Rhodes Business School
Leadership for Sustainability

Corporate Failure and Ethical Resources: A Case Study of Steinhoff and Carillion

A dissertation submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

at

RHODES UNIVERSITY

by

SEYIJENI KOOS MTHOMBENI (SURGEON)

93M3586

December 2022

ACKNOWLEDGEMENTS

Firstly, I wish to express many thanks to my wife and children for their understanding while I spent countless hours away from them during my studies.

Many thanks go to my supervisor, Evert Knoesen, for his patience, sound guidance, support, and encouragement. While this journey was daunting and intimidating, his support made it bearable for me.

I also wish to thank the administrative staff and lecturers at the Rhodes Business School for all the support throughout my MBA journey.

Lastly, thanks to all the colleagues I met in the Rhodes PGDEM and MBA Programmes for their friendliness, kindness, and invaluable support.

ABSTRACT

This study aimed to investigate the impact of disregarding ethical resources on company performance, with a particular focus on Carillion and Steinhoff as case studies. A pragmatist research philosophy was employed using a mixed methods approach, utilizing deductive inferencing to produce archival research. Data was collected from annual financial statements and existing literature on Steinhoff and Carillion's corporate failures. Both content analysis and statistical analysis were employed to analyse the data.

The study found that both Carillion and Steinhoff were at the top of their respective industries when they began to underperform due to poor governance. On the part of Carillion, much of its failure can be attributed to aggressive bidding, while for Steinhoff, its failure was due to unscrupulous accounting practices. Corruption and fraud at the top echelon of each of these respective companies began to trickle down to the bottom of the hierarchy. Additionally, Steinhoff used a two-tier board system that promotes information asymmetry between a management board and a supervisory board. This gave Steinhoff's management board leverage to manipulate company reports and hide information from the supervisory board. Steinhoff equally violated the board's independence by making former management executives part of the supervisory board, who could potentially be lenient to the management board due to past relationships. This was further exacerbated by the CEO duality, which contributed to Steinhoff's lack of board independence.

Furthermore, Steinhoff's board was reported to have served as board members for a long time, eventually leading them to create a group culture that negatively affected its board's independence. Different from Steinhoff, which lacked board independence and board diversity, at face value, Carillion appeared to have a predominantly independent board with diverse experience and external commitments. However, Carillion also lacked board independence in a different way, as some of its board members were previously employed by KPMG. KPMG was also the external auditor of Carillion. This created a scenario where Carillion and KPMG were conniving, which may have affected the objectivity of the external audits on financial performance. Further to this, the CEO held outsized power over the board, which could have also resulted in a lack of independence. This, in turn, facilitated corrupt behaviour within the organisation, which may have contributed to its corporate failure.

The findings of the study highlight the following three conclusions: i) profits that are premised on reckless, irregular, and fraudulent business and accounting practices are not sustainable; ii) governance structures that do not adhere to sound corporate governance principles result in impaired board independence and negatively affect firm performance; and iii) companies that reach the pinnacle of their success through unethical conduct are ultimately short-lived.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION & BACKGROUND

1.1 Introduction

Corporate failure occurs when an organisation is unable to make a profit, or when there is not enough revenue or cash flow to sustain the operational costs (Bunyaminu, Tuffour and Barnor, 2019). Mofokeng (2013) categorises corporate failure into three classes. Class I is associated with small or newly established firms that never get off their feet and collapse within five years due to poor management and limited financial resources. Class II is associated with young organisations that survive longer than five years and manage to reach the pinnacle of their performance but eventually dwindle into nothingness. Class II failures typically occur due to increased credit sales while financing firm operations with credit until the credit becomes unsustainable. Lastly, Class III is associated with mature and well-established firms with high turnover, excellent profit margins, and low gearing ratios. However, these firms eventually fail due to an ineffective management structure caused by non-participating boards of directors and poor accounting information systems.

There are various reasons why firms fail, but these reasons have yet to be investigated as people quickly move on to other organisations for new investment opportunities or to look for employment (Emerald, 2020). It is atypical for corporate failure to be blamed on a poorly conceived and executed strategy or lack of decisiveness on the part of the board of directors. Perhaps firms do not disclose officially and publicly what happened for the corporate failure to occur due to the associated legal ramifications (Emerald, 2020). Nevertheless, corporate failure can occur in any organisation, irrespective of the firm size or business field (Haider, Ou and Pettit, 2019). Larger firms often receive public attention as the media typically publicise their downfall. This is because when big firms experience failure, the job losses and downstream negative impacts are outsized. The collapse of an organisation is generally preceded by a period of decline in market value (Charalambous, Charitou and Kaourou, 2000). In this regard, corporate failure can have negative economic consequences on the firm itself, its employees, creditors, investors, and suppliers of capital (Bunyaminu *et al.*, 2019; Charitou, Neophytou and Charalambous, 2004).

Lev (1974) attests that most corporate failures can be attributed to resource misallocation which, if detected early, can prevent corporate failure. However, Argenti (1976) asserts that corporate failure can occur due to internal and external factors. Internal factors are influenced by organisational activities, while the actions of other entities foreign to the organisation influence external factors. Firstly, internal factors may include, but are not limited to, "a lack of responsiveness to change, poor communication, improper conduct by employees, weak cost control, poor financial management and the placing of the organisation in a highly leveraged position" (Haider *et al.*, 2019:418). Additionally, Bunyaminu *et al.* (2019:40) suggest that "poor leadership and supervision, inadequate financing for projects, fraudulent activities, and poor marketing strategy" are some of the internal factors that may also lead to corporate failure. Corporate governance mechanisms also play an important role in corporate performance. A lack of sound corporate governance systems can negatively affect a firm's corporate image, shareholder confidence, and the firm's ability to mitigate the risk of fraudulent activities. The introduction of the King I Report, King II Report, King III and King IV Report constitute South Africa's attempt to provide guidance on good corporate governance systems (Mallin, 2010) amid recent corporate failures.

On the other hand, external factors imply those over which the organisation may have less control, including, but not limited to, government regulation and natural disasters (Haider *et al.*, 2019). Yet still, the economic conditions of a country can have a bearing on the success of a business. According to Liou and Smith (2007), poor economic conditions can affect the sales and profitability of an organisation and eventually lead to corporate failure. Several studies have attempted to understand the mechanism through which corporate failure occurs, mainly in an economic recession (Blot *et al.*, 2009; Lev, 1974; Mare, 2015). It is worth noting that external causes of corporate failures, such as economic recession, are brought about by factors over which management has minimal control. While businesses can put in place measures to minimise and recover from an economic downturn, the impact is generally felt across economies. For this reason, companies stand to benefit from studies that focus on internal causes of corporate failures, such as unethical practices, as such factors are within management's control.

Various authors have cited good corporate governance as a way of ensuring the sustainability of an organisation (Brown, Beekes and Verhoeven, 2011; Giroud and Mueller, 2011; Syriopoulos and Tsatsaronis, 2011), but despite its existence and rigorous application, many firms still fail (Haider *et al.*, 2019). In recent years, the impact of corporate governance on firm performance has been explored by scholars, triggered by the recent corporate collapses (Pathak and Narbariya, 2022). The importance of corporate governance in this study emanates from the fact that many studies have determined that most corporate collapse is the repercussion of weak corporate governance, (Pathak and Narbariya, 2022). While research has found that good corporate governance plays a role in preventing accounting irregularities, not all corporate governance mechanisms are positively related to firm performance. A study of the various corporate governance mechanisms (board composition, board size, audit committees and CEO status) assists in whether the relationship between each corporate governance variable and firm performance is positive, negative, or non-existent. Corporate failures have been reported since the 1930s during an economic crisis (FitzPatrick, 1932), were also reported during the 2008-9 financial crisis (Charitou *et al.*, 2004; Haider *et al.*, 2019; Sami, 2013) and are now being reported once again during the Covid-19 pandemic (Amankwah-Amoah, Khan and Wood, 2021). During a crisis, corporate failures can happen due to high interest rates, low profit margins, over-indebtedness, and restrictive government regulation (Haider *et al.*, 2019; Nurlinda and Bertuah, 2019). A study by Stewart and Amit (2003), using 1996 data, composed a sample of 339 Canadian young and old firms. The study revealed that young firms fail due to a lack of experienced management, while old firms fail due to inability to respond to market changes. A famous example of an old firm that failed is Kodak, which failed to act on the potential of digital cameras in favour of film cameras and, therefore, did not adapt to market changes (Lucas and Goh, 2009). This led to the corporate failure of Kodak as digital technology disrupted the photography industry.

Nonetheless, this study investigates corporate failure from an ethics perspective by conducting a comparative case study of two companies: Carillion and Steinhoff International Holdings (Steinhoff). Both companies experienced significant corporate failures, at the centre of which was a disregard for ethical resources. This research study employs the resource dependency theory while unpacking what corporate failure is and what causes it, as well as ethics in the business context. Furthermore, the study discusses linkages between business ethics and corporate failure, specifically focusing on the two cases.

1.2 The research problem

1.2.1 Background to the problem

Ethics refers to the study of human behaviour concerned with values, standards, principles, and morals (Chandorkar and Agarwal, 2018). This field of study seeks to resolve human morality concepts such as good versus evil, right versus wrong, and virtue versus vice (Chandorkar and Agarwal, 2018). According to Tircovnicu (2021), ethics forms a foundation upon which all relationships are built with employees, employers, subordinates, colleagues, customers, suppliers, state institutions, and communities. Tircovnicu (2021) asserts that ethics do not merely relate to relationships with third parties but rather the quality of these relationships. Some firms perceive that successful businesses must be built on ruthlessness and brutal strategies that undermine customers, suppliers, communities, and other stakeholders while doing whatever it takes to destabilise competition. Acts of kindness that seek to create positive impacts and influence the broader society to create an ethical culture are regarded as practices that erode profits. In the long term, firms that do not build authentic relationships and steer away from unjust outcomes become less competitive than those that do. According to Tircovnicu (2021), ethical management leads to profitable businesses in the medium and long term, as firms that adopt good ethical behaviour achieve sustained competitive advantage over those that do not.

The link between ethics and organizational performance is also observed by Chandorkar and Agarwal (2018), who posit that good ethical behaviour improves stakeholder confidence, enhances the corporate image, and leads to greater customer satisfaction and long-term survival of businesses. A business that lacks ethics will likely experience corporate failure sooner or later, assert Chandorkar and Agarwal (2018).

On the other hand, corporate failure is a generic term that means a company is in a compromised state of financial health (Kovacova *et al.*, 2018). Words associated with corporate failure include bankruptcy, insolvency, and financial distress. A company is in financial distress when it fails to meet its financial obligations, forcing it to take drastic measures such as selling its assets, being acquired by a financially stronger firm, or filing for bankruptcy (Emuron and Yixiang, 2020). The Companies Act (Act 71 of 2008) contains a legal definition as definition of financial distress for purposes of business rescue. Corporate failure occurs when resources owned by a firm are not utilised in a manner that distinguishes a company from its competitors.

Resource dependency theory is regarded as one of the most compelling theories used to explain the relationship between a firm's resources and organisational performance (Zhao and Fan, 2018). Scholars across different fields have widely employed the theory to understand how resources can be used to enhance performance outcomes (Zhao and Fan, 2018). The theory provides a framework for combining dissimilar organisational resources to generate competitive advantage (Zhao and Fan, 2018). Organisational resources are categorised into three main categories: tangible, human, and intangible (Kamasak, 2017). Resource dependency theory explains that varied resources owned by a firm differentiate its performance from those of other firms, thereby providing it with a competitive advantage (Zhao and Fan, 2018). As a result, this research study uses the resource dependency theory as a theoretical guideline to assess

Carillion's and Steinhoff's organisational resources and performance. The two companies have, over the past few years, experienced financial turbulences and corporate failures, chief amongst the reasons for which have been a lack of ethical resources evidenced by manipulation of financial records, creative accounting, and fraud, as discussed in Section 1.3 below.

1.2.2 Problem statement

Most studies undertaken on corporate failures are quantitative and mainly focus on creating some form of a model that can be used to predict corporate failure (Andreica, 2009; Bunyaminu, 2015; Bunyaminu and Bashiru, 2014; Mohamed, 2013). Andreica (2009) used the CHAID model, the logit and hazard model, and the ANN model to predict corporate failure. On the other hand, Bunyaminu (2015) used survival analysis and generalised linear modelling to explore business prediction models. Additionally, Bunyaminu and Bashiru (2014) used quantitative and qualitative models to predict corporate failure. There appears to be a gap in the literature about the linkage between ethics and corporate failure. Also, limited qualitative studies have explored this area of study from this perspective. This study seeks to examine this area further and add more knowledge to this field of study, leading to a better and enhanced understanding of the linkage between ethics and corporate failure.

1.3 Previous studies on ethics and corporate failure

1.3.1 Carillion

Formed in 1999, Carillion, a British-based multinational construction and facilities management company, had 14,000 employees, an annual revenue of £1.8 billion, a market capitalisation of £200 million, and no debt (Santos, 2020). Through mergers and acquisitions, Carillion had become the second-largest construction company in the UK by 2014. By 2016, Carillion had more than 40,000 employees, an annual revenue of £4.4 billion, and a net assets value of £729 million (Santos, 2020). Despite the financial records, which presented the façade of a company on its way to becoming the UK's largest construction magnate, financial analysts suspected that Carillion's financial position may be precarious (Bhaskar and Flower, 2019). Yet, as in other similar cases, the company's management deceptively insisted that the company was on a positive growth trajectory (Bhaskar and Flower, 2019).

On 5 July 2017, five days before a trading update painted Carillion's gloomy picture, the chairman indicated the company was in a solid financial position (Bhaskar and Flower, 2019). A trading update that followed on 10 July 2017 revealed that Carillion had suspended dividends for 2017 and that its assets were overstated by £845 million (Bhaskar and Flower, 2019; Santos, 2020). After the trading update, Carillion's market value declined by more than 50 percent (Bhaskar and Flower, 2019). Financial statements for the period ended 30 June 2017 revealed revenue that had declined to £1.9 billion, a loss of £1.1 billion, and a negative net assets value of £405 million (Santos, 2020). Six months after the trading update, Carillion collapsed entirely, with liabilities estimated to be between £5 billion and £7 billion, having failed to either sell the company or secure the finance needed to fund operations (Bhaskar and Flower, 2019). According to Bhaskar and Flower (2019), the reasons for Carillion's collapse include:

- acquisition of companies for significantly more than their net asset value;
- acquisitions that were funded by debt that kept accumulating;
- contracts that were taken over at too low a price that they were not profitable;
- a considerable proportion of excessively subcontracted projects, enabling Carillion not to invest in the capital required to complete the projects, with much of the capital provided by the subcontractors. This increased the risk for Carillion, as the main contractor, that there might be insufficient capital to cover unforeseen risks that could arise from the subcontracted projects;
- continuous increases of dividends despite the company's volatile financial performance and rising debt levels;
- excessive salary increases and bonuses that were not linked to performance;
- the use of suppliers as a source of funding through late payments, trivial queries, and extended payment terms;
- reporting of revenue for work not yet contracted; and
- manipulation of accounting estimates to overstate revenue and understate expenses to report inflated profits.

1.3.2 Steinhoff International Holdings

Steinhoff, an international retail holding company with a dual listing in Germany and South Africa, was formed by Bruno Steinhoff in 1963 in a private home, buying and selling low-cost furniture (Naudé *et al.*, 2018). In just over 50 years, Steinhoff had grown into a retail giant with a fully integrated supply chain covering sourcing, manufacturing, distribution, logistics, and retail (Naudé *et al.*, 2018). The company became involved in business categories such as decoration, furniture, beds and mattresses, kitchenware, appliances, clothing, footwear, and consumer electronics. Its brands included Pepkor, PEP, Ackermans, Russells, Incredible Connections, and Unitrans. In 2016, Steinhoff had 130,000 employees shipping 150,000 containers of goods per annum (Naudé *et al.*, 2018). Naudé *et al.* (2018) report that Steinhoff became part of the JSE Top 40 Index, the JSE Top 25 Industrial Index, and the JSE Socially Responsible Investment Index during its peak performance years. In 2017, however, Steinhoff's fortunes took a turn for the worse.

In 2017, Steinhoff announced that it had discovered accounting fraud, resulting in a loss of market capitalisation of R200 billion within two weeks (Mongwe and Malan, 2020). A Price Waterhouse Coopers (PWC) report attributed these irregularities to fictitious and irregular transactions with closely related parties, which led to inflated profits and asset values (Bhaskar and Flower, 2019). On 6 December 2017, Viceroy, a short-selling firm, published an online report alleging that Steinhoff was insincerely inflating earnings through deals with companies owned by the CEO, Markus Jooste (Naudé *et al.*, 2018). Steinhoff was also accused of using companies in Switzerland to conceal losses and create fictitious profits (Bhaskar and Flower, 2019). According to Naudé *et al.* (2018), factors that contributed to Steinhoff's corporate failure include:

- off-balance sheet transactions and overstated earnings;
- high-paced acquisition of poor-performing companies which suddenly become profitable after the incorporation into the group;
- an obfuscated ownership structure with items that did not make sense;
- debt levels spiralling out of control; and
- irregular and fictitious transactions with closely related parties.

Christo Wiese, the largest shareholder, has since resigned and is instituting a legal claim against Steinhoff and the auditors (Rossouw and Styan, 2019). Wiese told Parliament it was extremely difficult for him and fellow board members to detect the fraud as the CEO, Markus Jooste, was involved (Bhaskar and Flower, 2019). The share price, which at some point during 2016 reached R96.85 per share, with a market capitalisation of R300 billion, declined to levels below R1.50 per share in 2018 (Rossouw and Styan, 2019). The decline in the share price resulted in a significant erosion of value for Steinhoff's shareholders and investors, prompting them to embark on a class action lawsuit to recover financial losses from the directors (Mupangavanhu, 2019). One such investor is the state-owned asset manager, Public Investment Corporation (PIC), which lost over R19 billion invested in Steinhoff (Donnelly, 2018; Rossouw and Styan, 2019). PIC manages the retirement investments of civil servants, with the Government Employee Pension Fund (GEPF) being its most significant client (Evans, 2020). The PIC is bound by a Code of Conduct and Code of Ethics Policy, yet its non-adherence and inability to do due diligence have resulted in a great loss for South African pension holders (Budlender, 2018). Steinhoff's erstwhile auditors, Deloitte, agreed to pay R1.3 billion to compensate Steinhoff's claimants for their role in the accounting scandal (Cronje, 2021), which is evidence of a lack of ethical resources that directly leads to a financial crisis. The sad reality about the money lost by PIC is that it belonged to the vast majority of ordinary South Africans, with money in government pension funds, who may not be aware they are Steinhoff's indirect shareholders (Rossouw and Styan, 2019).

Steinhoff currently faces a myriad of investigations and legal actions instituted by several institutions and authorities, such as the Financial Sector Conduct Authority (FSCA), the Johannesburg Stock Exchange (JSE), the Department of Trade, Industry, and Competition (DTIC), and the Companies and Intellectual Property Commission (CIPC). Over and above the investigations and legal actions in South Africa, Naudé *et al.* (2018) reported that Steinhoff also faces two class action lawsuits in the Netherlands and Germany. In 2017, the Department of Trade, Industry and Competition announced that it would investigate whether Steinhoff had breached domestic company laws (Reuters, 2017). Furthermore, on 29 January 2018, CIPC issued a compliance notice to Steinhoff, which required the company to, within six months, identify and institute criminal actions against individuals responsible for the falsification of its accounting records (Companies & Intellectual Property Commission, 2019). It is reported that the JSE fined Steinhoff a total of R13.5 million for breaching its listing requirements. This included a possible fine of R7.5 million for publishing false and misleading information in its previous financial statements (News24, 2020). Additionally, in 2020, the FSCA imposed an administrative penalty of R161.5 million on Mr. Markus Johannes Jooste (hereafter Mr. Jooste) for breaches of a clause in the Financial Markets Act which prohibits an insider from disclosing inside information encouraging another person to deal in securities in a specified manner (Financial Sector Conduct Authority, 2020). This was in relation to an investigation by the FSCA which found that on 30 November 2017, shortly before the significant decrease in the market value of Steinhoff shares, Mr. Jooste disclosed information in a short message system (SMS) encouraging four individuals close to him to dispose of their Steinhoff shares. With all the problems Steinhoff faces, it is unclear whether the company will survive the fallout.

1.3.3 Other examples of corporate failure

While Carillion and Steinhoff are the main focus of this comparative case study, other examples of unethical business practices and the resultant corporate let-downs are listed in Table 1 below.

Table 1: Examples of corporate failures

Company	Nature of business	Period	Nature of unethical conduct and cause of corporate failure
Waste Management	US waste management company	1998	Deliberately overstating profits and assets by increasing the period over which non-current assets were depreciated (Bhaskar and Flower, 2019).
Enron	US-based natural gas company	2001	Using creative accounting practices that sought to falsely present the company as one that was growing when it was not, leading to a loss of more than $60 billion in market capitalisation (Mongwe and Malan, 2020).
WorldCom	US telephone company	2002	Recording telephone expenses as assets, resulting in the inflation of the value of assets by $11 billion (Bhaskar and Flower, 2019).
Lehman Brothers	Global investment bank	2008	Using Repo 105, a concept that denotes accounting for money received for short-term purchase agreements as sales instead of accounting for it as loans (Bhaskar and Flower, 2019).
HBOS	UK-based banking and insurance company	2009	Excessive risk exposure, causing the bank to report losses of £11 billion, necessitating a government bailout (Bhaskar and Flower, 2019; Dewing and Russel, 2016).
Tesco	UK multinational groceries retailer	2014	Profits inflated to £250 million, subsequently revised to £350 million (Bhaskar and Flower, 2019).
KPMG	A South African branch of a global auditing firm	2017	KPMG facilitated tax evasion and corruption while rendering audit services to a notorious politically connected family, the Guptas (Shoaib, 2017).

Tongaat Hulett	SA's largest sugar producer	2019	Overstatement of financial results by R4.5 billion, leading to a decline in the share price by close to 70% and suspension from the JSE and London Stock Exchange (De Villiers, 2019; Mongwe and Malan, 2020).

1.4 Research objective

1.4.1 Main research objective

The main research objective of this study was to investigate the impact of disregarding ethical resources on company performance.

1.4.2 Sub-research objectives

The sub-research objectives of this study are as follows:

- determine whether or not ethical resources contributed to the corporate failure of Carillion;
- determine whether or not ethical resources contributed to the corporate failure of Steinhoff;
- determine similarities and differences between the reasons for the collapse of Carillion and Steinhoff; and
- make recommendations on measures to prevent corporate failures.

1.5 Study methods

1.5.1 Participant selection

The selection of Carillion and Steinhoff was purposefully made to explain the reasons behind the ongoing trend of corporate failures that prevail across the globe. The two cases were selected because they both exhibit many similarities, thereby providing the strongest basis for generalisation about the relationship between ethics and company performance. For both companies, public domain information verified by independent external auditors enabled the researcher to establish trends and patterns, enabling the researcher to draw conclusions and make recommendations. While the two cases have been reported on before, there is no evidence that a comparative case analysis been performed on them. The study used inductive thematic analysis to verify the resource dependency theory by searching for facts in the two cases being studied (Rashid *et al.*, 2019).

1.5.2 Research philosophical framework

The philosophical framework through which this research was undertaken was interpretivist. It postulates that knowledge or truth is socially constructed through people's experiences and, therefore, cannot be observed from external reality (Schwartz-Shea and Yanow, 2020). According to Chilisa and Kawulich (2012), the interpretivist paradigm provides a basis for qualitative research methodology, and was employed herein as a tool to draw conclusions about whether or not a link between ethical resources and corporate failure existed in the two cases studied. This qualitative research methodology was premised on relativist ontology which assumes no objective world or truth and that reality is constantly constructed by humans (Rashid *et al.*, 2019). The interpretivist paradigm is based on social science instead of natural science, hence it acknowledges multiple contextual realities instead of only one, as is the case with natural science (Alharahsheh and Pius, 2020). This case study did not seek to provide definitive and universal findings that can be statistically generalised to everyone - its intention was the interpretation of context-based events, not generalised findings. Hence, the construction of knowledge for the comparative case study was informed by a subjectivist epistemological view that takes knowledge as something that is constructed according to the researcher's perceptions (Rashid *et al.*, 2019). The case study aimed to produce firm-specific results from which others can infer information.

1.6 Data analysis and collection

A within-case and cross-case pattern analysis of the selected companies enabled the comparison of factual evidence against predicted patterns. Each case was first independently analysed to allow for the comparison of patterns and findings, enabling the researcher to make theoretical conclusions (Ridder, 2017). This comparative case study used the resource dependency theory as a filter through which the comparative case analysis was conducted to warn those aspiring to oversee businesses about the consequences of ignoring ethical resources. The study used only pre-existing secondary data available in the public domain. Data sources included annual reports, annual financial statements published by Steinhoff, media releases (News24, Mail & Guardian, Reuters), audit reports, which form part of Steinhoff's published annual reports, journals, and other news sites. Data from the abovementioned sources were analysed using the resource dependency theory. It was expected that these data sources would provide evidence about ethical resources and organisational performance for the two cases that were studied.

1.7 Ethics considerations

This comparative case study only involved secondary data, which meant there was no need to obtain permission from the two units of analysis, as all data was collected from publicly available sources. The researcher was wary of the problems associated with secondary data, which according to Heaton (2020), revolves around: (i) the fit of data collected for a specific purpose being used for another; (ii) the interpretation by the researcher of data collected by others; and (iii) verifiability of the data collected. The researcher was mindful of the shortcomings associated with the use of secondary data for research purposes and attempted to use credible data sources. To this end, data collection and analysis was based on audited financial data obtained from each company’s annual reports spanning over a ten-year period. It was expected that the ability to compare cases would increase the researcher's chances of making sound theoretical conclusions (Ridder, 2017).

1.8 Importance of the study

Corporate failure is undesirable, as it has negative economic and societal implications. When a corporate failure occurs, the employees of that organisation lose their jobs, which leads to a reduction in household income, increased poverty, and unemployment. This is confirmed by Cole, Johan and Schweizer (2021) , who posit that corporate failure affects a wide range of stakeholders, which include business partners, investors, employees, creditors, auditors, regulators, capital markets, and society at large. Furthermore, other organisations, such as suppliers and money lenders may suffer losses that may also affect the sustainability of their operations and potentially lead to further job losses. Considering the high levels of unemployment, poor economic performance, and state capture, South Africa is not ready for more corporate failure. Given this, the study of corporate failure may bring to light important insights that could be instrumental in alleviating some of the country’s economic issues by preventing or minimising further unwarranted corporate failures. Furthermore, this study is significant to researchers, academics, entrepreneurs, businesses, and other relevant stakeholders who could benefit from its findings. Having identified a gap in qualitative research on ethics and firm performance, the study employs a comparative case study approach to establish a link between ethics and corporate failure, thereby providing an opportunity for the relevant reader to learn from the mistakes of others. The study adds to the body of knowledge by demonstrating that firms that prioritise profit maximisation at the expense of ethical values face a real risk of perishing.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter outlines the literature review of the study and shall cover the core theories pertinent to it, the role of boards of directors, and a snippet of corporate governance in South Africa. The literature review provides a theoretical basis for the analysis of the cases being studied. The literature constitutes a compilation of theories that provide a framework for relating new findings to previous findings (Rukmini, 2019). The core theories are discussed in detail in the following subsections.

2.2 Core theories

The three core theories discussed in this study are the resource dependency theory, agency theory, and stewardship theory.

2.2.1 Resource dependency theory

According to the resource dependency theory, competitive advantage results from resources that are valuable, rare, inimitable, and non-substitutable (Kamasak, 2016). Resources are imperfectly imitable when dependent upon unique historical conditions, causally ambiguous, and socially complex (Kamasak, 2016). Firstly, historical uniqueness arises from identifying a market opportunity and establishing a firm in an advantageous location before others do, the development of a unique organizational culture over time, and the choice of a marketing strategy, all of which result in long-term performance (Kamasak, 2016). These unique historical advantages give rise to subsequent benefits beyond a rival's control, making them difficult to emulate (Kamasak, 2016). Secondly, causal ambiguity exists when a connection between a firm's resources and sustainable competitive advantage (SCA) is not understood by rival firms, making it difficult for the rival firms to imitate the strategies that have led to the SCA (Kamasak, 2016). Lastly, social complexity is a product of organizational culture, interpersonal relations, corporate reputation, and other intangible resources that are socially complex and imperfectly inimitable (Kamasak, 2016). Kamasak (2016) posits that even if a rival firm successfully identifies and imitates these resources, they may not necessarily yield similar advantages for the rival firm.

Kamasak (2016) concludes that intangible resources' historical uniqueness, causal ambiguity, and social complexity contribute more to a firm's performance than tangible resources. Imperfectly imitable resources do not include physical resources, as firms can generally buy these in an open market (Manroop, 2015). An ethical climate is one of the resources with high specificity levels and is socially complex, making it inimitable. It is built instead of being bought and is therefore not tradeable (Manroop, 2015). An ethical climate is intangible and embedded within organizational culture; it is non-substitutable and challenging to emulate compared to tangible resources (Manroop, 2015). When faced with an ethical dilemma, an employee takes a cue from the prevailing organisational climate. The behaviour of unethical leaders tends to permeate and pollute the rest of the organisation (Hendrikz and Engelbrecht, 2019). Employees observe rewards and punishments for the behaviour that is deemed acceptable or unacceptable and will align their actions with what is considered acceptable. To influence desired behaviour, organizations must design and implement ethical HR systems which promote ethical behaviour (Manroop, 2015).

Pfeffer and Salancik (1978) state that organisations are interdependent in social network relationships with other organisations, and the level of interdependency determines the power relation between these organisations. As a result, organisations that exhibit control of resources important to other organisations will hold more power and control over them. In this regard, organisations that can control integral resources will have power, influence, and long-term stability due to the competitive advantage (Pfeffer and Salancik, 1978). Furthermore, managers seek to make decisions that increase the control of vital resources through internal strategies that enhance their bargaining position enabling the organisation to diversify its portfolio (Hillman, Withers and Collins, 2009). By increasing strategic control of critical resources, managers seek to reduce or eliminate the vulnerability of interdependence emanating from unequal exchanges within the resource bargaining relationship. Hillman *et al.* (2009) cite that some organisations may resort to mergers and acquisitions in an effort to increase control of critical resources, while simultaneously reducing dependency. Walter and Barney (1990) state that mergers and acquisitions can be viewed as a measure to reduce costs for resources being secured and utilised for economies of scale. However, mergers and acquisitions do not always lead to organisational success. Still, they must be used carefully and be given the attention and commitment they deserve to increase the chances of their usefulness in remedying interdependence.

In addition, Emerson (1962) encapsulates that power and dependence are inversely proportional, suggesting that the bargaining power of one company depends on the needs of the next company.

Oliver (1991) concurs that dependency must be assessed, and measures must be taken to reduce the need for the organisation's strategic goals from being excessively influenced by external environmental factors.

Regarding boards of directors, Hillman *et al.* (2009) state that agency theory is the predominant theory asserted on resource dependency theory's influence. A board of directors makes collective high-level decisions on the type of resources for acquisition, supporting Pfeffer's (1972) assertion that board members are critical elements for resources in a larger context. It is the board's responsibility to ensure that critical resources are in place for effective operations from the ground level (Hillman *et al.*, 2009). Furthermore, their sentiments indicate that a board's vision and direction determine an organisation's success. In hindsight, a firm's performance can be catapulted by the success of a board in resourcing. Furthermore, Hillman *et al.* (2009) note that while interdependency is a notable concern, certain characteristics of board members must also be considered. According to Pfeffer (1987), board members can have extensive networks, enabling access to information that may be unknown to other personnel. While this does not address the concern of power dynamics, it is noted by Hillman *et al.* (2009) that the business landscape requires different resources, which leads to dependency based on their access to information. A board of directors constitutes a critical resource necessary for the success and sustainability of a firm. Moreover, it is also important to note that every firm establishes credibility and legitimacy by virtue of its board, which is also fundamental in enhancing cooperative relationships that may, in turn, improve access and/or control of resources within an industry (Hillman *et al.*, 2009).

Wry, Cobb and Aldrich (2013) note that the extent of dependency will rest on the level of control for key resources between various stakeholders and industry players. Drees and Heugens (2013) postulate that autonomy is significant in the power relation dynamics of resource dependency and organisational performance. The scarcity of varied resources is another consideration, where multiple stakeholders ought to make effective decisions regarding how a scarce resource can be made available for their respective organisation. In light of this, Daily, McDougall, Covin and Dalton (2002) point out that a firm's financial stability can be integral to acquiring key resources, especially in a competitive market environment. In this regard, small organisations may lose bargaining power in social relationship networks due to their lower financial strength relative to that of larger organisations. The work of Mizruchi (1996) highlights in this regard the need for and advantage of obtaining influential board members, who can leverage their social connections to gain access to resources that would not have been otherwise accessible. This can be viewed as another way for an organisation to use its board members to gain a better footing in a competitive market and a reduction in their degree of interdependency (Mizruchi, 1996).

2.2.2 Agency theory

Agency theory addresses the reasons associated with voluntary managerial disclosure of information, as the role of a manager requires them to act on behalf of shareholders (Chow and Wong-Boren, 1987; Cooke, 1992; Fox, 1984; Hossain, Perera and Rahman, 1995; Ross, 1973). According to Jensen and Meckling (1976), the separation of ownership and management in an organisation results in three respective costs, namely: monitoring, bonding, and residual loss, collectively known as agency costs. Firstly, monitoring costs are associated with expenses incurred on monitoring tools while trying to prevent managers from conducting opportunistic behaviours that are harmful to the shareholders of the company in question.

In light of this, agency costs emanate from information asymmetry between managers and shareholders (Barako, Hancock and Izan, 2006). This is because managers are involved in the business's daily functioning and knowing what is happening on the ground. Because of this, managers can leverage the information they have to perform actions that are not aligned with the interests of the shareholders (Donnelly and Mulcahy, 2008). According to Healy and Palepu (2001), managers typically want to maximise the business's current value, while shareholders are more inclined and interested in the firm's long-term value.

Companies often try to utilise contracts to resolve agency problems, but this mechanism is often inadequate for resolving all agency problems. Disclosure of information by managers is another way to increase the alignment of interests of shareholders and managers which, in turn, reduces agency costs (Vitolla, Raimo and Rubino, 2020). In this regard, reducing agency costs requires adequate primary control of the managers. This can be achieved through a board of directors that surprises the management, including matters related to information disclosure (Donnelly and Mulcahy, 2008; Hermalin and Weisbach, 2003; Stout, 2003). Consequently, the role of the board of directors is to increase the quality of information disclosure, which helps to reduce information asymmetry and agency costs (Ben-Amar and McIlkenny, 2015; Vitolla *et al.*, 2020). The board of directors' characteristics may lead to greater efficiency regarding influencing decision-making by the top management (Gerwanski, Kordsachia and Velte, 2019). These characteristics will be discussed in detail in a separate section.

2.2.3 Stewardship theory

Doing business involves having contracts with potentially self-interested and opportunistic parties, such as suppliers, creditors, customers, and employees, which are usually enforceable by law (Jensen and Meckling, 1976). A contract between the company and shareholders is incomplete, as it does not cover all aspects of the business decisions due to information asymmetries, uncertainty, and contracting costs (Subramanian, 2018). Stewardship theory was developed by Donaldson and Davis (1989) as an alternative to the agency theory to address this gap.

However, stewardship theory assumes that managers are not opportunistic but exhibit good stewardship behaviour regarding corporate assets. It argues that the interests of shareholders and managers can be aligned, resulting in a mutually beneficial and symbolic relationship (Davis *et al.*, 2007). In this regard, there will be no need for managerial motivation (Donaldson and Davis, 1991) as managers are highly committed to organisational goals (Davis, Schoorman and Donaldson, 1997). Ang, Cole and Lin (2000) and Stewart (2003) assert that family-owned businesses typically have management and ownership being performed by the same person/s, thus eliminating agency costs, as family members are fundamentally committed to the company and exhibit a greater degree of selfless behaviour, due to the moral bonds of kinship.

In light of this, the stewardship theory has three important assumptions: i) managers are self-actualising and other-serving; ii) managers place higher utility on organisational goals than on personal goals and iii) the interests of the managers are aligned with those of shareholders, making formal controls and incentive schemes unnecessary (Chrisman, 2019). However, these assumptions are far from the reality of how managers behave as they do not encompass the heterogeneous interest and conflicting goals of different organisational stakeholders (Chrisman, 2019). Madison *et al*. (2016) suggest that the agency and stewardship theories should be combined under more realistic assumptions. This is consistent with Hernandez (2012), who is of the opinion that these two theories are not alternatives but rather two ends of a continuum.

Chrisman (2019) states that self-interest and other-interest co-exist in all people, including managers, and that the balance between the two depends on personality and environmental factors. Furthermore, in family-owned businesses, the way in which family members and non-family members are treated can be explained by either stewardship theory or agency theory (Le Breton-Miller and Miller, 2009). For instance, there may be bias in supervision between family members and non-family members (Verbeke and Kano, 2012) including treatment with suspicion of non-family members (Madison, Daspit, Turner and Kellermanns, 2018). On the other hand, Stewart and Hitt (2012) state that family businesses are less likely to professionalise, suggesting less stringent organisational control measures. This lack of professionalism is regarded as the main weakness of family businesses (Gedajlovic and Carney, 2010).

Chrisman (2019) further argues that it is impossible or unlikely to get perfect stewards or perfect agents before or after becoming part of the organisation, where stewardship theory can be improved by incorporating bounded rationality and pre-employment considerations. On the other hand, the agency problem can be alleviated by improving transparency, putting measures in place that limit the agent's capabilities and linking compensative and incentive structures to the benefit and well-being of shareholders. Torfing and Bentzen (2020) summarise the differences between agency and stewardship theories, as shown in Table 1 below.

Table 2: Comparison between agency theory and stewardship theory

	Agency Theory	Stewardship Theory
Motivation of agents/stewards	Extrinsic motivation based on self-interest	Intrinsic motivation based on self-realization and pro-social orientation
Goals of public managers and employees	Conflicting—principals and agents have diverging interests	Shared—there is considerable overlap
Role of public managers	Reduce risk by enhancing control through strict performance management based on objectives, performance indicators, evaluation, and corrective measures	Absorb risk by enhancing trust through the promotion of dialogue, empowerment, and joint learning
Type of public management and leadership	Transactional, top-down	Transformative, distributive, horizontal
The role and organization of power	High 'power distance' allows powerful formal leaders to regulate and discipline less powerful employees	Low power distance facilitates knowledge-sharing between empowered peers, coordination based on shared outcome responsibility, and self-governance within mutually agreed boundaries

Source: Torfing and Bentzen (2020)

2.3 Role of the board of directors in corporate governance

This section examines the role of a board of directors in corporate governance, to be achieved through exploring seven characteristics of the board, which are: i) insider shareholder; ii) diversity; iii) board size; iv) frequency of board meetings; v) audit committee; vi) CEO duality; and vii) board independence. These are discussed in the following subsections.

2.3.1 Insider shareholder

Jensen and Meckling (1976) defined an insider shareholder as an individual who owns at least 10% voting shares in a firm and is either a director or someone who holds a senior position. According to Jensen and Meckling (1976), a higher percentage of insider shareholder reduces agency costs, as these insider shareholders are likely not to engage in business activities that would be destructive or too risky to the business sustainability. A study by Gupta and Sachdeva (2019) found that firms with higher percentages of insider shareholder performed better than those without. Still, the findings were limited to an optimal point of 20% of shares. This is in line with Fama and Jensen (1983), who asserted that insider shareholding only increased financial performance to an optimal point. On the other hand, McConnell and Servaes (1990) found that beyond 40% to 50% insider shareholding, a decline in firm performance will begin to occur.

2.3.2 Diversity

One of the important characteristics of the board of directors is diversity, which has been extensively researched in relation to financial, sustainability, and voluntary disclosure (Abeysekera, 2010; McGuinness, Vieito and Wang, 2017; Rupley, Brown and Marshall, 2012). Moreover, diversity has been explored in three forms, which are: gender, foreign and age diversity with respect to how they affect and influence the board of directors' performance.

2.3.2.1 Gender diversity

Gender diversity can influence the decisions made by a board of directors, and may lead to greater stakeholder interaction and more transparency in reporting and accountability (Fernandez-Feijoo, Romero and Ruiz-Blanco, 2014; Francoeur, Labelle and Sinclair-Desgagné, 2008; Rao and Tilt, 2016). It is also believed that the presence of female board members brings alternative values, perspectives, skills, and strategies, which enhance corporate decision-making processes and consequently lead to better materiality disclosure quality (Gerwanski *et al.*, 2019; Nielsen and Huse, 2010; Ruigrok, Peck and Tacheva, 2007; Williams, 2003). In addition, female representation on a board has also been associated with a positive corporate social responsibility performance and environmental disclosure quality (Bear, Rahman and Post, 2010; Boulouta, 2013; Li *et al.*, 2017; McGuinness *et al.*, 2017; Rupley *et al.*, 2012). A gender-diverse board is likely to express viewpoints and make well-considered decisions rather than exclusive ones. By the same token, a board representative of a single gender runs the risk of ignoring issues, perspectives, decisions, and gender-unbiased strategies.

2.3.2.2 Age diversity

Age is believed to be directly proportional to better corporate governance practices. This is due to the expectation that older board members have more experience, and are more likely to execute good corporate governance practices in an effort to protect their reputations and enhance their attractiveness to the job market (Alfiero *et al.*, 2017; Kaplan and Reishus, 1990). An older and experienced board of directors may help the organisation to improve the effectiveness and efficiency of monitoring practices, including enhancing decision-making (Reed and DeFillippi, 1990; Westphal and Milton, 2000). Nonetheless, Nakano and Nguyen (2011) and Zajac and Westphal (1996) believe that younger board members outperform older ones, as they are open to change and new ideas, which helps them perform more efficient corporate governance practices.

2.3.2.3 Foreign diversity

The presence of foreigners on a board of directors may influence how an organisation behaves and conducts its business operations. Previous studies suggest that foreign diversity leads to an increased volume of published corporate social information (Andrew *et al*., 1989; Guthrie and Parker, 1990; Haniffa and Cooke, 2005). However, Domench (2003), based on evidence from Spanish firms, argues that there is no relation between corporate social information published and foreign diversity.

2.3.3 Board size

The main concern of shareholders is whether the board of directors is capacitated enough to monitor and control managers so that they act in a manner that satisfies the interests of shareholders (Kyere and Ausloos, 2021). Larger boards of directors favour the adoption of integrated reporting (Alfiero *et al.*, 2017; Frias-Aceituno, Rodriguez-Ariza and Garcia-Sanchez, 2013). On the other hand, Fasan and Mio (2017) discovered materiality disclosure quality to be negatively related to the size of the board. Given this, the board size is the metric that can influence effective supervision, leading to improved firm performance. Scholars such as Anderson, Mansi and Reeb (2004), Williams, Fadil and Armstrong (2005) and Haniffa and Hudaib (2006) found a positive relationship between board size and firm performance. However, other studies advocating for smaller board sizes argue that limiting the board could improve communication and decision-making. Arora and Sharma (2015) also posit that large board sizes may become too expensive for the firm, negatively impacting the bottom line. In view of this, Lipton and Lorsch (1992) recommend that the board size should be limited to ten people.

2.3.4 Frequency of board meetings

Frequency of board meetings encourages information and dialogue, leading to quality decision-making (Vitolla, Raimo and Rubino, 2020). A greater frequency of meetings creates an environment for confrontation, dialogue, and knowledge sharing, resulting in improved quality of decisions (Vitolla, Raimo and Rubino, 2020). A study by Al-Najjar (2010) examined the frequency of board meetings using 2003 – 2008 data from 120 United Kingdom firms, applied multinomial logistic modelling and conditional logistic modelling, and found that board size and structure had a positive relationship with the frequency of meetings. The same study also discovered that CEO duality did not influence the frequency of board meetings. However, firm size, free cashflows, leverage and Tobin's Q influenced the frequency of board meetings (Al-Najjar, 2010). Furthermore, a study by Yakob and Abu Hasan (2021) examined Malaysian publicly traded firms using data from 2013 – 2017 and found that frequency of board meetings significantly affected environmental and social information disclosure and financial performance, but noted that information disclosure alone had no effect on firm performance.

2.3.5 Audit committee

An audit committee plays a critical role in integrated reporting as it goes beyond traditional controls and financial reporting activities to non-financial reporting and risk management, which are essential in reducing agency costs (Ahmed Haji and Anifowose, 2016). An audit committee safeguards the integrity of the financial reporting system within an organisation and ensures compliance with legislation (Kyere and Ausloos, 2021). According to Velte (2018), an audit committee that has financial and sustainability knowledge helps to improve the readability quality of an integrated report, while the effectiveness and number of annual meetings may result in a more comprehensive integrated report (Ahmed Haji and Anifowose, 2016). Kant and Stewart 2008 found that the frequency of board meetings was positively associated with the quantity of disclosures. Yet still, Klein (1998) and Vafeas and Theodorou (1998) had previously reported that an audit committee had no impact on the quality of accounting and financial reporting.

2.3.6 CEO duality

An organisation's chief executive officer (CEO) may perform two duties as executive manager and chairperson of the board of directors. This is not desirable, as it concentrates too much power on one individual who will exercise managerial dominion and control of board meeting agendas. A CEO may choose to provide the board of directors with information that serves only personal interests (Kyere and Ausloos, 2021). Besides this, CEO duality is considered a hindrance to the administration of proper governance as it disrupts board independence (Lorsch and MacIver, 1989). Studies by Rechner and Dalton (1991) in the United States of America and Balatbat, Taylor and Walter (2004) in Australia reveal that organisations with board independence outperformed those with CEO duality. Nonetheless, the stewardship theory advocates and supporters counter this by reasoning that CEO duality leads to improved firm performance, as uncertainty in the person responsible for decision-making is eliminated (Christensen *et al.*, 2010). Scholars such as Cannella Jr. and Lubatkin (1993), Boyd (1995) and Van Essen, Engelen and Carney (2013) found a positive relationship between CEO duality and return on equity (ROE).

2.3.7 Board independence

Christensen *et al.* (2010) state that board independence is critical in ensuring effective management monitoring. To this end, the outside board of directors is incentivised to act in such a manner that safeguards their reputation by ensuring that they exercise decisional control. Additionally, Yekini, Adelopo, Andrikopoulos and Yekini (2015) found a significant positive relationship between board independence and information disclosure. This is because non-executive directors are more inclined to disclose information than others, leading to improved firm performance (Yekini *et al.*, 2015) and share price (Rosenstein and Wyatt, 1990). While these findings are aligned with the agency theory, Nicholson and Kiel (2007) and Donaldson (1990) argue that inside directors, due to their vast knowledge, are aware of valuable firm resources and profitable ventures that may result in improved firm performance. This view is aligned to the stewardship theory. Other scholars such as Klein (1998) and Agrawal and Knoeber (1996) support stewardship theory and have shown a significant negative relationship between board independence and firm performance.

2.4 Corporate governance in South Africa

Corporate governance is the means by which the shareholders and creditors of a firm exert control and demand accountability for the resources entrusted to the firm through systems, processes, and structures that help to sustain the firm (Ngoepe and Ngulube, 2013). According to Dandago (2009), corporate governance became mainstream globally around the 1980s due to the separation of ownership and management. Ineffective boards have led to the downfall of many firms around the globe, including South Africa, indicating the need for and importance of corporate governance (Mallin, 2010; Moloi and Barac, 2009; Rezaee, 2010).

South Africa's work on corporate governance began in 1992 through the formation of the Committee on Corporate Governance with the blessing of the Institute of Directors in Southern Africa (IoDSA) (Mallin, 2010). In 1994, the Committee on Corporate Governance chaired by Mervyn King produced the first report (later known as the King I Report) to reflect South Africa's corporate governance status quo. With the advancement and increasing adoption of information technologies, it became imperative to update the King I Report to conform to the growth in information technology (IT) and electronic commerce (e-commerce), changes in legislation in South Africa, and also partly due to the growing failure of many South African companies (Moloi and Barac, 2009).

When the new Companies Act (Act 71 of 2008) was introduced along with changes in international trends in corporate governance, it became necessary to update the King II Report to the King III Report to align with these changes (Engelbrecht, 2009). This King III Report became effective on the first of March 2010, highlighting the need for proper risk management, internal auditing, and records management (Ngoepe and Ngulube, 2013). Later, the King IV Report was introduced in November 2016 and became effective in April 2017. The King IV Report was an update to the King III Report. It updates international governance codes and best practices, responds to shifts in capitalism, and incorporates recent corporate governance developments.

2.5 Chapter summary

The literature review covered three core theories: resource dependency theory, agency theory, and stewardship theory. The resource dependency theory revealed that resources that are valuable, rare, inimitable, and non-substitutable lead to competitive advantage. Agency theory argues that the principal and agent hold different amounts of information and that it is difficult and costly for the principal to put in place monitoring tools aimed at preventing managers from behaviour that deviates from the interest of the shareholders. Stewardship theory holds that when managers are left on their own, they are designated to act as responsible stewards of the assets entrusted to them. Furthermore, the role of a board of directors in corporate governance was also examined, and seven aspects of the board were discussed: insider shareholder, diversity, the board size, frequency of board meetings, audit committee, CEO duality, and board independence. A review of various studies on corporate governance mechanisms (board composition, board size, audit committees and CEO duality) revealed that the relationship between each of the aforementioned corporate governance variables and firm performance varies between positive, negative, and non-existent. Lastly, the evolution of corporate governance in South Africa was also examined. The next chapter will discuss the research methodology.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will outline the research methodology of the study. It shall be divided into seven main sections, which discuss the research philosophy, research approach, research methodological choice, research strategy, time horizon, research techniques, data collection, data analysis, and ethical considerations of the study, as illustrated in Figure 1 below. These are discussed in detail in the following sections.

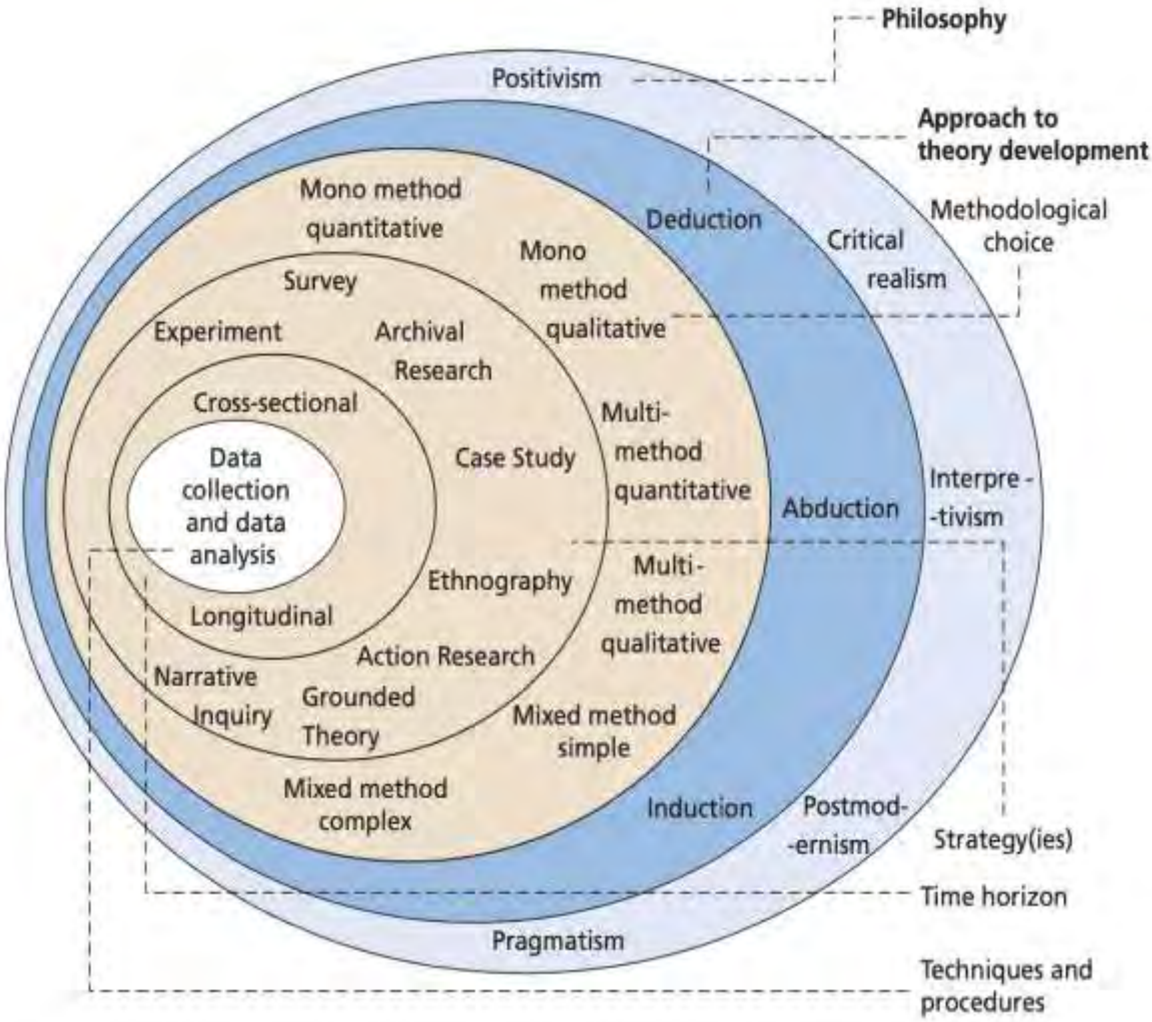

Figure 1: Research onion

Source: Saunders, Lewis and Thornhill (2019)

3.2 Research philosophy

Saunders *et al.* (2019:130) define research philosophy as a "system of beliefs and assumptions about the development of knowledge." There are five main research philosophies relevant to this research, namely: pragmatism, postmodernism, interpretivism, critical realism, and positivism. This study employed a pragmatist research philosophy to investigate the phenomenon under consideration. According to Kelly and Cordeiro (2020:3), there are three principles central to the pragmatism research philosophy, which are: "(1) an emphasis on actionable knowledge, (2) recognition of the interconnectedness between experience, knowing and acting and (3) a view of inquiry as an experiential process." Pragmatist philosophy seeks to generate valuable and actionable knowledge that helps to solve existing problems (Feilzer, 2010). This research philosophy was relevant to this study as issues related to corporate failure and ethical considerations in South Africa require urgent, actionable solutions to restore the sanctity of corporate governance within the country. To this end, knowledge brought into this research was considered useful as long as it was both practical and relevant. This is to say that the research was preoccupied with meaningful, useful, and practical issues, as opposed to purely theoretical ones. According to McKenna, Richardson and Manroop (2011), pragmatism bridges the gap between theory and practice, and aims to create positive outcomes for those impacted by organisational processes. Furthermore, its inclination toward real-world inquiry encourages exploration and comparison of the expected differences between a set of options, leading to an in-depth understanding of the phenomenon under investigation (Morgan, 2014).

3.3 Research approach

There are three research approaches, namely deductive, inductive, and abductive (Saunders *et al.*, 2019). This study employed a deductive research approach, and according to Saunders *et al.* (2019), this starts with a theory developed through the academic literature, which is then tested.

3.4 Research methodological choice

The three main research methodological choices are qualitative, quantitative, and mixed methods (Creswell and Creswell, 2018). This study employed the mixed methods methodological choice as this is consistent with the pragmatism research philosophy. Furthermore, mixed methods methodological choices allow for the combination of qualitative and quantitative research techniques to investigate a phenomenon under investigation. Additionally, the mixed methods methodological choice draws on the strength of both qualitative and quantitative methods (Shorten and Smith, 2017). This methodological choice was appropriate for this study as it enabled the use of qualitative and quantitative data collection and analysis techniques to draw important insights.

3.5 Research strategy

An archival research strategy was employed in this study. According to Lexis Nexis (2022), archival research refers to the use of historical data that is usually preserved as text in the form of documents, records, and other sources.

3.6 Research techniques and data analysis

3.6.1 Data collection

The data collection process employed a longitudinal time horizon in which the annual financial statements of Steinhoff and Carillion were extracted from their respective websites. Accordingly, the annual financial statements used for Steinhoff were from 2012 to 2021, while those used for Carillion were from 2008 to 2017. It is important to note that annual financial statements selected for both firms represent a ten-year period preceding the failures of the respective firms. Consequently, this led to the use of different time horizons for the data as the failures occurred at different times. Furthermore, existing literature from journals, books, and websites pertaining to the corporate failure of Steinhoff and Carillion was also used as data sources.

3.6.2 Data analysis

Content analysis and statistical analysis were both employed to analyse the data collected. Tables and graphs, along with trend analysis were used to demonstrate the financial performance of the firms over the aforementioned respective time horizons. Furthermore, using the data from the annual financial reports, the balance sheets were analysed to assess the firms' financial position. This information was related to literature and the board's behaviour during the respective time horizons to generate meaningful insights for the data analysis. Additionally, cash and cash equivalents trend analysis were also performed to determine the firms' liquidity over these periods, and to draw important insights from the data and cross-reference them with some of the board decisions cited in the literature. A comparison between Steinhoff and Carillion was also performed in order to determine the similarities and differences in their corporate failures.

The impact of the board of directors on the corporate failure of Steinhoff and Carillion was also examined using existing literature and data extracted from the annual financial statements.

3.7 Ethical considerations

The data was collected from publicly available information, and no participants were involved in this study. As such, there were no significant ethical considerations in this study.

3.8 Chapter Summary

The study employed a pragmatist research philosophy using a mixed methods methodology. A deductive research approach was used as a premise upon which to draw deductive inferences. Furthermore, archival research was used as the research strategy in this study. Data was collected from the annual financial statements and existing literature on Steinhoff's and Carillion's corporate failures. Both content analysis and statistical analysis were employed to analyse the data. The results of the data analysis are shown in the next chapter.

CHAPTER 4: DATA ANALYSIS & DISCUSSION

4.1 Introduction

This chapter covers the data analysis and discussion of the data. The annual financial statements (AFS) of Steinhoff and Carillion are analysed to draw meaningful insights. The financial performance, financial position, accumulated reserves, and cash and cash equivalents are analysed over a ten-year period covering 2012 to 2021 and 2008 to 2017 for Steinhoff and Carillion, respectively. Insights drawn from the analysis of the AFS of these companies will be used to better understand the impact of disregarding ethical resources on company performance.

4.2 Financial analysis of Steinhoff

The financial information in Table 3 and Figure 2 was extracted from published annual financial statements of Steinhoff from 2012 to 2021. The annual financial statements (AFS) for 2012 to 2015 were presented in South African (SA) Rands, while the AFS for 2016 to 2021 were presented in Euros. This is because Steinhoff changed its functional and presentation currency from Rand to Euro in 2016. As a result, the researcher elected to convert the financial statements from Euro to Rand so that the financial statements would be presented all in Rands for consistency and ease of comparison. The prevailing exchange rate at the time the financial statements were published was used to convert Euro to Rand. To this end, the AFS for the 2016 to 2021 periods were converted to Rands using the Euro to Rand exchange rate provided in the published AFS. The financial information in Table 3 and Figure 2 indicates that Steinhoff was profitable from 2012 to 2015, and that profits increased from R6 billion to R13 billion during the same period. However, from 2016 to 2021 Steinhoff reported losses year-on-year, reporting a loss of R3.7 billion in 2016, R64 billion in 2017, R19.6 billion in 2018, R30.5 billion in 2019, R46.6 billion in 2020 and R14.9 billion in 2021, as illustrated in Table 3 and Figure 2.

Table 3: Summary of Steinhoff's Statement of Financial Performance from 2012 to 2021

	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
	R million	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**
Revenue	80 143	115 486	117 364	133 160	249 197	301 645	187 919	198 559	155 683	161 456
Cost of sales and expenditure	74 100	107 546	107 501	120 153	252 859	365 667	207 508	229 091	202 315	176 384
Profit/loss for the year	**6 043**	**7 940**	**9 863**	**13 007**	**-3 661**	**-64 022**	**-19 589**	**-30 532**	**-46 632**	**-14 928**

Source: Compiled from Steinhoff Annual Reports, 2012 – 2021

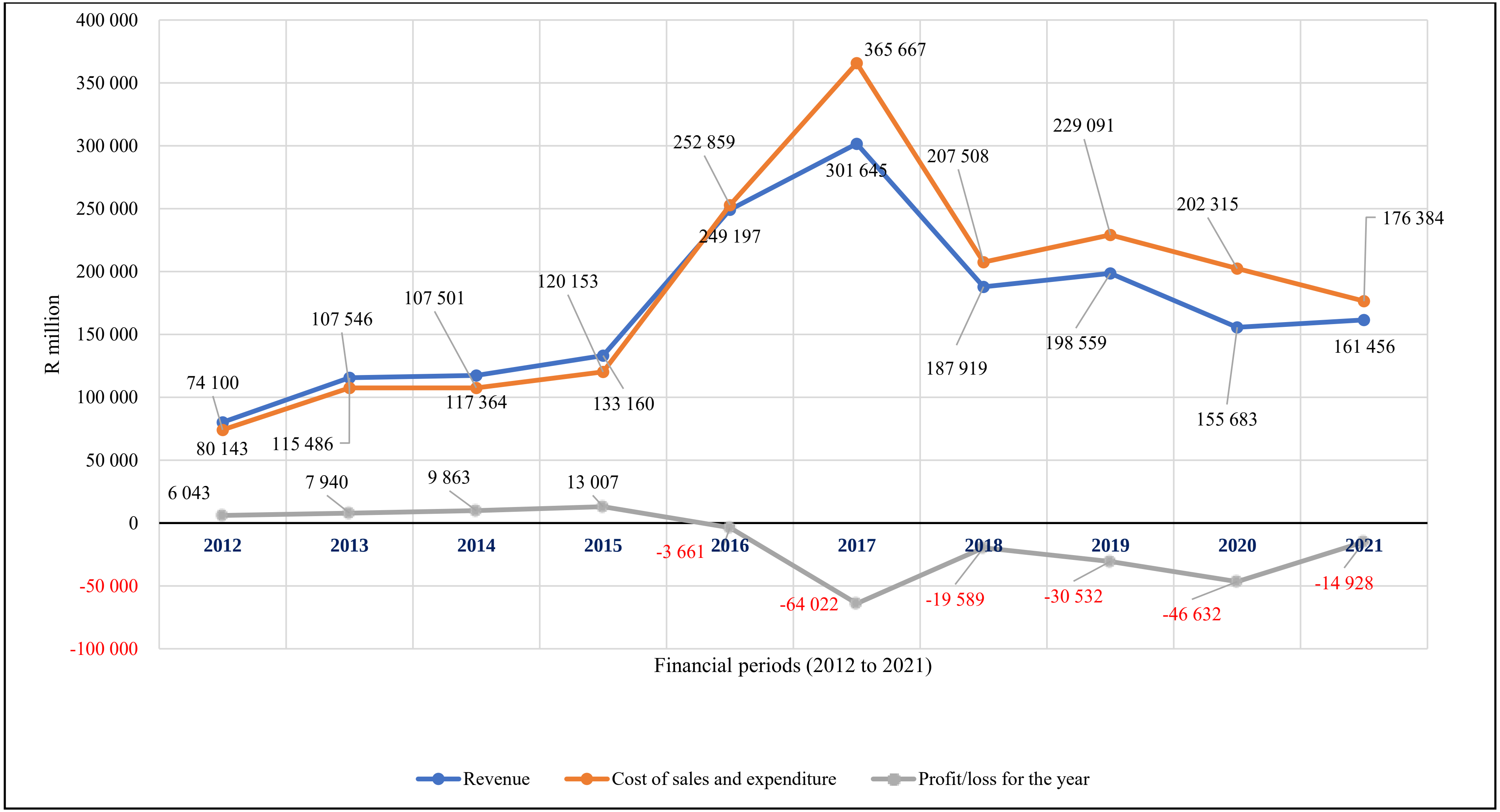

Figure 2: Summary of Steinhoff's Statement of Financial Performance from 2012 to 2021

Source: Compiled from Steinhoff Annual Reports, 2012 – 2021

Table 4: Summary of Steinhoff's Financial Position from 2012 to 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	R million	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**	**R million**
Non-current assets	92 974	115 206	136 620	218 673	254 388	209 411	156 712	133 024	157 812	151 866
Current Assets	40 088	49 433	65 701	94 750	70 418	71 187	112 308	108 734	100 399	113 052
Total Assets	**133 062**	**164 639**	**202 321**	**313 423**	**324 806**	**280 598**	**269 020**	**241 758**	**258 210**	**264 919**
Less Liabilities:										
Non-current liabilities	44 639	58 254	69 317	74 799	30 389	22 233	48 463	183 260	250 287	228 002
Current liabilities	34 786	39 766	45 228	56 503	200 331	224 863	210 023	76 678	90 524	92 434
Total liabilities	**79 425**	**98 020**	**114 545**	**131 301**	**230 720**	**247 096**	**258 486**	**259 938**	**340 811**	**320 435**
Share capital & accumulated reserves/losses	**53 637**	**66 619**	**87 776**	**182 121**	**94 086**	**33 502**	**10 534**	**-18 180**	**-82 601**	**-55 516**

Source: Compiled from Steinhoff Annual Reports, 2012 – 2021

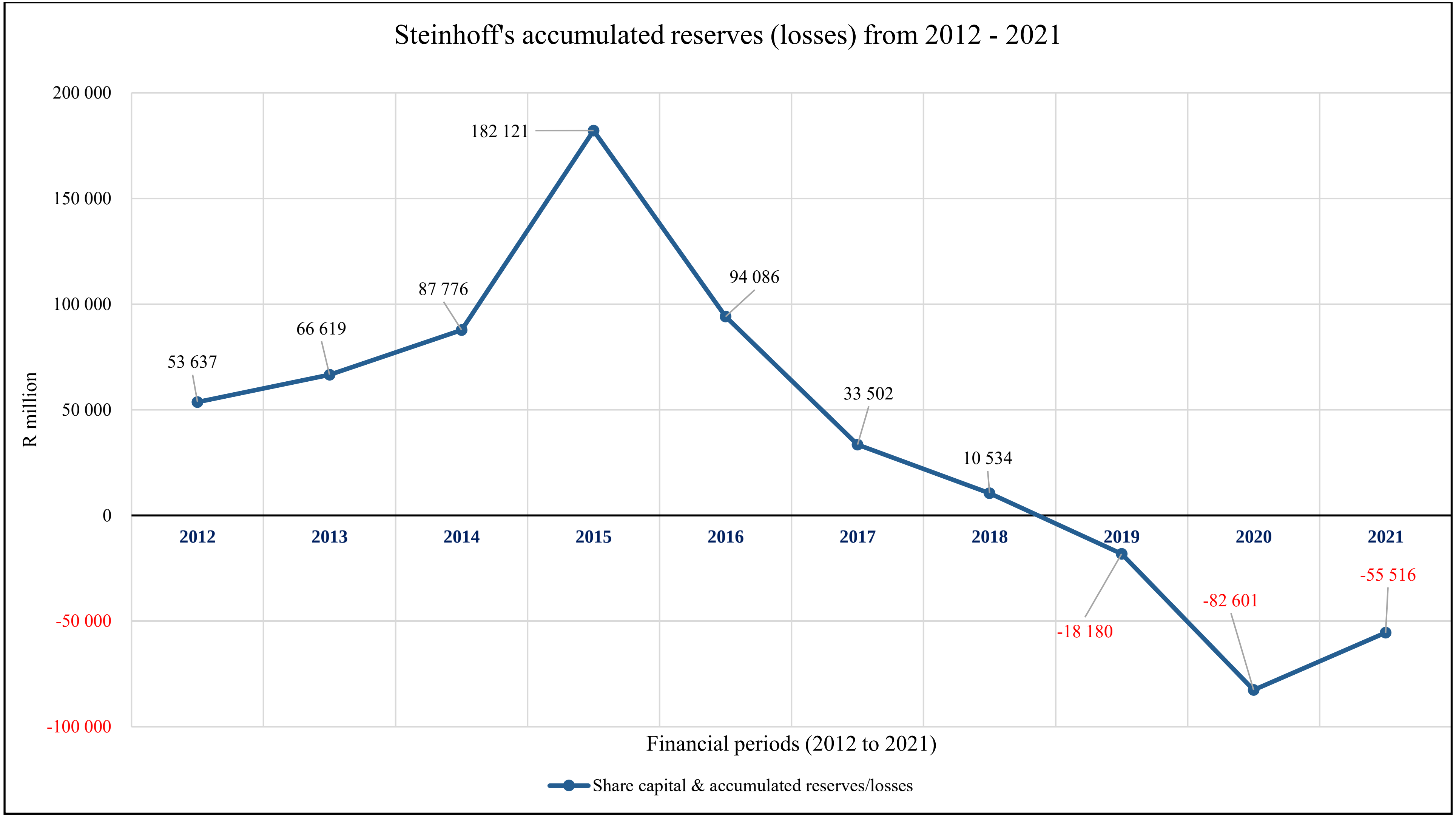

Figure 3: Summary of Steinhoff's Accumulated Reserves from 2012 to 2021

Source: Compiled from Steinhoff Annual Reports, 2012 – 2021

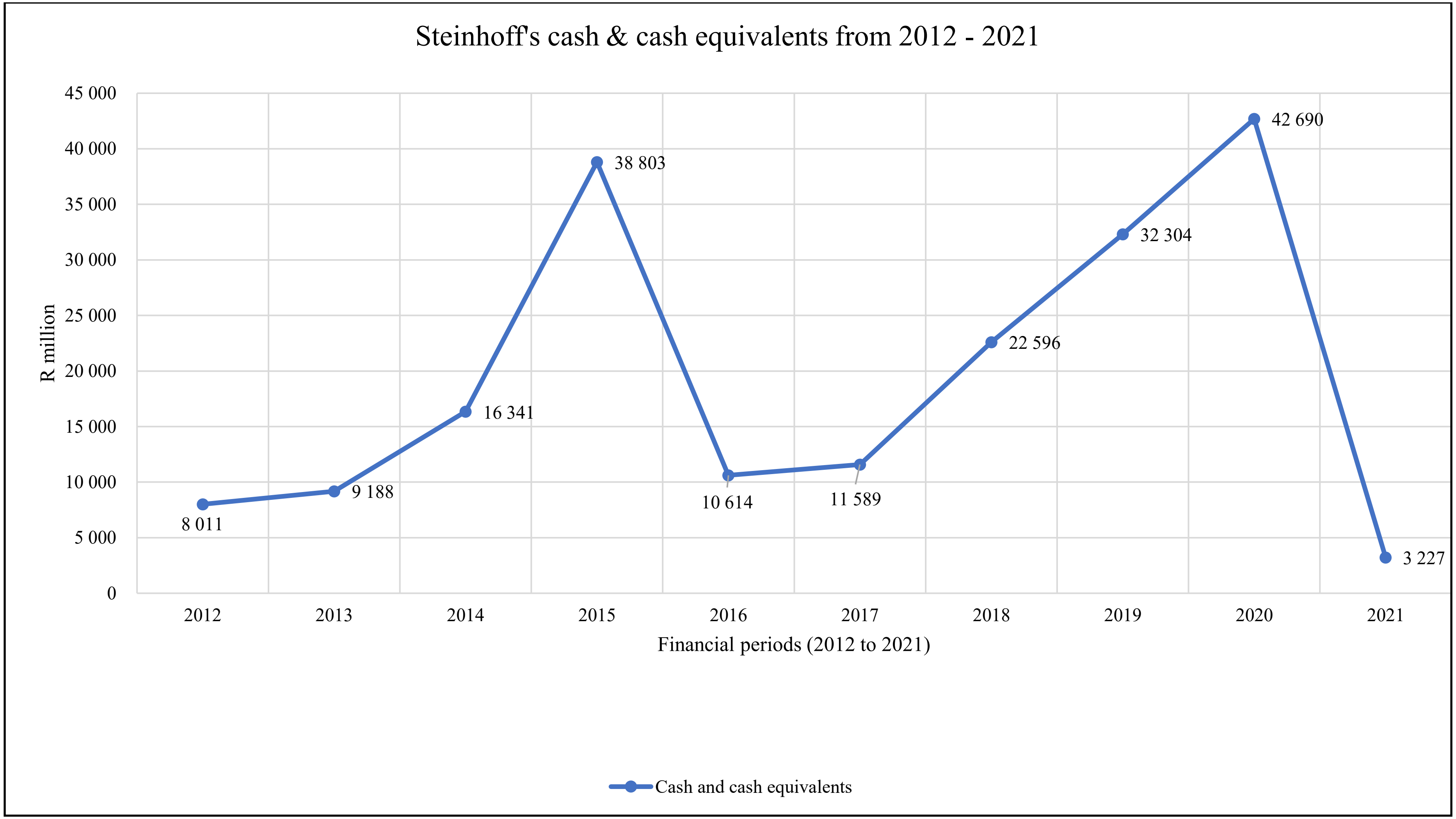

Figure 4: Steinhoff's Cash and Cash Equivalents from 2012 to 2021

Source: Compiled from Steinhoff Annual Reports, 2012 – 2021

As reflected in Table 4 and Figure 3, from 2012 to 2015, Steinhoff saw a significant rise in accumulated reserves from R53.6 billion to R182.1 billion (Steinhoff International Holdings Limited, 2013; 2014; Steinhoff International Holdings Ltd, 2015). The accumulated reserves started to fall rapidly from 2015, reaching R10.5 billion in 2018 before deteriorating to accumulated losses of R18.2 billion, R82.6 billion, and R55.5 billion in 2019, 2020, and 2021 respectively, as reflected in Table 4 and Figure 3. This signalled that Steinhoff now had more liabilities than assets (Steinhoff International Holdings N.V, 2016; 2017; 2018; Steinhoff International Holdings Limited N.V, 2019; 2020; 2021). A financial position characterized by liabilities exceeding assets is unfavourable, as it indicates a company's inability to meet its financial obligations. Furthermore, Steinhoff's cash and cash equivalents declined from R8 billion in 2012 to R3.2 billion in 2021. It is worth noting that between 2012 and 2021, there were two periods characterised by a sharp decline in cash and cash equivalents: i) from 2015 to 2016 there was a sharp decrease in cash and cash equivalence from R38.8 billion to R10.6 billion; and ii) from 2020 to 2021 there was a sharp decrease in the cash and cash equivalents from R42.7 billion in 2020 to R3.2 billion.

4.3 Financial analysis of Carillion

The financial information in Table 5 and Figure 5 was extracted from published annual financial statements for Carillion from 2008 to 2017. The annual financial statements (AFS) analysed were presented in British pounds (£). The financial information indicates that Carillion was profitable from 2008 to 2016 and that profits increased from £112 million to £130 million during the same period (Carillion plc, 2008; 2009; 2010; 2011; 2012; 2013; 2014; 2015; Cochrane, 2017). This profit trajectory was abruptly reversed in 2017 when the company reported a significant loss of £1.1 billion (Cochrane, 2017).

Table 5: Summary of Carillion's Statement of Financial Performance from 2008 to 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Revenue	4 434	4 504	4 237	4 153	3 666	3 333	3 494	3 951	4 395	1 853
Cost of sales and expenditure	4 322	4 380	4 084	4 015	3 511	3 226	3 366	3 811	4 265	2 974
Profit for the year	**112**	**124**	**153**	**138**	**155**	**106**	**128**	**140**	**130**	**-1 121**

Source: Compiled from Carillion Annual Reports, 2008 – 2017

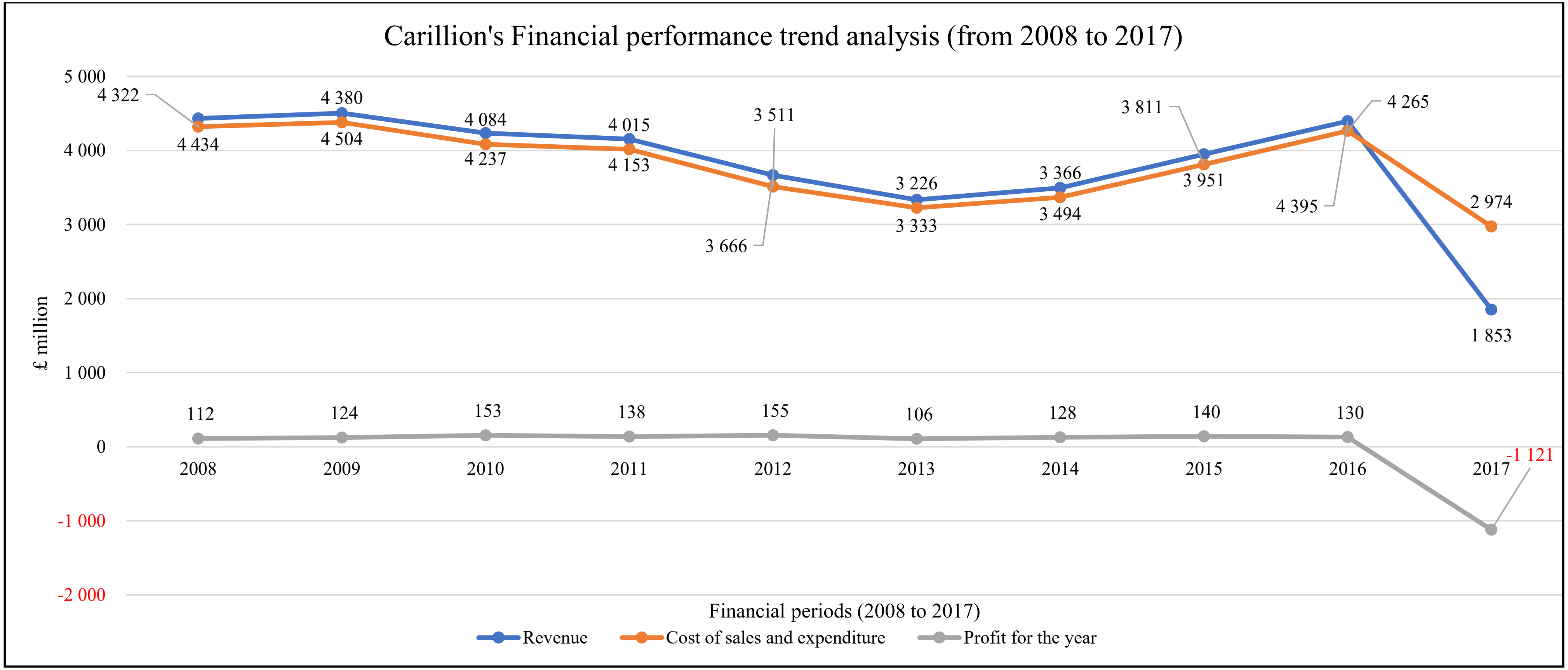

Figure 5: Summary of Carillion's Statement of Financial Performance from 2008 to 2017

Source: Compiled from Carillion Annual Reports, 2008 – 2017

Table 6: Summary of Carillion's Financial Position from 2008 to 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Assets:										
Non-current assets	1 824	1 717	1 658	2 030	2 025	1 957	2 044	2 057	2 164	1 987
Current assets	1 490	1 348	1 494	1 669	1 838	1 683	1 853	1 813	2 270	1 682
Total Assets	**3 314**	**3 065**	**3 151**	**3 699**	**3 862**	**3 640**	**3 896**	**3 870**	**4 433**	**3 669**
Less: Liabilities:										
Non-current liabilities	640	532	509	860	1 164	995	1 194	1 082	1 486	1 810
Current liabilities	1 806	1 761	1 778	1 857	1 688	1 662	1 808	1 771	2 218	2 264
Total Liabilities	**2 447**	**2 293**	**2 286**	**2 717**	**2 852**	**2 656**	**3 002**	**2 853**	**3 704**	**4 075**
Share capital & accumulated reserves/losses	**868**	**772**	**865**	**983**	**1 011**	**984**	**895**	**1 017**	**730**	**-405**

Source: Compiled from Carillion Annual Reports, 2008 – 2017

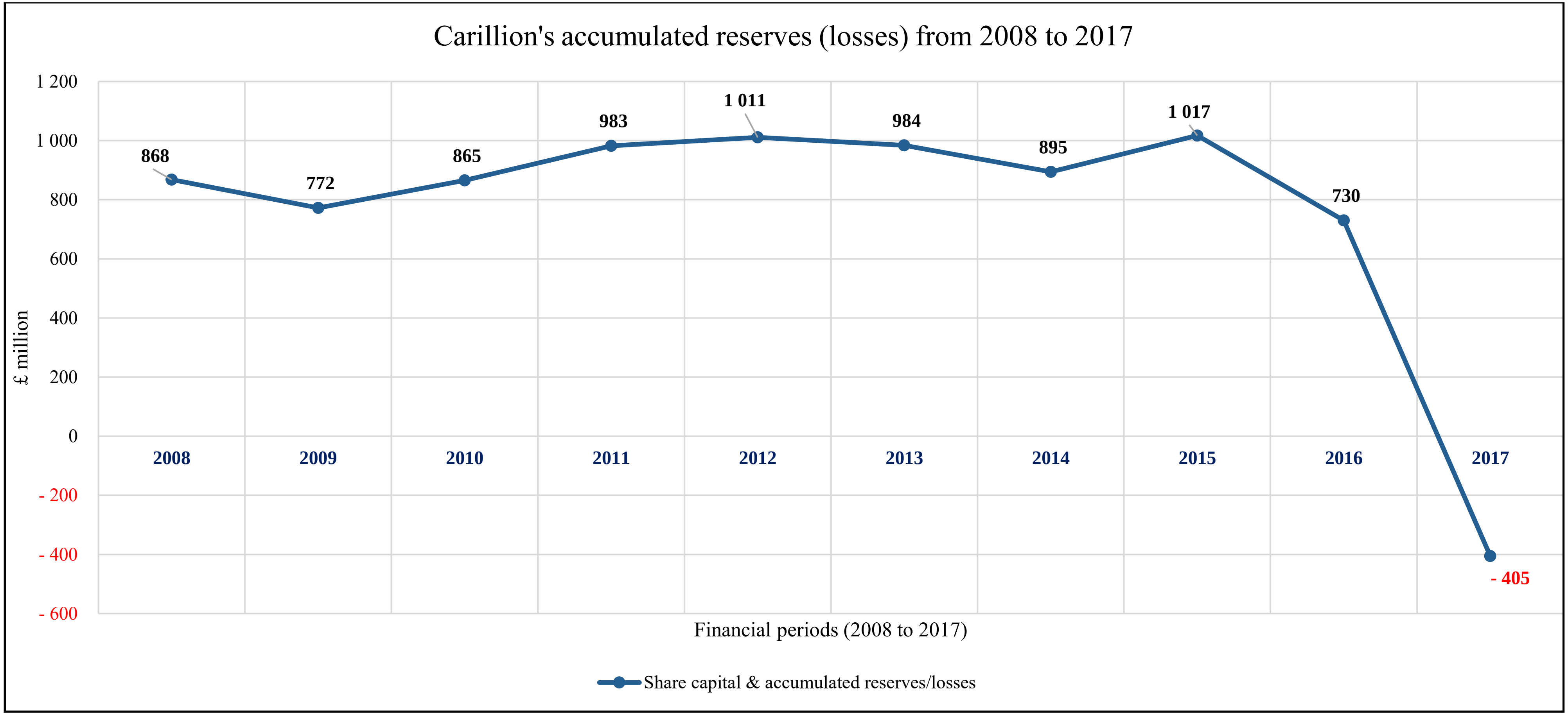

Figure 6: Summary of Carillion's Accumulated Reserves from 2008 to 2017

Source: Compiled from Carillion Annual Reports, 2008 – 2017

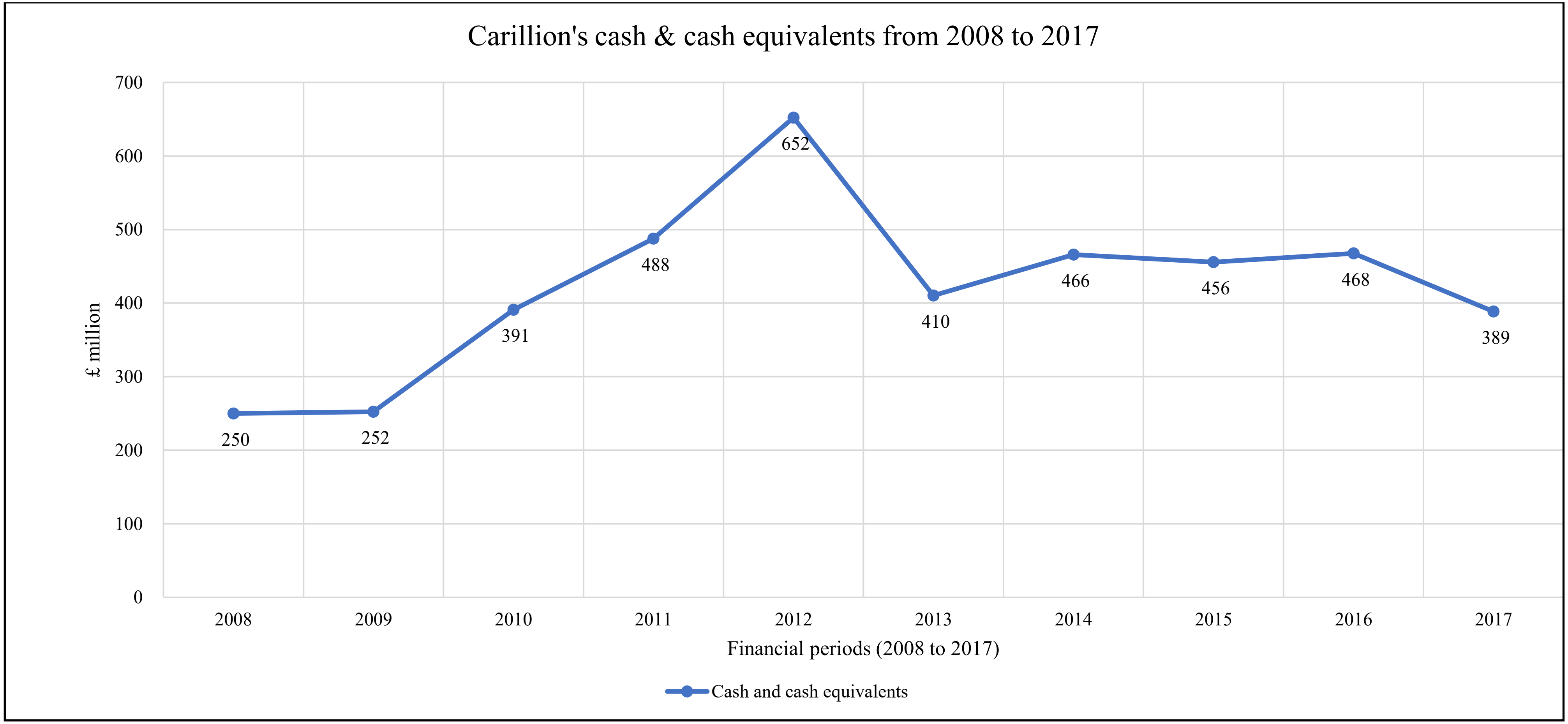

Figure 7: Carillion's Cash and Cash Equivalents from 2008 to 2017

Source: Compiled from Carillion Annual Reports, 2008 – 2017

As reflected in Table 6 and Figure 6, Carillion saw a rise in accumulated reserves from £868 million in 2008 to £1 billion in 2012, before steadily declining to £895 million in 2014, and rising again to £1 billion in 2015. The company then began to decline sharply to £730 million in 2016, deteriorating to an accumulated loss of £405 million in 2017. This signalled that Carillion now had more liabilities than assets, suggesting that the organisation was not performing well. On the other hand, Carillion's cash and cash equivalents increased from £250 million in 2008 to £389 million in 2017, as shown in Figure 7. Even though the cash and cash equivalents balance increased, the company reported negative accumulated reserves of £405 million and a loss of £1 billion in 2017.

4.4 Comparative analysis

This section presents a comparative analysis of the similarities and differences between Carillon and Steinhoff. The comparative analysis comprises a cross-case analysis of Steinhoff and Carillion that compares factual evidence against predicted outcomes. Each case is analysed to allow the researcher to compare patterns and findings, thereby enabling the researcher to make theoretical conclusions. The similarities are used to identify factual evidence common to both companies, while the differences serve to identify evidence of corporate failure unique to each company. This helps to draw important insights into the performance of these organisations and how ethical resources played a part in their demise.

4.4.1 Similarities between Carillion and Steinhoff

4.4.1.1 From success to poor performance

The financial information of Carillion and Steinhoff indicates that both companies were initially profitable but went bankrupt. Carillion reported a £112 million profit in 2008, which declined to a loss of £1.1 billion in 2017, as reflected in Table 5 and Figure 5 above. Steinhoff reported a R6 billion profit in 2012, which declined to a loss of R14.9 billion in 2021, as reflected in Table 1 and Figure 1 above. However, it should be noted that Steinhoff gradually moved from a profitable financial performance between 2012 – 2015 to a loss-making performance sustained for six years (2016 – 2021).

Both companies initially reported favourable net assets positions evidenced by assets that exceeded liabilities, followed by negative net assets positions, in which the liabilities exceeded assets at some points during the ten-year periods analysed. Carillion's total assets were £868 million more than the liabilities in 2008, but in 2017, liabilities were £405 million more than the assets, as reflected in Table 6 and Figure 6. Steinhoff's total assets were R53.6 billion more than the liabilities in 2012, but such assets were surpassed by liabilities to the extent of R55.5 billion in 2021, as reflected in Table 4 and Figure 3.

4.4.1.2 Both companies once occupied second largest spot

Both companies were at some point in their existence counted amongst the largest in the industries in which they operated, Steinhoff being in the retail sector while Carillion was in the construction industry. According to Klein (2018), Steinhoff was the second-largest furniture group in Europe, being second only to Ikea, a Swedish furniture retail company. Through mergers and acquisitions, Carillion also became the second-largest construction company in the UK by 2014.

4.4.1.3 Recklessness to blame for the downfall

Deliberate accounting irregularities and irregular business practices were the reasons behind both companies' financial downfalls. The evidence presented hereunder, in both instances, indicates that central to the failure of both companies was the desire to use irregular business and accounting practices to minimise costs and maximise revenue.

Carillion

Carillion was renowned for aggressive bidding at unsustainably low prices to win work while undercutting other competitors (Sasse, Britchfield and Davies, 2020). While its debts increased significantly, Carillion continued to take huge risks by acquiring companies for more than their value and bidding for work in uncertain markets (Bhaskar and Flower, 2019; Sasse *et al.*, 2020). Suppliers were paid extremely late at standard payment terms of four months, while Carillion insisted on price cuts whenever payments were made earlier – an arrangement aimed at boosting its balance sheet at the expense of suppliers. Furthermore, employees were not spared from this mayhem, as Carillion also failed to make adequate contributions to employees' pension schemes (Sasse *et al.*, 2020).

Steinhoff

Steinhoff's unscrupulous accounting practices included off-balance sheet transactions and overstated earnings, high-paced acquisition of poor-performing companies that suddenly became profitable after the incorporation into the group, an obfuscated ownership structure with items that did not make sense, fictitious and irregular related-party transactions, inflated profits and assets values, and inflated earnings through deals with companies owned by the former CEO, Markus Jooste (Bhaskar and Flower, 2019; Naudé *et al.*, 2018).

4.4.1.4 Fraud conducted at the apex of the organisational hierarchy

Because the fraud happened at the upper echelons, this made it difficult to detect. If it had occurred at lower levels, it was possible that those who were in top management could detect it (Klein, 2018). Rather than challenging management's aggressive accounting practices and unethical behaviour, Carillion's board continued to award generous bonuses, even when performance was on a downward spiral (Sasse *et al.*, 2020). For Steinhoff, the accounting shenanigans were carried out by the CEO, Markus Jooste, making it difficult to detect, according to the erstwhile chairman, Christo Wiese (Bhaskar and Flower, 2019; Klein, 2018; Naudé *et al.*, 2018; Rossouw and Styan, 2019).

4.4.1.5 Corporate failure was significant and far-reaching

For both Carillion and Steinhoff, the impact of the scandals was substantial, and not limited to the internal entity, but extended to stakeholders outside the company.

Carillion

Carillion was the UK's second-largest construction and services company, with 18,000 employees and global revenues of more than £5 billion (Sasse *et al.*, 2020). According to Sasse *et al.* (2020), Carillion's collapse resulted in over 2,000 employees becoming redundant. At the time of its collapse, Carillion held 420 UK public sector contracts, which included the construction of hospitals, highways and railways, the maintenance of army homes, and the cleaning of schools and prisons (Sasse *et al.*, 2020). Carillion's private finance initiative contracts to build new hospitals in Liverpool and Birmingham saw significant delays as the government had to seek new suppliers and renegotiate complex arrangements (Sasse *et al.*, 2020). According to Sasse *et al.* (2020), the delays spanned up to five years, negatively affecting patients needing upgraded hospital facilities. Sasse *et al.* (2020) report that several other construction contracts were delayed, and that the government refused to bail Carillion out, despite requests for £160 million in government support. UK high street banks were also exposed to Carillion's collapse to the extent of at least £1 billion by the end of the first quarter of 2018, according to Santos (2020). Santander declared bad loans of £203 million related to Carillion, conceding that Carillion's downfall had contributed to a 21% fall in its profit in 2018 (Santos, 2020). On the other hand, Lloyds declared impairment losses of £270 million and a 5% fall in profit, also attributable to Carillion's collapse (Santos, 2020).

Around £2 billion was owed to 30,000 suppliers, subcontractors, and short-term creditors, many of whom did not have trade insurance to cushion them from the defaulting Carillion (Sasse *et al.*, 2020). On 25 January 2018, insurers reported they had paid out only around £31 million to firms that were covered, while most of Carillion's assets went to secured creditors during liquidation (Sasse *et al.*, 2020). It was further reported that an average amount of £141,000 was owed to small businesses within Carillion's supply chain; medium-sized firms were owed, on average, £236,000, while large firms were owed an average amount of £15 million (Sasse *et al.*, 2020). Moore Stephens, an accountancy firm, reported that 780 small UK construction companies entered insolvency in the first quarter of 2018, an increase of one-fifth from the previous year due to Carillion's collapse (Sasse *et al.*, 2020).

Steinhoff

Steinhoff announced that it had discovered accounting irregularities and that £5 billion of assets were likely to be unrecoverable (Bhaskar and Flower, 2019). According to Bhakra and Flower (2019), Steinhoff's share price fell by 98%, and was falling further as new problems were discovered and new legal claims announced (Bhaskar and Flower, 2019). Among the shareholders who suffered significant losses due to the share price drop were ordinary South Africans, who lost over R19 billion of pensions invested in Steinhoff through Public Investment Corporation (PIC). One of the largest shareholders, Christo Wiese, has instituted a R59 billion ($5 billion) claim against Steinhoff due to the loss of money he invested in the company between 2015 and 2016 (Bhaskar and Flower, 2019; Klein, 2018; Naudé *et al.*, 2018). Markus Jooste has maintained a low profile and has not explained his orchestrations of deceit while at the helm of Steinhoff (Klein, 2018). This is despite accusations that he was involved in false financial reporting and insider trading, which refer to trading in a public company's shares using information not available to the public (Geldenhuys, 2020). Given the complexity of the fraud committed, it could take years to successfully prosecute Jooste and those involved in the irregularities (Klein, 2018). Another businessman, GT Ferreira, is suing the company for €100 million, while Tekkie Town, a South African shoe retailer bought by Steinhoff in 2016, is claiming €120 million (Klein, 2018).

4.4.2 Differences between Carillion and Steinhoff

No significant differences were identified between Carillion and Steinhoff, except that Carillion was liquidated while Steinhoff remains in operation. With liabilities estimated to be between £5 billion and £7 billion, Carillion collapsed, having failed to either sell the company or secure the funding required to continue its operations (Bhaskar and Flower, 2019). On the other hand, Steinhoff remains operational, even though it is difficult to predict whether it will survive a fall in its share price from R96.85 in 2016 to R1.50 in 2018 (Rossouw and Styan, 2019), and all the lawsuits it faces.

4.5 Impact of board of directors on corporate failure of Carillion & Steinhoff

A company may elect to have an organisational structure that is characterised by either a single-tier or a two-tier board system (Mahaso, 2021). Single-tier board systems are predominant in countries such as the United Kingdom, the United States of America, Canada, and India. In a single-tier board system, there is only one board that consists of both executive and non-executive board members. In contrast, the two-tier board systems comprising a separate supervisory board and management board are predominant in countries such as Germany, Finland, and the Netherlands (Tripathi, 2013). A single-tier board system is associated with neoliberal shareholder primacy norms and free-market capitalism (Block and Gerstner, 2016). On the other hand, the two-tier board system is associated with stakeholder primacy, co-determination, and managerialism. Nevertheless, the King Report (South Africa), the Cadbury Report (United Kingdom), and the Higgs Report (United Kingdom) appear to recommend the use of the single-tier system (Tripathi, 2013). According to the King IV Report (2016), the single-tier system unifies managerial supervisory responsibilities and creates opportunities for greater interaction between all board members when handling important matters such as strategy, performance, and standards of conduct. However, it is important to note that in 2015 Steinhoff moved its primary listing from South Africa to Germany, which meant that the corporate governance structure was also changed from a single-tier board system to a two-tier board system (Naudé *et al.*, 2018).

According to Mahaso (2021), the board of directors' independence is adversely affected in a two-tier board system as, in most cases, the supervisory board is generally composed of former executives of the organisation who are also employee representatives, which undermines their potential for true independence. Kneale (2012) is of the opinion that if former executives are appointed to the supervisory board, there could be a risk of leniency on management as they may be familiar with one another. The King IV Report (2016) recommends that former executives be appointed to the supervisory board at least three years after leaving the organisation. Interestingly, Steinhoff was reported to be using the two-tier board system, which promotes information asymmetry between the management and supervisory board. In this two-tier board setup, the management board can hold vital information from the supervisory board, making it easier to obfuscate corrupt activities. Further to this, it was reported that Steinhoff's board was not independent, as it was appointing former executives to the supervisory board who could be potentially lenient to the management board. This could have increased the ability of the management board to continue conducting corrupt and unethical activities. As pointed out by Mahaso (2021), the chairman of Steinhoff Africa Holding Pty Ltd was the former group CEO of Steinhoff International Holding NV and CEO & Executive Director at Steinhoff Africa Holding Pty Ltd, which may have contributed to the lack of board independence. This created a situation of CEO duality, which the King IV Report (2016) points out can result in a conflict of interest. CEO duality may create a scenario where the CEO may control the direction of the board meetings and may also provide information that steers the board toward serving their personal interests (Kyere and Ausloos, 2021). As a result, such a CEO hinders the implementation of proper governance due to a lack of board independence (Lorsch and MacIver, 1989).

According to Motsoeneng and Rumney (2019), a study by PwC discovered that between 2009 and 2017, Steinhoff had bogus and irregular transactions that amounted to about €7.4 million. This largely went unnoticed due to information asymmetry between the management board and the supervisory board. It can be argued, therefore, that adopting the two-tier board system gave the management board unwarranted freedom to conduct unethical activities that could have been hidden from the supervisory board. Interestingly, given that the two-tier system was enacted in 2015, some people would argue that it could not have been responsible for the accounting irregularities that occurred before 2015. Taking this into consideration, they could assert that the two-tier board system could not possibly be responsible for the unfolding of its corporate failure but could have assisted in the demise of an already sinking ship. Nonetheless, research argues that the two-tier board system could have played a significant role in Steinhoff's downfall. Based on the evidence from the financial statements, Table 3 and Figure 4 indicate that the first loss from 2012 was recorded in 2016, a year after Steinhoff shifted its primary listing from South Africa to Germany. Changing from a single-tier board system to a two-tier board system marked a significant shift from a profitable one-tier board system to an unprofitable two-tier board system, as demonstrated by data between 2012 to 2021. This gave the management board unwarranted freedom to do as they wished, as it is reported that the management board deceived the supervisory board by giving them well-written documents and audited financial statements that painted a falsely optimistic picture about the organisation (Naudé *et al.*, 2018). However, Naudé *et al.* (2018) argue that the supervisory board ought to have sensed that something was wrong because the performance of the organisation seemed too rosy, without any negatives being reported.

According to the Mail & Guardian (2018), the downfall of Steinhoff seems to have been mainly caused by overtrading and high levels of loan borrowing. The main question, however, is as to where the board was when all these things were happening. It is unfathomable that the board did not raise its eyebrows when it got its first loss in 2016 and subsequent year-on-year losses, as shown in Table 3 (Mail & Guardian, 2018). When the board of Steinhoff is examined further, it should be noted that it had three standing committees, namely: i) audit and risk; ii) human resources and remuneration; and iii) nominations committee (Mail & Guardian, 2018). However, one weakness that can be identified is that the standing committees in that period were only composed of five out of eleven non-executives. Of those five, only two served in one committee, leaving three non-executives to manage all the significant responsibilities of the standing committees (Mail & Guardian, 2018). The second weakness was that the audit and risk committee was folded into one committee (Mail & Guardian, 2018). According to the King IV Report (2016), combining audit and risk into one committee is not recommended unless the organisation cannot allocate enough time to deal with risk-related issues, which is highly unlikely for an organisation as sizeable as Steinhoff.

Rossouw (2018) states that the irregular accounting practices at Steinhoff could not be the work of one man, the former CEO Markus Jooste. The claim by the board that it did not have any insight into the financial statements but only trusted the judgment of the CEO seems somewhat questionable (Rossouw, 2018). This suggests that the board members were somehow redundant and did not perform their oversight responsibilities in line with company law, which states that the board of directors is directly responsible for the financial statements. Furthermore, it is reported that during Steinhoff's corporate failure, some of the board of directors proposed additional remuneration for working extra hours to manage the crisis (Rossouw, 2018). This reflects a lack of situational awareness and intelligence on the part of the board of directors, given the brewing shareholder anger. Although the proposal was dismissed, the thought that it was made highlights the degree of corruption implicit in the board, evidenced in the suggestion that they be compensated to clean up the mess they had caused themselves (Rossouw, 2018). According to the King III Report (2009), having a separate board chairperson and CEO provides an additional safeguard to prevent conflict of interest at the board level. However, from 1999 to 2015, the Steinhoff board of directors seems to have complied with the board independence requirement, except for 2006 and 2007, as shown in Figure 8 below (Naudé *et al.*, 2018).

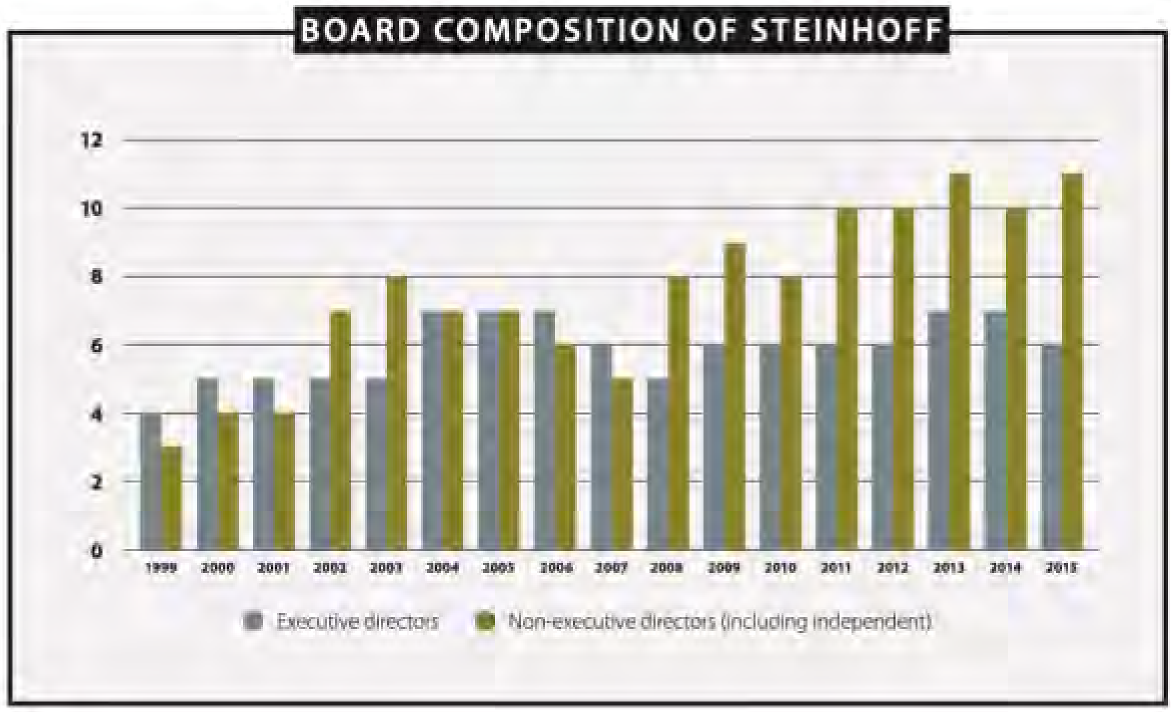

Figure 8: Board composition of Steinhoff between 1999 and 2015
Source: Naudé et al. (2018)

When the non-executive directors are further examined, it can also be observed that Steinhoff did not comply with the requirement of the number of independent non-executive directors between 1999 to 2002, but did meet the requirement from 2003 to 2015, as shown in Figure 9 below (Naudé *et al.*, 2018). Nevertheless, it should be noted that the criterion Steinhoff used to define persons who can be categorised as independent non-executive directors was unclear. For instance, it is surprising that Len Konar and Class Daun, board members from around 1999 onwards, were categorised as independent non-executive directors (Naudé *et al.*, 2018). The same could be said about Jannie Mouton and Christo Wiese, who were appointed independent non-executive directors while holding significant cross-shareholding (Naudé *et al.*, 2018). In view of this, Naudé *et al.* (2018) believe that the lack of independence could have been celebrated within Steinhoff's board, and this could be the reason why corporate governance principles for board independence were not upheld, as recommended by the King III Report (2009).

Figure 9: Non-executive directors of Steinhoff between 1999 and 2015
Source: Naudé et al. (2018)

On the other hand, between 1999 and 2015, board diversity at Steinhoff seemed non-existent, as the data in Figure 10 indicates that it was predominately composed of white males (Naudé *et al.*, 2018). As if this was not enough, it is reported that some of the board members who had served for an extended period together, without giving others an opportunity in the spirit of promoting board diversity, had potentially created a group-link culture (Naudé *et al.*, 2018). This could explain why some outgoing board members could give their position to their children. For instance, when Franklin Sonn resigned in 2013 from being an independent, non-executive board member, his position was given to his daughter Heather Sonn. Also, in 2016 Christo Wiese resigned, and his position was given to his son, Jacob Wiese (Naudé *et al.*, 2018). This was questionable practice and strongly suggests a lack of independence within the board at Steinhoff.

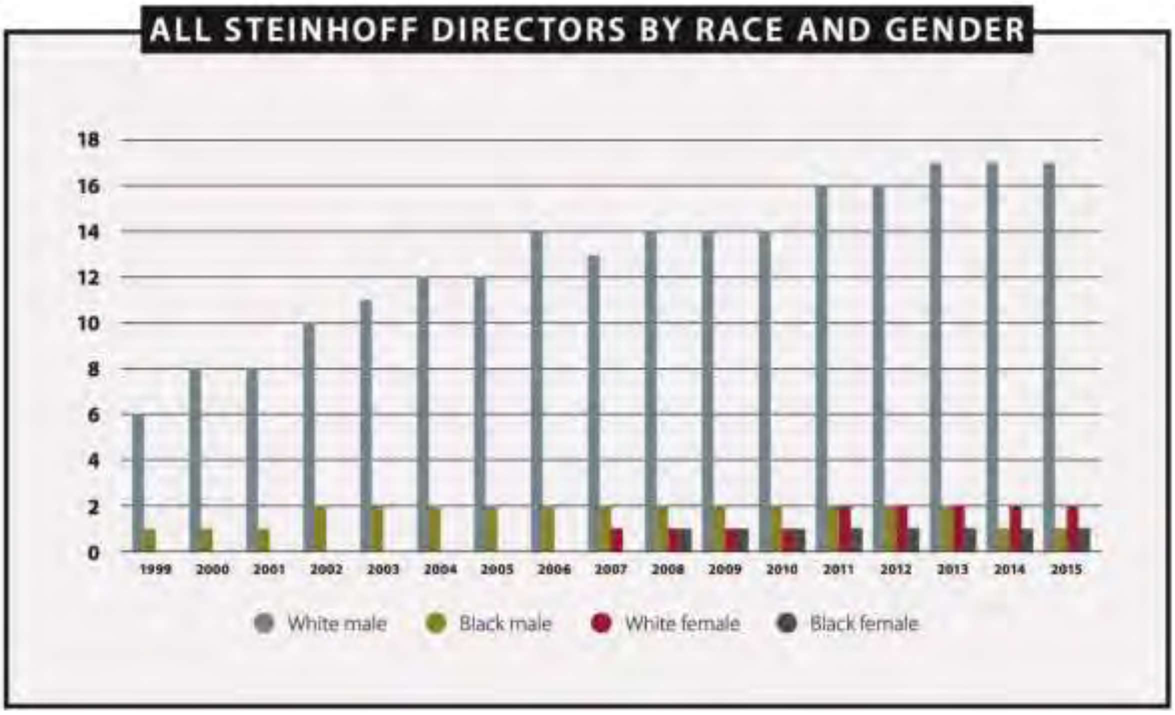

Figure 10: All Steinhoff directors by race and gender between 1999 to 2015
Source: Naudé et al. (2018)

Carillion also faced board-related issues that caused its demise. However, based on the data in Table 7, it seems that Carillion's board was predominantly independent and diverse in experience and external commitments (Smthi Jr., 2018). It appears from the facts discussed above that a lack of board diversity could not have contributed to the corporate failure of Carillion.

Table 7: Carillion board

Name	Board role	Age	Tenure (on 12/31/2018)	Past roles	External appointments
Phillip Green, CBE	Chairman	63	5 years, 9 months	▪ Chief Executive of United Utilities Group PLC ▪ Chief Executive of Royal P&O Nedlloyd ▪ Director and Chief Operating Officer, Reuters Group PLC ▪ Chief Operating Officer, DHL Europe and Africa	▪ Non-Executive Chairman, Baker Corp Inc (USA) ▪ Non-Executive Chairman, Corsair Infrastructure Management (USA) ▪ Chairman, Sentebale, a charity focused on Lesotho established by Prince Harry ▪ Founder of Charity Hope Through Action ▪ Advisor to Prime Minister on Corporate Responsibility
Richard Howson	Group Chief Executive	48	7 years, 3 months	▪ Chief Operating Officer, Carillion plc ▪ Executive Director for UK Construction and Middle East and North Africa, Carillion plc ▪ Managing Director, Middle East and North Africa, Carillion plc	▪ Chairman of BITC's Community Leadership Team ▪ Chairman of the CBI's Construction Council ▪ Non-Executive Director, John Wood Group PLC
Zafar Khan	Group Finance Director	48	2 months	▪ Group Financial Controller, Carillion plc ▪ Finance Director, Middle East and North America, Carillion plc	▪ None

				▪ Chief Financial Officer, Associated British Ports Holdings Limited ▪ Senior Financial roles with BBA Group plc and Flag Telecom Holdings Limited	
Keith Cochrane	Senior Independent Non-Executive Director	52	1 year, 8 months	▪ Chief Executive of the Weir Group PLC ▪ Chief Executive, Stagecoach Group PLC ▪ Finance Director, Stagecoach Group PLC ▪ Director of Group Finance, Scottish Power PLC	▪ UK Government-lead Non-Executive Director for the Scotland Office and Office of the Advocate General
Andrew Dougal	Non-Executive Director	65	5 years, 5 months	▪ Chief Executive, Hanson PLC ▪ Group Finance Director, Hanson PLC ▪ Non-Executive Director, Audit Committee Chair, Creston plc ▪ Non-Executive Director, Audit Committee Member, Premier Farnell Plc ▪ Non-Executive Director and Chairman of the Audit Committees, Taylor Wimpey plc and Taylor Woodrow plc ▪ Non-Executive Director and Audit Committee Member, BPB Plc	▪ Non-Executive Director and Audit Committee Chair of Victrex plc ▪ Member of the Council of The Institute of Chartered Accountants of Scotland
Alison Horner	Non-Executive Director	50	3 years, 3 months	▪ Operations Director, Tesco ▪ Non-Executive Director, Tesco Bank	▪ Chief People Officer and member of Executive Committee, Tesco ▪ Trustee, Tesco Pension Scheme

Ceri Powell	Non-Executive Director	53	2 years, 11 months	▪ Vice President Strategy, Royal Dutch Shell ▪ Regional Vice President Exploration, Middle East, Caspian and South Asia, Royal Dutch Shell	▪ Executive Vice President for Global Exploration, Royal Dutch Shell ▪ Vice President of the Energy Institute UK

Source: Smthi Jr (2018)

Beyond this, Carillion also seems to have been affected by board independence. Carillion's board is reported to have had seven directors, including an independent chairman, two executive directors occupying the positions of CEO and CFO, and four independent, non-executive directors. However, according to Giles (2018), they failed to perform their fiducial duties in four main areas:

- Strategic risk management – Carillion accumulated a lot of debts which could not have been possibly covered by their low-margin trading strategy;
- Annual reporting and accounting – given that two of Carillion's independent non-executive directors were qualified accountants, it is unfathomable that irregular accounting practices could have escaped their attention;
- Challenging and accounting information – it seems that non-executive directors did not perform their role in challenging and scrutinising contract risk management decisions and published financial statements; and
- Dealing with negative news – the board's communication to the public could have been aimed at creating a positive image and protecting the share price in the short term to save the personal interests of the board.

Furthermore, the question of the board independence of Carillion arose when KPMG was reported to have given it a clean audit in 2016 (Giles, 2018). Examining this further, it would have been reasonable to suspect that KPMG could not have been objective in this matter. Given that it was reported to have been awarded an external audit contract by Carillion without a tender notice and that three of its former directors were KPMG alumni could have affected Carillion's board independence and the objectivity of KPMG audits on Carillion (Giles, 2018). Moreover, the joint committee inquiry on the corporate failure of Carillion seems to corroborate Giles (2018) on KPMG's now-apparent complacency when it audited Carillion (Holmes, 2018). Additionally, Dr. Antpas a lecturer of Finance and Corporate Governance at the Brunel Business School cited by Holmes (2018) is reported to have indicated that a lack of scrutinization of strategic decisions at board level was a significant contributor to the downfall of Carillion. He further suggested that the board was either incompetent or willingly ignored the crisis the organisation faced under the disillusionment that they were protecting their professional careers. In agreement, Dr. Kakabadse, a Henley Business School professor of Governance and Leadership cited by Holmes (2018) was of the opinion that a weak board chairperson at Carillion could have been unable to exert influence over the then CEO. As a result, this affected Carillion's board independence and meant the board chairperson failed to ensure that the board objectively and adequately scrutinised the activities and decisions of the CEO. This could have also contributed to the corporate failure of Carillion.

4.6 Chapter summary

The study found that both Carillion and Steinhoff were at the top of their respective industries but fell to dizzying heights due to respective situations of poor governance. On the part of Carillion, much of its failure can be attributed to aggressive bidding, while for Steinhoff, it was due to unscrupulous accounting practices. However, this was made possible because corruption and fraud were happening at the apex of both companies. Additionally, Steinhoff used a two-tier board system that promotes information asymmetry between the management board and the supervisory board. This gave Steinhoff's management board leverage to manipulate company reports and hide information from the supervisory board. Also, Steinhoff violated the board's independence by making former management executives part of the supervisory board who could be potentially lenient to the management board due to past relationships. This was further exacerbated by the CEO duality, which contributed to Steinhoff's lack of board independence. Furthermore, Steinhoff's board was also reported to have served as board members for a long time, eventually leading them to create a group culture that negatively affected its board's independence.

Unlike Steinhoff, which lacked board independence and diversity, Carillion seemed to have a predominantly independent board with diverse experience and external commitments. However, Carillion also lacked board independence in a different way as some of its board members were previously employed by KPMG, the company which was also the external auditor of Carillion. This created the potential for Carillion and KPMG to connive, which could have affected the objectivity of the external audits on financial performance. Furthermore, the CEO had more power over the board, which could have also resulted in a lack of independence. This, in turn, facilitated corrupt behaviour within the organisation, which could have contributed to the corporate failure of Carillion.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter will discuss the conclusions and recommendations of the study based on its objectives.

5.2 Conclusions

The study demonstrates that disregarding ethical resources negatively affects company performance. This was illustrated by the two case studies of Carillion and Steinhoff. Both companies ignored ethical resources and fell from leading industry positions to corporate failure. The major corporate governance issues identified in both companies were the lack of board independence and too much power given to the CEO. The lack of board independence on the part of Steinhoff resulted from making former executives become board members. In this regard, Christensen *et al.* (2010) state that board independence is necessary to ensure effective and objective management monitoring. According to King IV Report (2016), former executives should only become board members after three years have lapsed after the resignation. This allows the new executives to establish control of the organisation without their power being diluted by former executives. When boards are not diluted by former executives, decisions are based purely on principles and are free from influence by and leniency towards former colleagues.

However, Carillion lacked board independence, because some of its board members were former employees of Carillion's external auditor, KPMG. This created issues of objectivity of the audits that could have been avoided if ethical resources were not disregarded. Moreover, Steinhoff is reported to have shifted its head office from South Africa to Germany, which meant that it moved from a single-tier board system recommended by the King IV Report (2016) to a two-tier board system, thereby increasing information asymmetry between the management board and the supervisory board (Mahaso, 2021). This was reflected in evidence from the analysis of Steinhoff's financial statements, which indicated that after the adoption of the two-tier system, the company started to make year-on-year losses. This was further exacerbated by Steinhoff's board structure, which advocated for CEO duality. Several studies have demonstrated that CEO duality negatively affects board independence, leading to poor company performance (Balatbat *et al.*, 2004; Lorsch and MacIver, 1989; Rechner and Dalton, 1991).

Five similarities between Carillion and Steinhoff were identified: i) both companies started from positions of success in their respective industries but fell from success to bankruptcy, although, Steinhoff's demise was gradual, while that of Carillion was abrupt; ii) both companies once occupied the second largest position in their respective industries; iii) both companies exhibited recklessness, which is to blame for their downfall; iv) both companies saw fraud being conducted from the top to the bottom of organisational hierarchy; and v) both companies experienced a corporate failure that was significant and far-reaching. No significant differences were identified between Carillion and Steinhoff, except that Carillion was liquidated while Steinhoff remains in operation.

The following learnings were derived from the study:

- profits premised on reckless, irregular, fraudulent business and accounting practices are unsustainable;
- governance structures that do not adhere to good corporate governance principles result in impaired board independence and negatively affect firm performance;
- companies that reach the pinnacle of their success through unethical conduct eventually suffer reputational damage and crumble sooner or later;
- company performance based on unscrupulous and ruthless business practices is only temporary; and
- for a business to achieve sustainable growth, it must be run on commercial principles that are ethical.

5.3 Recommendations

It is recommended that boards of directors be equipped and be able to monitor company performance. This ensures that corporate governance practices are consistent with the organisational strategy and shareholder interest. As such, it seems that Carillion and Steinhoff's boards failed to do so, even when both companies were experiencing year-on-year losses. This is corroborated by Dr. Antpas cited in Holmes (2018), who asserts that a lack of scrutiny of board-level strategic decisions significantly contributed to Carillion's downfall. This highlights the need for effective monitoring of organisational performance by boards of directors to ensure that the reports they receive reflect the facts on the ground. It is also recommended that a CEO's power be curtailed to avoid a situation where the CEO is able to overpower the board. In this regard, CEO duality should be avoided, as advocated by the King IV Report (2016).

REFERENCES

Abeysekera, I. 2010. The influence of board size on intellectual capital disclosure by Kenyan listed firms. *Journal of Intellectual Capital,* 11(4)**,** pp 504-518.

Agrawal, A. & Knoeber, C. R. 1996. Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis,* 31(3)**,** pp 377-397.

Ahmed Haji, A. & Anifowose, M. 2016. The trend of integrated reporting practice in South Africa: ceremonial or substantive? *Sustainability Accounting, Management and Policy Journal,* 7(2)**,** pp 190-224.

Al-Najjar, B. 2010. The determinants of the frequency of board meetings: evidence from categorical analysis. *Journal of Applied Accounting Research, forthcoming,* 2011(January)**,** pp 1-25.

Alfiero, S., Cane, M., Doronzo, R. & Esposito, A. 2017. Board configuration and IR adoption. Empirical evidence from European companies. *Corporate Ownership & Control,* 15(1)**,** pp 444-458.

Alharahsheh, H. H. & Pius, A. 2020. A review of key paradigms: positivism VS interpretivism. *Global Academic Journal of Humanities and Social Sciences,* 2(3)**,** pp 39-43.

Amankwah-Amoah, J., Khan, Z. & Wood, G. 2021. COVID-19 and business failures: The paradoxes of experience, scale, and scope for theory and practice. *European Management Journal,* 39(2)**,** pp 179-184.

Anderson, R. C., Mansi, S. A. & Reeb, D. M. 2004. Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics,* 37(3), pp 315-342.

Andreica, M. 2009. Predicting Romanian Financial Distressed Companies, Bucharest University of Economics, C. f. A. R. i. F. a. B.-C. (Bucharest).

Andrew, B., Gul, F., Guthrie, J. & Teoh, H. Y. 1989. A note on corporate social disclosure practices in developing countries: the case of Malaysia and Singapore. *The British Accounting Review,* 21(4), pp 371-376.

Ang, J. S., Cole, R. A. & Lin, J. W. 2000. Agency costs and ownership structure. *the Journal of Finance,* 55(1), pp 81-106.

Argenti, J. 1976. *Corporate collapse: The causes and symptoms*, ed., London: McGraw-Hill.

Arora, A. & Sharma, C. 2015. Impact of Firm Performance on Board Characteristics: Empirical Evidence from India. *IIM Kozhikode Society & Management Review,* 4(1), pp 53-70.

Balatbat, M. C., Taylor, S. L. & Walter, T. S. 2004. Corporate governance, insider ownership and operating performance of Australian initial public offerings. *Accounting & Finance,* 44(3), pp 299-328.

Barako, D. G., Hancock, P. & Izan, H. 2006. Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: An International Review,* 14(2), pp 107-125.

Bear, S., Rahman, N. & Post, C. 2010. The impact of board diversity and gender composition on corporate social responsibility and firm reputation. *Journal of Business Ethics,* 97(2), pp 207-221.

Ben-Amar, W. & McIlkenny, P. 2015. Board effectiveness and the voluntary disclosure of climate change information. *Business Strategy and the Environment,* 24(8), pp 704-719.

Bhaskar, K. & Flower, J. 2019. *Financial Failures and Scandals: From Enron to Carillion*, 1st ed., London: Routledge.

Block, D. & Gerstner, A.-M. 2016. One-Tier vs. Two-Tier Board Structure: A Comparison Between the United States and Germany. *Comparative Corporate Governance and Financial Regulation* [Online]. Available: https://scholarship.law.upenn.edu/fisch_2016/1 [Accessed 5 September 2022].

Blot, C., Le Bayon, S., Lemoine, M. & Levasseur, S. 2009. From the financial crisis to the economic crisis: An analysis comparative France-United States. *Revue de L'OFCE,* 110(3), pp 255-281.

Boulouta, I. 2013. Hidden connections: The link between board gender diversity and corporate social performance. *Journal of Business Ethics,* 113(2), pp 185-197.

Boyd, B. K. 1995. CEO duality and firm performance: A contingency model. *Strategic Management Journal,* 16(4), pp 301-312.

Brown, P., Beekes, W. & Verhoeven, P. 2011. Corporate governance, accounting and finance: A review. *Accounting & Finance,* 51(1), pp 96-172.

Budlender, G. 2018. Report of the Judicial Commission of Inquiry into Allegations of Impropriety at the Public Investment Corporation, (South Africa).

Bunyaminu, A. 2015. Business failure prediction: An empirical study based on survival analysis and generalized linear modeling (GLM) Techniques. *International Journal of Financial Economics,* 4(3)**,** pp 135-149.

Bunyaminu, A. & Bashiru, S. 2014. Corporate failure prediction: A fresh technique for dealing effectively with normality based on quantitative and qualitative approach. *International Journal of Financial Economics,* 2(1)**,** pp 1-12.

Bunyaminu, A., Tuffour, J. K. & Barnor, C. 2019. Assessing the determinants of business failure of companies listed on the Ghana Stock Exchange. *Journal of Accounting and Finance,* 19(4)**,** pp 39-54.

Cannella Jr, A. A. & Lubatkin, M. 1993. Succession as a sociopolitical process: Internal impediments to outsider selection. *Academy of Management Journal,* 36(4)**,** pp 763-793.

Chandorkar, N. & Agarwal, T. 2018. *Business Ethics and Corporate Governance*, 1st edition ed., Mumbai, India: Himalaya Publishing House.

Charalambous, C., Charitou, A. & Kaourou, F. 2000. Comparative analysis of artificial neural network models: Application in bankruptcy prediction. *Annals of Operations Research,* 99(1)**,** pp 403-425.

Charitou, A., Neophytou, E. & Charalambous, C. 2004. Predicting corporate failure: empirical evidence for the UK. *European Accounting Review,* 13(3)**,** pp. 465-497.

Chilisa, B. & Kawulich, B. 2012. Selecting a research approach: Paradigm, methodology and methods. *In:* Wagner, C., Kawulich, B. & Garner, M. (eds.) *Doing Social Research: A Global Context.* McGraw Hill.

Chow, C. W. & Wong-Boren, A. 1987. Voluntary financial disclosure by Mexican corporations. *Accounting Review*, pp. 533-541.

Chrisman, J. J. 2019. Stewardship theory: Realism, relevance, and family firm governance. *Entrepreneurship Theory and Practice,* 43(6), pp. 1051-1066.

Christensen, J., Kent, P. & Stewart, J. 2010. Corporate governance and company performance in Australia. *Australian Accounting Review,* 20(4), pp. 372-386.

Cole, R., Johan, S. & Schweizer, D. 2021. Corporate failures: Declines, collapses, and scandals. *Journal of Corporate Finance,* 67, pp. 101872.

Companies & Intellectual Property Commission. 2019. Briefing note: Follow-up meeting on Steinhoff at standing committee on finance, jointly with other relevant committees - 19 March 2019. Available: http://www.thedtic.gov.za/wp-content/uploads/CIPC_Briefing_Scopa.pdf [Accessed 4 December 2022].

Cooke, T. E. 1992. The impact of size, stock market listing and industry type on disclosure in the annual reports of Japanese listed corporations. *Accounting and Business Research,* 22(87), pp 229-237.

Creswell, J. W. & Creswell, J. D. 2018. *Research design: Qualitative, quantitative and mixed methods approaches*, 5th ed., Los Angeles, USA: Sage Publications Inc.

Cronje, J. 2021. *Deloitte agrees to pay out up to R1.3bn in compensation to claimants against Steinhoff* [Online]. Fin24. Available: https://www.news24.com/fin24/companies/retail/deloitte-agrees-to-pay-out-up-to-r13bn-in-compensation-to-claimants-against-steinhoff-20210215 [Accessed 2 March 2022].

Daily, C. M., McDougall, P. P., Covin, J. G. & Dalton, D. R. 2002. Governance and Strategic Leadership in Entrepreneurial Firms. *Journal of Management,* 28(3)**,** pp 387-412.

Dandago, K. I. 2009. *Advanced accounting theory and practice*, ed., London: Adonis & Abbey Publishers Ltd.

Davis, J., Frankforter, S., Vollrath, D. & Hill, V. 2007. An empirical test of stewardship theory. *Journal of Business & Leadership: Research, Practice, and Teaching (2005-2012),* 3(1)**,** pp. 40-50.

Davis, J. H., Schoorman, F. D. & Donaldson, L. 1997. Davis, Schoorman, and Donaldson reply: The distinctiveness of agency theory and stewardship theory. *The Academy of Management Review,* 22(3)**,** pp 611.

De Villiers, J. 2019. *Another SA company has admitted its financials are wrong - what you need to know about the crisis at Tongaat Hulett* [Online]. Business Insider SA. Available: https://www.businessinsider.co.za/tongaat-hullet-south-africa-financial-results-2018-pwc-investigation-2019-6 [Accessed 2 March 2022].

Dewing, I. P. & Russel, P. O. 2016. Whistleblowing, Governance and Regulation Before the Financial Crisis: The Case of HBOS. *Journal of Business Ethics,* 134(1)**,** pp. 155-169.

Domench, P. A. 2003. Social and Environmental information reporting of big size Spanish Pirms in the period 1994–1998. *Spanish Journal of Finance and Accounting / Revista Española de Financiación y Contabilidad,* 32(117)**,** pp. 571-601.

Donaldson, L. 1990. The ethereal hand: Organizational economics and management theory. *Academy of Management Review,* 15(3)**,** pp. 369-381.

Donaldson, L. & Davis, H. 1989. *CEO governance and shareholder returns: Agency theory or stewardship theory* [paper presented at annual meeting of the Academy of Management, Washington, DC]. Donaldson Washington, DC**,** pp.

Donaldson, L. & Davis, J. H. 1991. Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management,* 16(1)**,** pp. 49-64.

Donnelly, L. 8 June 2018 2018. PIC still limping from Steinhoff blow. *The Mail & Guardian* [Online]. Available from: https://mg.co.za/article/2018-06-08-00-pic-still-limping-from-steinhoff-blow/ [Accessed 2 March 2022].

Donnelly, R. & Mulcahy, M. 2008. Board structure, ownership, and voluntary disclosure in Ireland. *Corporate Governance: An International Review,* 16(5)**,** pp. 416-429.

Drees, J. M. & Heugens, P. P. 2013. Synthesizing and extending resource dependence theory: A meta-analysis. *Journal of Management,* 39(6)**,** pp. 1666-1698.

Emerald 2020. The blame game The real reasons why SMEs fail. *Strategic Direction,* 36(7)**,** pp. 11-13.

Emerson, R. M. 1962. Power-Dependence Relations. *American Sociological Review,* 27(1)**,** pp. 31-41.

Emuron, A. S. O. & Yixiang, T. 2020. Financial distress and non-executive director compensation: Evidence from state-owned enterprises in South Africa post King III. *African Development Review,* 32(2)**,** pp. 228-239.

Engelbrecht, L. 2009. *Institute of directors in Southern Africa*, ed., Sandton, South Africa: IoDSA.

Evans, S. 2020. *PIC report: Steinhoff deal reeks of 'collusion'* [Online]. Fin24. Available: https://www.news24.com/fin24/Companies/Financial-Services/pic-report-steinhoff-deal-reeks-of-collusion-20200312 [Accessed 2 March 2022].

Fama, E. F. & Jensen, M. C. 1983. Separation of ownership and control. *The Journal of Law and Economics,* 26(2)**,** pp. 301-325.

Fasan, M. & Mio, C. 2017. Fostering stakeholder engagement: The role of materiality disclosure in integrated reporting. *Business Strategy and the Environment,* 26(3)**,** pp. 288-305.

Feilzer, Y. M. 2010. Doing mixed methods research pragmatically: Implications for the rediscovery of pragmatism as a research paradigm. *Journal of Mixed Methods Research,* 4(1)**,** pp. 6-16.

Fernandez-Feijoo, B., Romero, S. & Ruiz-Blanco, S. 2014. Women on boards: do they affect sustainability reporting? *Corporate Social Responsibility and Environmental Management,* 21(6)**,** pp. 351-364.

Financial Sector Conduct Authority. 2020. FSCA fines Mr Markus Jooste and three others around R241 million for insider trading related breaches. Available:

https://www.fsca.co.za/News%20Documents/FSCA%20Press%20Release%20FSCA%20fines%20Markus%20Jooste%20and%20others%20%20R241%20million%20for%20insider%20trading%20breaches%2030%20October%202020.pdf [Accessed 4 December 2022].

FitzPatrick, P. 1932. A comparison of ratios of successful industrial enterprises with those of failed companies. *The Certified Public Accountant,* October**,** pp. 598-605.

Fox, R. 1984. Agency theory: A new perspective. *Management Accounting,* 62(2)**,** pp. 36-38.

Francoeur, C., Labelle, R. & Sinclair-Desgagné, B. 2008. Gender diversity in corporate governance and top management. *Journal of Business Ethics,* 81(1)**,** pp. 83-95.

Frias-Aceituno, J. V., Rodriguez-Ariza, L. & Garcia-Sanchez, I. M. 2013. The role of the board in the dissemination of integrated corporate social reporting. *Corporate Social Responsibility and Environmental Management,* 20(4)**,** pp. 219-233.

Gedajlovic, E. & Carney, M. 2010. Markets, hierarchies, and families: Toward a transaction cost theory of the family firm. *Entrepreneurship Theory and Practice,* 34(6)**,** pp. 1145-1172.

Gerwanski, J., Kordsachia, O. & Velte, P. 2019. Determinants of materiality disclosure quality in integrated reporting: Empirical evidence from an international setting. *Business Strategy and the Environment,* 28(5)**,** pp. 750-770.

Giles, S. 2018. *The governance lessons of Carillion's collapse* [Online]. Available: https://www.accaglobal.com/uk/en/member/member/accounting-business/2018/04/corporate/carillions-collapse.html [Accessed 5 September 2022].

Giroud, X. & Mueller, H. M. 2011. Corporate governance, product market competition, and equity prices. *The Journal of Finance,* 66(2)**,** pp. 563-600.

Gupta, A. & Sachdeva, K. 2019. Skin or skim? Inside investment and hedge fund performance. *National Bureau of Economic Research,* 26113**,** pp. 1-50.

Guthrie, J. & Parker, L. D. 1990. Corporate social disclosure practice: a comparative international analysis. *Advances in Public Interest Accounting,* 3**,** pp. 159-175.

Haider, J., Ou, Z. & Pettit, S. 2019. Predicting corporate failure for listed shipping companies. *Maritime Economics & Logistics,* 21(3)**,** pp. 415-438.

Haniffa, R. & Hudaib, M. 2006. Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance & Accounting,* 33(7-8)**,** pp. 1034-1062.

Haniffa, R. M. & Cooke, T. E. 2005. The impact of culture and governance on corporate social reporting. *Journal of Accounting and Public Policy,* 24(5)**,** pp. 391-430.

Healy, P. M. & Palepu, K. G. 2001. Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics,* 31(1-3)**,** pp. 405-440.

Hermalin, B. E. & Weisbach, M. S. 2003. Boards Of Directors As An Endogenously Determined Institution: A Survey Of The Economic Literature. *FRB New York - Economic Policy Review,* 9(1 Apr)**,** pp. 7-26.

Hernandez, M. 2012. Toward an understanding of the psychology of stewardship. *Academy of Management Review,* 37(2)**,** pp. 172-193.

Hillman, A. J., Withers, M. C. & Collins, B. J. 2009. Resource dependence theory: A review. *Journal of Management,* 35(6)**,** pp. 1404-1427.

Holmes, L. 2018. *UK: Carillion failings can be traced back to trouble at the top* [Online]. Available: https://www.mondaq.com/uk/corporate-governance/714952/carillion-failings-can-be-traced-back-to-trouble-at-the-top [Accessed 5 September 2022].

Hossain, M., Perera, M. H. B. & Rahman, A. R. 1995. Voluntary disclosure in the annual reports of New Zealand companies. *Journal of International Financial Management & Accounting,* 6(1)**,** pp. 69-87.

Jensen, M. C. & Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics,* 3(4)**,** pp. 305-360.

Kamasak, R. 2017. The contribution of tangible and intangible resources, and capabilities to a firm's profitability and market performance. 26(2)**,** pp. 252-275.

Kaplan, S. N. & Reishus, D. 1990. Outside directorships and corporate performance. *Journal of financial Economics,* 27(2)**,** pp 389-410.

Kelly, L. M. & Cordeiro, M. 2020. Three principles of pragmatism for research on organizational processes. *Methodological Innovations,* 13(2)**,** pp 2059799120937242.

King III Report. 2009. King report on governance for South Africa 2009. Available: https://cdn.ymaws.com/www.iodsa.co.za/resource/resmgr/king_iii/King_Report_on_Governance_fo.pdf [Accessed 25 September 2022].

King IV Report. 2016. Report on corporate governance for South Africa 2016. Available: https://www.adams.africa/wp-content/uploads/2016/11/King-IV-Report.pdf [Accessed 25 September 2022].

Klein, A. 1998. Firm performance and board committee structure. *The Journal of Law and Economics,* 41(1)**,** pp. 275-304.

Klein, M. 2018. Christo Wiese on the scandal and Markus Jooste. *Finweek,* 2018(13)**,** pp. 26-31.

Kneale, C. 2012. *Corporate governance in Southern Africa: Chartered secretaries*, ed., Johannesburg: ICSA.

Kovacova, M., Kliestik, T., Kubala, P., Valaskova, K., Radišić, M. & Borocki, J. 2018. Bankruptcy models: Verifying their validity as a predictor of corporate failure. *Polish Journal of Management Studies,* 18(1)**,** pp. 167-179.

Kyere, M. & Ausloos, M. 2021. Corporate governance and firms financial performance in the United Kingdom. *International Journal of Finance & Economics,* 26(2)**,** pp. 1871-1885.

Le Breton-Miller, I. & Miller, D. 2009. Agency vs. stewardship in public family firms: A social embeddedness reconciliation. *Entrepreneurship theory and practice,* 33(6)**,** pp. 1169-1191.

Lev, B. 1974. *Financial statement analysis: A new approach*, ed., Upper Saddle River: Prentice-Hall.

Lexis Nexis. 2022. *Archival research* [Online]. Available: https://internationalsales.lexisnexis.com/glossary/research/archival-research [Accessed 27 September 2022].

Li, J., Zhao, F., Chen, S., Jiang, W., Liu, T. & Shi, S. 2017. Gender diversity on boards and firms' environmental policy. *Business Strategy and the Environment,* 26(3)**,** pp. 306-315.

Liou, D. & Smith, M. 2007. Macroeconomic variables and financial distress. *Journal of Accounting-Business and Management,* 14**,** pp. 17-31.

Lipton, M. & Lorsch, J. W. 1992. A Modest Proposal for Improved Corporate Governance. *The Business Lawyer,* 48(1)**,** pp. 59-77.

Lorsch, J. W. & MacIver, E. 1989. *Pawns or potentates: The reality of America's corporate boards*, ed., Boston, MA: Harvard Business School Press.

Lucas, H. C. & Goh, J. M. 2009. Disruptive technology: How Kodak missed the digital photography revolution. *The Journal of Strategic Information Systems,* 18(1)**,** pp. 46-55.

Madison, K., Daspit, J. J., Turner, K. & Kellermanns, F. W. 2018. Family firm human resource practices: Investigating the effects of professionalization and bifurcation bias on performance. *Journal of Business Research,* 84**,** pp. 327-336.

Madison, K., Holt, D. T., Kellermanns, F. W. & Ranft, A. L. 2016. Viewing family firm behavior and governance through the lens of agency and stewardship theories. *Family Business Review,* 29(1)**,** pp. 65-93.

Mahaso, U. 2021. *Effects of dominant personality on directors fiduciary duties* [Online]. Available: https://blog.therongroup.org/effects-of-dominant-personality-on-directors-fiduciary-duties/ [Accessed 10 September 2022].

Mail & Guardian. 2018. *Holes in Steinhoff's management led to its corporate scandal* [Online]. Available: https://mg.co.za/article/2018-01-29-holes-in-steinhoffs-management-led-to-corporate-scandal/ [Accessed 5 September 2022].

Mallin, C. A. 2010. *Corporate Governance*, 3rd edition ed., New York: Oxford University Press.

Mare, D. S. 2015. Contribution of macroeconomic factors to the prediction of small bank failures. *Journal of International Financial Markets, Institutions and Money,* 39**,** pp. 25-39.

McConnell, J. J. & Servaes, H. 1990. Additional evidence on equity ownership and corporate value. *Journal of Financial economics,* 27(2)**,** pp. 595-612.

McGuinness, P. B., Vieito, J. P. & Wang, M. 2017. The role of board gender and foreign ownership in the CSR performance of Chinese listed firms. *Journal of Corporate Finance,* 42**,** pp. 75-99.

McKenna, S., Richardson, J. & Manroop, L. 2011. Alternative paradigms and the study and practice of performance management and evaluation. *Human Resource Management Review,* 21(2)**,** pp. 148-157.

Mizruchi, M. S. 1996. What Do Interlocks Do? An Analysis, Critique, and Assessment of Research on Interlocking Directorates. *Annual Review of Sociology,* 22(1)**,** pp. 271-298.

Mofokeng, T. G. 2013. *Assessment of the causes of failure among small and medium sized construction companies in the Free State Province*, ed.: University of Johannesburg (South Africa).

Mohamed, S. 2013. *Bankruptcy prediction of firms listed at the Nairobi Securities Exchange.* University of Nairobi.

Moloi, T. & Barac, K. 2009. Corporate governance compliance reporting in the annual reports of listed South African companies. *Auditing SA*, pp. 49-51.

Mongwe, W. & Malan, K. 2020. A Survey of Automated Financial Statement Fraud Detection with Relevance to the South African Context. *South African Computer Journal,* 32(1), pp. 75-112.

Morgan, D. L. 2014. *Integrating qualitative and quantitative methods: A pragmatic approach*, ed., Thousand Oaks, CA: Sage Publications.

Motsoeneng, T. & Rumney, E. 2019. *PwC investigation finds $7.4 billion accounting fraud at Steinhoff, company says* [Online]. Available: https://www.reuters.com/article/us-steinhoff-intln-accounts-idUSKCN1QW2C2 [Accessed 10 September 2022].

Mupangavanhu, B. M. 2019. 'Diminution' in share value and third-party claims for pure economic loss: The question of director liability to shareholders, *31,* (1), pp 107-128.

Nakano, M. & Nguyen, P. 2011. Do older boards affect firm performance? An empirical analysis based on Japanese firms. *An Empirical Analysis Based on Japanese Firms,* 2011(July 6), pp 1-31.

Naudé, P., Hamilton, B., Ungerer, M., Malan, D. & De Klerk, M. 2018. Business perspectives on the Steinhoff saga. Available: https://www.usb.ac.za/wp-content/uploads/2018/06/Steinhoff_Revision_28_06_2018_websmall.pdf [Accessed 4 December 2022].

Ngoepe, M. & Ngulube, P. 2013. An exploration of the role of records management in corporate governance in South Africa. *South African Journal of Information Management,* 15(2)**,** pp 1-8.

Nicholson, G. J. & Kiel, G. C. 2007. Can directors impact performance? A case-based test of three theories of corporate governance. *Corporate governance: An International Review,* 15(4)**,** pp. 585-608.

Nielsen, S. & Huse, M. 2010. The contribution of women on boards of directors: Going beyond the surface. *Corporate Governance: An International Review,* 18(2)**,** pp. 136-148.

Nurlinda, R. A. & Bertuah, E. 2019. Financial performance as forming corporate failure model in Indonesia. *Academy of Accounting and Financial Studies Journal,* 23**,** pp. 1-9.

Oliver, C. 1991. Network relations and loss of organizational autonomy. *Human Relations,* 44(9)**,** pp. 943-961.

Pathak, H. R. & Narbariya, S. 2022. Does Corporate Governance Impact Firm Performance and Firm Risk? Empirical Evidence from India. *IUP Journal of Corporate Governance,* 21(1)**,** pp. 53-63.

Pfeffer, J. 1972. Merger as a Response to Organizational Interdependence. *Administrative Science Quarterly,* 17(3)**,** pp. 382-394.

Pfeffer, J. & Salancik, G. R. 1978. *The external control of organisation*, ed., New York: Harper.

Rao, K. & Tilt, C. 2016. Board composition and corporate social responsibility: The role of diversity, gender, strategy and decision making. *Journal of Business Ethics,* 138(2)**,** pp. 327-347.

Rashid, Y., Rashid, A., Warraich, M. A., Sabir, S. S. & Waseem, A. 2019. Case Study Method: A Step-by-Step Guide for Business Researchers. *International Journal of Qualitative Methods,* 18**,** pp. 1609406919862424.

Rechner, P. L. & Dalton, D. R. 1991. CEO duality and organizational performance: A longitudinal analysis. *Strategic Management Journal,* 12(2)**,** pp. 155-160.

Reed, R. & DeFillippi, R. J. 1990. Causal ambiguity, barriers to imitation, and sustainable competitive advantage. *Academy of Management Review,* 15(1)**,** pp. 88-102.

Republic of South Africa. (2008) *Companies Act 71*. Pretoria: Government Printers.

Reuters. 2017. *South Africa's trade department, company regulator to probe Steinhoff* [Online]. Available: https://www.reuters.com/article/ozabs-us-steinhoff-intlnl-results-dti-idAFKBN1E60UV-OZABS [Accessed 4 December 2022].

Rezaee, Z. 2010. The Importance of Internal Audit Opinions: as their role expands, many auditors provide opinions on governance, risk management, and internal control. *Internal Auditor,* 67(2)**,** pp. 47-51.

Ridder, H.-G. 2017. The theory contribution of case study research designs. *Business Research,* 10(2)**,** pp. 281-305.

Rosenstein, S. & Wyatt, J. G. 1990. Outside directors, board independence, and shareholder wealth. *Journal of Financial Economics,* 26(2)**,** pp. 175-191.

Ross, S. A. 1973. The economic theory of agency: The principal's problem. *The American Economic Review,* 63(2)**,** pp. 134-139.

Rossouw, J. 2018. *Steinhoff's board behaved badly and should be held to account* [Online]. Available: https://www.wits.ac.za/news/latest-news/in-their-own-words/2018/2018-04/steinhoffs-board-behaved-badly-and-should-be-held-to-account.html [Accessed 5 September 2022].

Rossouw, J. & Styan, J. 2019. Steinhoff collapse: a failure of corporate governance. *International Review of Applied Economics,* 33(1)**,** pp. 163-170.

Ruigrok, W., Peck, S. & Tacheva, S. 2007. Nationality and gender diversity on Swiss corporate boards. *Corporate Governance: An InternationalRreview,* 15(4)**,** pp. 546-557.

Rukmini, D. *The literature review in the dissertation: The language education of Universitas Negeri Semarang.* UNNES International Conference on English Language Teaching, Literature, and Translation (ELTLT 2018), 2019. Atlantis Press, 366-370.

Rupley, K. H., Brown, D. & Marshall, R. S. 2012. Governance, media and the quality of environmental disclosure. *Journal of Accounting and Public Policy,* 31(6)**,** pp. 610-640.

Sami, B. J. 2013. Corporate Failure: A Non Parametric Method. *International Journal of Finance & Banking Studies (2147-4486),* 2(3)**,** pp. 103-110.

Santos, P. M. M. 2020. Carillon Plc: Fake it 'til you break it. *Nova School of Business and Economics & Louvain School of Management***,** pp. 1-45.

Sasse, T., Britchfield, C. & Davies, N. 2020. *Carillion: Two years on.* Available: https://www.instituteforgovernment.org.uk/sites/default/files/publications/carillion-two-years-on.pdf [Accessed 4 December 2022].

Saunders, M., Lewis, P. & Thornhill, A. 2019. *Research methods for business students*, 8th ed., United Kingdom: Pearson Education Limited.

Schwartz-Shea, P. & Yanow, D. 2020. Interpretivism. *In:* Atkinson, P., Delamont, S., Cernat, A., Sakshaug, J. W. & Williams, R. A. (eds.) *SAGE Research Methods Foundations.* Sage Publishing.

Shoaib, A. 2017. *KPMG rocked by South African corruption scandal* [Online]. Accountancy Age. Available: https://www.accountancyage.com/2017/09/27/kpmg-rocked-south-african-corruption-scandal/ [Accessed 2 March 2022].

Shorten, A. & Smith, J. 2017. Mixed methods research: Expanding the evidence base. *Evidence Based Nursing,* 20(3)**,** pp. 74-75.

Smthi Jr, J. A. 2018. *Carillion Plc: A governance case study from the UK* [Online]. Available: https://sites.duke.edu/thefinregblog/2018/07/18/carillion-plc-a-governance-case-study-from-the-uk/ [Accessed 5 September 2022].

Stewart, A. 2003. Help one another, use one another: Toward an anthropology of family business. *Entrepreneurship Theory and Practice,* 27(4)**,** pp. 383-396.

Stewart, A. & Hitt, M. A. 2012. Why can't a family business be more like a nonfamily business? Modes of professionalization in family firms. *Family Business Review,* 25(1)**,** pp. 58-86.

Stewart, T. & Amit, R. 2003. Learning about Failure: Bankruptcy, Firm Age, and the Resource-Based View. *Organization Science,* 14(5)**,** pp. 497-509.

Stout, L. A. 2003. The shareholder as Ulysses: Some empirical evidence on why investors in public corporations tolerate board governance. *U. Pa. L. Rev.,* 152**,** pp. 667.

Subramanian, S. 2018. Stewardship theory of corporate governance and value system: The case of a family-owned business group in India. *Indian Journal of Corporate Governance,* 11(1)**,** pp. 88-102.

Syriopoulos, T. & Tsatsaronis, M. 2011. The corporate governance model of the shipping firms: financial performance implications. *Maritime Policy & Management,* 38(6)**,** pp. 585-604.

Tircovnicu, G. 2021. Ethics and business: impact in the field of accounting profession: by Țîrcovnicu Georgiana Ioana. *Interdisciplinary Research in Counseling, Ethics and Philosophy - IRCEP,* 1(2)**,** pp. 37-45.

Torfing, J. & Bentzen, T. Ø. 2020. Does stewardship theory provide a viable alternative to control-fixated performance management? *Administrative Sciences,* 10(4)**,** pp. 86.

Tripathi, S. 2013. *Comparative board structures under corporate governance framework.* Available: http://dx.doi.org/10.2139/ssrn.2282924 [Accessed 5 September 2022].

Vafeas, N. & Theodorou, E. 1998. The relationship between board structure and firm performance in the UK. *The British Accounting Review,* 30(4)**,** pp. 383-407.

Van Essen, M., Engelen, P. J. & Carney, M. 2013. Does "Good" Corporate Governance Help in a Crisis? The Impact of Country-and Firm-Level Governance Mechanisms in the E European Financial Crisis. *Corporate Governance: An International Review,* 21(3)**,** pp. 201-224.

Velte, P. 2018. Is audit committee expertise connected with increased readability of integrated reports: Evidence from EU companies. *Problems and Perspectives in Management,* 16(2)**,** pp. 23-41.

Verbeke, A. & Kano, L. 2012. The transaction cost economics theory of the family firm: Family–based human asset specificity and the bifurcation bias. *Entrepreneurship Theory and Practice,* 36(6)**,** pp. 1183-1205.

Vitolla, F., Raimo, N. & Rubino, M. 2020. Board characteristics and integrated reporting quality: An agency theory perspective. *Corporate Social Responsibility and Environmental Management,* 27(2)**,** pp. 1152-1163.

Walter, G. A. & Barney, J. B. 1990. Research notes and communications management objectives in mergers and acquisitions. *Strategic Management Journal,* 11(1)**,** pp. 79-86.

Westphal, J. D. & Milton, L. P. 2000. How experience and network ties affect the influence of demographic minorities on corporate boards. *Administrative Science Quarterly,* 45(2)**,** pp. 366-398.

Williams, R. J. 2003. Women on corporate boards of directors and their influence on corporate philanthropy. *Journal of Business Ethics,* 42(1)**,** pp. 1-10.

Williams, R. J., Fadil, P. A. & Armstrong, R. W. 2005. Top management team tenure and corporate illegal activity: The moderating influence of board size. *Journal of Managerial Issues***,** pp. 479-493.

Wry, T., Cobb, J. A. & Aldrich, H. E. 2013. More than a metaphor: Assessing the historical legacy of resource dependence and its contemporary promise as a theory of environmental complexity. *Academy of Management Annals,* 7(1)**,** pp. 441-488.

Yakob, N. A. & Abu Hasan, N. 2021. Exploring the Interaction Effects of Board Meetings on Information Disclosure and Financial Performance in Public Listed Companies. *Economies,* 9(4)**,** pp 139.

Yekini, K. C., Adelopo, I., Andrikopoulos, P. & Yekini, S. 2015. Impact of board independence on the quality of community disclosures in annual reports. *Accounting Forum,* 39(4)**,** pp. 249-267.

Yermack, D. 1996. Higher market valuation of companies with a small board of directors. *Journal of financial economics,* 40(2)**,** pp. 185-211.

Zajac, E. J. & Westphal, J. D. 1996. Director reputation, CEO/board power and dynamics of board interlocks. *Academy of Management Proceedings,* 1996(1)**,** pp 254-258.

Zhao, Y. & Fan, B. 2018. Exploring open government data capacity of government agency: Based on the resource-based theory. *Government Information Quarterly,* 35(1)**,** pp. 1-12.