the values of the 15 male directors and 10 female directors. *Face* as a value was the exception with the female directors placing greater importance to the value.

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How do directors' reconcile their values with their fiduciary responsibility?

The directors' *benevolence, conformity-rules, self-direction* and *stimulation* values appeared to have influenced them in their monitoring role.

The directors' *universalism* values seemed to have influenced the board directors' resource provision role.

Pluralistic ignorance among the board directors, might have been exacerbated when they did not want to speak out for fear of avoiding upsetting the status quo (that is, *conformity-interpersonal* was high)

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What influence do directors' social identities have on their values and behaviour?

The directors' who anchored their values in their social identities indicated that their behaviour is contextual while those who anchored their values in personal concerns indicated that their values are stable and are a strong predictor of their behaviour.

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CHAPTER 5: DISCUSSION

5.1. Introduction

The milieu surrounding this study is one in which there have been numerous reported cases of board directors and executives who have been involved in unethical behaviours (Boerner 2011; Pendse 2012; Pugliese, Minichilli & Zattoni 2014). The impact of these behaviours has not only been detrimental to shareholders, but has created far-reaching harm to society (Bachmann, Gillespie & Priem 2015). As has been consistently highlighted in this thesis, there is very little knowledge about why some board members behave in an amoral fashion, while others maintain their integrity (Pendse 2012). However, the barriers to accessing and recruiting directors as participants have hampered research on the behaviour of directors (Boriboonsate 2011; Leblanc & Schwartz 2007). Therefore, the behaviour of the directors continues to occur in *the black box* (Daily, Dalton & Cannella 2003; Erakoviç & Overall 2010). This study sought to provide some insight into what actually happens or exists in *the black box* by, firstly, using the validated Portrait Values Questionnaire (PVQ) developed by Schwartz et al. (2012) to measure the values of 25 participants with board experience in Australian public companies. Thereafter, using semi-structured interviews, the congruency between the directors' PVQ measured values and their self-perceived values was ascertained. Data on how the directors reconciled their values with their fiduciary responsibilities and on the role of their social identities in the values-behaviour relationship were also collected.

This chapter will consider the findings in the context of the extant research. As stated in the literature review, most of the pertinent empirical research on personal values has predominantly focused on the values of managers (England 1978; Westwood & Posner 1997). Comparisons to such studies might be construed as being akin to the idiomatic expression of *comparing apples to oranges*. However, the studies that have investigated the values of managers might be argued to be relevant since directors are probably either current or previous managers and, as contended by Rokeach (1973), values are meant to be relatively stable. Furthermore, in the agency relationship that has been extensively examined in the corporate governance literature, the association between a board of directors and managers is distinctive (Bryant & Davis 2012), and they both have similar accountabilities (directly or

indirectly) to shareholders and to other stakeholders of their organisations (Moriarty 2014). Therefore, the findings of this research will be analysed in the context of studies that have examined the values of managers, when no comparative data are available. Caution however should apply due to the inexact point of comparison stemming from the different organisational levels.

The findings will also be considered with reference to extant studies that have not been conducted in an Australian context but that have examined the values of directors in westernised countries (Adams, Licht & Sagiv 2011; Fortuna 2012). When findings from research in countries with a different governance structure (Sweden and the U.S. respectively) from the Australian goveranance structure are contrasted with the findings from this study, a valid criticism can be levelled for the comparisons due to the diverse governance structures. The contexts that these studies were conducted in are however similar with societal questioning of the behaviours of directors and executives following numerous corporate scandals that have been highlighted at the outset of both the thesis and this chapter. Moreover, as stated above, despite the limited knowledge on why directors' behave as they do (Huse et al. 2011), there are barriers to conducting research on board directors in westernised countries (Leblanc & Schwartz 2007; McNulty, Zattoni & Douglas 2013). Australia is no exception, as research that has investigated directors' roles has reported on the difficulty of accessing the directors and there is limited scholarly literature on Australian directors (Boriboonsate 2011). Given the similar milieus and the scarce empirical research on directors' behaviour, it is argued that reference to extant studies from countries such as Sweden and the U.S. is justifiable and potentially useful.

After considering the findings from the research in the context of extant research (in section 5.2), tentative conclusions will be provided in section 5.3. A discussion on the implications of the research will then be provided in section 5.4. Given that all empirical studies have limitations, and this research is not an exception, the limitations will be discussed in section 5.5 before concluding the thesis with some ideas on potential areas for research (in section 5.6).

5.2. Findings in the context of extant research

5.2.1. Directors' values

The analysis of the research findings from the PVQ and the follow-up assessment of the degree of congruency between the measured values and the directors self-perceived values indicated that the directors' most important values are *universalism*, *self-direction* and *benevolence*. High-rankings for *universalism* suggest a commitment to the welfare of people in society; for *self-direction*, indicate the importance that a person places on the determination of his or her own actions; and for *benevolence,* indicate a concern for the wellbeing of others that are within the person's own social circle (Schwartz et al. 2012). This section will proceed with a discussion on the level of congruency between the four identified pivotal values and findings from extant research.

The strong *universalism* and *benevolence* values among the participating directors are consistent with research by England (1978) and subsequently by Westwood and Posner (1997). These two studies, using a measure of values developed by England (1967), assessed the values of Australian managers and found that the strongest values of the sampled managers related to serving their communities. Other research that used a values measure developed by Schwartz (1992) (this measure was the foundation for the PVQ used in this study) found that the most important value among a group of 181 Australian managers was the quest for personal success (*achievement)* and a concern for people within their in-group (*benevolence)* (Sarros & Santora 2001).

Comparing these empirical studies (England 1978; Sarros & Santora 2001; Westwood & Posner 1997) with this research, the Australian context is common. However, there are differences in their methodologies, with the three published studies using quantitative techniques whereas this research used a mixed methods research approach with the qualitative facet being more dominant. Another difference is that the units of analysis in the three studies (England 1978; Sarros & Santora 2001; Westwood & Posner 1997): in this research board directors were purposively sampled whereas the other studies focussed on managers. Caution is therefore recommended when making inferences on the consistency of the findings between the three published studies in and this research. Moreover, another

factor that needs to be highlighted in the interpretation of the findings is the period that the studies were conducted; one of the three published studies was conducted close to 37 years ago and the most recent one was carried out 14 years ago. The timing of the three studies might not be an issue that limits inference though, as empirical research undertaken by Oliver (1999) shows that the values of managers were stable over a 32 year period.

More current research has examined the values of board directors but these studies were carried out in the context of Sweden (Adams, Licht & Sagiv 2011) and the U.S. (Fortuna 2012) context, so it could be argued that, due to the difference in governance structures, they would constitute inexact points of comparison with this study. However, the contexts of unethical corporate practices are similar to the Australian experience and therefore their findings provide potentially useful information. The Swedish and U.S. studies focussed on the values-behaviour relationship (Adams, Licht & Sagiv 2011; Fortuna 2012) but did not report on the ranking of the directors' values. The information from the two studies will therefore be useful when considering the values-behaviour relationship later on in this chapter while the identification of the values of the directors that participated in this study is a novel insight in a contemporary Australian context.

The finding that *self-direction*, which is a pivotal value of the Australian directors as evidenced by the findings from the analysis of the PVQ and the subsequent interviews, could be taken to imply that the board directors who participated in the study have a high internal locus of control. As found by Rotter (1966), people with a characteristic similar to the participating directors, where they place high importance on *self-direction* and perceive that they have great control over their lives have an internal locus of control. On the other hand, people who perceive that they have very little control over their lives and attribute their successes and failures to external sources have an external locus of control (Rotter 1966) . The directors' internal locus of control is consistent with recent research (Acharya & Pollock 2013; Crossland et al. 2014) that has shown that having the personality trait is a common among the upper echelons of corporations.

Likewise, there is a consistency with findings of other research (England 1978; Westwood & Posner 1997) that the ability to have control of others *(power-dominance)* and the pursuance

of material possessions *(power-resources)* are not prominent values for the directors. At a logical level, the low prominence given to *power-dominance* and *power-resources* might be discounted as being atypical of people in such powerful positions. Indeed, Sarros and Santora (2001) found an empirical study has found that Australian managers hold dearest the value of personal success and Pottenger and Leigh (2015) observed that board directors and executives in large Australian public companies receive generous remuneration packages. These findings of both *power-dominance* and *power-resources* being important values to the upper echelons of corporations might indicate that the participating directors reports that *power* is not a prominent value is a consequence of self-reporting bias.

Such a bias is inherent in most research on personal values, as the participants might only provide information that is perceived to be desirable by society (Fischer & Schwartz 2011). This would especially be the case, given a widespread discontent among members of the public on the control that the upper echelons have and the remuneration that they receive (Pirson, Martin & Parmar 2015; Zuber 2015). Furthermore, as this research was conducted under the auspices of the Australian Catholic University, which might be construed as a religious institution that might frown upon values contra to universalism or altruism (for example, *power-dominance* and *power-resources*), this might have exacerbated the self-reporting bias*.* While efforts were made to develop a research design whereby a qualitative inquiry would be used to check the congruency with the measured PVQ values and that the researcher would use a neutral stance therefore facilitating judgement free interviews there is no clear answer to the degree of bias in the self-reports. With this research design, the directors indicated that *power* was indeed not a prominent value and other values that relate to *universalism, benevolence* and *self-direction* precede the importance that they place on *power*.

The last finding on the values of the directors showed that the 10 female board directors place greater importance in maintaining their reputation and image (that is *face* in the PVQ) in comparison to the 15 male board directors (the p-value for *face* from the independent-samples t-test was 0.02). These findings are not consistent with research by Stackman, Connor and Becker (2006) who found that the values of U.S. male and female managers were similar. Stackman, Connor and Becker (2006) however used the measure developed by Rokeach

(1973) which, though it was one of the foundations for the PVQ developed by Schwartz et al. (2012), does not have an item that measures *face* as the more recent PVQ does. Furthermore, with the measure developed by Rokeach (1973) being ipsative, comparisons are generally not made and each participant's ranking of their values needs to be analysed in isolation, unlike if a Likert scale were used (Hegarty & Sims 1978). Nevertheless, Schwartz et al. (2012) whose values framework was one of the foundations for this study also found that there was no correlation between gender and values. The focus however was not on directors who might indeed be an exception. In this case, it might be that the female directors value their reputation more than the male counterparts do since they had to prove their worth to a greater level in comparison to the male directors. This argument is consistent with the concept of the *glass cliff* where female directors' positions have been found to be more precarious than the male directors (Bruckmüller et al. 2014; Mulcahy & Linehan 2014). Notwithstanding the congruency of the findings with the *glass cliff* concept, it would be imprudent to make inferences without acknowledging that this research is limited by the sampling size (25 directors) and strategy (non-random).

In summary, there is a level of consistency with extant research on the findings on *universalism benevolence* and *self-direction* values. The findings on the difference in *face* based on gender is however inconsistent with extant research. The difference could be due to the fact that the extant research did not focus on board directors who potentially have different values from other groups in society. The findings on the link between the identified values and the directors' behaviour will be discussed in the next section.

5.2.2. Directors' values-behaviour relationship

Benevolence, self-direction, conformity-rules and *stimulation* appear to have an influence on the directors' monitoring role. The comparison of these findings with extant research is however limited as there was no study identified by the researcher, where the influence of values in the directors' monitoring role was investigated. A conceptual paper by Donaldson (2012) however discusses that at a practical level, board directors are not only affected by external injunctions and pecuniary aspects as agency theory posits but also by what they personally value. Therefore, the identification of *benevolence, self-direction, conformity-rules*

and *stimulation* as values that potentially influence the monitoring role provide some insight into the values-behaviour link in the context of boards. The discussion will continue with a consideration of the identified values, in the context of extant research.

For the directors who have a strong ascription of being dependable people (*benevolence-reliability*), the value seems to enhance their monitoring role whereas those with a similar ascription of caring for the wellbeing of the people within their social groups (*benevolence-care*) appear to behave in ways that might be taken as impairing their monitoring function. Specifically, prominence of *benevolence-reliability,* gives the impression that it guides the participating directors to perceive themselves as being accountable to shareholders and the broader stakeholders, and therefore endeavour to behave in ways that demonstrate their independence from management. On the other hand, valuing *benevolence-care* seems to indicate, that the directors protect the interests of the executives, and in particular, the CEOs and therefore their limited objectivity hampers their monitoring function. These perspectives on the directors' monitoring role are consistent with agency theory which postulates that the directors are the party in the agency relationship that protects the interests of the shareholders (Fama & Jensen 1983) and other stakeholders (Wang & Dewhirst 1992).

With a similar perspective, having *self-direction* as a pivotal value seems to augment the boards' monitoring task as the directors indicated that inasmuch as the board reaches a decision collectively, it is important to them that their boards' climate enable them to cultivate their own ideas and actions. By doing this, the level of independence of the boards from management increases. The independence that the participating directors declared is important to them, does not however have concrete empirical evidence linking it to the performance of a company, as found by Nicholson and Kiel (2007).

Another value that appears to have an impact on the directors' monitoring role is *conformity-rules.* Specifically, the directors stated that they adhere to both legal rules and ethical principles as they perceive themselves as stewards of the corporations and therefore seek to protect the interests of shareholders who have given them the mandate to govern. The directors' reflections also seem to indicate that they also perceive that society grants them a licence to operate and therefore, are accountable as stewards to not only the shareholders

but also other stakeholders. These assertions are not consistent with stewardship theory, which posits that the managers are the stewards of the companies while board directors mainly serve as experts who provide advice and counsel to the executive team (Davis, Schoorman & Donaldson 1997). Moriarty (2014) has however argued that directors and managers are similarly accountable (either directly or indirectly) to shareholders and stakeholders. Therefore, the directors could be seen as stewards who are motivated by *conformity-rules* to undertake their monitoring function and protect the interests of both shareholders and stakeholders.

The last value that appears to influence the monitoring task is *stimulation*. The directors who view *stimulation* as important value creativity and innovation this value appears to influence their monitoring function indirectly. That is, the participating directors stated that because they are not involved in the operations of the corporations, their boards endeavour to appoint management teams that also hold dear *stimulation*. The motivation for appointing such management teams appears to be strategic on the part of the boards, with the overarching rationale being to enhance their companies' competitive advantage. Such a rationale is in accord with agency theory where the board directors protect the interest of shareholders (Mizruchi 1983).

The preceding discussion on the influences of the values on the monitoring task draws attention to the possibility of *benevolence, self-direction, conformity-rules* and *stimulation* of the directors as dependent variables when assessing the effectiveness of the monitoring function. Recent research has found already found that directors' cultural dimensions have an impact on their monitoring role (Lewellyn & Muller-Kahle 2015) and therefore given the close association between values and culture (Schwartz et al. 2012), the influence of the values on the monitoring task does not appear to be incongruent.

Other findings on how the directors reconciled their values with their fiduciary responsibility indicated that *universalism* influenced their provision of advice and counsel to management, enhancement of the legitimacy of their companies and formulation of strategies (some of the roles in the resource provision role). The provision of advice and counsel to management and the enhancement of the legitimacy of the board directors' companies are consistent with the

seminal work by Mace (1972) and resource dependence theory, developed by Pfeffer and Salancik (1978). For the formulation of strategies, research by Adams, Licht and Sagiv (2011) who assessed the values of Swedish directors found that directors who valued *power* and *achievement* were more likely to support strategic decisions that related to the interest of shareholders. The findings in this study are consistent with Adams, Licht and Sagiv (2011). Specifically, an analysis of the participating directors' descriptions of how their values translated into their behaviour, found prominent descriptions of how a consideration of the triple bottom line and the stakeholders were important variables in the positions they took in board decisions. As stated, the directors indicated that *power*, which has a personal focus, was not as important to them as a concern for the welfare of others (both colleagues and the broader society). In this study, the participants' strong ascription of *universalism* appears to influence the directors' broader support of the interests of stakeholders.

Subsequent to examining how the directors reconciled their values with their fiduciary responsibility, the directors were also asked about the diversity in values within their boards. The descriptions provided were used to make inferences on whether *pluralistic ignorance* (Westphal and Bednar 2005) was in existence or otherwise. *Conformity-interpersonal*, which indicates the level of avoidance of voicing a concern due to the fear of upsetting others or unsettling the status quo, appeared to be the value that determined the level of pluralistic ignorance. The participants who stated that *conformity-interpersonal* was important seem to have contributed to the increase of *pluralistic ignorance* in their boards. If these directors had concerns, for the level of *pluralistic ignorance* to be curtailed then they would actually need to voice their concerns and not assume that their fellow directors do not have similar apprehensions. In a few instances, the directors indicated that they did not voice their concerns due to their averseness to interpersonal conflict, but it would be injudicious to make a conclusion on the level of *pluralistic ignorance* in their boards, because this study did not assess the behaviour of one particular board but the focus was on the values of individual board directors. For an empirical study to make cogent conclusions on *pluralistic ignorance,* the unit of analysis would have to be *a board*, since the directors collectively make decisions. However, this study provides a variable, that is *conformity-interpersonal* that might be considered in future research when assessing the *pluralistic ignorance* concept. This variable can be considered in conjunction with the levels of demographic homogeneity in a board

together with social cohesion. Westphal and Bednar (2005) posited that high levels of social cohesion and demographic homogeneity decrease the level of *pluralistic ignorance* among board members.

Groupthink is another concept that has a similar disastrous effect as *pluralistic ignorance* (Westphal & Bednar 2005) and can be in existence when directors avoid voicing their opinion in order to avoid creating interpersonal conflicts. A high level of social cohesion in boards or other groups has been posited to exacerbate *groupthink* as the members become less critical (Callaway & Esser 1984). On the other hand, in *pluralistic ignorance*, a high level of social cohesion augments it since the members will be more willing to share their concerns with people with whom they have social ties with (Westphal and Bednar 2005). Both *groupthink* and *pluralistic ignorance* have been attributed as the causes of corporate scandals. To illustrate, O'Connor (2003) blamed the directors and executives high level of *groupthink* for the Enron scandal. On the contrary, Westphal and Bednar (2005) postulated that *pluralistic ignorance* caused the Enron scandal since the board directors did not perceive that their fellow directors had similar concerns and hence they privately held onto these misgivings. Notwithstanding *groupthink* and *pluralistic ignorance* both, have similar negative effects but their determinants are different, with *conformity-interpersonal,* identified as salient in the directors' discussions on the diversity of values in their boards, might have a mediating role in both *groupthink* and *pluralistic ignorance*.

Turning to the third research question of this study, the rationale for examining the role of the directors' social identities was the dichotomy in the empirical research that has investigated the values-behaviour link. Seminal work by Rokeach (1973) shows that there is a strong association between peoples values and their behaviour and more recent work has also supported this link (Boer & Fischer 2013). In contrast, other research that used a rigorous methodology by observing how the participants' values translate to their behaviours has challenged the link between values and behaviour, since the values that the participants identified were not consistent with their behaviour (Darley & Batson 1973). Hackett (2013) has therefore proposed the *values anchoring* construct which serves the purpose of uniting this dichotomy and clarifying the values-behaviour relationship by positing that the values-

behaviour link is certain when values are anchored on personal concerns but if anchored on social identities the link is not as clear.

Using the propositions by Hackett (2013) as a guide for the inferences, the findings in this research on the role of directors' social identities in the values-behaviour relationship suggests that the behaviour of directors who anchored their values on their social identities was contextual. The most salient social identity in a given situation influenced the directors' value(s) that was (were) given prominence and, subsequently, their behaviour. On the contrary, those who anchored their values on personal concerns indicated that their behaviour was stable irrespective of the change in circumstances. Interestingly, the participants who anchored their values on personal concerns were generally on boards that had similarly aligned values. The directors in these cases indicated that they purposively took up their roles in companies that had visions, missions or values that were consistent with what they valued. These directors also indicated that they performed their due diligence to ascertain whether they would be a good fit with the organisations that they serve. Other participants who appeared to have anchored their values on personal concerns attributed their strong affiliation to familial, cultural and religious values. In such cases, it can be inferred that there was a clear link between the directors' values and their behaviour, which is consistent with the findings by Hackett (2013) that values are strong predictors of people's behaviour when they are anchored on issues that are personally important to them. A caveat however exists in that since the directors' behaviour was not observed, a definitive conclusion cannot be made on the role of social identities in the values-behaviour relationship. The consideration of the *values anchoring* construct in the context of board directors is, however, a novel undertaking and future research on ethical leadership might potentially find benefit in using the construct.

Given the findings have been discussed in the context of some extant literature, the conclusions of the research will be provided.

5.3. Conclusions
The research issues included the identification of the directors' values and an examination of the values-behaviour relationship. For the identification of the directors' values, it can be

concluded that the directors place greatest importance on a commitment to the wellbeing of others (*universalism*), the ability to be autonomous and have opportunities where they can apply their initiative (*self-direction*) and concerns for welfare of the members in their social groups (*benevolence*). Moreover, the findings indicated that there is no significant difference between the values of the male and female directors, except for the importance that the directors place on their reputation (*face*), with the female directors indicating significantly greater importance than the male directors.

The findings on the examination of the values-behaviour relationship firstly suggest that *benevolence, self-direction, conformity-rules* and *stimulation* influence the directors in their monitoring roles while *universalism* has an impact on their resource provision functions. Secondly, findings on the investigation of the value-behaviour relationship also suggest that the directors' averseness to interpersonal conflict (*conformity-interpersonal*) could potentially exacerbate *pluralistic ignorance*. Thirdly, the analysis of the participants' reflections on their values-behaviour relationship indicates that the directors who anchor their values on their social identities have contextual behaviours that are dependent on the most salient social identity in a given circumstance.

5.4. Implications of the research

The conclusions highlight that *universalism, self-direction and benevolence* are important to the directors. Moreover, the conclusions indicate that the directors' values influence their monitoring and resource provision functions. The inferences made provide an alternative perspective to agency theory, a dominant theory in the corporate governance literature and where the focus is on incentives and pecuniary aspects (Hillman, Withers & Collins 2009). Moreover, these inferences might initiate a focus on the values of board directors, especially by those who are involved in the recruitment of board directors. A greater emphasis on values might give due consideration to the effects of the unethical and amoral actions on the wider society. It is however important to highlight that since the sampling strategy was non-random and the sample consisted of only 25 directors, due care is recommended in the interpretation of the influence of values in the board directors' roles.

For the examination of the values-behaviour relationship, albeit this study hinged on values being a strong predictor of behaviour, as stated, there is research that had validly questioned this values-behaviour link (Darley & Batson 1973) and therefore the consideration of the *values anchoring* construct (Hackett 2013) was important. The interpretation of the findings with guidance from the propositions by Hackett (2013) on *values anchoring* indicates that the behaviour of the board directors who anchored their values on social identities was contextual and determined by their most salient social identity. On the contrary, the behaviour of those who anchored their values in personal concerns was stable and not situational driven. Agencies or other people that recruit board members can use the findings to make decisions that are more informed by matching the directors to suitable boards. However, as previously stated, caution is required when making inferences on the findings due to both the sampling strategy and sample size. In addition to the use by board recruiters, these findings can provide a foundation for a large longitudinal study that examines how the values anchoring construct can influence board directors' ethical behaviour. Such a study might inform corporate governance policy makers on the variables that facilitate ethical behaviour.

The next section will provide details of the limitations, some of which have been identified in this section.

5.4. Limitations of the research

The first limitation to be discussed deals with the challenge in accessing board directors for research purposes is widely reported in the corporate governance literature (Boriboonsate 2011; Hambrick, Werder & Zajac 2008; Huse et al. 2011; Leblanc & Schwartz 2007). The challenge is greater when examining directors' behaviour with most research scholars using archival data and proxy variables for the directors' actual behaviour (Boivie, Graffin & Pollock 2012; Zhu & Westphal 2013). Therefore, it was not surprising that there was difficulty in recruiting participants for this research.

With guidance on the sample size from Creswell (2014), who suggested approximately 25 participants as an ideal number for research that uses a qualitative analysis, a sampling strategy was developed that would result in this desired number. The use of a "sponsor" who

introduced the researcher to board members (Leblanc & Schwartz 2007, p. 848) and the non-random sampling techniques exacerbated the bias in the sampling design. Ideally, the sample would be randomly selected and consist of everyone that meets the pre-requisites for the population being examined (Bryman & Bell 2011).

However, given that the sample consisted of only 25 participants and the use of non-random criterion and snowball sampling techniques, the findings cannot be assumed to be representative of the entire population of directors, even in Australia. This is particularly the case when methods from a positivism and/or post-positivism paradigm were utilised to firstly examine the values of the directors using the Schwartz et al. (2012) measure, and secondly, when investigations about whether there were significant differences in values between the female and male directors were conducted. In the positivism or post-positivism perspectives, generalisations of the population are considered pivotal aspects of the research (Creswell 2014). This study, however, was underpinned by a pragmatic philosophical perspective such that a mixed methods research approach with a dominant qualitative component was used. Prominence was therefore bestowed on the authenticity, credibility and trustworthiness of the findings, as opposed to the generalisability of the results, which would have been essential for a study with an explanatory design (remembering that this research had an exploratory design). In as much as inferences that relate to the values and behaviour of all directors cannot be made, this study has provided a *glimpse into the black box* of directors' values.

Furthermore, with the sample consisting of not only directors who were serving in boards but also those who had retired, it could be argued that such a strategy impaired the reliability of the data since the retired directors were not in service as at the dates of data collection. The recruitment of retired directors was however rationalised as a strategy to have participants who were more *open* or alternatively would be more willing to reflect on their past board experiences through *rose coloured glasses*. The justification for the strategy turned out to be valid as rich data were obtained from one of the participants, a retired director with extensive board experience.

The fact that boards are shrouded by privacy and confidentiality was another limitation, since the directors were limited by the nature and amount of information that they could disclose.

The directors might have been reluctant to provide details for fear of providing information that might be construed to provide signals to the market and that might hold them personally liable. Compounding this limitation of the privacy and confidentiality was that the research focussed on the values, social identities and behaviour of directors. In spite of research scholars highlighting the importance in understanding these constructs (Boer & Fischer 2013; Pearce 2013), at a logical level, these constructs are not easy to research, not only due to the abstractness but also as they are personalised. Not surprisingly then, the upper echelons may have been reluctant to provide a significant amount of detail on their values, social identities and behaviour. The directors were assured that their privacy and confidentiality would be maintained but as the research candidate previously knew none of the participants, the basis for trust with information did not begin with a strong foundation. Even though, a neutral stance was used by the research candidate in the interviews to enable the directors to articulate their reflections without the researchers' judgments, and despite the assurances, a full picture of what happens in *the black box* might not have been obtained.

The self-reporting bias, which can be argued to have occurred due to the methodology used, is an additional limitation. Specifically, the directors might have responded to both the PVQ and the subsequent interview questions based on what they perceived to be socially desirable. This was against a backdrop of various reports of societal displeasure of the actions of the upper echelons of corporations (Pirson, Martin & Parmar 2015; Zuber 2015) which could have led the directors to respond in a more positive fashion.   Moreover, with the research being conducted under the aegis of the Australian Catholic University (a public institution but with a clear religious affiliation), it could be argued that the directors responded to values consistent with the mission of the university which focuses on *universalism* values. To mitigate occurrences of the self-reporting biases the methodology would have ideally been such that the values are not only measured but the research candidate would also observe how the values translate into specific behaviours. The use of observations was however not feasible given the difficulty of gaining access into *the black box* and some of the participants no longer hold board appointments.

The predominant use of qualitative techniques in the mixed methods research approach contributed to a further limitation. Specifically, a valid criticism that can be levelled against

this research is that the researcher was the only one who analysed the qualitative component. Ideally, checks on the interpretations, video-recording the interviews or two person interviews would have occurred. This was however not the case and therefore inter-rater reliability measures were not possible. Notwithstanding this limitation, it is important to highlight that subjectivity is as an intrinsic characteristic of qualitative methodologies (Creswell 2014; Patton 2002). This assertion is supported by Armstrong et al. (1997) who assessed how six experienced qualitative researchers analysed a transcript and found that the six researchers interpreted the transcript differently.

Despite the absence of the inter-rater reliability measures, strategies were used to increase the authenticity, credibility and trustworthiness of the findings and these include: firstly, the use of the PVQ, a validated measure, provided a foundation for the interviews and the scores of the measure were corroborated with the qualitative data. Secondly, the research candidate discussed the interviews with the principal supervisor (which was covered by the ethics approval for this study). Thirdly, comprehensive information was provided on the methodology which can be used in conjunction with the findings to ascertain the veracity of the findings and/or for replicability purposes.

The identified limitations have the potential of informing future research on the intricacies of research on board directors' values, social identities and behaviour.

Some potential research areas that can be pursued will be identified in the next section.

5.5. Future research

This research had an exploratory design and provided some insight into the values of directors. Future research that uses an explanatory design and vignettes associated with the PVQ responses of participants would be beneficial in not only aid in making inferences that can be more readily generalised across population of board directors, an aspect that was a limitation of this study providing but also provide an understanding on directors' values-behaviour relationship.

Another potential research area could be based on the directors' identified *universalism, self-direction* and *benevolence* pivotal values in the investigations of board dynamics, board culture and potential conflicts between these pivotal values and the directors' fiduciary duties. Similarly, the finding that *conformity-interpersonal* might be a mediating factor on the level of *pluralistic ignorance* in boards, could be useful for research that uses boards (as opposed to individual directors from diverse boards) as the unit of analysis to further investigate the concept in the context of boards.

Likewise, a future research direction, using a values theoretical framework might assess how the values held by people from different professional backgrounds influence their boards' strategic decision making. This study might provide complementary insight to the recent work by Gray and Nowland (2015) which was carried out in an Australian context and showed that boards with members who are experts in accounting, banking, consultancy, law, and are non-executive directors, would provide a more effective corporate governance structure than those with members outside this sub-set. The findings from a study that examines the professional backgrounds of board members will be potentially useful to those who are involved in the recruitment of boards.

Given the societal harm that the unethical behaviour of the upper echelons in corporations may cause, a suggestion for future research may be to examine the *values anchoring* construct to provide greater comprehension on the link between values and ethical behaviour. Using this research and the work by Hackett (2013) as a foundation, a factor analysis can be conducted to isolate the important grouping of variables. Moreover, with a significant difference having been found between the level of importance that the female and male directors placed on *face* as a value, this can be used as a foundation for a larger scale study that examines further the difference in values between genders. This difference in *face* as a value can also be used as a foundation for another study that investigates whether the value might influence the involvement of upper echelons in unethical corporate practices given the empirical research by Steffensmeier, Schwartz and Roche (2013) that found that the proportions of female executives involved in corporate scandals was minuscule. Future research that investigates the differences in values between the genders might provide some

insight into why some of the upper echelons have a high level of integrity while the others do not.

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APPENDICES
Appendix A: Participants' information letter

PARTICIPANT INFORMATION LETTER

PROJECT TITLE: *Directors' values and social identities*
PRINCIPAL INVESTIGATOR: *Professor Lynne Bennington*
STUDENT RESEARCHER: *Michael Gatumu*
STUDENT'S DEGREE: *Master of Philosophy*

Dear Participant,

You are invited to participate in the research project described below.

What is the project about?
The project investigates directors' values and social identities. In the context of the project, values are the standards that guide behaviour and social identities are the groups that individuals perceive that they belong to. It is anticipated that an examination of directors' values and social identities will provide a rich understanding on the complex role of directors.

Who is undertaking the project?
This project is being conducted by, Michael Gatumu and will form the basis for the degree of Master of Philosophy at Australian Catholic University under the supervision of Professors Lynne Bennington and Tony Ciro.

Are there any risks associated with participating in this project?
There are no foreseeable risks associated with participation in this project.

What will I be asked to do?
You will be requested to complete a questionnaire then return it in the enclosed envelope or complete it online in a link to be provided to you. With your agreement, I will then contact you to schedule either a telephone or face to face interview.

The interview will be semi-structured with the focus being on your background, professional experience and values and social identities in the context of your role as a board member. Please note that my reporting of all results will protect your name and identity (see the following page for details).

How much time will the project take?
The questionnaire will take approximately 15 minutes to complete and the duration of the interview will be about 30 minutes.

What are the benefits of the research project?
There are no immediate and direct benefits to you as a participant. However, your contribution to this project will potentially provide a richer understanding on your role. This would be of benefit to practice and the community in general.

Following an analysis of the results you will receive a summarized version of the findings.

Can I withdraw from the study?
Participation in this study is completely voluntary. You are not under any obligation to complete the questionnaire or participate in the interview.

Your consent for the first stage of the research will be the return or submission of the completed questionnaire. For the second stage of the research, if you agree to participate in the interview, you can withdraw from the interview at any time without adverse consequences.

Will anyone else know the results of the project?

Since the data collected will be identifiable, to protect your confidentiality, any unique identifiers will be removed and you will be assigned with pseudonyms. The findings will be published in the dissertation for the research degree and potentially in scholarly journals. Any descriptors that will be utilised in these publications will be based on an agreement with you.

Any identifiable data will be destroyed at the end of the project. Access to this data will be restricted to my supervisor, the principal investigator and me as the student researcher. The data collected (which will be coded) will be stored in a lockable cabinet in Professor Lynne Bennington's university office in Melbourne. The data will be stored for the archival period of 5 years following which it will be destroyed.

Will I be able to find out the results of the project?

A summarized version of the findings of the research will be emailed or mailed out to you.

Who do I contact if I have questions about the project?

If you have any questions on the project, do not hesitate to contact the student researcher, on phone number (03) 9953 3891 or via email M██████████████████

What if I have a complaint or any concerns?

The study has been approved by the Human Research Ethics Committee at Australian Catholic University (approval number 2013 162V). If you have any complaints or concerns about the conduct of the project, you may write to the Chair of the Human Research Ethics Committee care of the Office of the Deputy Vice Chancellor (Research).

Chair, HREC
c/o Office of the Deputy Vice Chancellor (Research)
Australian Catholic University
Melbourne Campus
Locked Bag 4115
FITZROY, VIC, 3065
Ph: 03 9953 3150
Fax: 03 9953 3315
Email: ██████████████████

Any complaint or concern will be treated in confidence and fully investigated. You will be informed of the outcome.

I want to participate! How do I sign up?

To participate in the study please complete the questionnaire and return it in the enclosed envelope or scan a copy and email to me. Please do not hesitate to contact Michael Gatumu on (03)9953 3891 for any questions regarding your participation or other matters relevant to the project.

Yours sincerely,

MICHAEL GATUMU

LYNNE BENNINGTON

Appendix B: PVQ (Male and female versions)

PVQ-R Male

Here we briefly describe different people. Please read each description and think about how much that person is or is not like you. Put an X in the box to the right that shows how much the person described is like you.

		HOW MUCH LIKE YOU IS THIS PERSON?					
		Not like me at all	Not like me	A little like me	Moderately like me	Like me	Very much like me
1	It is important to him to develop his own understanding of things.	☐	☐	☐	☐	☐	☐
2	It is important to him that there is stability and order in the wider society.	☐	☐	☐	☐	☐	☐
3	It is important to him to have a good time.	☐	☐	☐	☐	☐	☐
4	It is important to him to avoid upsetting other people.	☐	☐	☐	☐	☐	☐
5	It is important to him to protect the weak and vulnerable people in society.	☐	☐	☐	☐	☐	☐
6	It is important to him that people do what he says they should.	☐	☐	☐	☐	☐	☐
7	It is important to him never to be boastful or self-important.	☐	☐	☐	☐	☐	☐
8	It is important to him to care for nature.	☐	☐	☐	☐	☐	☐
9	It is important to him that no one should ever shame him.	☐	☐	☐	☐	☐	☐
10	It is important to him always to look for different things to do.	☐	☐	☐	☐	☐	☐
11	It is important to him to take care of people he is close to.	☐	☐	☐	☐	☐	☐
12	It is important to him to have the power that money can bring.	☐	☐	☐	☐	☐	☐
13	It is very important to him to avoid disease and protect his health.	☐	☐	☐	☐	☐	☐
14	It is important to him to be tolerant toward all kinds of people and groups.	☐	☐	☐	☐	☐	☐
15	It is important to him never to violate rules or regulations.	☐	☐	☐	☐	☐	☐
16	It is important to him to make his own decisions about his life.	☐	☐	☐	☐	☐	☐
17	It is important to him to have ambitions in life.	☐	☐	☐	☐	☐	☐
18	It is important to him to maintain traditional values and ways of thinking.	☐	☐	☐	☐	☐	☐
19	It is important to him that people he knows have full confidence in him.	☐	☐	☐	☐	☐	☐
20	It is important to him to be wealthy.	☐	☐	☐	☐	☐	☐
21	It is important to him to take part in activities to defend nature.	☐	☐	☐	☐	☐	☐
22	It is important to him never to annoy anyone.	☐	☐	☐	☐	☐	☐
23	It is important to him to have his own original ideas.	☐	☐	☐	☐	☐	☐
24	It is important to him to protect his public image.	☐	☐	☐	☐	☐	☐
25	It is very important to him to help the people dear to him.	☐	☐	☐	☐	☐	☐
26	It is important to him to be personally safe and secure.	☐	☐	☐	☐	☐	☐
27	It is important to him to be a dependable and trustworthy friend.	☐	☐	☐	☐	☐	☐

		HOW MUCH LIKE YOU IS THIS PERSON?					
		Not like me at all	Not like me	A little like me	Moderately like me	Like me	Very much like me
28	It is important to him to take risks that make life exciting.	☐	☐	☐	☐	☐	☐
29	It is important to him to have the power to make people do what he wants.	☐	☐	☐	☐	☐	☐
30	It is important to him to plan his activities independently.	☐	☐	☐	☐	☐	☐
31	It is important to him to follow rules even when no-one is watching.	☐	☐	☐	☐	☐	☐
32	It is important to him to be very successful.	☐	☐	☐	☐	☐	☐
33	It is important to him to follow his family's customs or the customs of a religion.	☐	☐	☐	☐	☐	☐
34	It is important to him to listen to and understand people who are different from him.	☐	☐	☐	☐	☐	☐
35	It is important to him to have a strong state that can defend its citizens.	☐	☐	☐	☐	☐	☐
36	It is important to him to enjoy life's pleasures.	☐	☐	☐	☐	☐	☐
37	It is important to him that every person in the world have equal opportunities in life.	☐	☐	☐	☐	☐	☐
38	It is important to him to be humble.	☐	☐	☐	☐	☐	☐
39	It is important to him to expand his knowledge.	☐	☐	☐	☐	☐	☐
40	It is important to him to honor the traditional practices of his culture.	☐	☐	☐	☐	☐	☐
41	It is important to him to be the one who tells others what to do.	☐	☐	☐	☐	☐	☐
42	It is important to him to obey all the laws.	☐	☐	☐	☐	☐	☐
43	It is important to him to have all sorts of new experiences.	☐	☐	☐	☐	☐	☐
44	It is important to him to own expensive things that show his wealth.	☐	☐	☐	☐	☐	☐
45	It is important to him to protect the natural environment from destruction or pollution.	☐	☐	☐	☐	☐	☐
46	It is important to him to take advantage of every opportunity to have fun.	☐	☐	☐	☐	☐	☐
47	It is important to him to concern himself with every need of his dear ones.	☐	☐	☐	☐	☐	☐
48	It is important to him that people recognize what he achieves.	☐	☐	☐	☐	☐	☐
49	It is important to him never to be humiliated.	☐	☐	☐	☐	☐	☐
50	It is important to him that his country protect itself against all threats.	☐	☐	☐	☐	☐	☐
51	It is important to him never to make other people angry.	☐	☐	☐	☐	☐	☐
52	It is important to him that everyone be treated justly, even people he doesn't know.	☐	☐	☐	☐	☐	☐
53	It is important to him never to do anything dangerous.	☐	☐	☐	☐	☐	☐
54	It is important to him never to seek public attention or praise.	☐	☐	☐	☐	☐	☐
55	It is important to him that all his friends and family can rely on him completely.	☐	☐	☐	☐	☐	☐
56	It is important to him to be free to choose what he does by himself.	☐	☐	☐	☐	☐	☐
57	It is important to him to accept people even when he disagrees with them.	☐	☐	☐	☐	☐	☐

Here we briefly describe different people. Please read each description and think about how much that person is or is not like you. Put an X in the box to the right that shows how much the person described is like you.

		Not like me at all	Not like me	A little like me	Moderately like me	Like me	Very much like me
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2	It is important to her that there is stability and order in the wider society.	☐	☐	☐	☐	☐	☐
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4	It is important to her to avoid upsetting other people.	☐	☐	☐	☐	☐	☐
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17	It is important to her to have ambitions in life.	☐	☐	☐	☐	☐	☐
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21	It is important to her to take part in activities to defend nature.	☐	☐	☐	☐	☐	☐
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55	It is important to her that all her friends and family can rely on her completely.	☐	☐	☐	☐	☐	☐
56	It is important to her to be free to choose what she does by herself.	☐	☐	☐	☐	☐	☐
57	It is important to her to accept people even when she disagrees with them.	☐	☐	☐	☐	☐	☐

Appendix C: Correspondence with Professor Emeritus Shalom Schwartz

Appendix D: Interview guide

Guiding questions and probes for the semi-structured interviews
Important: request for permission from the participant to record the interview prior to commencing

Questions and *probes*
 Background 1. In beginning this interview, can you tell me about your professional background? *Companies, roles and skills* 2. For which companies have you been a director? 3. What factors led you to accepting a role on each of these boards? *For example, links to existing board members, other boards, school friendships, professional memberships, religious affiliation, political affiliation or moral conviction* 4. Did you tend to have similar committee roles on each board? 5. What determined the roles you were assigned? *For example professional experience or interest.*

Congruency check for PVQ measured values and self-perceived values
From the questionnaire you completed we have developed a values profile *(participants are provided with their PVQ-R profile prior to the interview).* **Do you think the ranking of the values is a correct reflection of your values:**
  a) In your life in general?
  b) What about in your role as a board director?

 Values and behaviour 1. Can you tell me how your values may have influenced the position or contribution to the boards? *For example values influence on policy, major issues or minor issues.* 2. Did you feel your values were consistent with those of your fellow board members? What were some of the indicators that demonstrated this consistency (or inconsistency)? How did you manage in these situations? *What is the level of diversity in the board?*
 Role of social identities in the values and behaviour relationship (values anchoring) 1. There is a suggestion that values arise from groups (e.g. professional memberships) to which we belong to. Do the values that you have just discussed relate to certain groups that you feel you belong to? *For example professional memberships, religious affiliation or political affiliation.* 2. Has the association with certain groups been an influence on your position or contribution to the board? *The importance of these social groups in determining what sort of person you are and contribution to the boards.* 3. We have just talked about the different influences on people e.g. professional memberships, religious affiliation etc., can you tell me if you experienced a challenge in wearing more than one hat (i.e. identity) in your board membership? *(Request elaboration).*
 Demographics Thank you for your contribution. Can I ask you a few demographic questions? *(depending on whether the participant has covered these issues)* *Country of birth and where you spent a majority of your life, decade of birth (optional), education background, marital status (optional) and children if any (optional)*
 Descriptors Finally, I would just like to spend a minute or two to go through how I will refer to you in any reporting of the findings from my research. *(Required to maintain confidentiality)*

Appendix E: PVQ coding guide

Shalom H. Schwartz

For a presentation of the theory underlying the PVQ-R, see Schwartz et al. (2012)

Scoring Key for PVQ-R Value Scale

Value	Items	Value	Items
Self-direction Thought	1,23,39	Tradition	18,33,40
Self-direction Action	16,30,56	Conformity-Rules	15,31,42
Stimulation	10,28,43	Conformity-Interpersonal	4,22,51
Hedonism	3,36,46	Humility	7,38,54
Achievement	17,32,48	Universalism-Nature	8,21,45
Power Dominance	6,29,41	Universalism-Concern	5,37,52
Power Resources	12,20,44	Universalism-Tolerance	14,34,57
Face	9,24,49	Benevolence –Care	11,25,47
Security Personal	13,26,53	Benevolence-Dependability	19,27,55
Security Social	2,35,50		

The score for each value is the mean of the raw ratings given to the items listed above for that value. For most purposes, it is necessary to make a correction for individual differences in use of the response scale before performing analyses. Below are instructions for making the correction that is appropriate to various types of analyses. **Failure to make the necessary scale use correction typically leads to mistaken conclusions!**

Individuals and cultural groups differ in their use of the response scale.[1] Scale use differences often distort findings and lead to incorrect conclusions.[2] To correct for scale use:

(A) Compute scores for the 19 values by taking the means of the items that index it (above). If you wish to check internal reliabilities, do so for these value scores.
(B) Compute each individual's mean score across all 57 value items. Call this MRAT.[3]
(C) Center scores of each of the 19 values for an individual (computed in A) around that individual's MRAT (i.e., subtract MRAT from each of the 19 value scores).

Appendix F: List of nodes

1.0	Self-direction important
1.1	Benevolence (in group) important
1.2	Universalism important
	1.2.1. Tolerance
	1.2.2. Concern for nature
	1.2.3. Concern for society
1.3	Power not prominent value
2.0	**Values and monitoring function**
2.1	Self-direction
2.2	Stimulation
2.3	Benevolence
2.4	Conformity-rules
3.0	**Values and resource provision function**
3.1	Universalism
4.0	**Conformity- Interpersonal and Pluralistic ignorance**
4.1	Maintain status quo
4.2	Would speak out
5.0	**Social identities anchoring**
5.1	Values are independent of situation
	5.1.1. Personal values consistent with companies' values
	5.1.2. Values aligned to religion and culture
	5.1.3. Values from family
5.2	Values are dependent on context

Appendix G: Ethics approval

From: ~~Stefania Riccardi~~ Stefania.Riccardi@~~acu.edu.au~~ on behalf of Res Ethics
<~~ResEthics@acu.edu.au~~>
Sent: Monday, July 29, 2013 9:29:21 AM
To: Lynne Bennington
Cc: Tony Ciro; Michael Gatumu
Subject: Ethics application 2013 162V approved!

Dear Applicant,

Principal Investigator: Prof Lynnette Bennington
Student Researcher: Michael Gatumu
Ethics Register Number: 2013 162V
Project Title: Directors' values and social identities
Risk Level: Low Risk 2
Date Approved: 29/07/2013
Ethics Clearance End Date: 30/7/13-30/12/2013

This email is to advise that your application has been reviewed by the Australian Catholic University's Human Research Ethics Committee and confirmed as meeting the requirements of the National Statement on Ethical Conduct in Human Research.

This project has been awarded ethical clearance until 30/12/2013 in order to comply with the National Statement on Ethical Conduct in Human Research, progress reports are to be submitted on an annual basis. If an extension of time is required researchers must submit a progress report.

Whilst the data collection of your project has received ethical clearance, the decision and authority to commence may be dependent on factors beyond the remit of the ethics review process. For example, your research may need ethics clearance or permissions from other organisations to access staff. Therefore the proposed data collection should not commence until you have satisfied these requirements.

If you require a formal approval certificate, please respond via reply email and one will be issued.

Decisions related to low risk ethical review are subject to ratification at the next available Committee meeting. You will only be contacted again in relation to this matter if the Committee raises any additional questions or concerns.

Researchers who fail to submit an appropriate progress report may have their ethical clearance revoked and/or the ethical clearances of other projects suspended. When your project has been completed please complete and submit a progress/final report form and advise us by email at your earliest convenience. The information researchers provide on the security of records, compliance with approval consent procedures and documentation and responses to special conditions is reported to the NHMRC on an annual basis. In accordance with NHMRC the ACU HREC may undertake annual audits of any projects considered to be of more than low risk.

It is the Principal Investigators / Supervisors responsibility to ensure that:
1.   All serious and unexpected adverse events should be reported to the HREC with 72 hours.
2.   Any changes to the protocol must be approved by the HREC by submitting a Modification Form

prior to the research commencing or continuing.
3.   All research participants are to be provided with a Participant Information Letter and consent form, unless otherwise agreed by the Committee.

For progress and/or final reports, please complete and submit a Progress / Final Report form: www.acu.edu.au/465013

For modifications to your project, please complete and submit a Modification form: www.acu.edu.au/465013

Researchers must immediately report to HREC any matter that might affect the ethical acceptability of the protocol eg: changes to protocols or unforeseen circumstances or adverse effects on participants.

Please do not hesitate to contact the office if you have any queries.

Kind regards,
~~Stefanie Riccardi~~

Ethics Officer | Research Services
Office of the Deputy Vice Chancellor (Research) Australian Catholic University

THIS IS AN AUTOMATICALLY GENERATED RESEARCHMASTER EMAIL

Appendix H: Participants' raw PVQ scores

Participants' PVQ uncentred scores

Value type	1M	2M	3M	4M	5M	6M	7M	8M	9M	10M	11M	12M	13M	14M	15M	1F	2F	3F	4F	5F	6F	7F	8F	9F	10F
Achievement	3.67	4.00	4.67	4.67	4.00	4.00	4.67	5.00	4.67	5.67	4.00	4.33	4.00	4.67	4.67	3.67	4.67	4.00	3.33	4.67	5.00	4.67	5.67	2.00	5.67
Benevolence –Care	5.00	5.00	5.67	3.33	5.33	5.00	5.00	6.00	5.67	6.00	6.00	4.67	3.67	4.33	5.33	5.00	5.33	5.00	5.67	4.67	6.00	5.00	4.67	3.00	5.67
Benevolence-Dependability	4.33	5.00	5.67	5.33	5.67	5.00	5.00	6.00	5.67	5.00	5.33	4.00	4.00	6.00	5.33	5.67	5.33	5.33	6.00	5.00	5.67	5.33	5.00	3.33	6.00
Conformity-Interpersonal	1.33	3.33	4.33	2.67	5.33	3.33	3.67	3.67	4.00	3.33	3.67	2.67	4.00	2.00	4.67	3.00	3.00	2.33	4.00	2.33	2.33	2.33	4.33	1.33	4.00
Conformity-Rules	2.67	5.00	5.33	4.33	6.00	5.00	4.33	4.67	5.00	3.33	4.33	3.00	3.67	3.00	6.00	3.00	4.33	5.00	6.00	2.00	6.00	5.00	5.33	2.00	4.67
Face	3.00	3.67	4.67	3.00	5.33	3.67	4.00	5.33	5.00	3.67	5.00	3.33	2.33	3.33	5.00	4.00	4.33	5.00	6.00	4.00	4.67	5.00	6.00	2.00	5.33
Hedonism	2.00	4.67	4.00	3.00	4.33	4.67	4.33	4.33	3.33	5.33	4.67	4.33	5.67	3.33	4.00	2.50	3.33	3.33	2.00	5.00	2.33	6.00	3.67	2.67	4.00
Humility	2.33	3.33	4.00	3.00	4.67	3.33	4.00	4.67	3.33	5.00	4.00	3.00	3.00	4.33	5.33	4.67	3.67	3.67	4.33	2.67	4.33	5.00	4.67	2.67	5.00
Power Dominance	1.00	3.00	4.33	2.33	4.33	3.00	3.67	4.33	3.67	3.00	3.00	3.00	3.00	1.00	4.00	2.67	4.00	2.00	1.00	3.33	4.00	2.00	2.67	1.00	3.00
Power Resources	1.33	2.33	3.00	2.33	3.33	2.33	3.67	2.67	3.00	3.67	3.00	2.67	1.67	3.00	4.00	2.00	3.67	3.00	1.00	2.33	1.67	2.33	4.67	1.00	5.00
Security Personal	4.00	5.33	5.33	2.33	5.33	5.33	4.67	4.67	4.67	4.33	5.00	3.67	3.33	3.67	5.33	4.00	4.00	5.67	6.00	4.67	5.33	5.67	5.33	2.33	5.00
Security Social	5.00	4.33	5.00	4.33	6.00	4.33	4.33	5.33	5.00	4.00	5.33	4.33	3.33	3.00	4.67	4.00	4.67	6.00	3.67	3.67	4.33	5.67	5.00	2.00	6.00
Self-direction Action	3.67	5.33	4.67	4.33	4.67	5.33	5.00	5.33	4.33	5.00	4.67	4.67	5.33	5.33	5.00	3.67	6.00	5.67	4.67	5.33	5.33	5.67	3.67	4.67	6.00
Self-direction Thought	5.33	6.00	4.33	5.00	6.00	6.00	5.00	6.00	5.67	5.33	5.67	5.67	5.33	5.67	5.00	5.00	6.00	5.00	5.67	6.00	5.67	5.33	5.67	4.67	5.33
Stimulation	2.67	4.67	3.67	2.67	4.00	4.67	5.00	5.00	4.33	5.67	4.67	4.00	3.33	5.33	4.33	3.33	5.00	3.67	3.33	5.33	2.33	5.00	4.00	2.67	5.00
Tradition	1.33	5.00	4.00	3.33	6.00	5.00	3.67	4.67	5.00	3.67	3.33	2.33	1.67	2.67	6.00	2.67	4.00	5.00	5.00	2.67	4.33	4.33	1.33	1.67	4.33
Universalism-Concern	4.67	4.33	4.33	4.00	6.00	4.33	4.33	6.00	4.33	4.33	4.67	4.33	5.00	2.67	5.67	5.67	4.33	4.00	6.00	5.00	5.67	5.33	5.67	3.67	4.33
Universalism-Nature	4.33	4.67	5.67	3.33	4.67	4.67	4.33	5.33	4.67	4.33	3.33	4.00	5.67	2.67	3.67	5.33	3.67	2.50	5.67	1.67	5.33	3.67	5.00	2.67	6.00
Universalism-Tolerance	3.67	4.67	5.00	3.33	5.00	4.67	4.67	6.00	5.00	5.33	4.67	4.67	4.33	5.00	5.33	5.33	4.00	4.00	6.00	5.33	4.67	5.00	4.00	3.67	5.33

Participants' PVQ centred scores

Value type	1M	2M	3M	4M	5M	6M	7M	8M	9M	10M	11M	12M	13M	14M	15M	1F	2F	3F	4F	5F	6F	7F	8F	9F	10F
Achievement	0.44	-0.40	0.05	1.16	-1.05	-0.40	0.28	0.00	0.12	1.14	-0.44	0.51	0.19	0.93	-0.25	-0.33	0.28	-0.24	-1.16	0.68	0.53	0.02	1.12	-0.58	0.63
Benevolence –Care	1.77	0.60	1.05	-0.18	0.28	0.60	0.61	1.00	1.12	1.47	1.56	0.84	-0.14	0.60	0.42	1.00	0.95	0.76	1.18	0.68	1.53	0.35	0.12	0.42	0.63
Benevolence-Dependability	1.11	0.60	1.05	1.82	0.61	0.60	0.61	1.00	1.12	0.47	0.89	0.18	0.19	2.26	0.42	1.67	0.95	1.10	1.51	1.02	1.19	0.68	0.46	0.75	0.96
Conformity-Interpersonal	-1.89	-1.07	-0.28	-0.84	0.28	-1.07	-0.72	-1.33	-0.54	-1.19	-0.77	-1.16	0.19	-1.74	-0.25	-1.00	-1.39	-1.90	-0.49	-1.65	-2.14	-2.32	-0.21	-1.25	-1.04
Conformity-Rules	-0.56	0.60	0.72	0.82	0.95	0.60	-0.05	-0.33	0.46	-1.19	-0.11	-0.82	-0.14	-0.74	1.09	-1.00	-0.05	0.76	1.51	-1.98	1.53	0.35	0.79	-0.58	-0.37
Face	-0.23	-0.74	0.05	-0.51	0.28	-0.74	-0.39	0.33	0.46	-0.86	0.56	-0.49	-1.47	-0.40	0.09	0.00	-0.05	0.76	1.51	0.02	0.19	0.35	1.46	-0.58	0.30
Hedonism	-1.23	0.26	-0.61	-0.51	-0.72	0.26	-0.05	-0.67	-1.21	0.81	0.23	0.51	1.86	-0.40	-0.91	-1.50	-1.05	-0.90	-2.49	1.02	-2.14	1.35	-0.88	0.09	-1.04
Humility	-0.89	-1.07	-0.61	-0.51	-0.39	-1.07	-0.39	-0.33	-1.21	0.47	-0.44	-0.82	-0.81	0.60	0.42	0.67	-0.72	-0.57	-0.16	-1.32	-0.14	0.35	0.12	0.09	-0.04
Power Dominance	-2.23	-1.40	-0.28	-1.18	-0.72	-1.40	-0.72	-0.67	-0.88	-1.53	-1.44	-0.82	-0.81	-2.74	-0.91	-1.33	-0.39	-2.24	-3.49	-0.65	-0.47	-2.65	-1.88	-1.58	-2.04
Power Resources	-1.89	-2.07	-1.61	-1.18	-1.72	-2.07	-0.72	-2.33	-1.54	-0.86	-1.44	-1.16	-2.14	-0.74	-0.91	-2.00	-0.72	-1.24	-3.49	-1.65	-2.81	-2.32	0.12	-1.58	-0.04
Security Personal	0.77	0.93	0.72	-1.18	0.28	0.93	0.28	-0.33	0.12	-0.19	0.56	-0.16	-0.47	-0.07	0.42	0.00	-0.39	1.43	1.51	0.68	0.86	1.02	0.79	-0.25	-0.04
Security Social	1.77	-0.07	0.39	0.82	0.95	-0.07	-0.05	0.33	0.46	-0.53	0.89	0.51	-0.47	-0.74	-0.25	0.00	0.28	1.76	-0.82	-0.32	-0.14	1.02	0.46	-0.58	0.96
Self-direction Action	0.44	0.93	0.05	0.82	-0.39	0.93	0.61	0.33	-0.21	0.47	0.23	0.84	1.53	1.60	0.09	-0.33	1.61	1.43	0.18	1.35	0.86	1.02	-0.88	2.09	0.96
Self-direction Thought	2.11	1.60	-0.28	1.49	0.95	1.60	0.61	1.00	1.12	0.81	1.23	1.84	1.53	1.93	0.09	1.00	1.61	0.76	1.18	2.02	1.19	0.68	1.12	2.09	0.30
Stimulation	-0.56	0.26	-0.95	-0.84	-1.05	0.26	0.61	0.00	-0.21	1.14	0.23	0.18	-0.47	1.60	-0.58	-0.67	0.61	-0.57	-1.16	1.35	-2.14	0.35	-0.54	0.09	-0.04
Tradition	-1.89	0.60	-0.61	-0.18	0.95	0.60	-0.72	-0.33	0.46	-0.86	-1.11	-1.49	-2.14	-1.07	1.09	-1.33	-0.39	0.76	0.51	-1.32	-0.14	-0.32	-3.21	-0.91	-0.70
Universalism-Concern	1.44	-0.07	-0.28	0.49	0.95	-0.07	-0.05	1.00	-0.21	-0.19	0.23	0.51	1.19	-1.07	0.75	1.67	-0.05	-0.24	1.51	1.02	1.19	0.68	1.12	1.09	-0.70
Universalism-Nature	1.11	0.26	1.05	-0.18	-0.39	0.26	-0.05	0.33	0.12	-0.19	-1.11	0.18	1.86	-1.07	-1.25	1.33	-0.72	-1.74	1.18	-2.32	0.86	-0.98	0.46	0.09	0.96
Universalism-Tolerance	0.44	0.26	0.39	-0.18	-0.05	0.26	0.28	1.00	0.46	0.81	0.23	0.84	0.53	1.26	0.42	1.33	-0.39	-0.24	1.51	1.35	0.19	0.35	-0.54	1.09	0.30