BOARD MEMBER SUCCESS: THE DEVELOPMENT OF A COMPETENCY MODEL

by Welna Boshoff
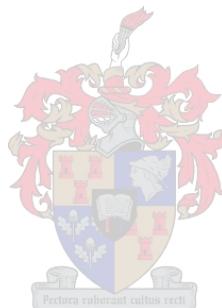
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Supervisor: Mr F Van der Bank
Co-supervisor: Prof DJ Malan

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DECLARATION

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ABSTRACT

A need exists to understand and explain effective board functioning in a holistic sense with regard to corporate governance. Research has shown that meeting the formal, *quantitative* board outcomes (i.e. compliance with explicit rules and regulations that regulate board and director conduct), falls short of achieving the real intent behind corporate governance. This calls for a focus on also the informal, *qualitative* outcomes (e.g. group processes and board culture). The fulfillment of these board outcomes, however, constitutes only one part of the board member success equation. It is also important to understand *how* they are achieved, in other words, the demonstration of the required competency behaviours by individual directors to achieve the outcomes. This study proposes a holistic conceptualisation of board member success that includes the fulfillment of formal *and* informal board outcomes through the display of underlying competency behaviours. To this end, the intention was first to reach a broader understanding of board outcomes to align it better to the spirit of good corporate governance. Secondly, and most importantly, the study was geared towards explicating the behaviours necessary to execute these outcomes successfully. Moreover, the study aimed to explore the relationships between the competencies and the outcomes in order to better understand how these two sides of the same coin interact in order to create board member success. The literature review guided the development of a preliminary competency model reflecting proposed board outcomes and competency behaviours, as well as possible relationships between them. This was followed by a qualitative research phase including critical incident interviews with 22 directors and the use of grounded theory as strategy of inquiry to code and analyse the data. The results confirmed the relevance of the outcomes and competency categories, as well as demonstrated the interplay between them, thus generating a plausible model that can be empirically tested in follow-up studies. The process also led to the identification of behavioural dimensions underlying the competency categories, thus providing rich insights into the specific actions associated with good corporate governance. Together, these findings provide a valuable source of information that can inform the selection and development of directors, capable of creating effective corporate governance in a comprehensive manner.

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OPSOMMING

'n Behoefte is geïdentifiseer om die effektiewe funksionering van rade met betrekking tot korporatiewe bestuur op 'n holistiese wyse te verstaan en te verklaar. Navorsing toon dat die voldoening aan die formele, *kwantitatiewe* raad-uitkomste (d.w.s. die nakoming van duidelike reëls en regulasies wat raad- en direkteurgedrag reguleer) tekort skiet met betrekking tot die bereiking van die werklike doel van korporatiewe bestuur. Dit vereis dat die fokus op ook die informele, *kwalitatiewe* uitkomste (bv. groep prosesse en raad-kultuur) val. Die vervulling van hierdie raad-uitkomste vorm egter slegs een deel van raadslidsukses. Dit is ook belangrik om te verstaan *hoe* hierdie uitkomste bereik word, met ander woorde, die demonstrasie van die vereiste bevoegdheidsgedrag van die individuele direkteure om die uitkomste te bereik. Hierdie studie stel 'n holistiese konseptualisering van raadslidsukses voor wat die vervulling van formele *en* informele raad-uitkomste insluit deur middel van die vertoning van die onderliggende bevoegdheidsgedrag. Met dit as uitgangspunt was die eerste voorneme om 'n breër begrip van raad-uitkomste te verkry en sodoende dit meer in lyn te bring met die gees van goeie korporatiewe bestuur. Tweedens, en die mees belangrikste doelwit, was om die studie te rig op die uiteensetting van die gedrag wat benodig word om hierdie uitkomste suksesvol uit te voer. Verder was die doel van die studie om die verwantskappe tussen die bevoegdhede en uitkomste te ondersoek om 'n beter begrip te ontwikkel van die manier waarop die twee kante van dieselfde munt met mekaar in interaksie tree om raadslidsukses te skep. Die literatuuroorsig het gelei tot die ontwikkeling van 'n voorlopige bevoegdheidsmodel wat die voorgestelde raad-uitkomste en bevoegdheidsgedrag, sowel as die moontlike verwantskappe tussen die twee, weerspieël. Dit is gevolg deur 'n kwalitatiewe navorsings-fase wat kritieke insident-onderhoude met 22 direkteure insluit, asook die gebruik van gegronde teorie as ondersoekstrategie om die data te kodeer en te analiseer. Die resultate het die toepaslikheid van die uitkomste en die bevoegdheidskategorieë bevestig, asook insigte opgelewer met betrekking tot die wisselwerking tussen die twee, en sodoende 'n geloofwaardige model tot gevolg gehad wat in verdere studies empiries getoets kan word. Die proses het ook gelei tot die identifisering van gedragsdimensies wat onderliggend is aan die bevoegdheidskategorieë, wat dus

ryk insigte lewer met betrekking tot die spesifieke aksies wat met goeie korporatiewe bestuur geassosieer word. Hierdie bevindinge bied 'n waardevolle bron van inligting wat kan bydra tot die selektering en ontwikkeling van direkteure wat in staat is om effektiewe korporatiewe bestuur in 'n omvattende wyse te vestig.

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CHAPTER 1

INTRODUCTION, OBJECTIVES AND OVERVIEW

1.1 Introduction

The true nature of board member success remains somewhat of a mystery to those who seek to understand the intricate elements underlying it. Prior attempts to explain board effectiveness focused mostly on formal, quantitative aspects of boards, for example board structure and composition. The results of these studies, however, suggest that relying on these formal aspects is insufficient for good corporate governance. This has led to a call for a more holistic focus on boards and [1]directors that include aspects such as contexts, behaviours and processes (Bart & Fuller, 2013; Crauford, 2007; Epstein & Roy, 2004; Gabrielsson & Huse, 2004; Hertz & Imber, 1995; Huse, 2005; Kocks, 2011; Lawler, Benson, Finegold & Conger, 2002; Leblanc, 2005; Leblanc & Gillies, 2005; Leblanc & Schwartz, 2007; Letendre, 2004; Levrau & Van den Berghe, 2007; Macus, 2008; Maharaj, 2009a, 2009b; McNulty, Zattoni & Douglas, 2013; Nicholson & Kiel, 2004; Petrovic, 2008; Van Ees, Gabrielsson & Huse, 2009; Wan & Ong, 2005). However, despite this realisation, the establishment of good corporate governance and effective boards remains both elusive and challenging, thereby creating a need to better understand the actual characteristics of an effective board (Leblanc & Gilles, 2005; McNulty *et al.*, 2013).

As board members are seen as the main custodians of corporate governance (IoDSA, 2009a), it is necessary to understand good corporate governance and more importantly to establish how a board and its directors contribute to it individually and as a group. When attempting to define corporate governance, the lack of a generally accepted definition is evident in literature studies. This is also reflected by the differences in governance systems of various countries and may cause uncertainty when trying to understand board functioning, board roles and director behaviour (Botha, 2009; Petrovic, 2008). Some explanations of corporate governance in the literature research include the following priorities with regard to directors: fulfilling legal duties and

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[1] In this paper, the terms "director" and "board member" will be used interchangeably to refer to a member of a board elected to oversee the activities of an organisation and its stakeholders.

overseeing the board's conduct by monitoring compliance with formal regulatory prescriptions; building and maintaining good relationships with internal and external stakeholders by balancing power and interests of stakeholders with that of the organisation; and governing the organisation in terms of its current performance and sustainable value creation for the future (Botha, 2009; Crauford, 2007; Huse, 2007; IoDSA, 2009a, 2009b; KPMG, 2012; Levrau & Van den Berghe, 2007; Veldsman, 2012a).

Moreover, when we look at how corporate governance is exercised in the South African context, the King Code and Report on Corporate Governance for South Africa (King III) issued by The Institute of Directors in Southern Africa (IoDSA), together with the Companies Act, No. 71 (2008) and the Public Finance Management Act 1999 (PFMA), set the standards for organisations. These entities advocate the importance of issues such as, the ethical conduct and liability of directors, corporate social responsibility of the organisation, as well as structural and functional elements with regard to boards. In addition, sustainable value creation is emphasised in South African corporate governance regulations as an important priority. Stakeholder importance is therefore also a top concern and is reflected by the stakeholder-inclusive approach advocated by South African governance bodies. This means that the financial, social and environmental contexts, with all its stakeholders, have to be considered in business decisions to ensure mutual benefits for both stakeholder groups and the organisation (King, 2012). To enhance corporate governance effectiveness further, the Companies Act requires South African companies to have audit, social and ethics committees. These committees provide independent checks and balances with regard to corporate governance areas and assist directors by monitoring company activities against required standards (KPMG, 2012).

It is evident that these formal regulations are of critical importance as they provide a formalised framework which has positive outcomes for both the organisation and its stakeholders, but it is also essential to ensure that the board and its directors execute this governance in the best manner possible (KPMG, 2012). This includes the mindful application of governance principles and practices by boards and directors that exceed mere compliance to legal prescriptions (IoDSA, 2009a; King, 2012). Therefore the aspects underlying the apparent rules and regulations of corporate governance should

also be investigated in order to gain a complete understanding of the process. To this end, it is useful to see the board as a social system, where the importance of social psychological processes is accentuated (Petrovic, 2008). More specifically, the study of behaviours underlying important board outcomes may provide answers to the true essence of what causes certain board members to be more effective than others in the creation of good corporate governance. Correspondingly, literature studies have shown a relationship between competency behaviours and board effectiveness, where it is suggested that the display of appropriate behaviours has a positive effect on organisational prosperity, by assisting directors to fulfill board roles and responsibilities effectively (Coulson-Thomas, 2009; Leblanc, 2005; Letendre, 2004; Orlikoff & Totten, 2009).

In order to better understand the role of behavioural competencies for the achievement of board outcomes, a broader conceptualisation of [2]board member success is required. At one level, board member success refers to the extent that the group delivers certain outcomes in terms of quantitative and qualitative dimensions of board effectiveness. The former representing the formal governance elements (e.g. laws and regulations) and the latter, the informal governance elements (e.g. board dynamics, relationships, leadership etc.). As mentioned, authorities have been predominantly concerned with the formal, quantitative elements in the past, with the informal governance elements being largely ignored. This is gradually changing; authorities are starting to see that successful corporate governance requires a focus on the content *and* process of governance, in other words, the prescribed guidelines, as well as the human aspects underlying it (Veldsman, 2012a). Yet, this part of the success equation does not specify how these outcomes (whether they are quantitative or qualitative) can be achieved, thus also shifting the focus to the underlying competency behaviours (i.e. a further level) required to fulfill these outcomes in the first place.

The preceding paragraph has proposed a multidimensional (quantitative and qualitative outcomes) and multilevel (behavioural competencies and board outcomes) conceptualisation of board member success. However, board member success can only properly be understood within the broader context of corporate governance and

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[2] In this paper, the terms "board member success" and "competency model" will be used interchangeably to refer to the multidimensional and multilevel relationship between board outcomes and director competencies.

corporate performance (Leblanc & Gillies, 2005; Leblanc & Schwartz, 2007). In this study it is suggested that corporate governance refers to an overarching process that includes the functioning of the board itself (referring to the quantitative and qualitative outcomes discussed earlier), as well as broader organisational performance outcomes associated with successful execution of corporate governance. In fact, corporate performance outcomes, for example, sustainability and corporate social responsibility are also the goals that are pursued by corporate governance. Therefore, this study takes the stance that corporate governance outcomes and general corporate performance outcomes do not need to be mutually exclusive. See Figure 1.1 for an illustration of the board member success equation within the context of corporate governance and organisational performance.
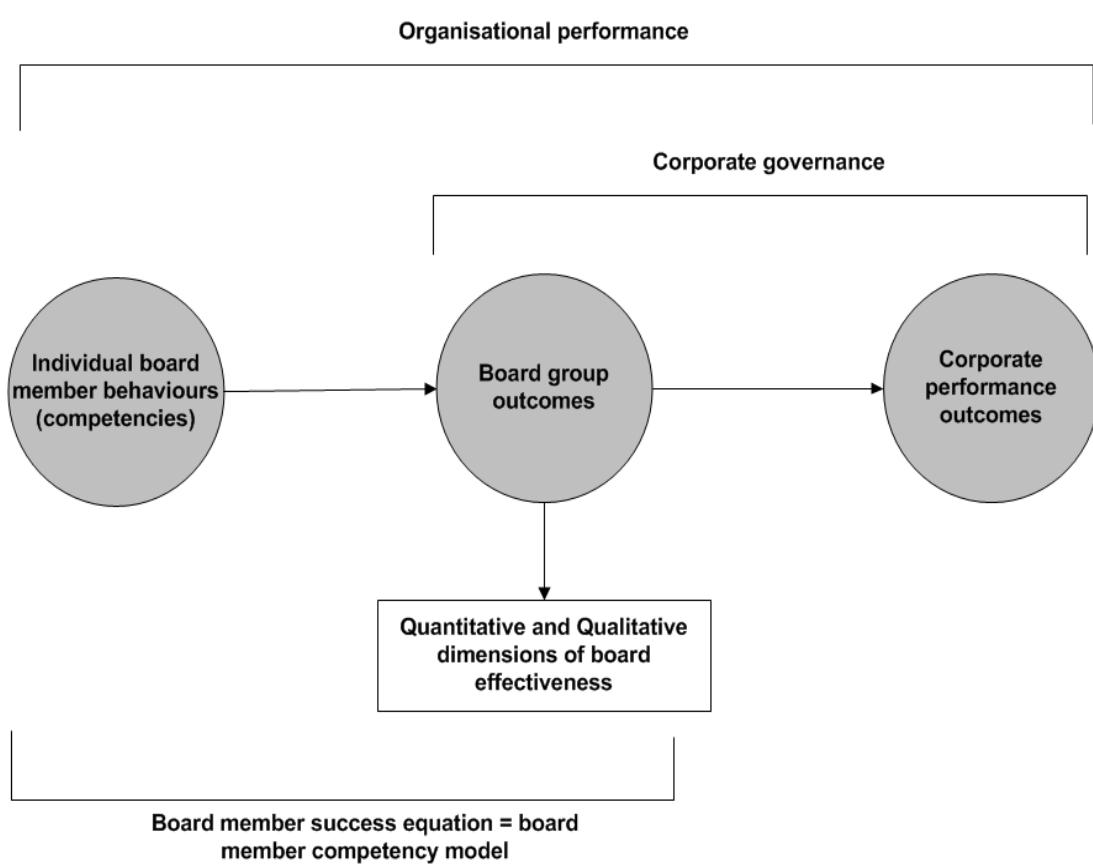
Figure 1.1 The board member success equation within the context of corporate governance and organisational performance

To summarise, the level of competence displayed by directors with respect to competencies influences the extent to which the board functions effectively as a group (i.e. reaches certain quantitative and qualitative outcomes), which in turns drives corporate performance, as seen from a corporate social responsibility and sustainability point of view.

Therefore, establishing behaviours that are associated with specific aspects of effective board functioning will inform the process of acquiring and developing the desired competencies required for creating business value for the organisation, in terms of good corporate governance. On a practical level this would constitute better selection of directors. A more holistic understanding of the board outcomes (i.e. including the qualitative outcomes), and the competency behaviours required to achieve these outcomes will provide a more useful set of criteria for selection, as opposed to the traditional avenues followed when selecting directors, for example, representativeness, external profiles, or relationships to existing board members (Leblanc & Gillies, 2005). The key question thus becomes: *what are the behaviours making certain directors more successful than others in the creation of good corporate governance?*

Even though the importance of understanding board member success in terms of director behaviours are starting to be acknowledged, the competency behaviours necessary to be an effective director or board remains an under-researched area (Leblanc & Gillies, 2005). One reason for this could be the inaccessibility of board members. Another reason could be the complexity of the board role (Conger & Lawler, 2003; Dulewicz & Higgs, 2003; McNulty *et al*., 2013). This study therefore set out to firstly create conceptual clarity by contextualising director competencies as a subcomponent of the wider concept of board member success, with the latter comprising of both the quantitative and qualitative board outcomes. Secondly, and more specifically, the study aimed to identify the core competencies required for board members to be successful in terms of the board outcomes. It is acknowledged though that not all the competencies need to be present in all board members to achieve positive results, provided that, as a group, the directors are able to demonstrate competence on all the competencies (Conger & Lawler, 2001; Coulson-Thomas, 2009; Hollenbeck & McCall, 2003; Leblanc & Gillies, 2005; McNulty *et al*., 2013; Tricker, 2009; Tricker & Lee, 1997). The field of industrial psychology allows for this to be further

investigated, as it incorporates the scientific study and understanding of human behaviour, thus ultimately influencing it.

To achieve the study aim of developing a board member competency model reflecting competency behaviours and dimensions of board effectiveness, a preliminary board member competency model was firstly developed through an extensive literature review. This tentative model illustrated the proposed relationships between the board outcomes themselves, as well as the linkages between the outcomes and underlying competency behaviours. This was followed by a qualitative research approached which allowed for a deeper engagement with the directors, gaining detailed information on the dimensions of board effectiveness, and more importantly, the competency behaviours related to them. This process also made it possible to investigate the saliency of the competency-outcome relationships proposed in the preliminary board member competency model. The critical incident method was employed during interviews to elicit behavioural incidents related to board outcomes, while grounded theory was utilised as strategy of inquiry to code and analyse the data.

This study's main objective was exploring and identifying dimensions of board effectiveness and competency behaviours that may constitute board member success by:

- undertaking a literature review on the subject and developing a preliminary board member competency model reflecting proposed relationships between the board outcomes and competency behaviours;
- utilising the critical incident technique to explore directors' views and perceptions with regard to dimensions of board effectiveness, as well as the required competency behaviours;
- integrating the findings from the literature and qualitative procedure in order to derive a board member competency model that can inform more focused quantitative research in this area.

1.2 Overview of the Study

Chapter 2 provides a literature review of good corporate governance in terms of corporate performance outcomes, the role and duties of the board and its directors, as

well as competencies, competency models and director competencies in general. This provides a framework to guide the introduction and development of the preliminary board member competency model. This model is comprised of quantitative and qualitative dimensions of board effectiveness, the suggested relationships between these dimensions, as well as corresponding competency behaviours and their proposed impact on the dimensions. In Chapter 3 the research design and methodology is discussed that is used to collect and analyse the data on board member success. This includes an overview and justification of the research approach and paradigm, as well as the specific research methods that were used. Chapter 4 presents and discusses the results and findings based on the data analysis, whilst in Chapter 5 the practical implications, recommendations and limitations with regard to the study are considered.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Chapter 1 argued the importance of understanding board member success in terms of formal and informal board outcomes and competency behavious. This understanding is necessary to maximise good corporate governance in a holistic sense that ultimately influences organisational prosperity. The study aim was also explained, namely to develop a board member competency model, reflecting competency behaviours and how they relate to both the quantitative and qualitative dimensions of board effectiveness. In this chapter the goal is to gain a better understanding of board member success through the discussion and closer examination of certain key concepts. Firstly, corporate performance outcomes operationalised by good corporate governance will be described. This will be followed by a discussion of competencies, the practice of competency modelling and director competencies in general; and then specifically, the literature informed board outcomes and director competencies. Finally, a preliminary board member competency model will be presented, reflecting these literature-derived board outcomes and competency behaviours, as well as possible relationships between the competencies and the set of interrelated outcomes (quantitative and qualitative) that collectively results in good corporate governance.

2.2 Corporate Performance Outcomes operationalised by Good Corporate Governance

As mentioned in Chapter 1 it is important to understand corporate governance in the broader context of corporate performance, as both share some of the same goals. Good corporate governance can be viewed as an important process operationalised by boards and directors to fulfill key corporate performance outcomes. Boards therefore contribute to these outcomes by exercising good corporate governance and reaching board outcomes as a group, through the competency behaviours of their individual members. It is possible that these measures of organisational accomplishment might differ from organisation to organisation, but the outcomes listed below are the ones identified by the researcher as being most relevant with regard to the South African governance context.

2.2.1 Sustainability

The ability of organisations to endure and thrive in environments that have become increasingly unpredictable has become an important determinant of organisational prosperity. Ethical and responsible practices with regard to the economic, environmental and societal contexts that surround the organisation should be understood and considered when determining the strategic direction of the organisation (KPMG, 2012). This also results in the creation of long term success for both the organisation and its stakeholders.

2.2.2 Ethical culture

This refers to the moral and ethical standards of the organisation, as well as the company's position as an ethical leader in society. It serves as an example to employees and stakeholders with regard to acceptable behaviours and proper business practices, and also influences the organisational image and perception outsiders hold thereof. The existence of sound values in an organisation may be able to influence individuals' behaviour with regard to deterring fraudulent practices that may harm organisational viability (Maharaj, 2009b).

2.2.3 Corporate social responsibility

This goal is realised through the organisation's accountability for its actions by considering the impact of decisions on the environment and stakeholders. It includes the availability of regular integrated reports on business continuity and sustainability made available to stakeholders, as well as meeting responsible investment criteria (KPMG, 2012). This means evaluating the organisation's value, in terms of sustaining the environment that allows it to prosper, in addition to short term financial gains (The Code of Responsible Investing in South Africa, 2011, p.1).

2.2.4 Profitability

This represents the ability of the organisation to generate financial gains that influence its success and longevity as a thriving sustainable entity. Indications of a profitable organisation could include its return on investment, share prices and financial performance. This corporate performance outcome can be viewed as the main goal of the organisation and also influences public perception of its prosperity.

2.2.5 Organisational strategy

This includes the direction which the organisation is following with regard to its vision, mission and purpose. A strategy that reflects a competitive edge may enhance shareholder value, while a proper strategic risk management system, with due regard for legitimate stakeholder interests, will allow the organisation to adapt better to changes and uncertainties within the environment (IoDSA, 2009a). Organisational strategies should reflect the intention to create sustainable value for both the organisation and its stakeholders.

2.2.6 Leadership

This outcome includes the view of the predominant leadership style in the organisation, which influences the way in which goals are reached by its members; and can also be a determinant of the organisational culture (Veldsman, 2012b). It involves the ability of the organisation to be an ethical leader in the industry or society it operates in, which may also influence stakeholder perceptions of the organisation, as well their willingness to invest in or do business with it.

2.2.7 Statutory compliance

This outcome includes adherence of the company to legal governance elements in terms of adequate information availability, regular checks and awareness of legislative changes that affects the organisation (IoDSA, 2009a). Compliance also forms an essential part of the risk management process and provides assurance that the company does in fact adhere to all applicable legislations that protect organisational and stakeholder interests, where non-compliance may result in the facing of enforcement costs and reputational damage to the organisation (KPMG, 2012).

2.3 Role and Duties of the Board and its Directors

It is important to reflect on the role and duties of directors and boards, as these could assist with the understanding of the board outcomes and behaviours necessary for the creation of good corporate governance. Some examples of these roles and duties include:

-   "being responsible for the overall wellbeing of the organisation and the legal authority and responsibility to supervise management….the vehicle through

which strategic oversight capabilities of corporations should be guided" (Maharaj, 2009a, p.108);

- "problem solving institutions that reduce complexity, create accountability and facilitate cooperation and coordination between stakeholders" (Van Ees *et al.*, 2009, p.308);

- "ensuring that the business remains a going concern and that it thrives in a sustainable manner" (KPMG, 2012, p.48).

Tricker (2009) describes the role of the board in terms of *performance* (strategy formulation and policy making) and *conformance* (monitoring and supervising of management, as well as accountability to stakeholders and governing entities); while the King Code and Report on Corporate Governance for South Africa (IoDSA, 2009a, 2009b) advocates that board members fulfill their roles with due regard for ethics, integrity, compliance, responsible corporate citizenship, governance of stakeholder relationships; and the management of auditing, information technology and risks. In addition, a model proposed by Pye (2004) describes directing in terms of *governing* (conformance and control), *strategising* (performance and service) and *leading* (enacting roles individually or collectively).

Furthermore The King Report on Corporate Governance for South Africa (IoDSA, 2009b, p.90) and King (2012) mention the importance of directorial duties with regard to the board role. These include:

- the *fiduciary duty of good faith* when carrying out activities on behalf of the shareholders, while remaining cognisant of the company's best interests and purpose;
- the *common law duties of care and skill* when making business decisions and dealing with risks and stakeholder groups; and
- *diligence* when formulating strategies, integrated reports and sustainability reports.

Directors should exercise these duties beyond reasonable doubt, as failing to do so could make them liable in terms of a criminal offense, breach of contract, or breach of trust against the company (KPMG, 2012). As can be concluded from these descriptions,

it is evident that boards and directors have an integral part to play with regard to effective organisational functioning, through the guidance of the organisation towards social responsibility and the creation of sustainable value for both it and its stakeholders.

Various schools of thought exist on the role of governing boards (Hung, 1998). It is valuable to reflect on each of these theories as they add value in terms of capturing a certain unique aspect of the board role, thereby giving context to the studying of directors. These theoretical perspectives include (Lynall, Golden & Hillman, 2003; Stiles & Taylor, 2001):

- *Agency theory*, where the relationship between the principals (shareholders) and agents (executives) is studied in terms of risk and goal congruence, as well as executive opportunism. Healthy opportunism would constitute executives recognising and utilising opportunities that are advantageous to organisational and stakeholder interests, in addition to their own; while opportunism based on pure self-interest could lead to possible loss of moral perspective, thus influencing organisational prosperity negatively;
- *Resource dependency theory*, which highlights the influence and attainment of external resources with regard to the organisation;
- *Stewardship theory*, emphasising the guardianship of company assets by its directors;
- *Institutional theory,* focusing on formal structures, including roles and norms in and around the organisation;
- *Social network theory,* where the formation of social networks influence board formation, composition and company economics; and
- *Managerial-and-class-hegemony theory*, where board roles are dominated by management in the former and an elite group in the latter.

Furthermore Hung (1998) mentions the following board roles corresponding to the theories mentioned above:

- Control role (agency theory): this explains the control that the principles exercise through the management and guarding of the owners' assets and also includes their diversity or interests.

- Linking role (resource dependency theory): this describes the link established between organisations to regulate their interdependence and gain access to valuable resources.
- Strategic role (stewardship theory): this role assumes that the relationship between principals and shareholders is not characterised by non-alignment of interests, thus allowing the board to mainly develop the strategies.
- Maintenance role (institutional theory): this involves studying and understanding the external environment of the organisation to relieve institutional pressure in terms of social rules and norms.
- Coordinating role (stakeholder or social network theory): this consists of balancing the conflicting interests of stakeholders with that of the organisation and liaising with them to reach mutual satisfactorily goals.
- Support role (managerial theory): – this role emphasises management's involvement in strategic decision-making and view the board mostly as a "rubber stamp" to approve strategic efforts.

The significance of the theoretical perspectives mentioned above is therefore its ability to describe and explain a certain part of the board role; however these roles do not individually represent corporate governance in its totality (Hung, 1998). This calls for a more comprehensive view on board roles to capture the boards' contribution more accurately (Leblanc & Gillies, 2005; Levrau & Van den Berghe, 2007; Murphy & McIntyre, 2007; Nicholson & Newton, 2010; Ong & Wan, 2008; Petrovic, 2008; Serretta, Bendixen & Sutherland, 2009).

2.4 Competencies

This section will give a general overview of competencies and the practice of competency modelling, as well as director competencies indicated as significant by literature studies. The goal is to gain a conceptual understanding of these concepts that will facilitate the development of a preliminary, literature-derived board member success competency model.

2.4.1 Competencies defined

Bailey, Bartram and Kurz (2001, p.4) defines competencies as "*sets of behaviours* that are instrumental in the delivery of desired results" while Parry (1996, p.50) describes it

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as "a cluster of *related knowledge, skills and attitudes* (KSAs) that affects a major part of one's job (a role or responsibility), that correlates with performance on the job…" These definitions highlight two different perspectives/approaches with regard to competencies: the behavioural versus the KSA perspective. The behavioural approach focuses on what an employee must *do* in order to meet a certain objective, whereas the KSA approach views competencies as an *input* of human behaviour, in other words, the competency (e.g. knowledge, skills and ability) that needs to be present in order for the behaviour to be displayed, assisting in reaching the intended target/performance output (Le Deist & Winterton, 2005).

Both approaches highlight the relation to job outcomes. However, behaviour is a more proximal antecedent of job outcomes than KSAs. In fact, it is the medium through which the KSAs operate to influence job outcomes. Since competencies are by definition derived from job outcomes/objectives, it seems logical to start the process by exploring the behaviours that are instrumental to job outcomes, as opposed to the more distal, deeper level constructs such as dispositions and attainments underlying the behaviours (i.e. KSAs). However, as suggested the two approaches are not mutually exclusive. In order to acquire or modify behaviour, it also helps to understand the KSAs (i.e. dispositions and attainments) that drive/determine the behaviour. In fact, KSAs are often referred to as competency *potential* variables, since they represent the elements (individual dispositions and attainments) that ultimately *enable* people to display certain behaviours (Bailey *et al*., 2001).

Due to the explorative nature of the research, this study will take a behavioural approach to competencies, and focus specifically on the behaviours associated with effective board functioning. It was decided to omit competency potential variables (individual dispositions and attainments) from the current study, as it is beyond the scope of the intended research. Whereas competencies refer to specific behaviours (and/or KSAs depending on the how it is defined), competency *models* offers a broader conceptualisation of competencies. The next section will briefly discuss competency models, as well as the process of developing them, i.e. competency modeling.

2.4.2 Competency models

Similarly to the term competency, different notions exist when it comes to competency models. The most common feature, however, is probably the explicit relation to job outcomes/objectives. Competency models are usually linked to business objectives or strategies and involve the identification and detailed description of a competency set for a job type. This includes behaviours, tasks and KSAOs (knowledge, skills, abilities and other characteristics), deemed most important in reaching job and organisational goals (Bartram, 2004; Campion *et al.*, 2011; Mansfield, 1996). Competency models organise and depict competencies in terms of lists, pictures or schematics, thereby facilitating conceptual understanding and also explaining possible causal linkages to other variables (Campion *et al.*, 2011).

There are various benefits attached to the implementation of competency models and organisations aware of it may be receptive towards its development and implementation. These benefits include: an enhancement in productivity, performance management, succession planning, retention and leadership development; promoting the display of desired behaviours; shaping organisational culture; clarifying job and work expectations; and facilitating adaptation to change (Kanaga, 2007; Lucia & Lepsinger, 1999).

While traditional job analysis is inductive, starting with job tasks *and* KSAOs to determine the job requirement, the development of competency models are deductive, starting with job outcomes and working back to tasks, KSAOs and behaviours (Campion *et al.*, 2011).

Mansfield (1996) mentions three approaches to competency modelling, namely:

- the *single job competency model,* that includes the selection and development of competencies for a job critical to the organisation's success;
- the *one-size-fits-all model,* providing a unifying framework of competencies for a family of jobs related to each other; and finally
- the *multiple-job approach model,* where a common conceptual framework of building block competencies offers customisation for individual jobs, facilitating comparison of models and employee profiles with each other.

Additionally, Lucia and Lepsinger (1999) mention various methods for developing competency models, for example:

- the *job competency assessment method,* utilising interviews and observation to distinguish between outstanding and average performers' competencies;
- the *modified job competence assessment method*, where critical incidents are written by interviewees to determine different behaviours;
- the *generic model overlay method*, utilising a generic competency model for a role;
- the *customised generic model method*, where preliminary competencies are used to aid in the selection of a generic model;
- the *flexible job competency model method*, identifying competencies needed in various situations;
- the *systems method*, taking current successful behaviours, as well as required future behaviours into consideration; and
- the *accelerated competency systems method*, emphasising organisational production output.

Another important aspect in the development of competency models which is often overlooked, is the validation thereof (Stone, Webster & Schoonover, 2013). Part of the reason may be that the face validity of competency model is usually high, which may create the impression that further validation is an unnecessary hassle. The fact of the matter is that, although appealing to management, competency models are often too simplistic when visually presented (Kanaga, 2007). Kanaga argues that when validating competency models, emphasis should be placed on investigating the underlying behaviours and processes utilised to identify it, as opposed to merely looking at competency labels. Lucia & Lepsinger (1999) goes further in proposing that the validation process should consider the actual correlations between the competencies and the job outcomes which it influences.

2.4.3 Universal competency types

Depending on the purpose or need that exists for identifying competencies, generic competency types may be used as basis for competency development, and could

include one or more of the following categories of competencies, reflected in terms of organisational, job and individual levels (Bartram, 2005; Le Deist & Winterton, 2005):

Organisational level

C*ore competencies* relate to organisational functioning with regard to values, roles and purpose fulfillment. It explains what makes the business unique and creates its competitive advantage. It is the way in which the human resources of the organisation harness their own competencies to effectively utilise organisational resources in goal attainment. Examples include innovation, excellent customer relationships and strong teamwork.

Job level

Functional competencies relate to the level of competency a person acquires in terms of reaching expected job outcomes, through the demonstration of appropriate behaviours related to efficiency and specialisation in a particular job area. Examples could include the exercise of psycho-motor skills or expert knowledge application.

Individual level

Individual competencies fulfill an important role through all career stages of individuals by determining behavioural displays that could assist or hinder the achievement of job and organisational outcomes. *Cognitive competencies, meta-competencies, ethical competencies* and *social competencies* form part of *individual competencies*.

- *Cognitive competencies* promote behaviour through the establishment of experiential or learned knowledge, as well as the understanding of theoretical and conceptual aspects, by using abstraction. Examples include the utilisation of problem-solving, decision-making, perception and memory. Cognitive competencies also include *meta-competencies*, where the ability of coping with uncertainty, learning and reflection usually elicits behaviours supporting a holistic view.
- *Ethical competencies* involve the exhibition of personal and professional values that individuals have, influencing their decision-making and judgements either in a positive or negative way. Examples include behaviours underpinned by honesty, integrity and loyalty.

- *Social competencies* describe social behaviours in terms of an individual's attitude and action responses in various social interactions and situations. Examples could include forming meaningful networks with peers, as well as the exercising of emotional intelligence by being aware of your own behaviour, as well as those of others.

The goal of this study was to determine director behaviours necessary for effective board functioning that ultimately results in effective corporate governance, which leads to organisational prosperity. When developing a competency model for directors, it would be wise to ignore existing, scholarly work on competencies. Especially, leadership competency models can act as "an overarching framework to build leadership capabilities and organisational effectiveness" (Kanaga, 2007, p.8). To this end, it was decided to conduct a comprehensive literature review of directors/leaders prior to engaging in the qualitative research process. The following sections represent an integration and synthesis of literature research on director outcomes and behaviours. As already mentioned, competency modeling emphasises the relationships between competencies and outcomes. Subsequently, this study will also consider possible relationships between director competencies and outcomes – culminating into a preliminary director competency model. Through the application of the qualitative research approach, the saliency of the relationships between the outcomes and competency behaviours will be further investigated. This will ultimately lead to the development of the final board member competency model.

2.4.4 Director competencies

The behavioural competencies that directors display with regard to group-level board outcomes enable the board to fulfil corporate governance goals important for organisational prosperity. Although the importance of director competencies are acknowledged in literature studies, uncertainty still exists with respect to which competencies are more important than others with regard to director and board effectiveness (Leblanc & Gillies, 2005). Conger and Lawler (2003) state that board members should contribute expertise that is critical to organisational performance and personal attributes that give them power. In addition, Leblanc and Gillies (2005) advocate a mix of director competency behaviours, taken into account the given industry and strategic environment of the organisation, where these will ultimately influence

board decision-making and corporate performance. Furthermore, KPMG (2012, p.49) refers to competencies which the National Association of Corporate Directors (NACD) in the United States emphasises as important for directors. These competencies include: accounting and finance, business judgement, management, crisis response, industry knowledge, business experience with regard to international markets, empowering leadership, and strategic vision or insight. Also, SHL (1994) mentions that directors have the highest level of job complexity (level five), in terms of an increase in time horizons, knowledge, and skills related to the job. According to SHL, directors apply a significant range of fundamental principles and complex techniques across a wide and often unpredictable variety of contexts; exercise substantial personal autonomy; and has significant responsibility for the work of others; the allocation of important resources; and accountability for analysis, diagnosis, strategic design, planning, execution and evaluation of plans. With respect to the South African governance landscape, it is recommended that the board is an effective team; diversified in terms of age, race and gender, and consisting of directors who possess the relevant skills, experiences and competencies (KMPG, 2012).

In addition, various authors emphasise the importance of interpersonal skills, especially with regard to emotional intelligence, as director competencies (Brundin & Nordqvist, 2008; Bunker & Wakefield, 2004; Caudron, 1999; Dulewicz & Higgs, 2003; Whitely, 2005). Emotional intelligence competencies which are considered highly relevant for directors include: integrity (when fulfilling legal and ethical responsibilities); listening skills; the ability to motivate, influence and persuade others (especially with regard to the chairman and chief executive officer role); achievement motivation; resilience; decisiveness; determination; sensitivity; and energy (Dulewicz & Higgs). Corroborating the importance of emotional intelligence as a director competency, Norton (2003) states that research in South Africa and abroad supports a link between high levels of emotional intelligence competencies and outstanding leadership behaviour. However, despite the arguments in favour of a humanistic orientation with regard to directorial competencies, few boards have ventured down the path of developing these in terms of individual director behaviours (Orlikoff & Totten, 2009).

2.5 Development of a Board Member Competency Model

Board outcomes, in terms of quantitative and qualitative dimensions of board effectiveness, as well as their underlying competency behaviours will be discussed in the next section.

2.5.1 Dimensions of board effectiveness

Dimensions of board effectiveness represent the group-level outcomes that boards need to fulfill in order to be effective in ensuring good corporate governance and to create value for the organisation. Quantitative dimensions include the formal aspects with regard to the board, for example adherence to board rules and regulations, implementation and monitoring of corporate governance policies, as well as the management of committees. In turn, the qualitative dimensions cover the more informal aspects, for example group processes, stakeholder relationships, strategic and ethical leadership guidance, and board culture and climate.

2.5.1.1 Quantitative dimensions of board effectiveness

This dimension consists of the explicit rules, regulations and recommendations established by governing bodies, to regulate board and director conduct, holding them legally accountable, as well as assisting them to practice good, ethical corporate governance in terms of organisational and stakeholder interests.

2.5.1.1.1 Adherence to board rules and regulations

This describes the statutory requirements with regard to structural and procedural aspects of board functioning that may influence the board's performance with regard to the implementation of good corporate governance. The boardroom team and also directors as individuals are responsible for adherence to these legal formalities. This may enable them to function effectively and create value for the organisation within its various contexts. Some of these guidelines include (IoDSA, 2009a):

- availability of a board charter (e.g. roles, processes, director conduct, selection, succession planning, and composition of the board);
- awareness of the board's materiality and power;

- the provision of opportunities that will allow directors to obtain independent professional advice at the company's expense and interview members of management; as well as
- the provision for insurance against claims that may arise while directors fulfill their duties in good faith.

2.5.1.1.2 Implementation and monitoring of corporate governance policies

The board is responsible for the monitoring of risk, information technology (IT); and compliance with regard to corporate governance policies (KPMG, 2012). In order to address these, it is important that boards implement relevant controls which could include the establishment of risk and audit committees, as well as developing, monitoring and reporting in terms of risk management policies and plans (Denison & Fisher, 2005). Some of the board's responsibilities with regard to the implementation and monitoring of corporate governance polices include (KPMG, 2102):

- utilising power of authority to manage company compliance with regard to laws, regulations, rules, conducts and standards;
- cognisance of new or changing laws and its effects on the organisation and its members;
- delegation to management in terms of approved compliance implementation (e.g. code of conduct and structures);
- consideration of the risk of non-compliance and disclosing details thereof.

2.5.1.1.3 Management of committees

The Companies Act, No.71 (2008) requires South African companies to have audit, social and ethics committees, with specific requirements in terms of composition and duties. The board can also decide to create additional committees, consisting of a small number of its own directors to delegate responsibilities to. These committees can include remuneration committees, nominations committees, risk committees and committees required for a specific or specialised purpose (IoDSA, 2009a). Committees are established to facilitate the board role with regard to dealing with complex issues and monitoring of company activities (KPMG, 2012). The establishment of these committees therefore encourages directors to delegate some of their responsibilities or issues that need to be resolved to these groups available to support them. The board

should be aware of various aspects with regard to committees (e.g. membership, responsibilities, reporting procedures, scope of authority etc.); publish an integrated report on them and conduct regular evaluations to determine their performance and effectiveness.

2.5.1.2 Qualitative dimensions of board effectiveness

This dimension relates to the unofficial manner in which board members engage with each other, management and stakeholders, creating perceptions of the board in terms of its ability to thrive as a group, as well as to lead the organisation and its stakeholders to prosperity through the fulfillment of their diverse needs.

2.5.1.2.1 Group processes

"Boards of directors are small groups, and as such they are subject to the same social and psychological influences as small groups generally" (Petrovic, 2008, p. 1377). Literature studies suggest that group dynamics in the boardroom could influence board effectiveness (Higgs & Dulewicz, 1998). These group dynamics can be described as: "how board directors engage and work with each other in shaping the future of the organisation" (Petrovic, 2008, p.1377) and as "the quality of interactions among participants important in decision-making and board efficacy" (Letendre, 2004, p. 101). An interaction pattern established over time is also important for board effectiveness and includes "the set ways in which the board handles work processes such as information-gathering/sharing, problem-solving, decision-making, and conflict resolution", where the end result of healthy boardroom dynamics is trust between the board members (Veldsman, 2012b, p.70). Furthermore the board contributes to corporate performance through the quality of decisions that they make, where collective, wise decisions will result in organisational prosperity (Leblanc & Gillies, 2005; Leblanc & Schwartz, 2007). Further elements with regard to board dynamics to take cognisance of include:

- *cohesiveness*, described as "affective dimensions of members' inclusion on the board and reflects the ability of the board to continue working together" (Forbes & Milliken, 1999, p. 493). It is important to note that instances of too high cohesiveness could decrease board task performance (Levrau & Van den Berghe, 2007);

- *effort norms* in terms of *meeting intensity* (the result of the number of board meetings in a year and the productive time per meeting, as well as the *general effort* of board members in terms of taking responsibility by being willing and aware to contribute to board performance (Wan & Ong, 2005); and

- *conflicts* between board members, namely *cognitive conflict* (differing opinions on how tasks should be done), *affective conflict* (personality clashes of directors) and *procedural conflict*, with regard to how things should be done (Wan & Ong).

2.5.1.2.2 Stakeholder relationships

Board members are responsible for stakeholder management and can oversee reputational risk by being aware of the influence in terms of stakeholders' perceptions of the organisation. Each group of stakeholders has a unique set of needs that have to be considered, whether monetary or other needs deemed important by them. By adopting a stakeholder inclusive approach to governance, sustainable value can be created for the organisation and its stakeholders in terms of economic, social and environmental contexts (King, 2012). This also allows for the balance of stakeholders' legitimate expectations in the best interests of the organisation (KPMG, 2012). Other issues to consider in developing positive relationships and trust with stakeholders include (KPMG):

- monitoring and supervising of management and stakeholder relations;
- involvement of stakeholders in the business of the organisation to ensure constructive engagement;
- ensuring that communication with stakeholders are clear, relevant, timely, honest and accessible;
- publishing stakeholder policies; and
- disclosing all issues with regard to them in an integrated sustainability report.

2.5.1.2.3 Strategic and ethical leadership guidance

The board is ultimately accountable for the formulation of a sound, sustainable business strategy, as well as its successful implementation, and should be actively involved in the process of strategy development and execution, by also providing leadership guidance to management on successful implementation thereof (KPMG, 2012). Further elements to consider with regard to effective strategic leadership guidance include (KPMG):

- implementing a proper strategic planning process;
- the setting of strategy parameters by balancing short and long term strategies with regard to sustainability;
- ensuring strategic alignment with company purpose, culture and interests of stakeholders;
- considering risks and rewards associated with specific strategies;
- approving viable strategies and abandoning unsuccessful strategies.

With regard to ethical leadership, a board capable of providing ethical leadership provides the organisation with guidance in terms of the establishment of an ethical corporate culture (Veldsman, 2012b). Through the behaviour of its directors, the board serves as an example with regard to what type of behaviour is acceptable or unacceptable in the organisation and the contexts it operates in. This includes (KPMG, 2012):

- the guidance of management towards the creation of a culture characterised by ethical conduct and values;
- ensuring integrity exists in all aspects of the organisation and that its vision, mission and objectives are ethically sound;
- aligning board and management conduct with organisational values.

2.5.1.2.4 Board culture and climate

Boards exhibit distinct cultures that include shared values and beliefs. This influences how the board approaches their roles and makes decisions, thereby also determining their performance (KPMG, 2012). Board culture can be described as "its shared attitude of engaging with the board's work and…its established style of doing things as a board- its rules of engagement" (Veldsman, 2012b, p.66), while board climate is "the prevailing mood, or vibe that permeates the board's functioning and dynamics on an ongoing basis" (Veldsman, 2012b, p.67). The board can be viewed as a cultural carrier as it models and lives the values that shape the behaviour of board members, thereby also influencing board effectiveness (Cascio, 2004). Core values of the board could include stewardship, integrity, fairness, accountability and transparency (Veldsman, 2012a); where the board that encourages and rewards these behaviours establishes a "tone at the top" for the culture throughout the organisation (Lightle, Baker & Castellano, 2009).

Further qualities of a healthy board culture include (KPMG, 2012):

- independence of thought;
- the ability and desire to learn;
- openness to new ideas and tolerance for unconventional views;
- a clear understanding of the distinct roles of director and manager;
- a sense of collegiality – recognising that an successful board is more than a collection of different individuals;
- a creative tension in which individual directors are prepared to raise and debate important issues;
- an appreciation of the company's history, traditions and values;
- a professional approach to board duties, including an appropriate commitment of time and effort;
- courage to take and stand by tough decisions; and
- loyalty to the interests of shareholders.

2.5.2 Proposed relationships between dimensions of board effectiveness

The proposed causal linkages between the dimensions of board effectiveness described above will be discussed next and are depicted in Figure 2.1. The dimensions are also illustrated in terms of lag and lead outcomes. Lag outcomes refer to the broader, distal outcomes with regard to the board's role, which is also a result of the fulfillment of lead outcomes. Lead outcomes, on the other hand, reflect how these broader goals are operationalised. Although the goal was to identify direct linkages between the outcomes, indirect linkages could also be possible between them, through influences via other dimensions/outcomes.

The proposed relationships were identified by the researcher after considering the literature under study and subsequently forming connections between dimensions deemed as relevant by the researcher (Higgs & Dulewicz, 1998; IoDSA, 2009a, 2009b; King, 2012; KPMG, 2012; Leblanc & Gillies, 2005; Leblanc & Schwartz, 2007; Nicholson & Kiel, 2004; Petrovic, 2008; Veldsman, 2012a, 2012b).
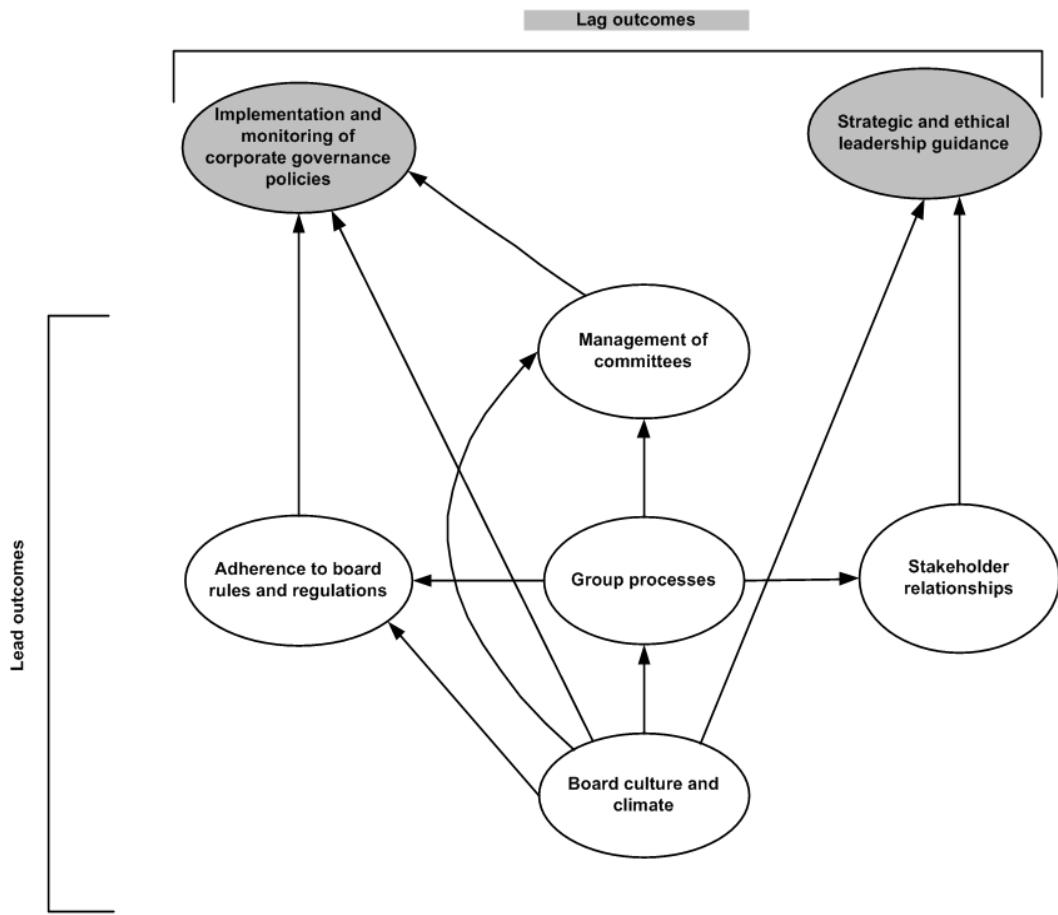
Figure 2.1 **Proposed causal linkages between the dimensions of board effectiveness**

Adherence to board rules and regulations is proposed to influence *implementation and monitoring of corporate governance policies*. If the board adheres to the rules that govern their conduct and functioning, the probability is higher that they will also be committed to implement and monitor corporate governance policies more effectively. Directors that are therefore mindful of their accountability with regard to adhering to the framework that sustains the mechanisms of the board and its directors, become more responsible in actual fact to do the same for the organisation's governance requirements.

It is suggested that *management of committees* influence *implementation and monitoring of corporate governance policies*. Many of the corporate governance policies the board implements relates to the functioning of the committees that are established to support them. As an example, these committees may assist the board with

implementation of, for example information technology or risk management policies. These committees therefore also have an important role to play in the degree of success with which these policies are implemented.

Group processes are proposed to influence *stakeholder relationships, management of committees* and *adherence to board rules and regulations*. The manner in which the board handles its work processes (e.g. communication, conflict management and decision-making), also influences the quality of relationships they build with stakeholders, as it may be an indication of the way the board will engage with stakeholders during similar work processes. Similarly, these work processes are also relevant when directors engage and interact with the groups of people available to support the board's role. Finally, a cohesive boardroom team characterised by effective communication may be able to adhere to the board's formal rules and regulations more successfully, as these rules are then more clearly understood and directors are aware of their individual and collective accountability in terms of the application thereof.

Board culture and climate is suggested to influence *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies*, *management of committees*, *group processes* and *strategic and ethical leadership guidance*. A board's vision, values, accepted standards of thinking and conducting business have an influence on the manner in which they fulfill these aforementioned outcomes. As an example, the board's attitude towards discipline, commitment and accountability will influence the way the board adheres to rules and regulations, as well as implement and monitor corporate governance policies. Similarly the board's stance on delegating tasks will influence effective management of committees, while the type of leadership that prevails in the board will also influence the leadership the board provides to management and the rest of the organisation. Finally the board's culture and climate also permeates the group processes of the board, and influences the style of communicating, conflict management and decision-making that takes place between board members.

It is proposed that *stakeholder relationships* influence *strategic and ethical leadership guidance*. The type of stakeholder groups with their unique needs that have interests in the organisation will influence the board to guide management in the execution of

strategies that fulfill sustainability and ethical requirements, within economic, social and environmental contexts. A relationship where both the organisation and its stakeholders benefit from its strategic and ethical plans will result in reciprocal gains for both parties.

2.5.3 Competencies of directors and proposed relationships to dimensions of board effectiveness

The competency discussion that follows refers to board member behaviours that are necessary for the attainment of board outcomes, ultimately resulting in the creation of good corporate governance. Each competency was identified after a holistic conceptualisation of the literature on director competencies, corporate governance prescriptions for South African directors and the proposed relationships between dimensions of board effectiveness discussed in the previous section. Competencies will be defined and described in terms of relevant behaviours, followed by the proposed relationships to dimensions of board effectiveness in each instance. Finally, the preliminary board member competency model culminating from the proposed relationships will be depicted in Figure 2.2 at the end of this chapter.

2.5.3.1 Negotiating and debating

This competency relates to the social interactions board members engage in with fellow directors, stakeholders and management, to reach consensus on important issues that may have consequences for effective board functioning, as well as organisational prosperity. Behaviours include (Dulewicz & Higgs, 2003; Holbeche, 2006; Orlifkoff & Totten, 2009; Veldsman, 2012a; Whiteley, 2005): active listening to the opinions of fellow directors, management and stakeholders to better understand their intentions; allowing conversations to develop to stimulate creative thoughts in terms of problem-solving and decision-making; providing structure and guidance to discussions, steering the flow of conversations in the right direction; constant awareness of own behaviour and those of others, in order to facilitate appropriate responses; exercising of self-control to deal with difficult situations effectively; and asking tough questions to initiate change when needed, thereby allowing the holistic nature of issues to become apparent.

It is suggested that *negotiating and debating* influence *stakeholder relationships*, *group processes* and *board culture and climate*. The way in which the board communicates

with fellow directors, management and stakeholders to reach decisions, could influence the reactions displayed by these groups. This can lead to behaviours and environments being either conducive or unconducive to elicit cooperation and favourable outcomes with regard to business initiatives.

2.5.3.2 Building collaborative relationships

This competency describes how the board and its directors build positive networks with stakeholders in the context that the organisation operates in to ensure mutual sustainability. It also includes the social capital board members have or create among one another, influencing trust and cooperation between them (Pye, 2004). Behaviours to consider here include (Forbes & Milliken, 1999; IoDSA, 2009; KPMG, 2012; Letendre, 2004; Petrovic, 2008; Van Ees *et al.*, 2009): building a positive board room team spirit of cohesion, by initiating team building activities and providing a supportive environment that stimulates creativity of directors; gaining stakeholders' trust by exhibiting fairness and transparency during communications and information sharing; showing respect for fellow board members, management and stakeholders by exhibiting a knowledge and appreciation of their qualities, abilities and contributions; and establishing rapport with stakeholders by showing empathy and focusing on shared values and sustainability goals between them and the organisation.

Building collaborative relationships is suggested to influence *stakeholder relationships*, *group processes*, *board culture and climate*, as well as *management of committees*. It is important that the board functions as a close knit team that can trust and support each other; and make effective decisions, thereby also setting the basis on which to build other positive relationships with management, stakeholders and groups established to support them. By investing time in relationships relevant to the board, these allies may play an important part in assisting the board to reach its broader corporate governance goals with regard to sustainable success.

2.5.3.3 Ethical conduct

This competency involves the manifestations of moral character by directors, creating respect between directors themselves, as well as between directors and stakeholders. This also creates a positive perception of the organisation as a responsible corporate citizen, by following the rules and correct procedures expected of them. Behaviours

include: (Coulson-Thomas, 2009; IoDSA, 2009a, 2009b; King, 2012; KPMG, 2012): setting an example for fellow board members, organisational members and stakeholders by adhering to formal governance prescriptions; exercising honesty by providing accurate information on compliance statistics and sustainability goals to stakeholders, authorities and committees; involving stakeholders in the discussion of sustainability goals of the organisation and disclosing information on business continuity; aiming to conduct business with due regard for the context or environment the organisation does business in; ensuring that all board members are treated fairly, with regard to compensation, conflict resolutions, succession planning, and board member appointments, by following proper procedures; and communicating any actions or personal intentions that might lead to conflict of interest or that may impact the organisation negatively.

Ethical conduct is proposed to influence *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies*, *management of committees*, *group processes*, *stakeholder relationships*, *board culture and climate* and *strategic and ethical leadership guidance*. Ethical conduct can be viewed as the golden thread that runs through all dimensions of board effectiveness. If it does not exist, the intention behind the execution of any board outcome can become questionable. Individual ethical director behaviour determines collective board ethical behaviour, where an ethical board culture then moves to the rest of the organisation and also influences the way in which stakeholders perceive and respond to doing business with the organisation (Veldsman, 2012a).

2.5.3.4 Taking individual responsibility

This competency involves total individual commitment and enthusiastic involvement of the director in the job and the role it entails, while always considering personal intentions and how it will affect the organisation and its stakeholders (Boudreaux, 1997). Behaviours include (Conger & Lawler III, 2003; Coulson-Thomas, 1992, 1994, 2009;; Hollenbeck & McCall, 2003; IoDSA, 2009a, 2009b; King, 2012; KPMG, 2012; Orlifkoff & Totten, 2009; Wan & Ong, 2005): being passionate about the role of director by honouring commitments and fulfilling obligations to the best of their abilities; being mindfully engaged in the directorial role, by considering deeper meanings underlying formal governance rules; showing loyalty to the organisation by making decisions in its

best interests; constantly considering own strengths and weaknesses and how it can complement other directors to establish an effective boardroom team; utilising opportunities for self-growth by enrolling in executive training programs; keeping up to date with corporate governance rules and guidelines, as well as taking to heart performance evaluations; and considering how individual actions may contribute to or hinder the interests of stakeholders.

This competency can also be viewed in terms of personal governance. Research shows a link between personal governance and corporate performance, and as mentioned before, corporate governance and corporate performance are similar in the sense that they share some of the same goals. Personal governance also resembles emotional intelligence; where the behavioural choices directors make when enacting their roles, could influence board and organisational outcomes, either positively or negatively (Kocks, 2011; Ramalho, 2011). Consequently, by taking responsibility for the governance of their own actions, directors could apply legal principles more effectively, ultimately resulting in improved corporate governance. In addition, King (2012) advocates that directors need to monitor their own and fellow board members' personal governance approaches to ensure mindful governance and not mindless compliance to legislation; where the former could be forgiving towards incorrect strategic decisions, but corporate scandal could be a direct consequence of the latter.

It is suggested that *taking individual responsibility* influences *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies, group processes*, *stakeholder relationships* and *board culture and climate*. Board members should hold themselves accountable to adhere to, execute and monitor formal governance regulations. Also, directors need to be constantly aware of the group dynamics of the board and determine their own contributions, or lack thereof, on a regular basis. It is also the responsibility of directors to familiarise themselves with the board's culture and climate and establish their "fit" with regard to it. Finally directors need to recognise the importance of proactive interactions with stakeholders, as it may have an effect on organisational viability and prosperity.

2.5.3.5 Facilitating organisational and business support

This competency involves the ways in which directors draw on the knowledge of entities that provide a supportive role to the board. The board further consults with these groups, empowering them to effectively contribute to the achievement of corporate governance goals. Examples of these entities are: social and ethics committees, as well as finance, legal, human resources and information technology departments in the organisation. Behaviours to consider here include (Companies Act, No.71, 2008; Conger & Lawler III, 2001; IoDSA, 2009a, 2009b; KPMG, 2012): recognising the importance of committees as an asset to the board, by following the correct procedures in establishing and monitoring them, as well as providing cooperation in allowing them to make effective contributions and advise the board on issues; staying up to date with developments and achievements in functional areas of the organisation, by conducting regular meetings and discussing the value that these areas add to the board role; ensuring optimal functional effectiveness, by communicating the board's expectations in terms of contributions and performance standards for functional areas; and research industry developments with regard to functional areas applicable to the organisation, to analyse trends, changes or innovations that may have an effect on functional areas.

It is proposed that *facilitating organisational and business support* influence *implementation and monitoring of corporate governance policies* and *management of committees*. Boards that employ groups available to support them in a positive, opportune manner will be better able to implement corporate governance policies effectively. These groups that directors then also give authority to are in most instances the committees, where directors that facilitate these committees' functioning might be able to also manage them more effectively.

2.5.3.6 Strategic guidance

This competency involves a dedication to the development and execution of strategies in the best interests of the organisation and its stakeholders. Behaviours include (Conger & Lawler III, 2001; IoDSA, 2009; KPMG, 2012; Pierce, 1994; SHL, 2006; Tricker, 2009): having a long term focus with regard to strategies, by anticipating the future, in terms of innovation and key business trends; conducting constant environmental scanning to identify business prospects that will fulfil organisational sustainability goals; recovering from adversity by considering alternative strategies when

the company might be in distress; involving management in strategy development to facilitate effective execution of strategies and an understanding of the strategies' relevance and importance; guiding and trusting management to effectively execute strategic plans by explaining the importance of the plans, as well as the outcomes expected of them; consider how strategic expansions might impact the immediate and greater environment socially, economically, and environmentally; and communicating strategic intentions to stakeholders to demonstrate a genuine concern for their needs and also creating a positive organisational perception with them.

It is suggested that *strategic guidance* influences *stakeholder relationships* and *strategic and ethical leadership guidance.* By selecting the most sustainable strategies in terms of organisational and stakeholder prosperity, the board and its directors may be able to provide better strategic and ethical leadership guidance to the organisation and its stakeholders, reflecting clear intentions, as well as a commitment to the wellbeing of everyone concerned with its business activities.

2.5.4 Proposed board member success competency model

The preliminary board member competency model illustrates the proposed relationships between the board outcomes (in terms of quantitative and qualitative dimensions of board effectiveness) themselves, and also the relationships between these outcomes and the underlying competency behaviours. See Figure 2.2 for the preliminary board member competency model reflecting the proposed relationships between the dimensions of board effectiveness and director competency behaviours. It is assumed that competency behaviours influence the particular dimension directly, while indirect influences, in terms of dimensions mediated by other dimensions are also possible. It should be noted that although the researcher has attempted to propose and include the most important relationships between the dimensions of board effectiveness and competency behaviours, other linkages are indeed a possibility and will be further explored with the employment of qualitative research methods.

2.6 Summary

This chapter explored board member success, through the discussion and closer examination of certain concepts. Firstly, good corporate governance in terms of corporate performance outcomes and the role and duties of the board and its directors

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were explained, followed by a general discussion on competencies, competency modelling and director competencies. This was followed by an exploration of board outcomes, in terms of quantitative and qualitative dimensions of board effectiveness, underlying competency behaviours, as well as the possible casual linkages between them. This resulted in the introduction of the preliminary board member competency model, reflecting relationships between outcomes themselves, as well as between outcomes and competencies. The following chapter will discuss the research design and methodology that will be followed to develop the final, integrated competency model. This includes an overview and justification of the research approach and paradigm, as well as the strategy of inquiry and research methods, including the sampling procedure, data collection method and data analysis. The implications of the methodological choices in terms of validity and reliability, as well as ethical considerations will also be discussed.
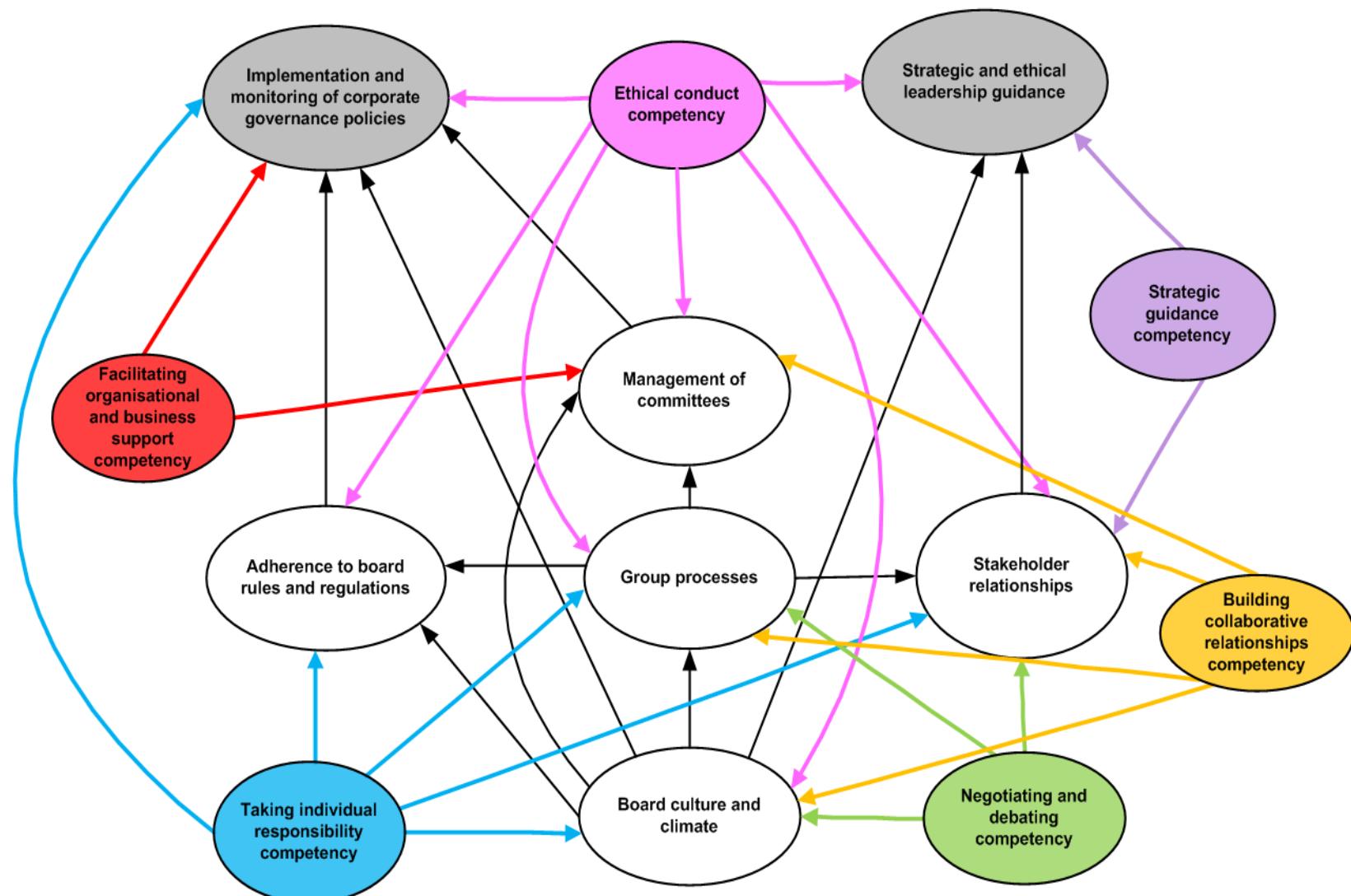
Figure 2.2 **Preliminary board member competency model reflecting the proposed relationships between dimensions of board effectiveness and director competency behaviours.**

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The aim of the study, as explained in Chapter 1, was to develop a board member competency model, reflecting competency behaviours and how they relate to dimensions of board effectiveness. Chapter 2 provided a literature review of corporate governance, the role and duties of the board and its directors, competencies and competency modelling in general; and most importantly for this study, existing thoughts on director competencies and effective board functioning. This provided an initial framework and guided the introduction and development of the preliminary board member competency model. This model comprised of quantitative and qualitative dimensions of board effectiveness, the relationships between these dimensions, as well as the literature informed competency behaviours proposed to influence performance on these dimensions.

This chapter describes the research design and methodology that was followed to develop the final, integrated competency model. This includes an overview and justification of the research approach and paradigm, the strategy of inquiry, as well as the research methods, namely the sampling procedure, data collection method and data analysis. The implications of the methodological choices in terms of validity and reliability are also considered and discussed throughout the chapter. The chapter concludes with ethical considerations.

3.2 Research Design

The term "research design" can be considered to have multiple meanings. It can be viewed as a specific step in the research process (in qualitative research it is usually the strategy of inquiry), or it can refer to the overall plan containing all the steps for conducting the research (Fouché & Schurink, 2011). This study takes the latter, broader view of research design which, furthermore, is seen to be embedded in a research approach. This means that the researcher needs to make certain decisions that will inform the particular research approach with regard to the philosophical position, strategy of inquiry and methodological methods needed to achieve the research goals

and outline the overall research plan (Babbie, 2013; Birks & Mills, 2011; Creswell, 2013).

This study followed a qualitative research approach falling within the scope of two seemingly incompatible paradigms, that is the positivist *and* interpretive paradigm. The study was furthermore informed by grounded theory as the strategy of inquiry for exploring the research question: *what are the behaviours making certain directors more successful than others in the creation of good corporate governance?* On a more functional level, the study employed the critical incident technique to collect information relating to director behaviours.

3.2.1 Research approach

The purpose of exploration in a study is to provide the researcher with a better understanding of the topic under study and also to investigate the feasibility of subsequent studies (Babbie, 2015). The exploratory nature of this study justified a qualitative research approach, making it possible to gain a comprehensive account and better understanding of the behavioural competencies that constitute board member success. This was necessary to fulfil the study aim, namely the development of a board member competency model, reflecting competency behaviours and how they relate to dimensions of board effectiveness. It also creates the opportunity to generate plausible propositions that can be empirically validated in future studies.

The goal of a qualitative study is to understand and explain a study phenomenon thoroughly by utilising evidence from the data and literature (Henning, Van Rensburg & Smit, 2004). It is suitable for small scale inquiries, in which the researcher plays an important role in the research process, through the exploration and understanding of individual meanings and perceptions attached to the topic of interest (Creswell, 2014; Richards, 2009). Furthermore, methods underpinned by inductive logic are utilised to construct detailed descriptions of the social reality of participants (Fouché & Delport, 2011). Qualitative research has various strengths and weaknesses to consider. Its strengths include its depth of understanding, flexibility and utilisation of fewer researchers; while its weaknesses are its lack of ability to give a statistical description of large populations or achieve reliability due to the unique nature of participants' views (Babbie, 2010; LeBlanc & Gillies, 2005). Since the aim of qualitative research is

normally not to generalise, the focus is on its value in terms of the specific description of developed themes (Creswell, 2014). It is also useful with regard to generating hypotheses or propositions on the area of study, which can then be further tested empirically in follow-up studies.

One of the objectives of this study was to create a platform for future studies that might lead to generalisation; however, the study itself does not make empirical claims about causal relationships or associations between variables. Instead it assists with the exploring of board member success in detail, with the aim of generating well-informed theoretical propositions on behavioural competencies of directors and dimensions of board effectiveness.

3.2.2 Research paradigm

It is important in any social research project to position the study in terms of a research paradigm. Babbie (2013, p.32) describes a paradigm as "fundamental models or frames of reference we use to organise our observations and reasoning". Furthermore, Voce (2004, p.1) describes a paradigm as "a framework within which theories are built, that fundamentally influences how you see the world, determines your perspective, and shapes your understanding of how things are connected".

Various paradigms exist which usually serve to guide the qualitative and quantitative research approaches respectively. As this study falls within the realm of the interpretive *and* positivist paradigm, both these paradigms will be discussed as follows: Firstly, the goal of an interpretive paradigm is to understand and interpret the meaning making, values, beliefs and intentions of participants (Henning *et al.*, 2004), while a positivist paradigm employs a natural science model in terms of patterns, regularities, causes and consequences (Denscombe, 2010). Both the interpretive and positivist paradigms have assumptions that underlie them in terms of ontology, epistemology and methodological issues. Traditionally ontology refers to the nature of reality; epistemology refers to the nature of the knowledge created; while methodology includes the role of the researcher and methods utilised to answer research questions (Creswell, 1994; Urquhart, 2013, Voce, 2004). See Table 3.1 for a summary of ontological, epistemological and methodological assumptions relating to the interpretive and positivist paradigms respectively.

Table 3.1

A summary of ontological, epistemological and methodological assumptions relating to the interpretive and positivist paradigms

Assumptions		Research paradigms	
		Interpretive	Positivist
Ontological	Nature of reality	- reality is subjective and can only be imperfectly grasped - people experience it in different ways (e.g. think, feel, see) - the use of language defines a particular reality	- reality is objective and true, governed by unchangeable natural cause-effect laws - consists of stable pre-existing patterns that can be discovered - can be generalised and is not time or context bound
Epistemological	Nature of knowledge	- based on observable phenomena and subjective beliefs, values, reasons and understandings - knowledge is constructed about the way people make meaning in their daily lives	- can be described in a systematic way - consists of various hypotheses regarded as facts or laws - knowledge is accurate and holds true for large groups of people or occurs in many situations
Methodological	Role of researcher	- co-creator of meaning - brings own subjective experience to research - develops a deep understanding of the whole and of how each part relates and is connected to the whole	- objective, independent of the subject - investigator often controls the individuals being investigated
	Methods	- unstructured observation - open interviewing - try to capture "insider knowledge"	- empirical - structured and replicable observation - experimental - directly manipulates/measures variables and observe

(Adapted from Voce, 2004, p.1)

On first appearance these paradigms seem to be incompatible, and indeed, many scholars hold this view. However, Lee (1991) proposes an integrated interpretive-positivist framework, consisting of three levels of "understanding". This allows both approaches to co-exist, while being mutually supportive without one being excluded by the other. The first level is the "subjective understanding" which includes the research participants' understanding and meaning making of themselves, as well as the behaviours they exhibit socially. The second level is the "interpretive understanding" and

describes how the researcher interprets and captures the first level understanding of research participants. Finally, the third level is the "positivist understanding" of the empirical reality and includes theoretical propositions that the researcher tests to give scientific explanations. The circular nature of the integrated framework is apparent, where the reciprocal relationships that exist between the three levels can either accept or reject predictions made on each level. See Figure 3.1 (Lee, 1991, p.351) for an illustration of the integrated interpretive and positivist framework. The researcher utilised the rationale behind this framework to interpret and justify the unique nature of this study's research design, which similarly draws upon both the positivist and interpretive paradigms. The study did, however, not follow the exact order in terms of the levels of the framework, but the researcher referred to similar assumptions that had to be considered throughout the research process.
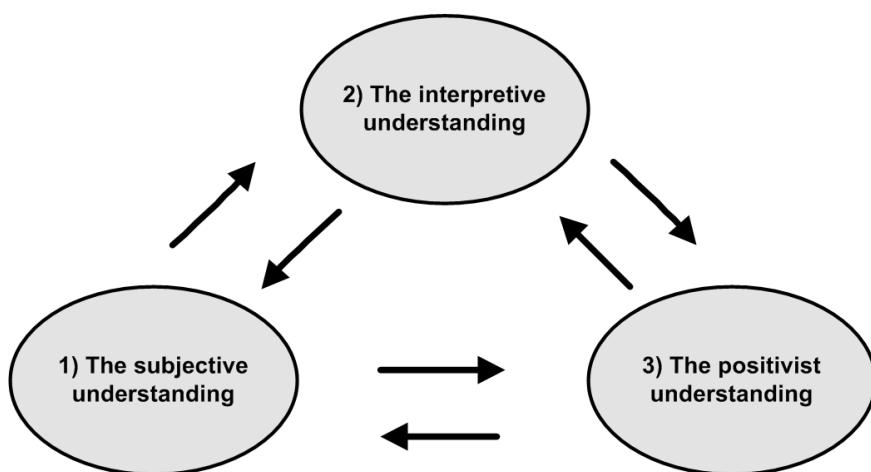
Figure 3.1 **Integrated interpretive and positivist framework**

(Adapted from Lee, 1991, p. 351)

This study followed the positivist paradigm from the beginning, but due to its exploratory nature also had to draw from the interpretive paradigm. Competency modelling is more than just understanding respondents' views on what is important in a particular context. The intention is ultimately to explain, predict and control possible regularities in nature, where the competency model then approximates this "reality". The researcher first engaged in a positivist understanding during the development of the preliminary board

member competency model. This happened by deductively reviewing the literature and formulating the competencies and board outcomes, while the relationships between them were approximated in a positivist manner. The focus then shifted to an interpretive understanding during data collection and analysis, where the researcher interpreted the perceptions of directors on the research topic and their perceived reality during interviews, as well as subsequently coding and analysing the interview data. The final phase of the study then reverted back to a positivist understanding where the researcher's interpretations of the social reality, as construed by the expert actors, were now judged against the preliminary model with the aim of arriving at testable propositions of board member outcomes and competencies, as well as the relationships between them. However, as noted by Lee (1991), judgements about the subjective meanings, recorded in the interpretive understanding, forms only one step in the process of formulating a positivist understanding; the next steps would be for the propositions to undergo empirical testing.

3.2.3 Strategy of inquiry

This study employed grounded theory as the strategy of inquiry to guide the development of the board member competency model. Grounded theory usually forms part of a qualitative research design, where the researcher produces a general explanation or theory based on a process, action or interaction which is grounded in participants (Cresswell, 2014). Grounded theory is therefore useful when less is known about the area of study, where the generation of a theory with explanatory power is a desired outcome; and where a process is imbedded in the research situation that may be revealed by grounded theory methods, through the active involvement and engagement of the researcher with the data (Birks & Mills, 2011; Flick, 2009). On a practical level, grounded theory provides a flexible, thorough, focused framework for analysing and organising qualitative interview data (Charmaz, 2006; Urquhart, 2013). In addition, the method's systematic coding lends itself to achieve validity and reliability in data analysis (Babbie, 2010). "Concepts and theories are developed out of the data through a persistent process of comparing the ideas with existing data, and improving the emerging concepts and theories by checking them against new data collected specifically for the purpose" (Denscombe, 2010, p.108). The grounded theory method therefore involves an iterative process, characterised by concepts such as constant comparison, theoretical sampling and data saturation. According to Denscombe (2010,

p.116), the constant comparative method involves "comparing and contrasting new codes, categories and concepts as they emerge – constantly seeking to check them out against existing versions". Denscombe further states that this increases the explanatory power of any theories developed from the data and also ensures that it remains grounded in the data. Theoretical sampling involves sampling data further on the basis of emerging concepts, to elaborate and refine categories and develop any emerging theories, while also increasing the generalisability of findings (Charmaz, 2014; Urquhart, 2013). This process of constantly comparing data and performing theoretical sampling continues until saturation occurs. Data saturation takes place when data collection reveals no new contributions or insights with regard to the properties of current codes, categories and concepts (Charmaz, 2014; Denscombe, 2010).

The theoretical sampling process is typically broken down into three stages of coding: open coding, axial coding and selective coding. During *open coding* data gets closely examined, broken down, named and categorised, while constant questioning regarding the reflections of the phenomena in the data takes place (De Vos, 2002). In *axial coding* the data that has been coded during open coding is put together in new ways to make connections between categories, codes or subcategories; and also developing dimensions that are conceptually abstract (Birks & Mills, 2011; De Vos, 2002; Henning *et al.*, 2004). *Selective coding* could involve selecting a core category and relating it to other categories with regard to the research paradigm, comparing categories at the dimensional level, or, writing a storyline that connects the categories (Cresswell, 2014; De Vos, 2002). While engaged in the data analysis process it is possible that the researcher may alternate between open and axial coding (De Vos, 2002). This means that through the use of constant comparison and theoretical sampling the researcher engages in a coding cycle that continues until data saturation occurs.

Furthermore, Urquhart (2013) mentions that grounded theory can fall within both the positivist and interpretive paradigm, but recommends a neutral approach which focuses on the method's strengths in terms of coding and theory building, rather than speculation with respect to a possible philosophical position. Accordingly this study did not adopt a specific stance with regard to the epistemological qualities of grounded theory, but utilised its methods to enhance data analysis and interpretation.

When conducting grounded theory coding it is also important to consider the concerns regarding the extent to which pre-existing theoretical frameworks may influence the researcher to approach the data analysis with a specific perspective in mind. Various authors (Charmaz, 2006; Denscombe, 2010; Dunne, 2011; Suddaby; 2006; Urquhart, 2013) acknowledge these concerns; however, they also provide steps that the researcher can undertake to act as safeguard against these biases that may influence the research situation. These steps include: utilising the literature review as contextualisation to the research study; constantly comparing data and categories with each other; exercising theoretical sensitivity to let interpretations emerge from the data; being mindful and reflexive of how researcher biases and pre-existing conceptualisations may influence the research; treating any existing knowledge on the topic as provisional; and considering several areas in the given reality of the study phenomenon. Existing ideas or frames of reference thus do not provide automatic codes for analysing data, however must work their way into coding and analysis by proving its necessity for making sense of and understanding data (Charmaz, 2006). Consequently in this study, the literature findings on board member competency behaviours and board outcomes were viewed as an initial frame of reference. This means that they provided tentative contextual parameters during the first stage of coding to organise the data. This set the stage for the subsequent axial and selective coding. Throughout data analysis the researcher remained objective to the possibility that new ideas or categories might emerge at any stage. A more in-depth discussion on how grounded theory informed the data analysis of the study will take place later in this chapter.

3.2.4 Research methods

In the following section the specific research methods, utilised to fulfil the study aim, will be discussed. This includes the sampling and data collection method, as well as the data analysis and interpretation.

3.2.4.1 Sampling

When considering a sampling strategy with regard to board members, problems with accessibility have to be taken into account as directors are relatively closed, elite groups with limited availability (Aderbach & Rockman, 2002; Hertz & Imber, 1995; Leblanc & Schwartz, 2007; Stiles & Taylor, 2001).

3.2.4.1.1 Sampling strategy

It was decided to follow a non-probability sampling strategy as it does not require knowledge of the full population under study and also provides the ability to access sensitive or difficult to reach populations (Berg, 2009). Disadvantages of the non-probability strategy include no guarantee that the sample is representative of the whole population; limited generalisability of research results; possible researcher bias in the selection of participants; and sampling error that is not taken into account (Babbie, 2010; Berg, 2009). Although most of the aforementioned disadvantages relate to quantitative research, generalisation of research results is relevant to this study, as one of the study objectives is to possibly generalise through the quantitative testing of findings in future studies The current study, however, does not draw any empirical conclusions but rather attempts to make a contribution towards the better understanding of director success through a detailed explanation of the research findings on competency behaviours and dimensions of board effectiveness.

3.2.4.1.2 Sampling techniques

The sampling techniques utilised include purposive and snowball sampling. Purposive sampling is useful when the goal is to describe a phenomenon or develop knowledge about a relatively unknown area of study, where respondents deemed most useful or representative by the researcher is selected (Babbie, 2010; Kumar, 2005). Furthermore, with purposive sampling, the sample is selected in terms of *relevance* to the issue/theory being investigated; and *knowledge*, with regard to privileged knowledge or experience about the topic (Denscombe, 2010, p.35). Directors were selected with the intention of providing information that would prove to be valuable to the achievement of the study aim, in other words, the development of a board member competency model.

Taking into account the non-hierarchical nature of board members (Tricker, 2009) and possible issues with their availability and accessibility, all categories of directors and company types mentioned in the Companies Act, No.71, 2008 were considered for sampling. This included directors belonging to the executive director, non-executive director, alternate director, and prescribed officer categories, as well as directors serving on audit and board committees. Company types included private companies, public companies, state-owned companies and personal liability companies. To further expand the director pool for the purposes of sampling, directors that are currently in the

directorial role, as well as those that have retired in the past seven years were also considered to form part of the sample, creating the opportunity for the inclusion of a satisfactory number of candidates in the initial board member sample. Furthermore a snowball sampling approach was followed in addition to purposive sampling, where directors known to the researcher negotiated access to other board members on behalf of the researcher. This informal manner of accessing board members is more effective than direct negotiations, as the strength of access to board members is determined by the credibility that the researcher has with the gatekeeper director, as well as the credibility between the gatekeeper director and other directors (Leblanc & Schwartz, 2007).

3.2.4.1.3 Sample size

It was expected that an initial sample size of 15 board members would be sufficient to achieve data saturation; however, it only occurred after 22 interviews were conducted. Data becomes saturated when the collection of new data does not reveal any new insights or categories in the data (Charmaz, 2006). The researcher identified the point of saturation during coding when the perceptions and opinions of directors did not contribute any new information conceptually to the competency behaviours and dimensions of board effectiveness categories.

The board member sample had satisfactory representation in terms of director experience, and different industries were also well represented. A limitation was the lack of gender/race representativeness as the sample consisted of 21 white males, one black male, and no females. It is possible that the opinions of these minority groups may provide a different perspective with regard to director performance and could be explored in future studies. It is interesting to note that according to statistics, the directorships of the top 100 companies of the Johannesburg Stock Exchange (JSE) in South Africa, are made up of 70% white males (Burmeister, 2015). Table 3.2 gives a representation of the industries, years of experience and population group distributions of the directors in this study.

Table 3.2

Industry, years of experience and population group distributions of directors

Director	Industry	Years of experience	Population group
001	Legal	10	White
002	Wine	25	White
003	Insurance	27	White
004	Pharmaceutical	20	White
005	Legal	25	White
006	Banking, Finance	18	White
007	Legal, Property	10	White
008	Education, Property, Finance, Engineering	23	White
009	Transport, Insurance, Wine, Property, Chemical, Pharmaceutical	17	White
010	Media	20	Black
011	Legal	20	White
012	Wine, Agricultural, Construction, Consumer	15	White
013	Property	30	White
014	Banking, Manufacturing	35	White
015	Engineering	18	White
016	Construction, Healthcare, Insurance	15	White
017	Property, Retail, Agricultural	23	White
018	Property, Insurance	29	White
019	Investment, Insurance	12	White
020	Telecommunications	2	White
021	Confectionary, Tobacco, Liquor	30	White
022	Finance, Construction, Pharmaceutical, Diary	18	White

3.2.4.2 Data collection method

The semi-structured one-on-one interview was selected as it was the intent of the researcher to gain an interpretive understanding of how the directors viewed reality with regard to director competencies related to board outcomes. This interview type results in a detailed picture of participants' beliefs, perceptions and accounts of the topic, while also allowing flexibility, where the participant can give a fuller picture and the researcher can follow up interesting points that emerge during the interview (Greeff, 2002). Advantages of semi-structured one-on-one interviews include: conversational flow, in-depth responses and the ability to quickly collect large data amounts; while

disadvantages are deviation from questions, unwillingness of participants to cooperate and the possibility of misunderstood or untruthful responses (Aderbach & Rockmann, 2002, Greeff, 2002). The researcher remained mindful of these issues throughout all the interviews and attempted to manage it by clearly communicating the intent of questions and keeping to the planned issues of discussion where possible.

3.2.4.2.1 Interview technique

The critical incident interviewing technique was utilised during interviews to elicit incidents resembling competency behaviours that underlie the dimensions of board effectiveness. This technique is widely used and extensively researched and known for providing reliable, qualitative job behaviour information based on small samples (SHL, 1994; Stitt-Gohdes, Lambrecht & Redmann, 2000). Furthermore, the flexibility of the critical incident interview means it can be modified and adapted to meet the particular research situation (Flanagan, 1954).

The critical incident technique was originally developed by Flanagan (1954) and is "a procedure for gathering certain important facts concerning behaviour in defined situations" (Flanagan, p.335), where during interviews "an incident, actual behaviour or what the person did is desired" (Flanagan, p.314). Furthermore, SHL (1994, p.1) describes the technique as "collecting observed incidents which have proved very important or critical to performance". These incidents are then "grouped together on the basis of similar behaviour content" (Yukl, 2010, p.112). An "incident" can be defined as "any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act" (Flanagan, p.327). For the incident to qualify as "critical" it "must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects" (Flanagan, p.327). The author further states the importance for interviewers to urge participants not to give an account of only the more dramatic or vivid incidents. This means that consistent behavioural displays, whether correct or incorrect, may make a more significant contribution to the general aim of the required activity, either in a positive or negative way.

3.2.4.2.2 Limitations of interview technique

The researcher considered the limitations of the critical incident technique that may affect data analysis and interpretation. Yukl (2010, p.112) describes these limitations as follows: "it assumes that most respondents know what behaviours are relevant for leadership effectiveness" and "it assumes a behaviour is important if it appears frequently in incidents reported by many different people". As directors are usually considered experts in their fields, the perceived incidents as described by the directors during the interviews influenced the credibility of the data in a positive way. This also allowed for an accurate capturing of the competency behaviours and contributed to the validity of the study. Furthermore, it should be noted that behaviours or outcomes mentioned more frequently by directors could have been a result of preference, experience or conversational interest on the part of the director.

3.2.4.2.3 Procedure followed

The practical steps taken by the researcher before and during the actual interview process will be described in the following paragraphs. Directors were contacted telephonically or via email and a brief introduction about the intended study was given. If a director showed interest to receive more information, an informed consent form was emailed to them. See Appendix A for an example of the informed consent form. Directors that gave their consent to take part in the study were given the opportunity to select a convenient date and location for the interview. An interview context document was also emailed to these directors. See Appendix B for the interview context document. This document included the study aim, expectations with regard to interview questions, a general explanation of what is meant by the term 'competency', and a short description of the board outcomes. The intention of this document was to assist directors with preparation for the interview. It increased their understanding of the study aim by allowing them to reflect holistically on the proposed outcomes of a successful board. To gain an authentic account on the competency behaviours that underlie the abovementioned board outcomes, the researcher purposefully did not share any information with the participants on the literature informed competencies before or during the interview. In addition, an interview schedule containing a set of predetermined open ended questions was used to direct the interviewing process. The interview schedule is a questionnaire written to guide interviews and is useful as it assists the researcher to reflect on the scope of interview questions, as well as the

possible sensitive nature of some questions (Greeff, 2002). See Appendix C for an example of the interview schedule with sample questions.

The researcher established rapport with directors at the start of each interview which mostly involved informal conversation and questions on their director history. This was followed by a brief discussion of the interview context, where after the researcher started the interview by asking the director questions about their understanding of the board outcomes. The purpose of this was threefold: firstly, to confirm the relevance of each outcome for the board; secondly, to capture specific ideas or opinions about the outcomes (to reveal specific themes relating to the outcomes); and thirdly, and also most importantly, to lay the table for eliciting information about the underlying competency behaviours. As noted by SHL (1994), a joint discussion of the respondent's job objectives (i.e. the board outcomes in this study) may facilitate the exploration of the behavioural competencies instrumental to the outcomes. To this end, the discussion of the outcomes was followed by open, non-leading questions about what behaviours are necessary to achieve the outcomes. Even though the participants were asked to provide specific incidents of effective, as well as ineffective behaviours, the focus of the study was to gain detailed information on positive behaviours necessary to fulfil board outcomes successfully in various situations. The researcher emphasised the importance of expressing answers in terms of incidents, observable behaviours or actions related to the outcomes during the interview. This proved valuable in assisting the researcher in the identification, coding and interpretation of the data during data analysis. Examples of the probing questions the researcher asked to elicit the behaviours include:

- What behaviours did directors display/exhibit?
- What actions did they take?
- What did they do?
- How did they operationalise/enact/engage/create…?
- How can you recognise when…?

In addition to the use of the probing questions mentioned above, the researcher was also aware of the importance of interview skills during the interview process. These include, being attentive and sensitive to the feelings of informants, being able to tolerate silences, using prompts and checks, and being non-judgmental (Denscombe, 2010). As

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stated by Richards (2009) it is important to be sensitive and aware of how the actual interview process influences the quality of the data produced. It should be noted that the interview schedule was used as a "compass" to steer the interview in the right direction. It was evident, as interviews with the directors progressed, that most of them favoured a highly unstructured, open discussion where they could freely express their opinions and perceptions. Aderbach and Rockman (2002) corroborates this by mentioning corporate elites' disliking towards being bounded by closed end questions during interviews; and the benefit of response depth when allowing conversational flow. The researcher valued and respected this and directors were subsequently given freedom to express their own opinions and in some instances even the opportunity to lead the conversation. The researcher did however use the interview schedule to bring the conversation back on track after it veered too far off course on certain occasions.

Interviews were audio-recorded using an iPhone 5S. Although the directors already gave consent (via the informed consent form) to the recording of the interviews, the researcher reminded the directors again of the audio recording before the actual interview commenced. The audio recording of interviews allowed the researcher to focus more on how the interview was proceeding and also provided a fuller, accurate account of the inquiry than just taking notes (Greeff, 2002; Lucia & Lepsinger, 1999). A disadvantage of audio recording interviews is that it can make the participant feel uncomfortable or exposed. This was considered and the researcher attempted to place the audio recording equipment where it would be viewed as least intrusive by the participants during the interview. Recordings were saved on the iPhone 5S and transferred to a Dropbox database, where it was stored in a password protected folder.

3.2.4.3 Data analysis

In the following sections transcription and the use of grounded theory principles as data analysis procedures will be discussed.

3.2.4.3.1 Transcription of interviews

The first step in data analysis was the transcription of the audio recorded interviews. This transformed the data into a more permanent, retrievable and flexible form, also impacting its reliability as an interpretive act (Lapadat & Lindsay, 1999). A professional transcriber transcribed the interviews using Express Scribe, and interview transcriptions

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were saved to a password protected Dropbox folder. The researcher established the accuracy of the transcriptions by checking the transcriptions against the actual audio recordings, which also contributed to the validity and reliability of the study.

3.2.4.3.2 Applying the grounded theory principles

As mentioned earlier, grounded theory was employed in this study as strategy of inquiry to answer the research question and fulfill the study aim. The use of the grounded theory method in the study was broadly guided by the three phases of grounded theory mentioned by Henning *et al.* (2004). See Figure 3.2 for a representation of these three phases of grounded theory (Henning, 2004 *et al.*, p.138).
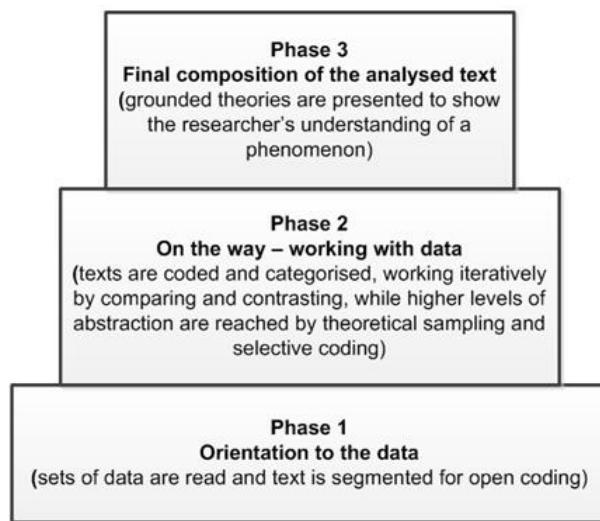
Figure 3.2 **A representation of the three phases of grounded theory**

(Adapted from Henning *et al.*, 2004, p.138)

The researcher engaged in the following steps and practical actions to employ grounded theory principles in this study. The exact same process was followed for both the competency behaviours and board outcomes and in order to avoid redundancy, only the steps followed with regard to the competency behaviours will be explained in the next few paragraphs. It should be noted that in the case of the outcomes the researcher identified and analysed themes that represented the perceptions or opinions of directors with regard to the outcomes.

In step 1 (not included in Hennings' presentation of the three phases; see Figure 3.2) the researcher identified the preliminary categories of competency behaviours by searching for, reading up upon and synthesising previous research on the subject. These preliminary categories were an initial frame of reference and provided tentative contextual parameters that were utilised during coding.

In step 2 open coding occurred. The researcher read through the interview transcriptions and highlighted segments of text that resembled competencies. These competencies were identified by recognising observable behaviours or actions that directors mentioned during interview discussions. Directors were also assigned reference numbers, for example 001, 002, 003, etcetera. This allowed for easy recognition of text extractions belonging to each director. A workbook was created in Excel and text extractions that represented competency behaviours were copied and pasted into the workbook according to the corresponding director (note that no classification was done at this stage and all text that constituted behaviours were selected). It was decided to use Excel spreadsheets during data analysis in this study as it has various benefits. These benefits include: its data management capabilities in terms of data displays; the ability to handle large amounts of data; the consolidation of codes and data into a single workbook; and the sorting, manipulating and filtering of data (Hahn, 2008; Meyer & Avery, 2009).

Next, the competency behaviours were categorised according to the preliminary broad competency categories. Provision was also made for the same data incident to be coded to more than one category, in case of the text extract having different nuances. Separate sheets (in the same Excel workbook) were created for each broad competency category; and behaviours belonging to each category were sorted, filtered and pasted into their respective sheets with corresponding director reference numbers. Even though the data was initially coded to pre-existing categories, the researcher exercised theoretical sensitivity and remained open to the possibility of new categories or ideas that might emerge at any time during coding that could influence the research process.

In step 3 axial coding occurred where the goal was to develop the dimensions of the broad competency categories inductively. The researcher engaged in inductive

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reasoning, where the behaviours of each broad competency category were repeatedly examined and compared. Themes emerged from the uniformities identified in the data incidents and similar behavioural instances where given numbers and grouped together under dimensions. Each dimension was given a descriptive name that reflects these behaviours and that could be visualised as an action being carried out by a director. Dimensions under each broad competency category were examined and competency categories were renamed if its name did not accurately reflect its dimensions.

Furthermore, since questions concerning behaviours were each time asked in connection with a particular outcome, it was possible for the researcher to also link the broader competency categories to the outcomes. This was done in Excel by using a pivot table to cross-tabulate the competencies and outcomes. This allowed the researcher to determine the frequencies of linkages between the outcomes and competency behaviours. The researcher utilised these frequencies to investigate the salience of the outcome-competency paths proposed in the preliminary board member competency model, providing some confirmation of the plausibility of the propositions.

3.2.5 Unit of analysis in the study

It is important to determine on which entity the interpretation of the study will focus when determining the unit of analysis in a study (Boyatzis, 1998). In this study, the spotlight was on individual board member competencies, and the influence thereof on board effectiveness. Therefore, the unit of analysis is both the board member and the board (i.e. the group), with the former being the unit of observation. An alternative approach could have been to conceptualise the competencies (together with the outcomes) on a group level, in which case the competencies would be representative of the group's behaviour. Approaching from this angle, the board (i.e. group of directors) would be considered an organism in itself that is able to exhibit certain behaviours which in turn influences group level board outcomes. It is possible that this level of analysis may be explored further in follow up studies.

3.2.6 Validity and reliability of study

In the next few paragraphs the validity, reliability and generalisation with regard to the study will be discussed. Traditionally these three aspects form part of quantitative research studies. Golafshani (2003) mentions the redefinition of validity and reliability for

its use in qualitative studies. This includes viewing them in terms of trustworthiness, rigor, credibility and quality of the research, as well as ability and effort of the researcher. Furthermore, qualitative validity involves a process where the researcher checks the accuracy and truth of data findings through the utilisation of specific procedures; while qualitative reliability indicates a consistent and reproducible research approach across various researchers and projects (Creswell, 2014; Kvale & Brinkmann, 2009).

The following actions contributed to the *validity* of the study (Creswell, 1994; De Vos, 2002). Firstly, the fact that directors were viewed as experts provided a first hand, accurate account of their perceptions and opinions with regard to the board outcomes and the related competency behaviours. This also contributed to the credibility of the data. Furthermore the triangulation of information sources were utilised to contribute to validity. This meant that information from the literature review were compared with the data findings, where after the researcher's supervisors examined the applicability of dimensions and themes within categories. The interview transcriptions were also verified against the audio recordings and an audit trail was established, verifying and validating key decisions of the research process. The actual audio recording and transcription of the interviews also contributed to the validity of the study; as did the use of the semi-structured interview as data collection method and the development of the interview schedule based on the literature findings (i.e. the theory driven approach) followed in this study. In addition, Harvey (2011) states that the quality of data collected during interviews with business elites may also influence the validity of the study. This means that certain methodological challenges with regard to the interview process should be considered by the researcher. These challenges include: participant trust; the unstructured nature of the interview; determining the interview tone; difficult scenarios; unanswered questions; and participant interest. The researcher kept these issues in mind before and during the interview process.

Actions taken to deal with *reliability* in the study include: following and documenting a consistent research procedure in collecting and analysing the data; the transcription and coding of the interview data; and checking for mistakes that may have occurred during transcription, by comparing the transcripts to the audio recordings (Creswell, 2014). In addition, the researcher's own reflections in terms of actions, observations, thoughts,

impressions, irritations and feelings were viewed as data in their own right and was written in a research diary (Flick, 2009).

In addition, *generalisability* is also considered with regard to the study. Data obtained from interviews do not frequently lead to generalisation due to small sample size and the nature of the qualitative data collected, but it is indeed possible to generalise, through the transferability of knowledge from one situation to another (Kvale & Brinkmann, 2009). This means that if the data collected is able to assist in the development of quality themes, hypotheses or theoretical propositions, it could possibly be utilised by researchers in future empirical studies on the subject. In this study the findings derived from the data was applied to develop a detailed explanation with regard to director competencies related to board outcomes. This will make generalisation a possibility if data findings get empirically validated in future studies.

3.2.7 Ethical considerations

When undertaking a research project it is important for the researcher to be accountable in terms of the ethical quality of the research (Henning *et al.*, 2004). Research should be characterised by: mutual trust, acceptance, cooperation, assurance, well-accepted conventions and expectations between all parties involved in a research project (Strydom, 2011). The researcher submitted a checklist to the DESC (Departmental Ethics Screening Committee) for ethical clearance to conduct the research. A copy of this checklist can be viewed in Appendix D. It is also important for researchers to get institutional permission from organisations in order to gain access to research participants (Standard operating procedure, 2012). As snowball sampling was used in this study it was not possible to gain institutional permission from all organisations beforehand. Also, it was taken into account that the interviewee and the person giving institutional permission might be the same person, given the seniority of the participants. Institutional permissions were received from directors either via emails before the interview or in other cases during the interview.

The researcher also took further steps to ensure that the participants' rights, safety, dignity and well-being were protected (Standard operating procedure, 2012) throughout the research process. These steps were outlined in an informed consent form that was sent electronically to possible research participants (See Appendix A). This form

included the following information: the reasons for being selected; nature and purpose of the research; results to be obtained and how these results will be utilised; research procedures to be followed; potential risks or discomforts with regard to the study; potential benefits of the study; issues of confidentiality as well as privacy and rights of research participants. The researcher was sensitive to the fact that the issue of confidentiality was extremely important with regard to the director sample taking part in the study. In addition to the information in the informed consent form, special care was taken to reassure directors of confidentiality and privacy concerns before interviews commenced. This included more specifically issues with regard to audio recording of the interviews, revealing of any personal information, as well as access and storage of data. It was very important to the researcher that the needs of the directors were respected and that they felt comfortable when taking part in the interviews and research process.

3.2.8 Conclusion

This chapter described the research design and methodology that was followed to develop the final, integrated competency model. This included an overview and justification of the research approach and paradigm, as well as the strategy of inquiry and research methods, including the sampling procedure, data collection method and data analysis. The validity, reliability and ethical considerations with regard to the study were also discussed. In the following chapter, the findings based on the data analysis and the discussion thereof will occur, while Chapter 5 will discuss practical implications, recommendations and limitations with regard to the study.

CHAPTER 4

RESULTS AND FINDINGS

4.1 Introduction

Chapter 3 discussed the research design and methodology that was used to explore the question: *what are the behaviours making certain directors more successful than others in the creation of good corporate governance*? This included an overview and justification of the research approach and paradigm, as well as the specific research methods that were used. In this chapter the results and findings based on the data analysis will be presented and explained. Firstly, it involves a discussion of the board outcomes in terms of their quantitative and qualitative dimensions of board effectiveness and their themes. The discussion then turns to the competency categories and dimensions resulting from the qualitative analysis. Thereafter the linkages between the board outcomes and competencies will be examined and a final board member competency model will be presented. Finally in Chapter 5, the practical implications and limitations with regard to the study, as well as recommendations for future studies will be discussed.

4.2 Themes Related to Board Outcomes

Board outcomes can be viewed in terms of quantitative and qualitative dimensions of board effectiveness and represent the goals that boards reach as a group. The fulfilment of these goals leads to effective corporate governance and subsequent value creation for the organisation. See Table 4.1 for a representation of the quantitative and qualitative dimensions of board effectiveness with their themes. These themes were identified during the analysis of the interviews and represent the researcher's understanding of prominent topics in terms of directors' perceptions or opinions with regard to the outcomes. Although the study, and as such the inquiry, was primarily directed at the board member competencies (as opposed to the outcomes), it was necessary to confirm the relevance of the outcomes due to the structural relationships between outcomes and competencies. As discussed in Chapter 2, outcomes and competencies are two sides of the same coin - identifying the competencies stems from understanding the outcomes. The analysis of the outcomes should therefore not be viewed as an in-depth analysis, but rather as a confirmation of their relevance by

considering general opinions held by the participants concerning the outcomes. Even though some directors felt certain outcomes were more important than others, no new outcomes were suggested by them.

Table 4.1

Quantitative and qualitative dimensions of board effectiveness with themes

QUANTITATIVE	QUALITATIVE
Adherence to board rules and regulations	**Group processes**
Themes	**Themes**
Personal accountability/Ethical compliance	Formal and informal leadership in groups
Organisation size and type	Group processes importance
Director compensation and evaluation	Handling of group processes
Lifespan of director/board	Chairman role
Board composition	Director contributions
Tick box mentality	Chief Executive Officer (CEO) role
Rules are important	Importance of cohesion
Black Economic Empowerment (BEE)	Relationship between CEO and chairman
Chairman role	Different personalities/competencies needed
Relationship between directors and shareholders	
Implementation and monitoring of corporate governance policies	**Stakeholder relationships**
Themes	**Themes**
The importance of controls and policies	Importance of stakeholder input
CEO role	Stakeholder interests
Management's implementation of policies	Board member representation
Board responsible for accountability and governance	Communication with stakeholders
Organisation size and type	Corporate citizenship
Management of committees	**Strategic and ethical leadership guidance**
Themes	**Themes**
Organisation size and type	Strategic and ethical leadership importance
Relevance of committees	Ethical standards
Directors drive committee behaviour	Planning

Table 4.1 (continued)

Contributions to committees	CEO role
Board composition	Organisation size and type
Establish controls	Environmental impact of strategy
Expert knowledge	**Board culture and climate**
	Themes
	Select directors that relate to board culture and climate
	Driving culture in the organisation
	Ethical culture and climate
	Mutual respect and interaction
	Reinvent culture and climate
	Importance of board culture and climate

4.2.1 Quantitative outcomes

This refers to the regulatory principles and practices that govern boards and ensures that directors are being held accountable with regard to formal corporate governance aspects.

4.2.1.1 Adherence to board rules and regulations

Directors were of the opinion that *adherence to board rules and regulations* are a very important board outcome. They agreed that the regulations suggested by King III are necessary for ensuring effective corporate governance, but felt that certain aspects thereof is considered a challenge for smaller, private organisations. This includes the argument that the current set of principles suggested by King III seem to be more applicable to larger, public organisations. Directors felt that risks involved with regard to furthering of the shareholders' interests and protecting of the organisation's reputation are usually greater within these larger entities, especially because directors acting on behalf of shareholders have limited contact with them. Even though this is the case, smaller organisations also have a degree of risk involved with regard to the implementation of these formal guidelines. This could mean that because these organisations are less under the microscope of the "public eye" they frequently do not take the trouble to adhere, which causes them to be at risk themselves. Furthermore, in a smaller, private organisation, directors are often the shareholders and also involved in

the day to day operational activities of the business. This could influence their capacity to implement these regulations in detail, as time constraints are often an issue for them. There appears to be a need for a more clear distinction between the board rules and regulations of small and large organisations, taking into account the constraints these organisations might have, and also ensuring that the application thereof becomes more practical in reality. Directors also noted that some companies fulfill all the King III and other formal regulations as required, but are still not successful. They felt it is important that directors are aware of the intention behind the application of these rules. They also mentioned further that the "hard" principles, for example formal rules and regulations, should be in place first to provide a framework for the board and its directors, but that it's the "soft" issues, for example communication and teamwork, that drive the success in the end. These statements are corroborated by literature findings mentioned in Chapter 1 of this paper that suggests a focus on the both the formal and informal aspects of corporate governance when studying board and director effectiveness.

4.2.1.2 Implementation and monitoring of corporate governance policies

According to the directors, this board outcome is very important as it assists in building up the long-term integrity of the business. They felt that the board and its directors are responsible for the implementation of corporate governance policies in terms of a more holistic conceptualisation, while it is management or the executive team that has to answer to the board for the operational implementation of these policies. The board therefore plays a governing and overseeing role in this instance, whilst also monitoring management's implementation of these policies. This means that the board is actively involved in the formulation and implementation of policies or strategies, but that a clear distinction between management's actual implementation and the board's overseeing functions thereof should be maintained. Furthermore, the directors also emphasised the important role the Chief Executive Officer (CEO) plays in liaising with the management team to ensure effective execution of policies, and then also reporting back to the board on progress made or issues encountered with regard to risks and controls. Since the CEO role can be viewed as a subject of study in itself, it could be considered for inclusion in future studies as the current study's focus was on gaining information on specific behaviours related to board member success in a general sense. Furthermore, organisational size and type again surfaced here as an important discussion topic, where directors felt that corporate governance policies are important in both small and

large organisations, but that the ease and importance of enforceability seemed to be more practically suited to larger organisations. The need to redefine these corporate governance policies to also recognise the unique requirements of smaller entities' and their capacity to apply it effectively is therefore also an important issue to consider.

4.2.1.3 Management of committees

Directors felt that committees have a very important role to play, especially with regard to providing expert opinions to boards and also assisting directors in handling issues that might be subject to time constraints. This is of value because of the limited amount of time most directors spend together per year to solve issues during board meetings. In other words, the committees allow board members to prioritise their attention to more urgent issues, while directors can also utilise them as a driving force for their ideas and plans. However, even though committees work in such close proximity to them, the directors mostly felt that the accountability for the achievement of organisational performance goals ultimately remains with them, the board. In this instance the board also then oversees the committees by monitoring their progress on a regular basis. In addition, the theme of organisational size and type was also seen by directors as an important consideration when fulfilling this outcome. They felt that committees are more relevant to larger organisations, but that smaller entities can also benefit from them. Directors further suggested that committees in large organisations are mostly represented by outside experts who provide specialist knowledge; whilst in smaller companies these committees seem impractical as directors, who are also often shareholders, fulfill the duties of these committees. An interesting point made was that committees can be utilised by directors to gradually introduce executives belonging to previous disadvantaged groups to board activities and responsibilities. The directors were of the opinion that these groups usually felt more comfortable with the social dynamics of the committees and it is a platform where they can apply their expert knowledge, perhaps even as a stepping stone to a later seat on the board itself.

4.2.2 Qualitative outcomes

This relates to the informal aspects of board functioning, characterised by social interactions and dynamics, enabling the board and its directors to reach their full potential, whilst also directing the organisation towards sustainable prosperity.

4.2.2.1 Group processes

The directors felt that *group processes* is an important board outcome that happens naturally, allowing the board to be more functional, thereby also adding value to the organisation. They indicated that certain issues are very important to assist in the establishment and maintenance of a healthy boardroom team. This includes trust and communication between board members, as well as conflict management that is not based on emotions, but rather focused on furthering the wellbeing of the organisation. They felt that the chairman especially has a key role to play in this instance, by managing the conflict between directors effectively and also recognising the different personalities on the board and how directors' strengths and weaknesses complement each other. Furthermore, board politics surfaced as an important issue. Directors were of the opinion that it influences group forming and also the development of leadership within the board. It is therefore also essential that especially the chairman and CEO have a good relationship characterised by mutual trust, respect and support. Furthermore, an interesting point made by some directors was that the importance of human interaction is sometimes greatly underestimated by directors and that in reality it carries much more weight than rules and regulations. This means that the relational aspect between directors seem to have a greater impact on effective board functioning than merely following a set of rules and regulations. This also matches the notion of literature findings discussed earlier in this paper, thereby necessitating a focus on formal *and* informal corporate governance aspects. Certain directors also felt that smaller boards have the same group processes as larger boards, but that smaller boards are more socially cohesive in terms of emotional connection and team spirit. This could be attributed to the fact that smaller boards usually do not operate as formally as larger boards do and may be exposed to a more "relaxed" form of board interactional processes. The social capital established between directors in smaller organisations might therefore also be higher. This means that these types of boards might find it easier to adhere to the same values because of the stronger bonds that exist between its members.

4.2.2.2 Stakeholder relationships

Directors were of the opinion that this board outcome is crucial as organisational growth and sustainability is largely attributed to the relationship the organisation has with its stakeholders. This is also confirmed by the literature findings mentioned in Chapter 2

that emphasised the importance of corporate citizenship and a sustainable triple bottom line for the organisation. According to directors, what separates today's boards from the boards of the past is that they form *part* of their stakeholder community and relate to them on various levels; where it is not just the organisation that benefits from these good relations, but also the stakeholders themselves that are on the receiving end of long term integrity and value. They mentioned further the importance that directors determine who the organisation's constituents are and also to verify that these stakeholders have actual interests in the organisation. Furthermore, effective communication with stakeholders was also emphasised as a very important issue. Directors noted that these communications could take place on a formal *and* informal basis and should be clear, timely and relevant at all times. It is therefore also crucial that directors share only relevant and essential information with these groups. A further suggestion directors made was using the stakeholders as a sounding board for ideas and plans. This collaboration and active involvement of stakeholders could save the organisation time and money in the long term, as strategic prospects are first tested against stakeholder opinions before any actions are taken. An interesting point that some directors stated was that the board should focus on creating *meaning* for the organisation and its stakeholders first before considering making profits, as the latter usually follows naturally. This suggests that directors who are aware of the positive impact strategies could have on the organisation and its stakeholders may be able to better facilitate the execution of such strategies.

4.2.2.3 Strategic and ethical leadership guidance

According to directors, *strategic and ethical leadership guidance* is a very important board outcome. Most directors agreed that combining the two aspects under the leadership term makes sense, as it is crucial for a strategy to be ethical in order to be truly viable. In terms of strategic leadership, they felt that strategy development and oversight is ultimately the responsibility of the board, but that the implementation thereof should take place by the CEO and his executive team. This is similar to the views directors had with regard to the *implementation and monitoring of corporate governance policies* and *management of committees* outcomes. It is therefore very important that directors are aware of these role differences between them and management, especially to avoid micromanagement, and thereby allowing management to develop their full potential (Garratt, 2010). Directors furthermore felt that the lines between strategy

development and implementation may become blurry, especially in smaller organisations where directors may also fulfill the function of the executive team. In addition, with regard to ethical leadership, directors felt that ethics underlie organisational reputation. Ethical leadership also ties closely to board culture, where the board should ideally exhibit an example of accountability and transparency to the rest of the organisation, by living out these values. Directors also felt that the value systems of the individual directors influence the quality of ethical leadership that the board can provide. It was further mentioned that being an ethical leader remains a great challenge for boards and organisations and that there should be a balance between doing the right, ethical things, but also for the right reasons.

4.2.2.4 Board culture and climate

According to directors' opinions, the board's culture and climate influences the way the board operates. They stated that a favourable board culture and climate is characterised by creativity, ethics, respect, the way board members relate to each other, a degree of conflicting thought processes, diversification and a healthy tension between executive and non-executive directors. Directors further mentioned that the board culture and climate are normally shaped by the collective board (with some beliefs and values having historical roots), but that it can at times also be influenced by strong individuals. Most directors felt that the organisational culture was determined by the board culture, while a small amount of directors thought the reverse to be true. They were also of the opinion that the CEO was the "vehicle" that conveys the board culture to the rest of the organisation. The directors emphasised the influence of *board culture and climate* on the group functioning of boards, especially with regard to decision-making. This also coincides with the literature findings discussed in Chapter 2 which acknowledged the influence of the board culture and climate on director behaviour and ultimately board effectiveness. Directors also stated that the culture and climate of the board underlies adherence to any rules, which corroborates other director statements that the informal aspects of board functioning plays an integral part in the effective application of formal rules and regulations. Another important point that was made relates to the way in which the directors fit in with the board's culture and climate. This can be facilitated by engaging in similar behaviours and sharing the same vision and values. Assuming the board has a positive, ethical culture and climate, it was also mentioned that directors not in congruence with this culture could possibly be removed from the board, as they may

become a threat to the board's effectiveness. The reverse could also be true, where the board culture and climate is toxic and unethical and where only one director, for example is ethical. As a board's culture and climate are usually quite established, a new director might have difficulty influencing it. This could then also result in the removal of the director from the board, or a decision by that director to resign from the position.

4.3 Competencies

Competencies are behaviours board members engage in to fulfil board outcomes successfully. It is suggested that these behaviours underlie the outcomes and together they form part of the success equation of board members. This in turn creates good corporate governance and ultimately influences the achievement of organisational performance outcomes.

As discussed in Chapter 3, the researcher identified the preliminary categories of competency behaviours by reviewing and synthesising previous research on the subject. These broad categories (e.g. Negotiating and Debating and Taking Responsibility) were subsequently used to code the data incidents during the first phase of analysis. The next phase involved open coding: the researcher repeatedly examined and compared the behaviours *within* each broad competency category in order to identify the specific behavioural dimensions constituting each competency. Themes emerged from the uniformities identified in the data incidents and similar behavioural instances were given numbers and grouped together under dimensions. Each dimension was given a descriptive name that reflected these "bundles of related observable behaviour" so that it could be visualised as an action being carried out by a director. These dimensions under each broad competency category were examined and competency categories were renamed if its original name did not accurately reflect its dimensions. See Table 4.2 for the competency categories with their dimensions, frequency counts, total counts and percentages. Although the importance of the competencies cannot truly be inferred from these percentages, it does to some extent reflect the relevant contribution of the competencies to the outcomes as perceived by the directors. As explained in Chapter 3, each of the outcomes was discussed with the directors after which they were asked to think about behaviours that could be instrumental to the respective outcomes. The researcher did not guide or refer to any competencies during this process.

Table 4.2

Competency categories with dimensions, frequency counts, total counts and percentages

Negotiating and debating		Taking responsibility	
Dimensions	**Frequency count**	**Dimensions**	**Frequency count**
Encourage free expression of thoughts, ideas and information	4	Recognise and identify new opportunities by being innovative and entrepreneurial	6
Listens attentively to the views expressed by others	8	Demonstrate insight into the business and the industry in which it operates	12
Turns conflict into a constructive contribution	10	Accept accountability for the long-term success (sustainability) of the organisation	27
Develops a deeper level of understanding of shared meanings and situations	5	Actively contribute to board role and activities	24
Moral courage to confront contentious issues	17	Stay up to date with macro issues outside the organisation	8
Gets passionately involved in the group process	17	Be knowledgeable with regard to legislative regulations	7
Provides constructive criticism	2	Take responsibility for own development	8
Exerts influence and persuasive ability	3	Represent and promote shareholders' needs	16
TOTAL	**66 (12%)**	**TOTAL**	**108 (19%)**
Communication and building relations		Empowering others	
Dimensions	**Frequency count**	**Dimensions**	**Frequency count**
Relate well to different people	7	Draw upon knowledge resources available	8
Consult and involve others	14	Provide guidance and advice to executives and committees	15
Show support in the midst of honest debate/feedback	4	Clarify roles, tasks and timelines	12
Able to balance consideration and task-directedness	6	Give the required leeway and authority to complete roles/tasks	14
Build and maintain long-term relationships	9	Facilitate out-of-the-box thinking	4
Demonstrate emotional maturity and self-control	12	Demonstrate knowledge of the organisation's functional departments	4

Table 4.2 (continued)

Identify stakeholders and establish their needs	9	Sharing of information	3
Manage conflict in the board	9		
Promotes team cohesion	28		
Engage in effective and transparent communication	23		
TOTAL	**121 (21%)**	**TOTAL**	**60 (11%)**

Ethical conduct		**Strategic focus**	
Dimensions	**Frequency count**	**Dimensions**	**Frequency count**
Display openness, honesty and transparency in dealing with all stakeholders	16	Give strategic guidance to implement strategies	26
Consider social and environmental issues	4	Promote the vision of the organisation	9
Display integrity and ethical leadership in the board	19	Anticipate the future in terms of opportunities and risk	14
Address ethical concerns	6	Be aware of the environment the organisation functions in	11
Act in the best interests of the organisation and its stakeholders	33	Study the internal state of the organisation	5
Comply with legal requirements that governs board	7	Adopt a holistic approach	10
Adhere to moral and ethical principles	22	Monitor strategic milestones	7
		Encourage management to be innovative and take calculated risks	5
		Clarify strategic intent and core values	18
TOTAL	**107 (19%)**	**TOTAL**	**105 (18%)**

The competencies, along with the dimensions identified during the data analysis, will now be discussed. To aid in the discussion, actual quotes from the director interviews will be included. To retain anonymity, the director names were not included. The quotes are in Afrikaans and English, as both languages were used during interviews. The English translation can be viewed in brackets after the Afrikaans quotes in the tables.

4.3.1 Negotiating and debating

This competency made up 12% of the total frequency count of behaviours. It can be viewed as a process of interaction that can take place between board members themselves or between board members and stakeholders. It includes having the ability to create an atmosphere characterised by a healthy tension in terms of allowing others the opportunity to state their case, while also having the moral courage to make the right decisions. These decisions should be made in the best interest of the organisation and its stakeholders, without the involvement of emotions on the part of the directors. The desired end result of successful *negotiating and debating* would therefore be to promote outcomes that are mutually beneficial to the wellbeing of both the organisation and its stakeholders. In some cases agreement on outcomes might not be easily reached. Directors must then be able to interpret situations and manage these discussions to facilitate an effective collaboration that includes impartial argumentation and reasoning. Motivation also plays a part in the quality of negotiating and debating that takes place. This means that when directors are enthusiastically involved in the negotiating and debating process, they may become inspired to make a continued positive contribution to the welfare of the organisation. This may in turn have an important effect on corporate performance. In Chapter 2 it was suggested that this competency also involved the negotiating and debating interaction between directors and management. This did not surface prominently during the interviews, however it may suggest a different type of interaction between directors and management, possibly indicating a focus on rather the execution of strategies. See Table 4.3 for behavioural quotes from the director interviews that represent this competency.

Table 4.3

Behavioural quotes of negotiating and debating competency

Behavioural examples
Encourage people to have their opinion
Must be a good listener
'n Proses waar jy genoeg inligting op die tafel sit en genoeg oor 'n ding praat (a process where you put enough information on the table and talk enough about an issue)

Table 4.3 (continued)

Gebruik informele kontak, second track talks met betrekking tot sensitiewe issues, jy is amper exploratory (use informal contact, second track talks with relation to sensitive issues, you are almost exploratory)
Happy to get involved in making decisions when it is necessary or reject proposals
The ability to for the right reasons, oppose something
Vra vrae, vra indringende en vernuwende vrae (ask questions, ask intrusive and innovative questions)
Intervene when necessary, command respect that is required, not dominate the conversation, not driving the entire process
Ondersteun mede-direkteure gedurende interaksies deur 'n balans te handhaaf tussen robuuste debat en ondersteuning (support fellow directors during interactions by maintaining a balance between robust debate and support)
Exerting influence on other directors and addressing issues that might arise

4.3.2 Communication and building relations

This competency made up 21% of the total frequency count of behaviours. It consists of the way in which directors initiate and handle social contact and the exchange of information, as well as their ability to create networks that enhances the board's capability of creating value for the organisation and its stakeholders. This interaction takes place between board members themselves, as well as between board members and stakeholders. In the boardroom context, the focus is on the maintenance of the board as an effective, cohesive team. This means that board members should engage in constructive communication with fellow board members that are based on positive, helpful and honest feedback. A cohesive boardroom team also manages conflict effectively, through directors that remain objective and unemotional during conflicts, keeping the focus on the issues to be resolved and the best interests of the organisation and its stakeholders. In addition, directors should also be mindful of how their own behaviour might affect that of their fellow directors; and they should aim to practice self-control and self-management at all times. Finally the social capital between board members could also influence the cohesiveness of the board. Directors should guard against too high social capital between board members, where the formation of "cliques" might cause fellow board members to feel excluded and lose motivation. With regard to stakeholders, this competency involves the recognition of groups that form part of the

triple bottom line of the organisation. In other words groups that influence or are being influenced by the economic, social and environmental genre in which the organisation conducts its business activities. Directors should engage in relevant, transparent communication with these groups to build connections that are conducive to mutual sustainability. Even though the initial description of the competency in Chapter 2 matches the overall descriptions as mentioned by directors during interviews, it was decided to change the competency name from *building collaborative relationships* to *communication and building relations*, as it better reflects the behaviours and dimensions revealed during the data analysis. See Table 4.4 for an example of behavioural quotes that represent this competency.

Table 4.4

Behavioural quotes of communicationand building relations competency

Behavioural examples
Be aware of who the constituencies are that you are representing
Get the balance not to over compensate with regard to stakeholders
Be as transparent as possible within reason
Engage stakeholders and make sure there's communication flow
Het die vrymoedigheid om as iets nie reg werk nie vir daardie persoon te sê jy weet, luister man, miskien nie so nie; dalk so, wat ook al die geval mag wees (having the confidence if something is not working out right to say to that person, listen here, maybe not this way, maybe like this, whatever the circumstance might be)
Jy moet altyd bereid wees as daar 'n probleem is om dit binne die board verband in die eerste instansie aan te spreek voor jy nou een of ander alarm op 'n ander plek gaan maak (you always have to be willing if there is a problem to address it within the board context in the first instance before you make an alarm somewhere else)
You need to know as a director how even to disagree with all your colleagues without causing frictions. Because it's all about how we rub each other
Skep geleenthede waar direkteure kan sosiaal verkeer, bonding (create opportunities where directors can interact socially, bonding)

Table 4.4 (continued)

Direksielede moet vir mekaar speel; nie tot voordeel van mekaar nie, maar vir mekaar (directors have to play for each other, not to the advantage of each other, but for each other)
Make sure that you can take personalities out of it, not take it personally

4.3.3 Ethical conduct

The *ethical conduct* competency comprises 19% in terms of total frequency behavioural count. It involves the engagement of directors in decision-making and actions that are characterised by integrity, fairness, honesty and mindfulness. This competency can be viewed as the foundation permeating various areas of board functioning, also influencing the board's ability to exercise effective corporate governance. A board culture and climate underpinned by an ethical value system, consists of directors that promptly handle ethical issues as they arise. This also means that directors have the commitment and positive intention to live out moral principles and values in all aspects of the business they are involved in. This includes being accountable and practicing compliance with regard to legal formalities, also then serving as an example to the rest of the organisation in terms of acceptable or unacceptable demeanor. The ethical conduct of directors also includes being considerate to stakeholder needs and communicating the correct information as required. This type of communication differs from the stakeholder communication in the previous competency: *communication and building relations.* In the previous competency the type of communication referred to the actual establishment of communication channels and the process of communication with stakeholders, whilst in the *ethical conduct* competency, it refers to the type and quality of information that is shared and given to stakeholders, where the emphasis falls on openness, honesty and transparency. Also, the manner in which the board handles its stakeholders could influence the organisation's reputation as a responsible corporate citizen and may ultimately also have an effect on corporate performance. It is also important that directors are mindful of their own self- interests, as it might enable them to balance these interests more attentively with regard to organisational and stakeholder welfare. See Table 4.5 for examples of behavioural quotes that represent this competency.

Table 4.5

Behavioural quotes of ethical conduct competency

Behavioural examples
Reporting is about repeating to the board of directors, to the public outside, to the shareholders or to whomever it may concern, what you're doing on an everyday basis
Ensure that the company's plans and the execution of their plans and their activities as a responsible corporate citizen is aligned
'n Baie konsekwente en 'n baie streng dividend beleid ook te volg (to follow a very consistent and strict dividend policy)
Aanvaar 'n code of conduct in terme van legality en morality (accept a code of conduct in terms of legality and morality)
'n Noodsaaklike verantwoordelikheid neem vir al die aktiwiteite in daardie direksie – en dit word verklank deur eerlike optrede in die direksie (to take an essential responsibility for all the activities in that directorship – and that is expressed through honest behaviour in that directorship)
Sorg dat daardie etiese kultuur deurwerk tot op al die vlakke binne die maatskappy (make sure that that ethical culture works through to all levels inside the organisation)
And to do it in an ethical, or rather say an unashamed ethical way
We want to create money for our shareholders and our stakeholders, but in such a way that we can look each other in the mirror still
Creating value, but in terms of an honourable way
Board as a whole and as individuals must realise their ethical and monetary responsibility

4.3.4 Taking responsibility

This competency made up 19% in terms of the total frequency behavioural count. It encompasses the commitment and passion directors display with regard to the wellbeing and long term prosperity of the organisation and its stakeholders. This can be accomplished in a variety of ways. Directors need to familiarise themselves with all aspects of the business to ultimately contribute to organisational success in a holistic

sense. This includes identifying the organisation's stakeholders, recognising organisational growth opportunities, and being aware of the industries and macro environment the organisation is a part of. Directors fulfilling this competency also undertake their duties with pride and are enthusiastically involved in all aspects of the board role and activities, whether it is adhering to legal formalities, engaging in group processes or participating in informal networking activities. Furthermore, directors also need to take charge of their own growth. This means partaking in any training that will assist them to develop their full potential as directors and facilitate the effective fulfillment of their role. An interesting point made was that sometimes directors did not see themselves as part of the organisation and this influenced their commitment towards its success. This could especially be the case in larger organisations where directors that already have limited contact with each other, might also not be that directly involved in all areas and activities of the organisation. Although the description of this competency in Chapter 2 does reflect the dimensions revealed during data analysis, it was decided to change the competency name from *taking individual responsibility* to *taking responsibility*. This was decided purely on the fact that directors felt their responsibility falls on multiple levels, in terms of individual responsibility and joint responsibility as a board group. See Table 4.6 for examples of behavioural quotes related to this competency.

Table 4.6

Behavioural quotes of taking responsibility competency

Behavioural examples
An understanding of the business of the company
Have an emotional connection with business, desire to make business better
Protect the company, make sure it achieves its profitability
Be ambitious for the company, so that the company does better and you want it to do better, then that is your bench mark, you've got to be invested
Direkteure moet self respek en passie hê vir hulle rol (directors need to have self-respect and passion for their role)

Table 4.6 (continued)

Moet kan hard werk, jy weet. En moenie bang wees om hard te werk nie. Jy weet, jy moenie bang wees om ure in te sit nie (have to work hard, you know. And should not be afraid of working hard. You know, you should not be afraid to put in the hours)
Wees bewus van spesifieke industrieë en stakeholders wat daar inkom (be aware of specific industries and stakeholders that form part of them)
Make decisions with a great sense of accountability for the law
Got to be qualified, not necessarily academic but also experience wise
Act as custodian for all the people linked to the company, for example shareholders, directors, creditors, clients, culture, community

4.3.5 Empowering others

This competency received 11% in terms of total frequency behaviours. It involves the way in which directors utilise the expert knowledge of the groups of individuals available to facilitate the board's role in the achievement of corporate governance goals. At the core of the *empowering others* competency is the trust that directors express in these groups that fulfill a supporting role to the board. During interviews it became evident that directors need to free themselves from preconceived notions of, if they want something done properly, they have to do it themselves. Directors may view the delegation of tasks and the possibility of sharing confidential information as a risk, especially with regard to the delicate nature of their accountability. It is important for directors to identify the people whose advice and assistance might be of value to them and then also providing these groups with structure and information to perform tasks, but also allowing them ample opportunity to utilise their own creativity. It is therefore a delicate balance that has to be maintained between knowing when and what to delegate versus when it is in the best interest of the organisation and its stakeholders to handle the tasks and information themselves. Through the realisation of the significant role that executive management, committees and other experts can play in enhancing board functioning, directors can prioritise their attention to where it is needed more, while also utilising the opportunity to groom possible future directors. It was decided to change this competency's name from *facilitating organisational and business support* to *empowering others* as it suggests a broader applicability that not only involves facilitating, but also includes directors giving the power and authority to entities to perform tasks themselves. This also coincides

more with the description of the competency in Chapter 2. See Table 4.7 for examples of behavioural quotes related to this competency.

Table 4.7

Behavioural quotes of empowering others competency

Behavioural examples
Betrek senior managers binne die maatskappy as invitees (involve senior managers in the organisation as invitees)
Agree on where you're going to go and take advice and consult
Dis onmoontlik om dit alles te kan hanteer, so daar is committees baie belangrik om te benut (it is impossible to handle everything, so that is where it becomes very important to make use of committees)
Give authority to executives to execute plans and policies
Take into consideration the fact that in a board of directors, not all of us have the same skills, capacities, capabilities and competencies
Delegate a lot of these functions to key people who then in their existing team run it for us
Ultimately there needs to be trust and respect. And the respect is because you respect the person's ability to fulfil their tasks excellently
Give them enough authority to do their job well
Bestuur te ondersteun om groter te dink, dieper te dink, beter te dink (to support management to think bigger, to think deeper, better thinking)
Iemand wees wat besigheid ken en wat weet wat is die rol van die plek van bemarking, van finansies, van menslike hulpbronne of wat ook al is(somebody that knows business and that knows what the role or place of marketing, of finances, of human resources or whatever is)

4.3.6 Strategic focus

This competency comprised 18% in terms of the total frequency count of behaviours. It involves the commitment of directors to determine the organisation's strategic direction and prioritise the development and execution of ethical, sustainable strategies. Directors should lead the strategic planning process, but allow the executive management team, under the guidance of the CEO, to implement these strategies, while monitoring their

performance closely. Some directors mentioned that it is sometimes a struggle to "get everyone on board" with regard to the acceptance and implementation of strategies. It was suggested that this could be remedied by directors being involved in all aspects of strategy development and implementation. This could also be achieved by clearly communicating the strategic intent of the board to the executive management team and also monitoring strategic targets expected of them meticulously. Furthermore it is suggested that directors actively live out the vision of the organisation and the strategies that they develop to get others committed and excited to assist with its execution. Having a holistic outlook when developing strategies, is also an important issue that was revealed during the data analysis of this competency. This suggests that directors look at the organisation on multiple levels when developing strategies, for example, internally, externally and also being able to identify growth prospects that would benefit the organisation and its stakeholders mutually. This competency also coincides with the previous competency, *empowering others*, as directors are empowering executive management to execute strategies. The difference is that the empowerment with regard to the *strategic focus* competency is purely in relation to strategies, in other words the way in which directors motivate and encourage executive management, trusting them to execute the board's plans. It was decided to change the name of this competency from *strategic guidance* to *strategic focus,* as it involves a more in-depth strategic involvement of directors than mere guidance. See Table 4.8 for examples of behavioural quotes relating to this competency.

Table 4.8

Behavioural quotes of strategic focus competency

Behavioural examples
Voer strategieë deur na die executive committee om te execute (delegate strategies to the executive committee to execute)
Board must – have an oversight role to have a look at the strategies; help develop it with the CEO, develop it and then the CEO does the implementation.
But they must check in terms of how it's implemented and the outcomes which is very important
Hulle het regtig waar daardie gawe om 'n droom te verkoop en om mense opgewonde te maak oor daardie droom (they really have that gift to sell a dream and to make people excited about that dream)

Table 4.8 (continued)

Verstaan strategies dat daar 'n long term vision moet wees, vyf of tien jaar (understand strategically that there should be a long term vision, five or ten years)
Moet weet wat is jou core competencies (have to know what your core competencies are)
Moet op die kant kan staan en kan uitzoom, situasies van buite bekyk (must be able to stand on the side and zoom out, viewing situations from the outside)
Give strategic focus to the company
Make sure people understand the strategy
Align strategy and their intent and their vision with outcomes

4.4 Linkages between Outcomes and Competencies

The preliminary competency model, culminating from the literature study, included proposed linkages between board outcomes and competencies. This model was presented in Chapter 2. During data collection, the qualitative interviews were conducted in such a fashion that the salience of these relationships could be evaluated, in addition to the possibility of finding new linkages. See Table 4.9 for the frequencies of linkages between the board outcomes and director competency behaviours. The table should be read as competency (row) influences outcome (column). In other words, a total of 24 behavioural incidents, relating to the competency Negotiating and Debating, were mentioned within the context of the outcome; Group Processes. As discussed in Chapter 3, these frequencies reflect the salience of the outcome-competency paths proposed in the preliminary board member competency model, providing some confirmation of the plausibility of the propositions. The ensuing section describes these relationships in more detail, as well as presents a final, competency model based on these findings.

Table 4.9

Frequencies of linkages between the board outcomes and director competency behaviours

Competencies	Outcomes							
	Adherence to board rules and regulations	Board culture and climate	Group processes	Implementation and monitoring of corporate governance policies	Management of committees	Stakeholder relationships	Strategic and ethical leadership guidance	TOTAL
Negotiating and debating	-	7	24	-	-	3	2	36
Taking responsibility	15	11	6	4	2	6	15	59
Communication and building relations	-	16	24	-	-	33	1	74
Empowering others	1	-	-	1	9	-	4	15
Ethical conduct	5	18	-	2	-	9	12	46
Strategic focus	1	2	-	2	1	4	33	43
TOTAL	22	54	54	9	12	55	67	

4.4.1 Preliminary board member competency model

The development of the preliminary board member competency model was informed by the literature studies and based on logic and theory. This model reflected the proposed linkages between the board outcomes themselves, as well as between the outcomes and underlying competency behaviours. The data collected from the interviews were analysed and subsequently used to verify the salience of these relationships and also possibly identify new linkages. See Figure 4.1 for an illustration of the preliminary board member competency model reflecting linkages between outcomes and competencies. The outcomes are represented by the shaded circles in the figure, while the competencies are depicted by the white circles. For the purpose of the research, it was decided to omit the linkages between the board outcomes themselves during data analysis, as discussions with regard to the outcomes were purely to gain an

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understanding of director perceptions and opinions on it and does not reflect an in-depth study of the outcomes. The focus of this study is rather on the salience and confirmation of paths between the outcomes and underlying competency behaviours to establish the relevance of the competencies.
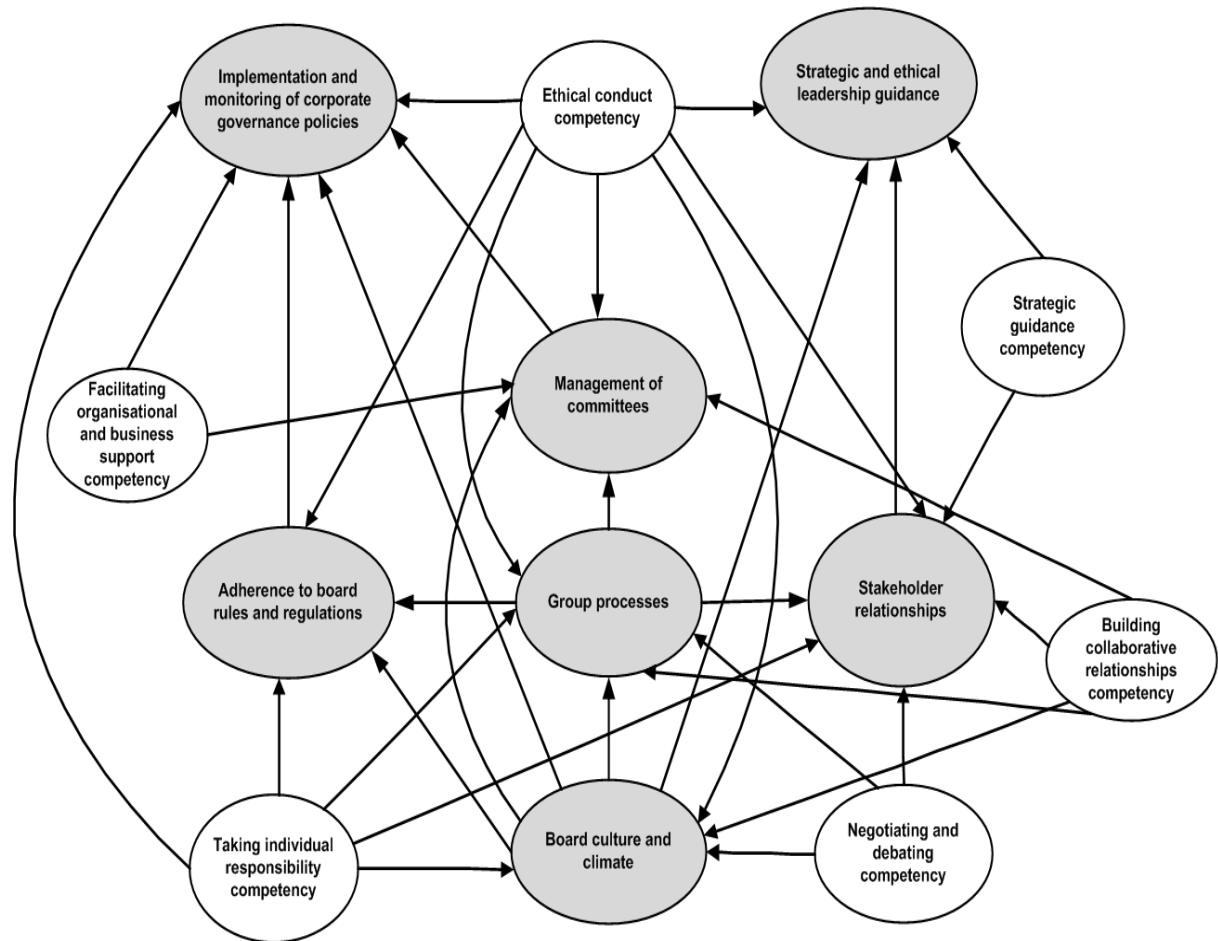
Figure 4.1 **Preliminary board member competency model reflecting linkages between outcomes and competencies**

4.4.2 Final board member competency model

The competency-outcome linkage counts and the preliminary board member competency model were utilised to develop the final board member competency model. To demonstrate confirmation of paths between outcomes and competencies, the researcher decided to make use of a rule which specified that a linkage should occur at least twice in the data to confirm its relevance. See Figure 4.2 for the final board member competency model, reflecting confirmation of paths between the board

outcomes and director competencies, including new paths revealed during the data analysis.
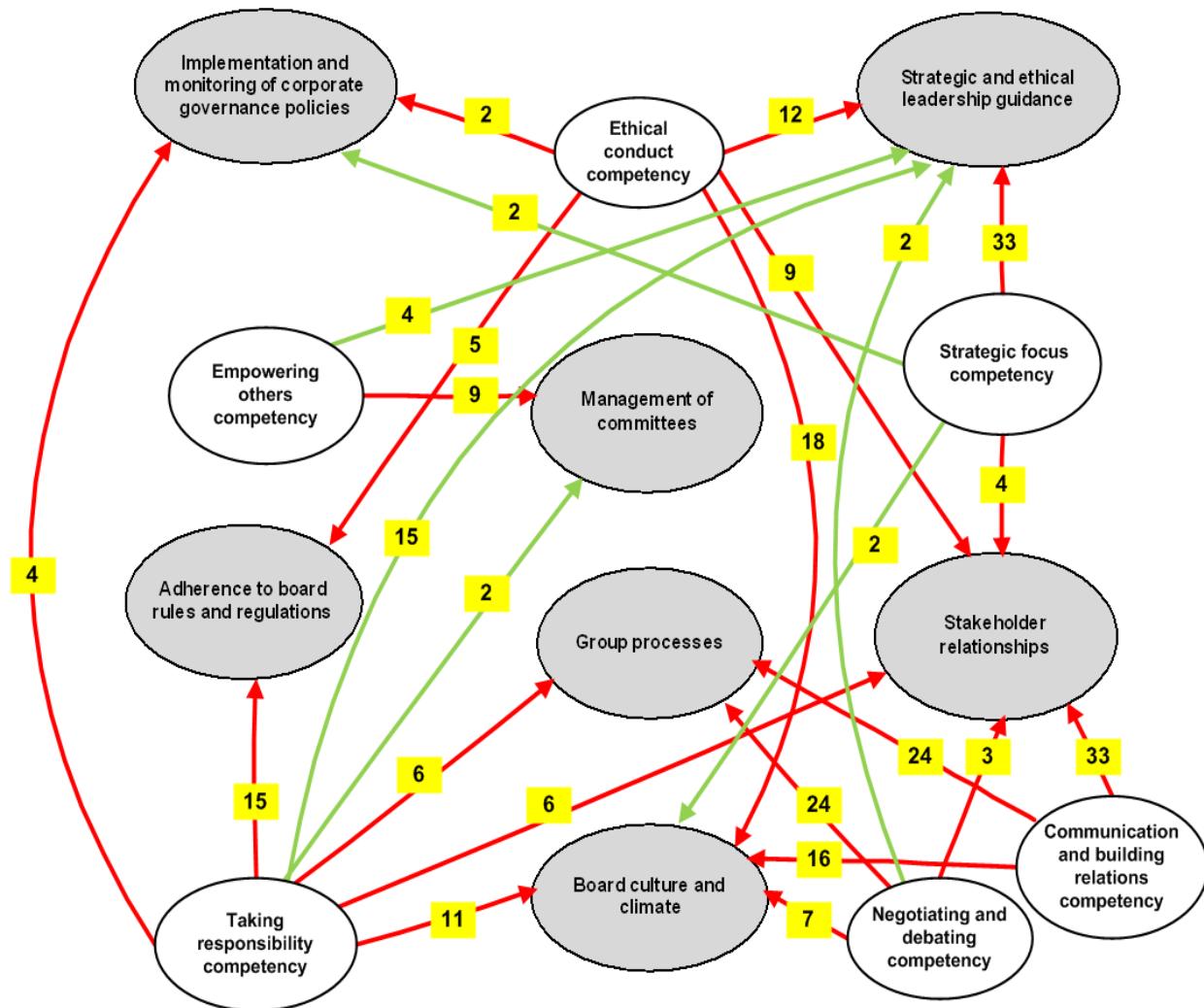
Figure 4.2 **Final board member competency model reflecting confirmation of paths between the board outcomes and director competencies**

The paths depicted in red illustrate the confirmation of the linkages as proposed during the initial board member competency model mentioned in Chapter 2. Only the paths with frequencies of two and higher (in other words linkages that occurred at least twice in the data) are depicted here as they are considered relevant. The paths depicted in green illustrate the new paths (with a frequency of two or higher) that were revealed during the data analysis. This model does not make any final empirical claims with regard to the causal relationships between variables, but rather provides an illustration of the relevance the competencies have with regard to the board outcomes.

4.4.3 A discussion of the outcome-competency paths

In the next sections the paths between the competency behaviours and board outcomes as illustrated by the final board member competency model will be discussed. This includes a mention of the linkages proposed in the initial competency model, as well as the confirmed and new linkages revealed by the qualitative data analysis of the interviews.

4.4.3.1 Negotiating and debating

In Chapter 2 it was argued that the *negotiating and debating* competency influences the *stakeholder relationships*, *group processes* and *board culture and climate* outcomes. These paths are confirmed during the data analysis, while the path linked to group processes seems to be the most significant. This could be explained by the fact that the dimensions of the *negotiating and debating* competency reflects to a great extent the group processes of boards, especially with regard to social interactions, effective communication, conflict management and decision making. This competency refers to directors' negotiating and debating interactions with stakeholders, as well as between directors themselves in the boardroom. It can also be assumed that directors may engage in the same type of group processes during interactions with each other as during interactions with stakeholders. An additional path that was revealed by the data includes a linkage to the *strategic and ethical leadership guidance* outcome. The quality of the negotiating and debating process and its subsequent results achieved may influence the success with which directors provide effective strategic and ethical leadership to the organisation and its executives. By committing to ethical actions when engaging in the behaviours of this competency, directors may be able to fulfill sustainable strategic objectives in a way that will enhance the organisation's reputation.

4.4.3.2 Communication and building relations

In Chapter 2 it was proposed that this competency (formerly known as building collaborative relationships) influenced the *stakeholder relationships*, *group processes*, *board culture and climate* and *management of committees* outcomes. The data analysis revealed confirmation with all the paths except for with the management of committees outcome. The dimensions of the *communication and building relations* competency, as well as the behaviours reflecting the dimensions can be viewed as essential when fulfilling the outcomes with confirmed linkages. In other words, all of these outcomes

have effective communication and the establishment of meaningful relationships at the core. Directors need to know how to relate to each other, as well as to stakeholders and build bonds based on honesty and trust. The linkage with stakeholder relationships stood out in this instance, which could mean that the nature of the relationship directors establish with stakeholders seems to be an important determinant of board effectiveness. This could then also contribute to the reaching of corporate performance outcomes, as the organisation establishes itself as a responsible corporate citizen, able to create sustainable value for all constituents with entrusted interests in the company. It is interesting to reflect on the fact that the data analysis revealed no linkage to the *management of committees* outcome. Although the establishment of communication with these groups is important it could be that a different type of communication is involved here that doesn't necessarily have the building of relationships at its core. In the case of communication with stakeholders and within the board as a group, the dynamics could be different as there are issues like cohesiveness, conflict with regard to decision-making, social interactions, as well as the establishment of networks and social capital to consider. With regard to committees, the type of relationship seems more clinical as these committees are established with a goal that they are aware of beforehand. They are selected because they are capable experts and therefore their main purpose is to fulfill the required goals independently and just report back to the board on results.

4.4.3.3 Ethical conduct

In Chapter 2 it was argued that the *ethical conduct* competency influences *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies*, *management of committees*, *group processes*, *stakeholder relationships*, *board culture and climate*, as well as *strategic and ethical leadership guidance* outcomes. The data analysis revealed confirmation of the paths with all the outcomes, except for with the *management of committees* and *group processes* outcome. The paths with the most salience included the linkages to the *board culture and climate*, *strategic and ethical leadership guidance*, as well as *stakeholder relationships* outcomes. The dimensions of the ethical conduct competency reflect the importance of ethical director behaviour with regard to stakeholders, the organisation, as well as between directors themselves. Directors should enact their values and beliefs in a moral way, through exhibiting ethical behaviour, especially when making decisions that may influence the welfare of the

organisation and its stakeholders, or during the provision of leadership to the executive management team. The ethical conduct competency can therefore be viewed as the golden thread that influences board effectiveness by enabling directors to create sustainable value for the organisation and its stakeholders, through honourable actions and decisions based on the awareness of moral consequences. It is interesting that there are no linkages between the *ethical conduct* competency and the *management of committees* and *group processes* outcomes. It could be that the observable behavioural display of ethical conduct is less apparent during the fulfillment of these outcomes in comparison with the other outcomes.

4.4.3.4 Taking responsibility

Earlier in this paper it was suggested that *taking responsibility* (formerly known as *taking individual responsibility*) was linked to *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies*, *group processes*, *stakeholder relationships* and *board culture and climate*. The analysis confirmed all the linkages, with those to *adherence to board rules and relations* and *board culture and climate* being the most noticeable. The dimensions of the *taking responsibility* competency emphasise a commitment to the board role and responsibility towards organisational sustainability as important. Directors are accountable to obey the rules that govern board functioning and therefore need to make sure that the statutory compliance is fulfilled, by monitoring their own compliance behaviour, as well as those of fellow directors. Directors also play an important role in the maintenance of a healthy board culture and climate, where the behaviour that they model and condone creates a standard that may influence organisational culture and subsequently organisational performance. Additional paths that were revealed include linkages to the *management of committees* and *strategic and ethical leadership guidance* outcomes. The linkage to the latter outcome could indicate that directors need to take personal responsibility when providing leadership to the executive management team and the rest of the organisation. This means that through their commitment to the leadership role they fulfill, they may also motivate others to be passionate about furthering the organisational vision and mission. The linkage with the *management of committees* outcome is an indication of the duty directors have with regard to the effective utilisation and active engagement with the groups of people available to support their role.

4.3.5 Empowering others

In Chapter 2 it was proposed that *empowering others* (formerly *facilitating organisational and business support*) influence *implementation and monitoring of corporate governance policies* and the *management of committees* board outcomes. Only the path with *management of committees* was confirmed by the qualitative data analysis. The linkage is clear, as almost all the dimensions and behaviours of the competency refer to the commitment directors should have in providing assistance and the necessary tools to groups who provide support to the board. Furthermore, an additional path that was revealed includes a linkage to the *strategic and ethical leadership guidance* outcome. This could indicate the important role that directors have with regard to providing leadership to executive management and other groups to execute strategies effectively. Directors can also serve as an example to them by engaging in behaviours and values that are morally correct. As discussed previously the ethical behaviour of the board and its directors could be an important determinant in the establishment of an ethical organisational culture. Although this competency is only reflected in two board outcomes it is still very important, especially when looking at director opinions with regard to the outcomes. The groups that support the board in terms of the fulfillment of their roles and tasks, have a crucial part to play in assisting the board in furthering the vision of the organisation and also fulfilling its strategic intent and goals. The absence of relevant linkages with the *implementation and monitoring of corporate governance policies* outcome could be an indication that directors may provide management more with motivation and facilitation, than empowerment, with regard to the implementation of these types of policies.

4.4.3.6 Strategic focus

This competency, formerly known as *strategic guidance* was proposed to be linked to *stakeholder relationships* and *strategic and ethical leadership guidance* earlier in this paper. These two paths were confirmed during the data analysis, with the linkage to the *strategic and ethical leadership guidance* outcome standing out as very noteworthy. This linkage can be expected as the dimensions of the competency mostly reflect behaviours that are related to the furthering of the organisation's strategies, where directors then also need to guide management to implement these strategies. Two additional paths were also revealed by the data analysis. These include a linkage to the *implementation and monitoring of corporate governance policies*, as well as the *board culture and*

climate outcomes. Although not standing out as being particularly notable, it is still interesting to reflect on the linkages between the competency and these outcomes. The competency's linkage to the *implementation and monitoring of corporate governance policies* outcome, could be explained by the guidance directors provide to executive management to facilitate the effective implementation of these policies. The relative small frequency could be an indication that the board in most instances simply fulfills a monitoring and guiding role with regard to the implementation of policies, while it is management that implements these strategies. Furthermore, the competency's linkage to *board culture and climate* could reflect the vision and values of the board that may be influenced by the type of strategic paths the board decides on for the organisation. See Table 4.10 for a simplified presentation of the director competencies and their paths to the board outcomes in terms of initial, confirmed, and new linkages as established during the data analysis.

4.5 Conclusion

In this chapter the results and findings based on the qualitative data analysis were presented and explained. The board outcomes and competency behaviours representing board member success were explored in more detail through their themes and dimensions. Finally, the confirmed relationships between the competencies and outcomes, as illustrated by the final board member competency model, were discussed. In the following chapter the practical implications, recommendations and limitations with regard to the study will be discussed.

Table 4.10

A simplified presentation of the director competencies and their paths to the board outcomes

Competencies	Outcomes		
	Linkages proposed in initial theoretical model	Linkages confirmed through qualitative data analysis	New linkages from qualitative data analysis
Negotiating and debating	Stakeholder relationships Group processes Board culture and climate	Stakeholder relationships Group processes Board culture and climate	Strategic and ethical leadership guidance
Communication and building relations	Stakeholder relationships Group processes Board culture and climate Management of committees	Stakeholder relationships Group processes Board culture and climate	
Ethical conduct	Adherence to board rules and regulations Implementation and monitoring of corporate governance policies Stakeholder relationships Board culture and climate Strategic and ethical leadership guidance Management of committees Group processes	Adherence to board rules and regulations Implementation and monitoring of corporate governance policies Stakeholder relationships Board culture and climate Strategic and ethical leadership guidance	
Taking responsibility	Adherence to board rules and regulations Group processes Stakeholder relationships Board culture and climate Implementation and monitoring of corporate governance policies	Adherence to board rules and regulations Group processes Stakeholder relationships Board culture and climate Implementation and monitoring of corporate governance policies	Management of commmittees Strategic and ethical leadership guidance
Empowering others	Management of committees Implementation and monitoring of corporate governance policies	Management of committees	Strategic and ethical leadership guidance
Strategic focus	Stakeholder relationships Strategic and ethical leadership guidance	Stakeholder relationships Strategic and ethical leadership guidance	Implementation and monitoring of corporate governance policies Board culture and climate

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

Driven by the intention to create a more holistic conceptualisation of board member success with regard to corporate governance, the study set out to develop a board member competency model reflecting dimensions of board effectiveness (i.e. the group outcomes) and the underlying competency behaviours. From the start it was argued that board effectives should be evaluated in terms of both formal, quantitative outcomes such as compliance with regulations, as well as the qualitative outcomes such as group dynamics and board culture. However, this is only one side of the success equation of board members. The need was argued to also consider the "how" – that is the competency behaviours which individual directors need to display in order to achieve these outcomes. Moreover, the study wanted to explore specific relationships between the competencies and the outcomes. The overall notion was that the level of competence displayed by directors on the competencies influences the extent to which the board functions effectively as a group (i.e. reaches certain quantitative and qualitative outcomes), which in turns drives the creation of good corporate governance.

To fulfil the study aim, a preliminary board member competency model was developed through an extensive literature review, also including propositions about possible relationships between the board outcomes themselves, as well as between the competency behaviours and board outcomes. To further explore the board outcomes, but more importantly, the behaviours which underlie them, a qualitative research approach was followed. The critical incident method was utilised during semi-structured interviews with a sample of 22 directors. In addition, grounded theory was applied as strategy of inquiry to code and analyse the data. The process helped to confirm the relevance of each outcome for the board. Moreover, whilst the literature review informed the broad outcome and competency categories, the qualitative process enabled the researcher to identify specific behavioural dimensions constituting the broader competency categories. It also provided the opportunity to investigate the salience of the proposed competency-outcome relationships. In this final chapter of the thesis, an

overview of the findings will be provided. This will be followed by a discussion of the practical implications with regard to improving board member success, and thus corporate governance. The chapter concludes with the limitations and the recommendations for future studies.

5.2 Summary and Discussion of Findings

It was evident from the literature review that further research was needed to explain the manner in which boards and directors create good corporate governance in a holistic sense. Previous literature studies that investigated the influence of formal corporate governance aspects (e.g. board structure and composition), on board effectiveness yielded insignificant results, indicating there is more to the corporate governance process than initially was believed. This shifted the focus to also consider the informal governance elements (e.g. contexts, behaviours and processes), underlying the formal ones. Furthermore, the importance of understanding the behaviours underlying the board outcomes that leads to board effectiveness, and ultimately results in good corporate governance, became apparent. This led to the research initiating question: *what are the behaviours making certain directors more successful than others in the creation of good corporate governance?*

Results of the data analysis established the relevance of the board outcomes, by revealing several themes representative of director opinions and perceptions with regard to each board outcome. The data extracted from the interviews also confirmed the literature-derived competency categories, as well as the revelation of new linkages, and enabled the researcher to expand the competencies in terms of their underlying behavioural dimensions. Furthermore, since questions concerning behaviours were each time asked in connection with a particular outcome, it was possible for the researcher to investigate the saliency of the competency-outcome relationships proposed in the preliminary competency model. Comparisons between the preliminary model, and results revealed through the qualitative analysis, led to the revised, final competency model.

A brief description of the competencies and outcomes, as well as a list of the salient paths between them, as depicted by the final competency model will follow next.

Board outcomes:

1. *Adherence to board rules and regulations* involves the formal structural and procedural aspects the board has to adhere to that have an effect on their effective functioning.

2. *Implementation and monitoring of corporate governance policies* requires directors to play a proactive role in ensuring that all areas of the organisational landscape are protected, through the establishment of relevant controls and the minimisation of risks.

3. *Management of committees* include the responsibility and also the willingness of directors to involve both the required and elective groups of people available to support them.

4. *Group processes* relates to how well the board functions as a team and also include the way it handles the various interpersonal dynamics that may influence its efficiency.

5. *Stakeholder relationships* involve the networks and communication that directors establish with the organisation's constituents, which influence the way in which the board creates sustainable value for the organisation.

6. *Strategic and ethical leadership guidance* can be explained as the way the board guides management and facilitate their execution of strategies that may influence organisational reputation and long term prosperity.

7. *Board culture and climate* involves the values, beliefs and ethos that underlie the functioning of the board, thereby also influencing director behaviour and organisational culture.

Competencies:

1. *Negotiating and debating* is an interactional process between board members themselves, as well as between board members and stakeholders that involves deliberation and active discussion to reach conclusions with ideally mutual benefits for both parties concerned.

2. *Communication and building relations* involves the way in which directors handle information and engage in social interactions with the potential of establishing

positive connections, either between themselves, or between them and stakeholders.

3. *Ethical conduct* is the moral soundness with which directors make decisions and take action, which also creates a perception and serves as an example with regard to the organisation and its stakeholders.

4. *Taking responsibility* involves board members' dedication and effort to contribute to the effective execution of their role and the sustainable prosperity of the organisation.

5. *Empowering others* is the way in which board members motivate, support, facilitate and also create the capacity for individuals or groups that support the board role to fulfil required tasks.

6. *Strategic focus* is the manner in which directors recognise and emphasise the importance of developing and executing effective strategies that allow the organisation to grow and prosper in a sustainable way.

Linkages proposed in the initial board member competency model that were confirmed through the qualitative data analysis include:

1. The *negotiating and debating* competency's paths to the *stakeholder relationships*, *group processes* and *board culture and climate* board outcomes;

2. The *communication and building relations* competency's paths to the *stakeholder relationships*, *group processes* and *board culture and climate* board outcomes;

3. The *ethical conduct* competency's paths to the *adherence to board rules and regulations*, *implementation and monitoring of corporate governance policies*, *stakeholder relationships*, *board culture and climate*; and *strategic and ethical leadership guidance* board outcomes;

4. The *taking responsibility* competency's paths to the *adherence to board rules and regulations*, *group processes*, *stakeholder relationships, implementation and monitoring of corporate governance policies* and *board culture and climate board* outcomes;

5. The *empowering others* competency's path to the *management of committees* board outcome;

6. The *strategic focus* competency's paths to the *stakeholder relationships* and *strategic and ethical leadership guidance* board outcomes

New linkages revealed by the qualitative data analysis include:

1. The *negotiating and debating* competency's path to the *strategic and ethical leadership guidance* board outcome;
2. The *taking responsibility* competency's paths to the *management of committees* and *strategic and ethical leadership guidance* board outcomes;
3. The *empowering others* competency's path to the *strategic and ethical leadership guidance* board outcome;
4. The *strategic focus* competency's paths to the *implementation and monitoring of corporate governance policies* and the *board culture and climate* board outcomes.

5.3 Implications for Practice

Selecting directors with the highest probability of success in their roles is critical for organisations as these directors, through their behaviours, are able to fulfil board outcomes that results in good corporate governance and the fulfilment of corporate performance outcomes. This holistic conceptualisation of board member success allows for the achievement of both formal and informal aspects of corporate governance. Organisations that select and develop their directors based on competency behaviours relating to these formal and informal criteria might be a step ahead of their competitors as they are aware that the essence of establishing an effective board, capable of executing good corporate governance, is dependent on both formal and informal aspects. A discussion of the practical implications follows.

It is important to determine the entities that will benefit from the knowledge with regard to board member success. Human resources departments are traditionally the ones involved with employee selection in organisations. In terms of director selection it is normally the nominations committee, board of directors and shareholders that form part of this process. The procedures that are followed for director selection usually involve a formal process that does not allow for the detailed behavioural evaluation of directors. It is in this instance that human resources might have a role to play. They can utilise these competency criteria to conduct assessment centres, interviews or questionnaires to determine director scores on the competencies and thereby calculate the probability of director success. Shareholders, directors and nominations committees can then utilise

this information to make more informed decisions when selecting directors. Executive coaches can also benefit from the knowledge of director competencies. They can apply it through training or coaching sessions with directors to develop directors that might have scored low on some required competencies during, for example, an assessment centre session. In addition, directors aware of the competencies required for effective board functioning might also be more inclined to take responsibility for their own and fellow board members' development thereof. The chairman also has an opportunity to play a proactive role here. By being aware of which competencies are needed on the board to establish an effective team, the chairman can stay mindful through observation. If a discrepancy with regard to a certain competency is then suspected, it can be communicated to fellow directors and incorporated as part of director developmental initiatives. Furthermore, in terms of a macro context, organisational development and sustainability professionals can employ the competency knowledge to predict organisational success, in terms of the requirement needed to establish an effective board capable of creating good corporate governance and the fulfilment of organisational performance outcomes.

5.4 Limitations of Study

Although the board member sample was well represented in terms of director experience and industries the organisations were a part of, the sample lacked representation with regard to previously disadvantaged groups. It could be that these directors understand and perceive board member success differently, which might result in the revelation of differing opinions with regard to board outcomes and director competencies. In addition, the geographical area the director fulfils their role in could also have had an influence on the way these directors interpret the outcomes and competencies. The directors in this study's sample are all from Cape Town, while only one director was from Gauteng.

As mentioned in Chapter 3, this study followed an exploratory qualitative research approach with the aim of generating plausible propositions that can be empirically tested in future studies; the ultimate goal remains to develop a model of director success that will allow nomothetic explanations. The current study therefore cannot make any empirical claims about the relationships between the competency behaviours and board outcomes. Another study limitation includes issues with regard to the unit of analysis.

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Determining the unit of analysis in a study might pose some challenges when different perspectives with regard to accountability for performance are a possibility. In the first instance, the unit of analysis can be both the individual director and the board (like proposed in this study), where the engagement of the director in certain competency behaviours results in the successful fulfilment of board outcomes. Another scenario would be where only the board is seen as the unit of analysis. In this case the competencies *and* board outcomes will be envisioned on a group level, where the board as a group will then exhibit behaviours that influence board group outcomes. A question to ask here is whether the individual director can indeed be held responsible and accountable for the group outcomes of the board. Literature findings suggest directors can enact their roles individually or collectively (Pye, 2004). Also, the board exercises its authority as a group, but is jointly and severally accountable and responsible to reach outcomes (Veldsman, 2012a). If this is the case it might indeed be possible to approach the unit of analysis on either an individual or group level.

5.5 Recommendations for Future research

Future studies can utilise this study as a platform to quantitatively test the salient relationships found between the competency behaviours and board outcomes during data analysis. This will establish the credibility of the competencies and determine its feasibility in terms of employing it for the selection and development of directors. This will also allow for generalisation of conclusions to a broader board member sample, particularly with regard to the South African context. In addition, it is suggested that directors from previously disadvantaged groups be included in these studies, as well as directors from different geographical provinces in South Africa. This may reveal a different understanding of board member success in terms of the board outcomes and underlying competency behaviours.

5.6 Conclusion

It was the aim of this study to develop a board member competency model, reflecting board outcomes and competency behaviours. The intention of this model was to assist in answering the research question: *what are the behaviours making certain directors more successful than others in the creation of good corporate governance?* This question originated from a need that was identified in literature research to explain board member success in terms of the creation of good corporate governance, in a

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more holistic sense. By considering both the formal and informal aspects of corporate governance, it is possible to determine board outcomes and underlying competency behaviours necessary to create this all-inclusive governance process. The nature of corporate governance also ties it closely to corporate performance, as they share matching outcomes such as sustainability and corporate social responsibility. It is therefore important to be able to identify behaviours necessary for the effective fulfilment of board outcomes (in a quantitative and qualitative sense), as these are a prerequisite for the creation of good corporate governance, in terms of essential corporate performance outcomes in organisations.

Results revealed by the data analysis indicated the confirmation of the outcome and the competency categories. More importantly it also resulted in the identification of specific behavioural dimensions. Furthermore, salient linkages were also disclosed, which in turn confirmed the literature derived relationships between the outcomes and competencies; while additionally, new links were also revealed. This established the relevance of the competencies with regard to the board outcomes and created a platform for future studies to empirically validate these relationships. By determining the credibility of the competencies, it will inform the construction of competency based selection and developmental tools for directors.

Good corporate governance is essential for the sustainable survival of the organisation and its stakeholders. It is directors that are responsible and accountable to create this governance through the fulfilment of board outcomes. By instilling an awareness of important behaviours that underlie these outcomes, organisations, and board members themselves, may be able to better understand the importance of creating board member success mindfully; not just in terms of the apparent governance elements, but also with due regard for aspects below the surface. Finding this delicate balance between both these aspects of corporate governance might unlock the answers to effective director and board functioning researchers have been searching for.

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APPENDIX A: INFORMED CONSENT FORM

STELLENBOSCH UNIVERSITY
CONSENT TO PARTICIPATE IN RESEARCH

BOARD MEMBER SUCCESS: THE DEVELOPMENT OF A COMPETENCY MODEL REFLECTING BOARD EFFECTIVENESS AND BOARD MEMBER COMPETENCY BEHAVIOURS.

You are asked to participate in a research study conducted by Welna Boshoff, a Master's Student from the Department of Industrial Psychology at Stellenbosch University. The results of this study will contribute to a thesis and ultimately the fulfilment of the MComm (Psych) degree. You were selected as a possible participant in this study because you are a director currently serving on a company board or one that has served on a company board in the past seven years, thereby satisfying the sample requirements of the study.

1. **PURPOSE OF THE STUDY**

The purpose of this study is to explore the behaviours associated with successful directors, as well as how these behaviours (referred to as competencies) relate to effective board functioning. Through increased understanding of these behaviours, organisations will be in a better position to judge the suitability of potential or current

directors in terms of effective board functioning. Ultimately, this should contribute to the achievement of corporate governance goals.

2. PROCEDURES

If you volunteer to participate in this study, we would ask you to participate in a semi-structured interview, consisting of open ended questions. There are no right or wrong answers and the goal is to gain your in-depth view on the subject of board member success. The duration of the interview will be approximately one hour and you have the option whether to participate in the interview at a location of your choice, or at a location that will be chosen by the researcher. You also have the option of requesting a telephonic interview if there are any time or location constraints with regard to your participation in the research. Interviews will be audio recorded to facilitate the capturing of more accurate data, also contributing to the validity of the study. You have the right to request a copy of your audio recorded interview, as well as a copy of your transcribed interview to check for accuracy if you choose to do so.

3. POTENTIAL RISKS AND DISCOMFORTS

You will need to put aside one hour for the interview, and if you wish to do so, time to verify the transcribed interview. Apart from this inconvenience there are no foreseeable risks associated with this study. It will be attempted to stay within the one hour time limit of interviews.

4. POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

Participation in this research study will not benefit you personally. The knowledge gained with regard to board member competency behaviours will contribute to the establishment of a clearer picture of board member success. As already mentioned, this may directly (and indirectly through follow-up studies) benefit organisations with regard to the selection and development of directors as custodians of good corporate governance.

5. PAYMENT FOR PARTICIPATION

You will receive no payment for participation in this research study.

6. CONFIDENTIALITY

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law. You will not be required to provide your identity or name of the organisation's board you are currently serving on/served on during the interview. Access to data will be restricted to the transcriber, the researcher (Welna Boshoff), her Supervisor (Mr F van Der Bank) and Co-Supervisor (Prof DJ Malan) and stored on a password protected computer, to protect it from unauthorised access. Audio recorded interviews will be given anonymously to the transcriber and you also have the right to request a copy of your audio recorded interview or transcribed interview data for verification purposes. Recordings will not be used for educational purposes, but will be kept for future scientific usage and not erased after transcription.

Data analysis and interpretation will take place by combining and searching for themes across all the anonymously transcribed interviews. The researcher may, however, at times need to quote certain participants anonymously. These quotations will be edited so that they are generic in nature and do not contain information that could lead to the identification of participants. The results of the study will be distributed in an unrestricted electronic thesis and future publication of research study findings is also a possibility.

7. PARTICIPATION AND WITHDRAWAL[3]

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw your consent at any time without consequences of any kind.

8. IDENTIFICATION OF INVESTIGATORS

If you have any questions or concerns about the research, please feel free to contact Welna Boshoff (0730205277 or 13157213@sun.ac.za or welnaerasmus@gmail.com) or

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[3] In the case of ▮▮▮▮ board members, this section will be amended to the following: "You, as director in your private capacity, have the choice to give your consent to participate in this study or not. Your decision will remain confidential and will not be revealed to any of your fellow board members or other members of your organisation. It is also kindly requested that you do not discuss your decision to take part in this research or not with your fellow board members. This precaution will assist in guarding against the possibility that fellow directors may feel obliged to participate in the study. If you volunteer to be in this study, you may withdraw your consent at any time without consequences of any kind.

Mr F van der Bank (0218083016 or fvdb@sun.ac.za) or Prof DJ Malan (0218083001 or djmalan@sun.ac.za).

9. RIGHTS OF RESEARCH SUBJECTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study. If you have questions regarding your rights as a research subject, contact Ms Maléne Fouché (mfouche@sun.ac.za; 021 808 4622) at the Division for Research Development at Stellenbosch University.

Please indicate your decision to participate in the research or not:	
ACCEPT I have read and understood the information provided above and voluntarily **consent to participate** in the research study under the stipulated conditions. **Please tick this box:** [ ] *No signature required*	**DECLINE** I have read and understood the information provided above and **decline the invitation to participate** in the research study under the stipulated conditions. **Please tick this box:** [ ] *No signature required*

SIGNATURE OF INVESTIGATOR

I, Welna Boshoff, declare that I explained the information given in this document to the participant. He/she was encouraged and given ample time to ask me any questions. This conversation was conducted in English/Afrikaans and *no translator was used.*

_____

Signature of Investigator   **Date:**

APPENDIX B: INTERVIEW CONTEXT DOCUMENT

Interview context:

- ➤ The board is an entity that fulfils certain outcomes to be effective in the creation of good corporate governance and value for the organisation

- ➤ To reach these board outcomes, board members or directors engage in certain <u>competencies</u>. These competencies can be viewed as <u>behaviours</u>

- ➤ It is one of the aims of this study to better <u>understand director behaviours that are key to the fulfilment of board outcomes</u>

For the purpose of the interview, please have a look at the board outcomes below and think about:
- ➤ Which outcomes are <u>most and/or least important</u> in your opinion
- ➤ How directors <u>demonstrate</u> these outcomes through the display of actions or behaviours in specific situations

Board outcomes:

Adherence to board rules and regulations
This includes the statutory (legal) requirements with regard to board structures and procedures (e.g. availability of a board charter, director selection, performance evaluation, succession planning, awareness of board materiality and power etc.).

Implementation and monitoring of corporate governance policies
The management of risk, information technology (IT) and corporate governance compliance through the establishment of relevant committees, proper reporting and communicating the importance of compliance, and ethical risks of non-compliance to fellow directors and management.

Management of committees

These could include audit, social, ethics, remuneration, nominations, risk or specific purpose committees that facilitate the board with regard to monitoring company activities or dealing with complex issues.

Group processes

This includes how directors work together as a group, interact and handle work processes (e.g. decision-making, conflict resolution, problem-solving and information-gathering/sharing). Board cohesiveness and effort exerted by board members are also considered here.

Stakeholder relationships

The involvement of stakeholders in business planning and communication, by considering their unique needs in terms of economic, social and environmental issues, thereby creating value for both the organisation and stakeholders.

Strategic and ethical leadership guidance

Active involvement in strategy development and execution, also providing leadership guidance to management , as well as creating an ethical corporate culture through leading by example and incorporating integrity in all aspects of business.

Board culture and climate

Shared values and beliefs that influence how the board approach their roles and makes decisions, also the boards' "style" of doing things and the general "mood" that that runs through board functioning and dynamics on an ongoing basis.

APPENDIX C: INTERVIEW SCHEDULE WITH SAMPLE QUESTIONS

Director information

Position on board: _____

Period of position on current board: _____

Number of previous board positions held: _____

Industry of organisation currently a board member of: _____

Purpose of interview

The purpose of this interview is to gather in-depth information on the perceptions and opinions of directors with regard to dimensions of board effectiveness and underlying board member competency behaviours that may influence the creation of good corporate governance. The data collected will be utilised in the development of a competency model of board member success, as well as the establishment of plausible propositions on the subject under study. A future objective of the study is the empirical testing of findings that may enable the development of a set of competencies which may assist with director selection and development.

Selection procedure for director sample

Directors currently in the following roles will be considered for selection: executive directors, non-executive directors, alternate directors, prescribed officers and directors belonging to audit and other board committees. In addition directors retired in the past seven years will also be considered.

Confidentiality

Confidentiality of directors' identities will be maintained throughout the whole research process. Directors will not be required to provide their identity or name of the organisation's board they are currently serving on during the interview. Transcriptions and coding will take place treating the interview data anonymously and combining all the transcribed data sets in the formulation of themes, hypotheses and a possible theory. A transcribed version of the director's interview will be sent to him/her for verification purposes. Only integrated findings of the study will be published in a Master's thesis.

Recording of the interview

After receiving informed consent from directors, as stipulated in the informed consent form, interviews will be audio recorded. This will facilitate the capturing of more accurate data, contributing to the validity of the study.

Language of interview

The interview questions will be asked in English but directors can choose to answer the questions in Afrikaans or English, whichever language they feel most comfortable with.

The conceptual meaning of board member competencies and dimensions of effective board functioning

Board member competencies in this study are conceptualised as behaviours board members engage in to fulfil their roles successfully. These behaviours are then also preceded by dimensions of board effectiveness, which describes the board outcomes in terms of formal, legal requirements, as well as informal aspects, for example relational processes in and outside the boardroom.

Questions

Instructions:

Please indicate **behaviours** and/or **actions** with regard to the questions where possible.

1. In your opinion, what are the most important legal prescriptions that influence board functioning? How can the board and its directors ensure that they adhere to these rules and regulations effectively?

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2. Are there any specific aspects of corporate governance policies that you feel is more important than others? How do the board and its directors operationalise the successful implementation of these policies?

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3. What role, in your opinion, do the committees that support boards play in the establishment of effective corporate governance? What actions can directors take to manage these committees effectively?

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4. In your opinion, how do decision-making, conflict resolution, problem-solving and information gathering/sharing influence board functioning? Each work process can be discussed separately. Which behaviours can directors display to enhance the group processes of the board?

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5. Do you think the board should involve stakeholders in all decisions that they make? What actions can directors take to establish good stakeholder relationships with the organisation's constituents?

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6. In your opinion, how involved should the board be in the development, implementation and monitoring of strategies? What can directors do to give effective strategic and ethical leadership guidance to management?

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7. In your opinion, do you think board culture influences organisational culture or vice versa? How can directors create a healthy board culture and climate?

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Any comments, observations or criticism, regarding the research that may have value for future studies?

APPENDIX D: DESC CHECKLIST

DEPARTMENTAL ETHICS SCREENING COMMITTEE
(DESC)

CHECKLIST

Implementation date: 1 January 2012

Preamble to the Checklist

Researchers, supervisors and departmental chairs have the primary responsibility to ensure that research conducted in their respective disciplines is characterized by methodological rigour and comply with the guidelines of relevant professional bodies and scientific organizations, as well as relevant legislation, institutional, national and international ethics guidelines.

All research in which humans, institutions, organizations or communities/groups are involved must be screened by Departments. The departmental processes for the ethics screening of research proposals should be integrated with the process of approving research proposals in terms of their scientific integrity and rigour. This means that the Departmental Ethics Checklist for the ethics screening of a research project should be considered in the same process as the approval of the research proposal.

The checklist serves as a heuristic tool (i.e. a guideline) to assist the researcher in evaluating the potential ethical risks associated with the research. The emphasis should be primarily on an honest and critical reflection on, and deliberation about the risk of unjustifiably impacting negatively on the research participants and other stakeholders involved in the research, and not on the completion of the checklist as a mere bureaucratic necessity.

To record that all research proposals in which humans, institutions, organizations or communities/groups are involved have been screened in ethical terms, the Departmental Ethics Checklist must be completed in a manner that attests to the fact that the researcher (and, if applicable the Departmental Ethics Screening Committee (DESC)) has diligently reflected on the matter.

Process notes:

- All submissions to the Research Ethics Committee must be accompanied by a fully completed Departmental Ethics Checklist. The departmental screening process is where the ethics review process starts.
- When medium or high ethical risk research is referred to the Research Ethics Committee for review, it is important to share the DESC's assessment, experience and wisdom about avoiding or mitigating ethical risks with the Research Ethics Committee. Please record which ethical risks are related to the medium or high ethical risk research, and what should be done to avoid or mitigate these ethical risks on the last page of the Departmental Ethics Checklist, or on a separate page, and indicate in a note to the Research Ethics Committee exactly for what ethics clearance is requested.
- Departments should have a short turn-around time in the processing of Departmental Ethics Checklists, following a time schedule that is well-coordinated with the submission of applications to the Research Ethics Committee.
- Departments are encouraged to involve researchers, supervisors and promotors in the deliberations and/or feedback of the DESC with a view to promote awareness, insight, and opportunities for the discussion of ethical issues related to research.

DEPARTMENTAL ETHICS SCREENING COMMITTEE (DESC) CHECKLIST (DATA COLLECTION)				
To be prepared by the researcher (student researcher in consultation with supervisor/promotor) and attached to the actual research proposal, and submitted to your Departmental Chair				
Name of researcher: Prof/Dr/Mr/Ms/Other Ms Welna Boshoff				
Department of Researcher: Industrial Psychology				
Title of research project: Board member success: The development of a competency model reflecting board effectiveness and board member competency behaviours.				
If a registered SU student, degree programme: MComm (Industrial Psychology)				
SU staff or student number: 13157213				
Supervisor/promotor (if applicable): Prof/Dr/Mr/Ms Mr F van der Bank (Supervisor), Prof DJ Malan (Co-Supervisor)				
ETHICAL CONSIDERATIONS	**Yes**	**NS***	**No**	**ACTION REQUIRED**
1. Familiarity with ethical codes of conduct				
As researcher I have familiarised myself with the professional code(s) of ethics and guidelines for ethically responsible research relevant to my field of study as specified in the list herewith attached, AND the 'Framework policy for the assurance and promotion of ethically accountable research at Stellenbosch University'	X			If YES: Continue with the checklist. If NS/NO: Researcher must do so before proceeding.
2. The proposed research: (Go through the whole of Section 2)				
a) Involves gathering information directly from human subjects (individuals or groups) (e.g. by means of questionnaires, interviews, observation of subjects or working with personal data)	**Yes** X	**NS**	**No****	If YES: Continue with the checklist. If NO: This checklist process does not apply to the proposed research, except if 2 (b) applies.
b) Involves gathering information directly from companies, corporations, organisations, NGOs, government departments etc. that <u>is not</u> available in the public domain			X	If YES: Continue with the checklist. If NO: This checklist process does not apply to the proposed research.
c) Is linked to or part of a bio-medical research project			X	If YES/NS: REC clearance may be required. DESC needs to decide.
d) Involves gathering of information without consent/assent, i.e. will be conducted without the knowledge of the subjects of/participants in the research			X	If YES/NS: REC clearance may be required. DESC needs to decide.
e) Involves collection of identifiable information about people from available records/archival material to be collected on individuals/groups/lists with personal information			X	If YES/NS: REC clearance may be required. DESC needs to decide.

∗ NS = Not sure/Don't know

** Please note: If the "No" option is selected it does not nullify the responsibility that rests on the researcher to ensure that ethical research practices are followed throughout the research process. The onus rests on the researcher to ensure that, should any ethical issues arise throughout the research process, the necessary steps are taken to minimise and report these risks to the supervisor/promotor of the study (where relevant), the Departmental Chair , and the REC. Furthermore: If the "No" option is chosen it does not absolve the researcher to seriously consider the possible risk that the research can in some way wrongfully disadvantage research participants and/or stakeholders or deny them fundamental rights.

3. The proposed research involves the gathering of information from people in the following categories:				
a) Minors (persons under 18 years of age)	**Yes**	**NS**	**No** X	If YES/NS for any of these categories (a-e): REC clearance may be required. The DESC must screen the proposal/project and must refer it to the REC if the ethical risk is assessed as medium or high. Then continue with the checklist.
b) People with disabilities			X	
c) People living with/affected by HIV/AIDS			X	
d) Prisoners			X	If NO for all of these categories: Continue with the checklist.
e) Other category deemed vulnerable; SPECIFY here: [See Glossary of SOP for definitions.]			X	
f) Stellenbosch University staff, students or alumni	**Yes**	**NS**	**No** X	If YES/NS: REC clearance must be obtained. Complete Checklist and submit to DESC. If NO: Continue with the checklist.
4. Assessment of risk of potential harm as result of research (tick ONE appropriate YES, NS or NO box)				
a) **Minimal risk** (for a classification of risk types, and definition, see Glossary and Addendum 3 in REC SOP)	**Yes**	**NS**	**No**	If YES: Established ethical standards apply. Proceed to 5, 6 and 7 and completion of checklist. If NO/NS: Proceed to 4b).
b) **Low risk** (for a classification of risk types, and definition, see Glossary and Addendum 3 in REC SOP)	**Yes** X	**NS**	**No**	If YES/NS: Established ethical standards apply; researcher/ supervisor/promotor must refer the project to the DESC for further guidance. Proceed to 5, 6 and 7 and completion of checklist. If NO: Continue with the checklist.
c) **Medium risk** (for a classification of risk types, and definition, see Glossary and Addendum 3 in REC SOP)	**Yes**	**NS**	**No**	If YES/NS: REC clearance must be obtained; the research project must be referred to the REC. Proceed to 5, 6 and 7 and completion of checklist. If NO: continue with the checklist.
d) **High risk** (for a classification of risk types, and definition, see Glossary and Addendum 3 in REC SOP)	**Yes**	**NS**	**No**	If YES/NS: REC clearance must be obtained; the research project must be referred to the REC. Proceed to 5, 6 and 7 and completion of checklist. If NO: Continue with the checklist.
5. The proposed research involves processes regarding the selection of participants in the following categories:				
a) Participants that are subordinate to the person doing the recruitment for the study The researcher will directly approach the participants by contacting them telephonically and sending them an informed consent form via email, if they are interested to participate in the research. After reviewing the form, research participants can decide whether they want to give their consent to participate in the study or	**Yes**	**NS**	**No** X	If YES: REC clearance may be required. The DESC must assess and advise. If NO: Continue with the checklist.

		Yes	NS	No	
	not. Participants may also withdraw their consent at any time, without consequences of any kind.				
b)	Third parties are indirectly involved because of the person being studied (e.g. family members of HIV patients, parents or guardians of minors, friends)	**Yes**	**NS**	**No** X	If YES: REC clearance may be required. The DESC must assess and advise. If NO: Continue with the checklist.

6. Steps to ensure established ethical standards are applied (regardless of risk assessment)

	Yes	NS	No	
a) **Informed consent**: Appropriate provision has been/will be made for this (either written or oral)	**Yes** X	**NS**	**No**	If YES: Develop protocols, and clear with DESC. Continue with checklist.
b) **Voluntary participation:** Respondents/informants will be informed, inter alia, they have the right to refuse to answer questions and to withdraw from participation at any time	X			If NS/NO: Attach justification & refer proposal to DESC for further assessment and advice.
c) **Privacy**: Steps will be taken to ensure personal data of informants will be secured from improper access	X			
d) **Confidentiality and anonymity:** Confidentiality of information and anonymity of respondents/informants will be maintained unless explicitly waived by respondent.	X			
e) **Training:** research assistants fieldworkers will be used to collect data, and ethics awareness will be included in their training			X	
f) **Mitigation of potential risk**: Likelihood that mitigation of risk of harm to participants is required is medium/high, and appropriate steps have been/will be taken (e.g. referral for counselling)	**Yes**	**NS**	**No** X	If YES/NS: Develop protocols for submission to DESC. Continue with checklist. If NO: Proceed with checklist.
g) **Access:** Institutional permission is required to gain access to participants and has been/will be secured. Specify here from whom: Institutional permission of all the organisations is not yet available as they will be approached in terms of a snowball effect. It is therefore not yet clear at this stage which organisations will be involved in the research. Institutional permission of the first organisation is attached. It is also highly likely in this study that the person signing the consent form (interviewee) will be the same person giving the institutional permission, given the seniority of the participants. Institutional permission will therefore be gained during interviews, by giving directors the permission letter to sign. It should also be noted that research participants are approached independently in terms of their capacity as director and not as a representative of the organisation. Therefore it may not be possible to gain institutional permission in every instance, as directors can serve on boards of various organisations. [If the permission letter required is available, submit it to the DESC. If it is not available, apply for it immediately and indicate to the DESC when it will be expected.]	**Yes** X	**NS**	**No**	If YES: Develop application for authorisation, clear with DESC & apply. Continue with checklist. If NS: Refer proposal to DESC for assessment and advice. Continue to 6 (h). If NO: Proceed to 6 (h).
h) **Accountability research***: Institutional permission to gain access to participants poses an obstacle to conduct the research.	**Yes**	**NS**	**No** X	If YES/NS: Refer proposal to DESC for assessment and advice. Continue with checklist. If NO: continue with checklist.
i) **Public availability of instruments to gather data**: [When applicable] Are the instruments that will be used to gather data available in the public domain?	**Yes**	**NS**	**No**	If YES or not applicable: proceed with checklist. If NS/NO: Obtain permission to use the instrument(s) and submit

	Yes	NS	No	letters of permission with the proposal to DESC for assessment and advice. Continue with checklist.
j) **Use of psychological tests**: [When applicable] Are the instruments that will be used to gather data classified by law as psychological tests? n/a	**Yes**	**NS**	**No**	If YES/NS: Indicate who will administer these tests, and whether they are appropriately registered and adequately trained to do so. Provide registration number and professional body. Continue with checklist. If NO or not applicable: Proceed with checklist.
k) **Protecting data from unauthorised access**: Are appropriate measures in place to protect data from unauthorized access? If yes, specify what the measures are: Data access will be restricted to the researcher, transcriber, supervisor and co-supervisor and stored on a password protected computer. Recorded data will also be stored for future scientific usage on a password protected computer.	**Yes** X	**NS**	**No**	If YES: Specify and proceed with checklist. If NO/NS: Develop and put in place appropriate measures. Continue with checklist.

l) **Unexpected information**: If unexpected, unsolicited data is revealed during the process of research, data will be kept confidential and will only be revealed if required by law.	**Yes** X	**NS**	**No**	If YES: Proceed with checklist. If NO/NS: Consult on this matter with DESC. Continue with checklist.
m) **Emergency situations**: If an unexpected emergency situation is revealed during the research, whether it is caused by my research or not, it will immediately be reported to my supervisor/promotor and Departmental Chair for further advice.	**Yes** X	**NS**	**No**	If YES: Proceed with checklist. If NO/NS: Consult on this matter with DESC. Continue with checklist.
n) **Permission to use archival data**: [When applicable] Is permission granted from the custodian of the archive to use it. n/a	**Yes**	**NS**	**No**	If YES: Proceed with checklist. If NO/NS: Consult on this matter with DESC. Continue with checklist.
o) **The archive itself does not pose problems**: [When applicable] The initial conditions under which the archive originated allow you as a third party researcher to use the material in the archive. n/a	**Yes**	**NS**	**No**	If YES, proceed with checklist. If NO/NS: Consult on this matter with DESC. Continue with checklist.
7. Conflict of interest				
Is the researcher aware of any actual or potential conflict of interest in his/her proceeding with this research? My father, as CEO gave institutional permission to interview his company's board members. He will also provide me with some further names of directors to approach for the research. None of the board members will in any way be coerced to take part in the research and they have the choice to give their consent to participate in it or not.	**Yes**	**NS**	**No** X	If YES/NS: Identify concerns, attach details of steps to manage them, and refer to DESC for assessment and advice. If NO: No further action required, except signing the declaration and the checklist, and submitting it to the DESC with supporting documentation.

DECLARATION BY RESEARCHER:
I hereby declare that I will conduct my research in compliance with the professional code(s) of ethics and guidelines for ethically responsible research relevant to my field of study as specified in the list herewith attached, AND the 'Framework policy for the assurance and promotion of ethically accountable research at Stellenbosch University', even if my research poses minimal or low ethical risk.
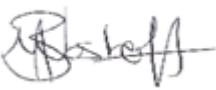
Welna Boshoff	
Print name of Researcher	**Signature of Researcher**
Date 28 November 2014	

Print name of Supervisor	**Signature of Supervisor**
Date .	

DECISION OF DESC

Referral to Research Ethics Committee: Yes / No

[In the case of a referral to the RESEARCH ETHICS COMMITTEE, this checklist and its supporting documentation should be submitted, as well as the full application for ethics review, together with its supporting documentation, avoiding unnecessary duplication of documentation. Also list the ethical risks that are related to the research proposal that is submitted for review, together with the DESC's proposals to avoid or mitigate these ethical risks. Clearly indicate in a note exactly what ethical clearance is requested for.]]

If no referral is required, state any DESC conditions/stipulations subject to which the research may proceed (on separate page if space below is too limited): *[Or stretch table below if required]*

Any ethical issues that need to be highlighted?	Why are these issues important?	What must/could be done to minimize the ethical risk?

Print name of Departmental Chair	**Signature of Departmental Chair**
Date	

Print name of second member of DESC	**Signature of second member of DESC**
Date	

DOCUMENTS TO BE PROPERLY FILED IN THE DEPARTMENT AND (E-)COPIES OF DESC CHECKLIST SEND TO SU RESEARCH ETHICS COMMITTEE OFFICE. ON RECEIPT OF THIS COPY, THE RESEARCH ETHICS COMMITTEE SECRETARIAT WILL ISSUE A RESEARCH ETHICS COMMITTEE REGISTRATION NUMBER.

Note: Departments are requested to provide staff members and students with a list of professional Code(s) of ethics and guidelines for ethically responsible research relevant to their field of study on which they can indicate by signature that they have familiarised themselves with it. The last item in the list should be the 'Framework policy for the assurance and promotion of ethically accountable research at Stellenbosch University'.
With thanks to the Department of Sociology and Social Anthropology, Stellenbosch University of the initial concept.