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ABSTRACT

This chapter considers corporate governance and control at the board level, a perspective little addressed in the critical theory informed accounting research literature and in the accounting research literature generally. With some exceptions, financial accounting, management accounting, auditing and social-environmental accounting literatures have largely focussed on other aspects of corporate governance and the critical accounting community has remained largely silent on board importance and involvement in corporate governance. This chapter critiques the currently extant dominant research approaches, advocating an engaged insider research strategy that examines and critiques governance processes within and surrounding the boardroom that relate to strategy, control and accountability. A theoretical and field based ongoing research agenda is consequently proposed.

CORPORATE GOVERNANCE AND CONTROL: REDISCOVERING BOARDROOM PROCESSES

Any inspection of accounting research conference programs and accounting research journal literature will reveal a litany of studies branded as 'corporate governance'. What that entails is often poorly defined or only implied, and has largely become captive to predictive positivist quantitative studies of corporate characteristics mapped against financial disclosure strategies and patterns, often linked to an obsession with the subject of earnings management. There seems no end to the volume of incremental research produced in this particular milieu, so that any reader could be forgiven for concluding that corporate governance has been thoroughly explored by accounting researchers and that the field has been well and truly ploughed.

However it can be argued that the plethora of incremental attention has been directed through very limited theoretical lenses, with simplistically predictive intent, focussing upon only a small subset of the accounting and accountability menu, and lacking any direct engagement with the central actors in the field. Furthermore, for many accounting researchers, the highest level of decision-making authority within the organisation to which their gaze has risen, has been that of the audit committee. The board of directors appears to have remained largely beyond their consideration, and yet it is at this level where arguably profound strategic, control and accountability responsibility and influence lies. Thus, this territory represents a virtual lacuna to accounting researchers, and yet it is where such apparent absence and opaqueness pervades, that the possibility of important insights and knowledge expansion may lie (Choudhury, 1988; Arrington and Francis, 1989; Hines, 1992; Inkpen and Choudhury, 1995). Hence for both interpretive and critical qualitative researchers in accounting, from financial accountability, management accounting, auditing and social accountability perspectives, this field remains largely unexplored and presents considerable opportunity.

This chapter will first critique the preponderance of accounting literature on corporate governance to stand outside the black box of governance processes and then will offer a review of corporate governance research approaches and challenges for accounting researchers. Current understandings of internal boardroom corporate governance processes will be considered. Our knowledge of directors' roles and behaviours in strategising and control will then be examined and critiqued, and related accountabilities explored. In setting a forward looking corporate governance research agenda for critical accounting researchers, the question of available theoretical frames will be addressed. Finally, this chapter will envisage a direction and agenda for board level corporate governance research from both critical and interpretive perspectives in the accounting literature.

EXAMINING THE BLACK BOX

The dominant quantitative positivist genre of accounting research into corporate governance treats the organisation and/or the board as a virtual black box which contains some mystical process into which key inputs are fed and from which outcomes emerge. The nature of those processes are largely unremarked upon, accounting researchers' focus being firmly fixed upon seemingly never ending attempts to model and associate the inputs and outcomes. The fixed point in time snapshot of claimed relationships between these external variables is reified for its statistical generalisability, largely abstracted from the complexities of social, institutional, political and economic environments that both surround and interact with actors within the organisation and its board. The processes by which perceptions are conditioned, attitudes formed, behaviours practised and power and control are wielded (often being the prime interests of journalists, regulators, and the wider community), are seemingly ignored by accounting researchers claiming to advance the cause of effective corporate governance. Could it be that the convenience of desk-based research, remote from engagement with field sites, actors and the messiness and complexity of live scenarios, holds a time and effort-saving attraction for many researchers? This could explain why so called archival research has become their dominant currency (Rose et al, 2013).

Positivist corporate governance researchers have examined a plethora of independent variables they have hypothesised as affecting the black box of corporate governance. The list of variables that has been examined is impressive. For example Larcker et al (2007) classify such variables into seven general categories: directors' profiles, stock ownership by directors and senior executives, institutional stock ownership, activist stockholders, debt holders and preferred stockholders, executive compensation mix and anti-takeover devices. These are largely structural factors that are hypothesised to either influence or somehow proxy for corporate governance processes. They only require the researcher to access archival data procured at arms' length from any organisation. So what variables are examined to represent the outcomes of the corporate governance black box? The list is similarly impressive: abnormal accruals, accounting restatements, future operating performance narratives, future excess stock returns, voluntary non-mandatory information disclosures in management reports within the annual report, overall firm disclosures, CEO turnover, cost of equity capital, dividend payouts, degree of leverage, cost of debt, analysts' forecasting accuracy, and earnings quality (Eng and Mak, 2003; Larcker et al, 2007; Brown et al, 2011). So researchers repeatedly strive to derive associations between these inputs and outputs as somehow representing a questionably defined amalgam of corporate governance drivers and outcomes. The focus is clearly upon corporate financial performance and stockholder benefits.

More recently, boards' proclivity towards and strategies for earnings management have attracted a veritable tsunami of studies. They are present in force at contemporary accounting research conferences around the globe. The list of perspectives examined is almost endless: likelihood of directors opposing executive management's earnings management strategies; executive compensation impacts on earnings management; audit committee, executive committee and board roles in preventing earnings management; profile and degree of independence of board and audit committee members; number of analysts following firm performance; forecasts related to IPOs; firm ownership structure; extent of institutional investment in the firm; and proxies for board activity in relation to earnings management. Earnings management is also dissected through impacts on dimensions of earnings quality such as earnings timeliness, earnings informativeness, financial restatements, and fraud (Xie et al, 2003; Brown et al, 2011; Rose et al, 2013).

A key feature of positivist studies of corporate governance is their attention to the structural profile and activity proxies for the corporate board. These include board size, percentage of executive and non-executive directors, stockholding versus non-stock holding directors, directors' expertise and experience profiles, number of other boards on which directors serve, number and frequency of board meetings, number of directors serving on the audit committee and the executive compensation committee, number and frequency of audit committee meetings, age profile of directors, executive or non-executive chair of the board, and separate or dual holding of CEO and board chair position (Xie, 2003; Eng and Mak, 2003; Bushman, 2004; Larcker et al, 2007; Brown et al, 2011; Rose et al, 2013). Such research may produce limited governance deliverables in the long run. For example Nicholson and Kiel (2003) point to meta analyses of such studies that overall can point to no substantive relationship between board compositional profile and corporate performance, and only limited possible impact on corporate performance related to proportion of NEDs on the board. Christopher (2010) too, has pointed to the inconclusive results across studies of numerous board and corporate performance variables.

From critical and interpretive accounting research perspectives, the above accounting based corporate governance research corpus presents a yawning lacuna of multiple dimensions. Effective corporate governance is defined and focussed solely in terms of financial management and disclosure in the interests of corporate stockholder wealth maximisation. The board of directors is conceptualised from a purely structural characteristics viewpoint. There is no attempt to focus on boardroom process, other than simplistic proxies such as number and frequency of board meetings. Board level corporate governance remits such as regulatory compliance, accountability to employees and community, operational efficiency and effectiveness, social responsibility, management control, strategic decision-making, risk management and more, do not appear to be on researchers' radar. The breadth of corporate stakeholder groups and board representativeness, networking and consideration of stakeholder interests is almost entirely neglected. How directors conceive and actually execute their roles and responsibilities, how boards actually conduct their affairs (both inside and outside the boardroom), how directors and senior executives interact and build relationships, how boards process information, conduct their internal discourse and arrive at strategic, policy, compliance and control decisions are all opaque to most positivist accounting researchers. Their research methodologies do not require or allow them to engage directly with organisational actors in order to access such data or develop such understandings (Pettigrew, 1992; Leblanc and Gillies, 2003).

So the black box of director and boardroom corporate governance perceptions, attitudes, discourse, debate, decision processes, behaviours, actions, strategies, control and accountability construction remains a hidden world; truly black. Yet arguably, the nature, focus, and impact of corporate governance and accountability emanating from the board is most effectively revealed and understood by penetrating the processual black box in which many contemporary accounting researchers appear to assume nothing exists. Yet that void most likely holds the key to our deeper understanding and critique of the corporate governance process (Choudhury, 1988). The special issue of *Accounting, Auditing & Accountability Journal* on Corporate Governance, Accountability and Mechanisms of Accountability (Brennan and Solomon, 2008), called upon accounting researchers to push the boundaries of corporate governance, employing a broader array of methodological approaches and theoretical perspectives as well as addressing a much broader spectrum of issues within a diversity of theoretical frameworks. It is to this challenge with respect to boardroom governance that the chapter now turns.

INTERROGATING THE CORPORATE GOVERNANCE PROCESS

Board level corporate governance process is the focal activity that most contemporary accounting and management research studies have bypassed. This has been even more prominently recognised by some leading researchers in the management research literature. They point to contemporary corporate governance researchers' "near universal focus on a direct relationship between corporate governance mechanisms and firm financial performance" (Dailey et al, 2003, p. 376), and their repeated focus on governance variables such as board size, executive/nonexecutive director ratios, directors' shareholdings etc. in search of some optimal balance between these (Gabrielsson and Huse, 2005). As already argued above, Gabrielsson and Huse (2005, p. 24) contend that "most empirical studies treat the actual work of the board as a black box, assuming that the behaviour and conduct directors can be successfully inferred from the board's demographic characteristics". Dailey et al (2003) and

Gabrielsson and Huse (2005) see this trend as involving researchers making huge leaps in relying on proxies and statistical analysis to draw inferential relationships between such demographic variables and board and corporate financial performance. These copious studies produce results that are mixed. Yet researchers remain content to sit at a distance from actual boards and directors, employing archival methods to draw statistical inferences while remaining remote from the actors involved in the governance process (Pettigrew, 1992; Leblanc, 2004), Gabrielsson and Huse (2005) explain this as driven by researchers' greater personal convenience in limiting themselves to desk-based secondary data research that fits the template for publishing in desirable journal targets, despite its marginal relevance to issues of corporate governance process. Leblanc (2004, p. 437) describes this in vivid terms:

> To be self-critical of the academic work done in this area, trying to distill a relationship between governance and performance – from outside of a boardroom – is analogous to trying to find out what makes a sports team effective by sitting in a cafeteria reading the sports pages, without entering the arenas or locker rooms or interviewing the game's great teams or players.

So despite the welter of corporate governance research published in the accounting and management literatures, there has developed only a minimal understanding or critique of how boards actually work and how they do or do not contribute to effective corporate governance and accountability. Yet as Leblanc and Gillies (2003) point out, this is likely to be the most important factor in critically evaluating corporate governance and its outcomes. Corporate governance and context at the board level requires attention to past, present and future processes, investigations of linkages between context and action, engagement in holistic and not simply linear explanations of process, and the engagement of researchers both closely involved with as well as more distant from actors (Pettigrew, 1992). In penetrating and critiquing corporate governance from an accounting as well as management and accountability perspective, we need a closer and more detailed understanding of who is actually and influentially involved in governance decision-making, how they execute their roles and influence, why they act and react the way they do, where power lies and how it is mobilised (Pettigrew, 1992). Despite their legal and regulatory based powers, directors and boards wield power through their solidarity and action as a concerted group. The majority of corporate governance research in accounting has failed to recognise or address power differentials within boards and this may at least in part explain why much corporate governance research has failed to yield new or significant understandings and critiques of corporate governance and accountability (Clarke, 1998; Hambrick et al, 2008). The exercise of power within boards can manifest itself in various actions and relationships including the relationships and relative roles of board chair and CEO, the relationships and communications between them and the other board members, the networks and expertise of particular board members, as well as the interactions between the board and external contextual factors (Pettigrew, 1992; Hambrick et al, 2008).

Boardroom process issues that may directly impact on corporate governance and accountability abound. They include questions of the manifestation and prevalence of group-think; the barriers and constraints upon candid discussion and debate; boardroom climate and directors' discussion and critique of executive plans and actions; the motivations, perceptions and behaviours of executive and non-executive directors; who assesses organisational, CEO and directors' performance and how; the manner in which competencies and intellectual capital of board members is actually drawn upon; the nature of talk and discourse between board members both within and outside the boardroom; and the impact of relational dynamics between board members (Pettigrew, 1992; Samra-Fredericks, 2000; Leblanc, 2004; Gabrielsson and Huse, 2005; Hambrick et al, 2008).

The pathway to accessing boardroom governance and accountability processes is available. It is most appropriately targeted through interview and participant observation (Clarke, 1998; Snow and Thomas, 1994; McNulty et al, 2013). While there are sensitivities in trying to gain and maintain field access to directors and their boards, there is no substitute for direct engagement with the actors themselves if we are to penetrate the crucial process perspective on corporate governance. Arguably, it is a pathway to data collection more likely to be productive than securing agreement from directors to commit to written forms of personal reflection on their roles and practices (Leblanc, 2004). Tapping into directors' discourses and narratives permits the possibility of close-up insights into actors' behaviours, motivations and sense-making not otherwise possible (Samra-Fredericks, 2000; Ng and De Cock, 2002). Here also is the call and opportunity for participant observation within the boardroom as an active or complete member researcher, permitting longitudinal, holistic, contextualised analysis of live settings. Admittedly, gaining such access can pose challenges (Daily et al, 2003), however it has already been proven possible for researchers to take on these roles and to yield invaluable insights from within the sanctum of the boardroom (Collier, 2005; Parker, 2003, 2007ab, 2008ab; Leblanc and Schwartz, 2007).

One suspects that researchers are often tempted to discount the possibility of boardroom access, fearing the imagined barriers to be faced: specifically in terms of anticipated board level resistance for reasons of confidentiality, risks of competitive disadvantage, fear of critique etc.. Yet little by little, studies involving boardroom observations and director interviews are gradually appearing in the accounting and management research literatures. Some potentially more available access routes can include approaching non-profit organisational boards, small enterprise boards, and even public sector boards. Some such organisations can be found to appreciate the value of such research to their own ongoing governance developments, and be open to an approach for research access. Furthermore, in the well tried tradition of qualitative field researchers, access can be facilitated by personal introductions through connections researchers and their own networks may already have to such organisations and directors. Finally, the importance of how a study proposal is drafted and presented to such groups cannot be overestimated. It is still entirely practicable to pursue a critical agenda, but to construct clear project outlines and proposals which directors can readily understand and appreciate, and given the opportunity, meeting with them to explain clearly what the researcher seeks and how the partnership may deliver value to both parties.

INSIDE THE BOARDROOM

What have we learned from interview and participant observations of directors and boards at work? With respect to desirable board size, interviewees have tended towards arguing for a range between 5 and 12 members. The lower limit appears to be associated with a perceived minimum required for adequate representativeness of a spectrum of views as well as offering checks and balances, while the upper limit is associated with views on quality of debate and decision-making, potential for passive acquiescent board members and dominant members' grandstanding (Forbes and Milliken, 1999; Taylor and O'Sullivan, 2009). Non-executive directors (NEDs) are seen as bringing independence, wider experience and skill sets, and network linkages outside the organisation. On the question of executive director (ED) and NED balance, interviewed directors appear to be comfortable with a range of proportions including a majority of NEDS (Chiu and Monin, 2003; Taylor and O'Sullivan, 2009). Importance can also be attached to diversity of profile of board members which can include functional expertise, age, gender and industry segment representation, with rotation being achieved when desired through fixed terms with maximum renewal periods for directors (Parker, 2007b). Board profiles and their manner of achievement, maintenance and change however, remains open for much greater researcher scrutiny and critique, especially as board composition carries major accountability implications. Critical theory lenses have yet to be applied to this highest organisational accountability level by critical accounting researchers.

ED and NED roles and tasks have also come in for scrutiny. These range across strategising, monitoring, control, regulatory compliance, policy and accountability (Spira and Bender, 2004; Leblanc and Gillies, 2005; Parker, 2008b; Machold and Farquhar, 2013). The manner in which they carry these out can include their contribution of knowledge, expertise, market and industry intelligence, and access to their personal and professional networks. They may also offer the discipline of questioning, and supervising executive management, being both advisors and judges (Spira and Bender, 2004). However we need much more insight into how boards actually go about these tasks. Studies already show how board meetings can be consumed with routine information dissemination, compliance discussions, and routine report reviews, propelling boards towards transgressing into micromanagement of executive management responsibilities and failing to address major strategic and policy issues (Leblanc and Gillies, 2005; Parker, 2007b, 2008a; Machold and Farquhar, 2013).

CEO board relations are an important dimension of and influence upon the exercise of power and accountability. Generally there is support for separating the CEO and chair of board roles between two separate people to avoid conflict of interest between the two roles (Chiu and Monin, 2003; Taylor and O'Sullivan, 2009). Of interest from a critical accounting and accountability research viewpoint is the observation that the relationship between CEO and chair of the board can be crucial drivers of board agendas, decisions and actions, since their relationship and strategies can often drive the issues that appear on the board's agenda and how they are led and addressed (Dulewicz, 1995). This reflects their degree of mutual respect and trust, the level of accountability required by the board chair, the chair's degree of independence and the ways in which each relate to and communicate with the rest of the directors (Parker, 2007b; 2008b). Whose interests the board chair and directors serve is also a matter for investigation. Only in the field can we critically assess this through penetrating their attitudes, behaviours and actions. For example, they may represent particular sectional groups or interests that are not immediately obvious from external scrutiny (Uddin and Choudhury, 2008).

If we wish to better understand and critique the exercise of power and influence and the commitment to organisational and personal accountability at board level, then accessing the actors themselves and their processes of corporate governance becomes essential. It is not transparent to the simple purview from outside the organisation by the externally positioned quantitative researcher. Both formal and informal decision-making processes have been shown to co-exist in the boardroom setting, and much can be explained by the crucial informal governance processes that transpire both within and outside boardroom meetings (Dulewicz, 1995; Parker, 2007b). Indeed Parker's (2007ab, 2008a) participant observations of boardrooms has revealed that many crucial decisions can be triggered, evaluated and made entirely informally and with scant reference to formal protocols or documentation. Boardroom decision styles can reflect power differentials between board members, leadership styles of CEO and board chair, directors' concepts of their roles and the degree to which they share these. This can be summarised as the extent of shared mental models of operation and intent, and the balance of power relations within the board (Letendre, 2004; Bailey and Peck, 2013). It must also be said that NEDs are still to considerable extent at the behest of EDs with their greater inside knowledge of the organisation. The latter can influence what information and interpretations are presented to the board and can strongly influence boardroom discussions and judgements (Useem and Zellecke, 2006), yet execution of organisational accountability clearly demands that the board can exercise power and control over senior executives (Holland, 2001). Clearly again this calls for greater attention by critical accounting researchers, since both financial and management accounting processes, outputs and reporting effectively have their beginnings and their responses and public transmissions (if any) at the board level.

Inside the boardroom, directors interviewed tend to emphasise the importance of the receiving appropriate and critical information, being able to debate issues in an open and transparent manner, and operating with mutual trust and respect (Van den Berghe, 2004; Letendre, 2004). This at first sight to the accounting researcher and reader concerned with corporate governance and accountability, may seem far too 'soft', vague and unmeasurable. Nonetheless, it is the internal boardroom culture and dynamics that can have a profound effect, for good or ill, on the quality and effectiveness of corporate governance processes. Parker's (2007b, 2008ab) participant observer boardroom studies found that a culture of informality and humour could assist board meetings in the vigour and candid nature of critique and debate brought to bear, lubricating communication and relationships between board members. Indeed some boards have been observed to deliberately develop both formal and informal social events and traditions to assist in building such relationships. This is essentially a contribution to group chemistry (Leblanc and Gillies, 2005). Balancing formality and informality in board processes, encouraging open and candid debate, developing proactive rather than passive director attitudes and actions, and exercising a self-critique of the board's own processes and performance of its duties (both as a board and as individual directors) are all seen as important elements of and contributions to board culture (Van den Berghe and Levrau, 2004; van Hamel et al, 1998; Leblanc and Gillies, 2005). Yet as Brundin and Nodqvist's study (2008) reveals, emotions in boardroom debates and determinations are neglected at our peril, since they reflect and reveal the operations of power and status in director relations and interactions which can dramatically influence perceptions, decisions and actions emanating from the boardroom. These are factors ignored by most corporate governance researchers, and yet they can have significant impacts on the manner and outcomes of corporate governance processes. Yet it is such processes within the sanctum of the boardroom that are ignored by the majority of corporate governance research, particularly in the accounting literature. As already discussed earlier in this chapter, this has resulted in a plethora of published research on corporate governance which qualitative researchers and corporate governance practitioners recognise as statistical analyses conducted remote from the scene of organisational governance processes and generally failing to address those processes and their potent impact on actual corporate governance execution.

BOARDROOM STRATEGISING

Qualitative and mixed method boardroom corporate governance research provides a range of insights into the board's involvement in strategic planning and strategic management dimensions of the governance process. The level of contributions to strategising can vary from minimal to substantial, reflecting a variety of influences such as governance traditions in the industry or sector, the organisation's own history, the manner of director selection, directors' strategic governance skills and experience, the information available to directors, and the structuring and chairing of board meetings and their agendas (Cornforth and Edwards (1999). The type of strategic contributions made by boards has also been found to vary from reviewing and approving senior executive's plans and initiatives, to influencing the nature of the planning process, contributing to discussion of mission and objectives, providing ideas that input into strategies, and advising at points of an organisation's strategic transition such as mergers, acquisitions, and divestiture (McNulty and Pettigrew, 1999). The interaction between EDs and NEDs is also an important strategic influence whereby EDs can become conditioned to pre-reviewing their strategic proposals in terms of likely acceptability to NEDs and where NEDs form the house of review that monitors, tests and challenges strategic proposals and their probity and feasibility. Thus the board becomes a filter that can both initiates strategy as well as reviews and approves strategy (Parker, 2003).

Parker's (2007a) participant observer study found that informal approaches to strategising are as prevalent as more formal approaches within boardroom meetings. These can take the form of informal, interactive strategic dialogue initiated by directors raising strategic issues and pursued by the board in calling for executives to present strategic proposals, offering feedback and monitoring progress. This is supported by Stiles' (2001) study which found directors particularly taking proactive roles in reviewing and discussing strategy, and by McNulty and Pettigrew's (1999) observing directors to be shaping the context of strategic debate, influencing the preparation of strategy proposals, and reviewing and approving or rejecting proposals. Thus as Papadakis et al (1998) reported, formal strategic planning processes nonetheless still act as an important conduit for strategising. However as others have found, that process also exhibits considerable degrees of informality.

Boards can nonetheless err on the side of shorter term decision horizons and planning, as has been revealed by Cowen and Osborne (1993) and Parker (2001). This can be produced by a focus upon and reaction to immediate past events, short term crises and present circumstances. When this occurs, the board tends to then absent itself from anticipating longer term developments or laying long term strategic foundations (Parker, 2001). This can leave the board operating in reactive posture, trying to defend the organisation against competitive pressures without taking proactive initiatives, instead aiming for survival in the 12 month budgetary cycle. Furthermore, in association with such an orientation, boards run the risk of slipping from strategic management into micro-management, where they trespass upon executive management's routine operational decision-making prerogatives, engaging in short term operational decision-making at the neglect of their longer term strategic responsibilities (Parker, 2007a). Observational and interview studies also point to the importance of resources pressure and financial focus on board strategic orientations and discussions. As Parker (2001) and Papadakis et al (1998) have found, such perceived resources pressure can promote reactive short term planning and decision-making tensions within the board. Multiple resource pressures can invoke a high degree of perceived financial constraint and hence an overriding financial focus in directors' conception and prioritisation of strategies (Parker, 2001, 2003).

As part of its strategic management orientation, the board may also engage in stakeholder relationships management and the proactive management of its accountability disclosures. This has been revealed for example by Parker's (2003) participant observer study. It observed directors cultivating organisational profile and relationships with government, media, the public and other groups, seeking to build support for and facilitate its strategic ambitions and strategic financing. At the same time, this study found directors struggling to execute transparent financial disclosure while operating in a highly competitive environment where the pursuit of financial resources and returns could be negatively impacted by the financial disclosures they authorised. Thus Parker (2003) found that directors actually managed the definition of to whom they and their organisation were accountable as well as the nature of financial disclosure and accountability they delivered.

THE CRUCIAL CONTROL PROCESS

In their review of management control research, Berry et al (2009) called for more embedded and collaborative research in this field. Again this lends further support to this chapter's argument that the processes of board level corporate governance and control require such a qualitative, embedded, processual research perspective, as well as a critical eye. The limited number of observational and interview studies addressing board level control processes suggest that for both profit and non-profit boards, there is a shifting balance struck between directors' attention to operational and financial control, but with a tendency towards a financial focus (Stiles and Taylor, 2001; Parker, 2008a). However the manner in which both operational and financial control are exercised does not appear to accord with any presumed 'textbook' formal approaches through the linking and evaluation of formal strategic plans, business plans and budgets. Studies to date reveal that in fact boards may pay budgetary control systems and associated routine reports only limited attention, focussing upon them near the financial year end when debating overall financial results and the coming year's budget drafting. Particular aspects of budget results might for example draw directors' attention through directors' dialogue, informal knowledge of organisational finances and operations, concern about particular organisational cost or profit centre performance, or interests in the financial progress of particular strategic projects rather than through their examination of the routine formal accounting reports (Marginson, 1999; Stiles and Taylor, 2001; Parker, 2008a).

Thus the control currency in the boardroom thus far appears from processual qualitative research to be interactive and dialogically focussed and driven rather than focussed on formal management control reports and their information sets. It is more often informally triggered through directors' particular strategic interests (Parker, 2008a).This somewhat resonates with with Mundy's (2010) study which observed that interactive control appeared to play a crucial role in balancing other control levers; belief control, boundary control and diagnostic control. In Parker's (2008a) study, control issues were more often triggered for discussion and review by particular directors or the CEO often raising them independently from any formal report. This was consistent with observations also made in Stiles and Taylor (2001) and Parker (2003). It also appears to echo to some extent, Marginson's (1999) study which observed a greater recourse to social controls than administrative controls.

Such studies have also remarked upon boards' monitoring behaviours which at times appear to reveal a preference for directors advising and supporting the CEO rather than taking a more judgemental evaluative stance (Stiles and Taylor, 2001; Parker, 2008a). They have also observed limited apparent monitoring of budgetary performance or linkages between budget outcomes and business and strategic plans on a monthly or quarterly basis (Miller, 2002; Parker, 2008a). In a study of Belgian company boards, Van den Berghe and Baelden (2005) reported a wide variance in boards' attention to their monitoring roles, with some allocating significant time while others allocated minimal time in favour of strategy focussed discussions. Alternatively, boards' monitoring attention has been found to be attracted by significant and repeated exceptions from plans or excessive external causal attributions for below target performance (Van Hammel et al, 1998; Stiles and Taylor, 2001). Jonsson's (2005) study of Icelandic boards also revealed a variety of board roles spanning a changing spectrum in response to changes in ownership structures or management that included categories of watchdog, pilot, advisor and rubber-stamper.

Boardroom studies have also revealed a degree of concern exhibited by directors about the quality, reliability and complexity of decision making information (including financial) provided to them. Those concerns can arise due to a variety of information sources and organisational circumstances. These can include the ability of the accounting information system to provide the relevant and appropriate information they need, questions of reliability in data collection and processing by the accounting system, the timeliness of reporting and its impact on maintaining an adequate early warning system, and the perceived complexity and volume of reports and data provided to them. The latter issue has on occasion prompted calls for and experiments with simplified summary highlight forms of reporting for board consumption (Van Hammel et al, 1998; Parker, 2003, 2008ab).

The above picture drawn from studies of boardroom control processes presents an arguably different view of management and financial control system operation at the organisation's highest level than is assumed away for example by the plethora of quantitative corporate governance studies that treat the board level governance process as a black box. From a critical research perspective this raises a host of concerns and research agendas. Formal accounting and reporting systems and formally tabled performance data may reach nothing like the levels of significance that accounting researchers may assume to be the case. Agency theorists may be wide of the mark in how they presume control is exercised, by whom and over what. The power of directors both within and beyond the boardroom appears a malleable and elusive phenomenon, not easily constrained by formal accounting and accountability systems. Operating in such an individualised, dialogical and social form, control has the capacity to be dynamic, proactive and timely. On the other hand, it also carries the risk of severe dysfunction, with major impacts on organisations, employees, and communities.

A QUESTION OF ACCOUNTABILITY

It could be argued that to the extent that accounting researchers have directed their attention to stakeholder engagement mechanisms, they have couched their investigations from an accountability perspective without necessarily acknowledging the related governance dimensions. This has at times left research siloed into either accounting/accountability or governance when in actuality, the processes of accounting, auditing, accountability and stakeholder engagement are all mechanisms of governance. This vital link between governance, accounting and accountability is often misinterpreted, with accounting being mistakenly seen as a distinct professional process, with little or nothing to do with corporate governance.

While accounting researchers have paid some recognition to the importance of considering board of directors' accountability issues, actual attention paid to this responsibility and relationship has been to date, scant (Brennan and Solomon, 2008). Issues of accountability have largely been addressed by accounting researchers in terms of corporate accountability to shareholders, with linkages between such aspects as accounting, governance and risk management being barely examined (Bhimani, 2009). Indeed overviews of corporate governance studies in the accounting literature, while naming the board as a dimension of importance, then actually proceed to focus upon and study the audit committee (Cohen et al, 2004). With respect to exercising their accountability roles and obligations, the manner in which boards approach their deliberations and decisions has also been only marginally addressed. Some work has been done on examining characteristics of boardroom culture that may affect the creation and delivery of accountability. These have included studies identifying styles of director interaction that include 'challenging but supportive', 'independent but involved', 'openness and generosity', 'preparedness and involvement', and 'creativity and criticality' (Huse, 2005). Leblanc and Gillies (2003) for instance argue that this lacuna limits the ability to draft effective regulations for improving corporate governance. Collier's (2008) study also suggests a board concern with both accountability to salient external stakeholders and internal organisational relationships and accountabilities. However his is one of the very few qualitative field studies in accounting applied to such issues at board level. Examinations of *how* boards actually select their members, develop policies and performance expectations of themselves, clarify their own responsibilities, decide on board sub-committees, and monitor organisational performance are very few indeed (Holland, 2002). In an interview study of 34 nonprofit organisational boards, Holland (2002) found that only a few explicitly addressed accountability issues such as detailing board member expectations and responsibilities, or discussing their policies regarding conflicts of interest. Some were found to approach their accountability responsibilities by focussing much of their discussion on strategic objectives and priorities, but most were found to be content to simply review executives' plans and decisions. Self-evaluation of board group and individual director performance was also found to be only sporadically in evidence.

In addition to our limited understanding of internal boardroom accountability processes, there is the strong suspicion that entrenched corporate power lies unremarked beneath the surface of board functioning and accountability delivery. The dynamics of power inequalities, competition for influence, and resistance to external demands for board level accountability and change are all crucial features of board level corporate governance and accountability that call for the attention of critical accounting researchers. Internationally, corporate scandals and accountability failures over the years have been legion, copious media coverage has been afforded them, legislators have variously attempted to respond, and boards of directors have invariably been criticised and blamed (Christopher, 2010). Yet our knowledge of how boards have acted and why, how they came to be ineffective and how they failed in their corporate governance duties, remains minimal (Leblanc and Gillies, 2003; Parker, 2007c). Directors may become socialised into a preservation of their own power and resistant to any change in the *status quo* and emoluments their positions afford (Collier, 2005). Thus while corporate accountability scandals may generate periodic public angst and discussion, as well as reactive legislation and increased penalties, they may only prompt limited temporary reflection by most ongoing boards and hence have little influence on their approaches to and acquittal of their accountability roles (Holland, 2002; Marnet, 2007).

As should by now be evident, this section is aptly titled 'A Question of Accountability". With respect to board level corporate governance, the attitudes, roles, processes and delivery of boardroom accountabilities remain largely opaque to outside purview. Again, as already remarked in this chapter, accounting researchers have largely been content to examine board structures and profiles from a distance. Engagement with directors and boards at the coal face, examinations of their attitudes and behaviours, and analysis of their governance processes has not attracted significant accounting researcher engagement. Yet it is here that both qualitative processual and critical accounting research is urgently needed. Without it, we are likely condemned to persist in the repetitive cycle of corporate board accountability failures.

A THEORETICAL LANDSCAPE

Accounting and management research in corporate governance and with respect to corporate governance at the board level has been informed by a variety of theories. The list is quite impressive, but studies have largely resorted to a particular group from among that list. Reflecting a dominant economics and finance paradigm, agency theory has often been invoked by corporate governance researchers focussing on contracting between board, senior executives and shareholders (Clarke (1998; Becht et al, 2003; Gabrielsson and Huse, 2005). The dominant appeal of agency theory has been attributed to its simplicity and its assumptions that corporate activity can be simplified down to contracting parties where participants are completely opportunistic and self-interested, the board acting to reduce the gap between management and shareholder interests (Daily et al, 2003; Hendry and Kiel, 2004). Its focus is on market efficiency to be pursued through incentive systems and voluntary compliance (Letza et al, 2004) and its accountability focus is directed effectively only towards one group, the shareholders (Christopher, 2010). Yet the non-alignment of board and shareholder interests and the failure of control via incentive schemes have been linked to many of the corporate scandals and crashes witnessed in recent decades (Christopher, 2010). Furthermore, it has been suggested that simplistic agency based assumptions may not hold in varying social, economic and institutional settings and cannot cope with a diverse range of institutional contexts (Christopher, 2010).

Despite its ongoing fascination for many traditional accounting researchers, agency theory is highly suspect as an efficient and appropriate theoretical framework for analysing corporate governance in most national and international environments. It is exceedingly difficult to locate any contemporary economy or stock market that resembles Jensen and Meckling's (1976) market for corporate control, with its dispersed external shareholders, with automatically 'bad' directors and 'good shareholders' who attempt to monitor and control those directors. Instead, markets are characterised by concentrated ownership exhibiting very different problems. Roberts (2001) has clearly identified the problems with any attempt to apply agency theory in today's context. It is simply a theory that is no longer fit for purpose.

A further key theoretical framework applied to governance research has been that of resource dependence theory which conceives of the board as a boundary spanner linking the organisation to its environment and assisting it to secure resources from that environment, through communicating, networking and legitimising (Clarke, 1998; Huse, 2005; Gabrielsson and Huse, 2005). The resources directors provide can also reflect their own personal expertise and networks such as legal, financial, marketing and other forms of intellectual capital (Daily et al, 2003). The board thus draws resources from the environment and can also buffer the organisation from adverse external environmental changes (Hendry and Kiel, 2004). This theory privileges consideration of the quality and effectiveness of directors in executing their governance roles and the aggregate board capital that together they deliver (Christopher, 2010).

As with other areas of accounting research, corporate governance studies have often been framed by stewardship theory which casts the directors and senior executives as stewards of the organisation and its assets, the board collaborating with and mentoring senior management (Clarke, 1998; Huse, 2005; Gabrielsson and Huse, 2005). In contrast to agency theory, directors are considered more trustworthy and their interests are seen as more sympathetically related to those of the shareholders, directors encountering situations where they see their own interests as being consistent with shareholder interests, and also being motivated by the intrinsic satisfaction of their board roles and contribution (Daily et al, 2003; Hendry and Kiel, 2004; Letza et al, 2004). Achievement and responsibility needs are seen to be important director motivators, however as Turnbull (1997) argues, the degree of director selflessness and stewardship orientation may be culturally contingent.

Stakeholder theory extends stewardship theory in seeing the board's role as going beyond maximising shareholders' wealth to inclusively addressing the concerns of a wider range of stakeholders, thereby moving beyond a purely economic remit and involving non-market considerations and performance monitoring (Clarke, 1998; Letza et al, 2004; Gabrielsson and Huse, 2005). The list of wider stakeholders extends across employees, government, customers, competitors, suppliers, activists, non-government organisations (NGOs) and communities. Indeed NGOs are an example of institutions who are beginning to represent and give voice to the needs and concerns of marginalised societal groups who still do not attract the attention of researchers who for example may operate from an agency theory perspective. Stakeholder theory thus attempts to account for a wider range of forces that condition the board's corporate governance role and performance in both organisational and societal interests (Christopher, 2010).

In addition to agency theory, resource dependence theory, stewardship theory and stakeholder theory, other theories that have been applied to corporate governance issues and research at the board level include managerial hegemony theory, contingency theory, accountability theories, new institutional theory, sense making, discourse, control and social capital theories (Clarke, 1998; Hendry and Kiel, 2004; Huse, 2005; McNulty et al, 2013; Subramaniam et al, 2013). Arguably there is room for more sociologically and critical theory derived theoretical positions that can productively be applied to board level corporate governance and accountability questions. We need to move beyond a simple obsession with economic markets and financial incentives if we are to penetrate boardroom processes and governance failures, recognising the potential importance of environment, institutions, clans, communities and more (Turnbull, 1997). The economics based perspective has produced versions of corporate governance and its effectiveness or otherwise that diverge observably from how corporate governance works or does not work in the field (Davis, 2005). Indeed the qualitative tradition of governance research tends to draw more often on sociological perspectives, as evidenced in some of the above-named theoretical perspectives (McNulty et al, 2013). It is from the sociological perspective that we are better equipped to develop an informed critique of director behaviour and board performance (Pesqueux, 2005; Marnett, 2007). One example of this potential lies in attending to theories of power and political influence in board level operations and deliberations (McNulty et al, 2013). This can include attention to the balance and competition for power between executives and directors as well as shareholders, and the processual relationships and dealings between CEOs and boards (Daily et al, 2003). How power is accrued and exercised by directors, management, shareholders and other stakeholders, the formal and informal sources of power and checks against its dysfunctional and inequitable use, and the roles of information and communication in its disposition all call for greater attention by critical accounting researchers in the corporate governance field (Turnbull, 1997).

Board level corporate governance research in the accounting literature urgently awaits the greater application of sociologically and critical theory grounded perspectives that counter the illogical assumptions in rational, economically focussed views of the world of governance and can assist in penetrating and unpacking the wider range of agendas and behaviours embedded in the corporate governance process. As Letza et al (2004) argue, economics based theories have neglected or assumed away important dimensions of the governance process that include irrationality, beliefs, emotions and ideologies that often act as vital inputs to the governance process. Rather than static, abstract theorisations, we need theoretical models that relate to the idiosyncrasies of practices and their complex and often varying contexts. As Letza et al (2004) also observe, corporate governance may best be served by the application of pluralist theorisations that allow us to better understand and critique the ideologies, politics, philosophies, conventions, social customs and institutional settings that make up governance at both the board and organisation-wide levels.

SETTING THE AGENDA

At the risk of stating a truism, we still have much to learn about corporate governance and accountability at the level of the board. As this chapter has outlined, an understanding and critique of the *processes* of corporate governance stand to offer us a far more penetrating engagement with corporate governance and accountability as it is practised by actors in the field. Rather than relying on static, externally derived and simplistic director profiles, we need to address director world views, attitudes, and behaviours as well as the dynamics of the boardroom including information processing, discourse, debate, and decision-making. Particularly from a critical perspective, we need a far more realistic, candid and theoretically informed critique of board level relationships, communications and accountability to marginalised groups ranging from non-institutional shareholders through to local communities and NGOs.

We have the available armoury for undertaking this processual and critical research agenda. Among the qualitative research methods available are participant observation, interview, documentary analysis, discourse analysis, historical methodologies and more. They are essential to our moving from that disconnected world outside the corporate governance black box, to infiltrating the directors' world inside the boardroom black box. As has already been pointed out in this chapter, while not without its challenges, accessing that world is entirely possible. It more often involves searching for and being alert to organisational access opportunities and then seizing such access opportunities and building relevant projects to take advantage of them.

The critical agenda stands well positioned to address the many issues of sources, manifestations and impacts of the exercise of power within and beyond the boardroom. We need more closely engaged and more finely wrought accounts of relationships between CEO and board chair, CEO/board chair and directors, as well as between EDs and NEDs. Particularly important is a better understanding and critique of the evaluative versus advisory roles and interactions between directors and executives on the board and between board members and the CEO. Positivist quantitative modelling studies relying on externally derived profiles tell us very little! It is only from within the heat of the boardroom that we can derive a more realistic understanding and produce a better located critique of power relationships and processes at the board level of corporate governance. That of course includes a more transparent engagement and reckoning of board member selection and rotation, board self-evaluation processes, directors' strategy versus control focus, and the relationship between strategic and policy focus, director compliance with executives' strategic edicts, and the tendency towards directors' engagement in micromanagement.

From an accounting and control perspective, we are woefully under-informed and hence constrained in our critical ability by our need for a clearer insider view of the actual linkages in directors' deliberations on strategy, business plans and budgets. We cannot merely assume that the presence of detailed or sophisticated formal accounting reporting and control systems automatically imply that such linkages are in place and effectively employed. To what extent are boardroom monitoring and performance evaluation processes actually occurring, regularly undertaken and effective? What types of strategic accounting information inputs are provided? Are they understood, actually employed, or ignored? If the latter, what takes their place in conditioning directors' control discourse and decisions? We also need more informed impressions and then critiques of both the extent of financial versus operational control focus that occurs in the boardroom. In addition, our approach to this level of governance will be well served by determining from the actors themselves what triggers their monitoring and control discussions. How this is done, can also reveal much for accounting researchers: unpacking the extent of formal versus informal control processes exercised within the board, rather than presuming that control discussions begin and end with formal accounting reports.

Finally, we arrive at the widely acknowledged need for a critical project with respect to board accountability. Already we have some evidence of deliberate disclosure management by boards. It is simply insufficient for earnings management scholars to repeatedly demonstrate that it happens and to offer predictive circumstances when it might happen. For corporate governance policy and practice betterment, we need to enter the black box of the boardroom to reveal a broader suite of information types and their manipulation, penetrating the processes by which it is effected, and the rationalisations declared by directors who so engage. The research agenda does not end there, however. So many corporate frauds and crashes have been linked to failings in the boardroom, and yet accounting scholars barely mention this in their research agendas. A critical and qualitative research agenda offers an opportunity to seek out an inside view of the modes of accountability exercised between directors themselves, between executives and board directors, and then in actuality between the board and its various stakeholder groups. What are the board attitudes, communications, intentions and then delivery or management of their accountabilities? To what extent are directors' driven by their self-interest and their compliance with board chair or CEO who facilitated their board appointment? How much board deliberation and activity masks a preservation of the *status quo*, and consequentially, directors' personal benefits?

The accounting and management research communities have made significant beginnings in our responsibility to better understand and critique corporate board level governance, control and accountability. However, the researchers that have moved in close to the coalface, engaging with directors and boards directly, are yet few in number. It is only from that close engagement with actors and their processes that we can begin to develop an informed basis for board level governance and accountability process critique. If as critical researchers, we are serious about our commitment to *both* critique *and* change, then our required research trajectory is clear.

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