

Curtin Business School

**Corporate Performance Criteria in Australia and Thailand:
Individual Tasks and Roles of Company Directors**

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Doctor of Philosophy
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Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature:

Date: August 15, 2011

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ABSTRACT

Weaknesses in corporate governance systems in many countries have caused consequences within a country and across borders; they have stirred the need for corporate governance reform in many parts of the world. At the top of corporations, a group of corporate board of directors that is composed of different types of members guiding the directions of the companies may have viewed their roles and tasks differently in directing corporate performance via the lens of preferable corporate measures.

A plethora of previous literature has identified differences that exist among practices and perceptions of the corporate board of directors across contexts. Those differences are due mainly to corporate governance systems that influence the corporate ownership structures, laws and regulations and other cultural issues embedded in countries; not to mention when countries are facing crises that strain their economies and have an effect beyond the national level. The perceptions of directors need to be discovered and understood on how directors approach corporate performance issues.

The current study was based on questionnaires used to survey directors in Australia, and Thailand about the tasks, roles and corporate performance criteria they considered to be necessary; this included the relationships among the three criteria as well as other directors' attributes. While Australian directors viewed their roles more on monitoring, strategic and service and advisory roles, Thai directors' perception emphasised only on the monitoring role in relation to the preferred corporate performance criteria.

The findings from the current study for academics, policy-makers and top executives are that: (1) the perceptions of directors' roles and tasks are influenced by contexts specific to companies, (2) the pursuit of corporate performance has been linked with the perceptions of directors' tasks and roles differently in specific countries, (3) directors' tasks are needed to be clarified in order to be conceptually linked with the board roles' interpretation and involvement in particular contexts, and (4) the performance of directors' tasks and the effectiveness of their roles, are necessary for the improvement of company performance, can be improved by discovering the perceptions of directors' tasks toward specific, preferred criteria being used for measuring the performance of the company and the understanding of the environment affecting the perceptions of directors.

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CHAPTER 1

INTRODUCTION

1.1 Background to the Study

1.1.1 The Complexity of Corporate Governance

Corporate governance or CG has been discussed increasingly after the surge of economic crises around the globe during 1990s and up to the present with its failures of major corporations, including stock market crashes and financial distress in many countries around the world since the 2000s (Phan, Lee and Lau 2003; Johnson et al. 2000; Giroux 2008; Teall 2006; Al-Abbas 2009; Chang 2009). Two phenomena exemplified the importance of the corporate governance system. One is the Asian financial crisis in 1997 where the weak corporate governance systems in troubled countries were identified as one of the major causes (Nam, Kang and Kim 2001). Also, the downfall of corporations in the developed countries such as in the USA and in Australia that were evident resulted in a decreased level of confidence in corporate governance systems of both countries (Robins 2006).

Consequently, governments, corporations, academic communities and the public have been prompted to pay increased attention to mechanisms adopted by, and implemented among, firms as tools to prevent further organisational collapses with related economic, financial and ethical scandals. The concept of having strong corporate governance conduct in place at both policy and practical levels may well limit or even prevent the reoccurrence of such negative episodes. However, Davis (2005, 158) argued that

Nations vary widely in their constellations of governance institutions, even among the wealthiest economies. Both post-socialist and emerging market economies have had quite divergent experiences with public corporations and financial markets, and much work remains to be done in explaining this diversity.

In other words, corporate governance is not a standard practice that every firm in all countries undertakes to exactly the same level; CG performance varies across countries because of the nature of the local organisations, together with other institutional contexts and processes arising from regulative and cultural factors shaping the meaning or formation, the function and behaviour of corporations in each

country (Redding 2004; Scott 2008). For example, it is noted that the majority of firms in Asia are comprised of a number of subsidiaries that are united under family-based conglomerates in Southeast Asia, network-based conglomerates in Japan and Korea or state-owned enterprises in China and Singapore (Phan 2001; Wei 2003).

Also, an earlier empirical, comparative study of corporations in East-Asian countries (Hong Kong, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand), showed that the control of firms is highly concentrated in a handful of family, group or state ownerships and there is no clear separation between the control and the management of those firms (Claessens, Djankov, and Lang 2000). Therefore, given the various structures of firms and their strategies in responding to their distinct institutional context (Peng 2002), the previous research on corporate governance and its applications found dominantly in North America and other Western countries cannot be applied directly or taken as a generalised model underpinning the corporate governance systems in an emerging country such as Thailand or developed countries such as Australia.

Following the currency crisis in 1997, the economic turmoil in Thailand resulted in a negative domino effect throughout the Asian region (Henderson 1998). An inappropriate corporate governance system has been identified as one of the primary reasons which resulted in the financial crisis itself and subsequent downturn in the country's economy (Nikomborirak and Jitmanchaitham 2001). As a consequence, the Thai government applied the so-called 'Anglo-American' system of corporate governance to all public-listed firms on the Stock Exchange of Thailand or SET (Suehiro and Wailerssak 2004).

These changes focussed on developing system changes to benefit shareholders in anticipation that the new codes of conduct would help sustain corporations in the long term and increase the number of international investors involved in the firms (SET 2001). However, recent evidence shows that the new codes do not work well with Thailand-based firms due to differences in business systems from those of Western firms (White 2004). In line with the earlier argument of Nikomborirak and Tangkitvanich (1999, 24) on the comparative study of the corporate governance in Thailand, "lessons from developed countries do help, but the policy prescriptions are

of limited applicability as they are built on a different set of assumptions regarding the institutional and legal framework, the underlying corporate ownership and control structure and the local culture”.

On the other hand, in Australia, Bonn (2004) concluded that even though the corporate governance system was close to an Anglo-American model, there were still a number of differences in terms of law and economics, including institutional situations applying specifically to the Australian context. Therefore, as exemplified by these two countries (see Table 1.1), evidence concerning the corporate governance system and its level of application confirmed a degree of diversity because Australia and Thailand were at different stages of adapting to an Anglo-American model of corporate governance.

Table 1.1: Corporate Governance Differences

	Law	Corporate Structure	Economics	Governance Model
Thailand	Common/Civil	Concentrated, Family	Private Finance	Control
Australia	Common	Shareholders	Public Capital	Market

In conclusion, corporate governance was not a consistently general practice among Thai corporations; prior to the crisis the governance model, enforcement and the type of corporate structure were still needing to be more extensively developed and applied. Also, although the practices of corporate governance in Australia is more close to the Anglo-American model, the Australian institutional context is different from that of other countries emphasising the Anglo-American model and marks variants of the system.

1.1.2 The Board of Directors (BOD)

Among corporate governance mechanisms, public attention and academic studies increasingly have focussed on the board of directors. As previously mentioned, irrespective of the type of ownership structure, the collapse of major corporations ranging from Enron in the USA, Parmalat in Italy and to HIH in Australia, resulted in criticisms about the causes of collapse being centred around the boardroom (Salter 2008; Melis 2005; Mellahi 2005; Deakin and Konzelmann 2004; Kiel and Nicholson 2007). Thus, boards of directors are obligated to oversee the success of their major

public corporations; corporations being regarded as national assets and significant engines in the nation's economic prosperity (Lorsch and Clarke 2008). Decades before the early 1990s, Mace (1971, 90) found that the board of directors in the USA was comprised of directors who were just "nothing more or less than ornaments on the corporate Christmas tree". In other words, the directors were appointed to and sat on the board without doing anything much; their role was largely a matter of rubber-stamping. Subsequent recent empirical studies have shown that the board of directors has become quite dynamic; board members are involved not only in controlling and monitoring corporations, but also involved in setting the strategy of the companies (Pugliese et al. 2009).

Prior to the crisis, corporate governance was not a big issue for Thailand and its public corporations. However, after the crisis there was an increasing focus on corporate governance and the roles of the board of directors (Persons 2006). Although the use of interlocking directorates remained a similar corporate governance strategy prior to and post crises (Peng, Au and Wang 2001); Suehiro and Wailerdsak 2004), there was an increasing interest regarding women directors (Wailerdsak 2009) and independent directors (Pathan, Skully and Wickramanayake 2007) on board. However, previous studies are silent in respect to the roles of existing and other types of directors and their influence on corporate performance. Although the studies by Pathan, Skully and Wickramanayake (2007) explained the relationship between independent directors and corporate performance, the studies were limited to the banking industry. When comparing two identified countries of Australia and Thailand, research on the board of directors and their effect on corporate performance is most present in Australia (see Kiel and Nicholson 2003).

Overall, the majority of research on corporate boards of directors is based on samples in America, and in Europe to a certain extent; the studies or so-called contingency studies comparing the boards' roles with those of other countries or contexts are still limited and the results of the previous studies do not reflect accurately on the institutional differences across nations (Gabrielsson and Huse 2004). Therefore, comparative research on the relationships between the effects of the directorships and corporate performance is still needed in order to explain and better understand differences in corporate governance among nations.

1.2 Research Problem and Questions

Regardless of the type of directors on the board, understanding how corporate boards impact on corporate performance is a question that is central to the corporate governance research agenda (Nicholson, Alexander and Kiel 2004; Peng, Au and Wang 2001). Moreover, Monks and Minow (2008) support the view that the corporate board of directors is the best constituent when establishing goals and evaluating performance of the company. Although there is some existing research on the roles of the board of directors in helping explain corporate behaviour as ranging from corporate law to stakeholders' perspectives, the topic on how boards and their members perceive their roles as well as their tasks and how those roles, including tasks, influence corporate performance are still under-researched, especially in contexts other than in the USA or in Europe. In addition, there remains a gap between corporate governance research (the ought- or not ought-to-do) and (the actual) practices of the corporate board and its directors resulting from perceptions of directors that may be influenced by preferred performance measures in governing and guiding corporate directions.

To be specific, the central question in the current research is **'how is the emphasis that a board member places on any corporate performance criterion related to their personal attributes, the type of directorship they hold, their individual task profile on the board and the extent to which directors see themselves in a defined functional role?'** It is anticipated that each of these elements is interrelated and these relationships will be explored within the context of the Thai and Australian experiences.

To answer this research question, it is necessary first to address each of the following questions:

- How can the positions of board members be classified?
- What are the relevant demographic characteristics of board members?
- What importance do board members place on specific tasks?
- To what extent do board members see themselves in particular roles?
- What emphasis do board members place on a range of corporate performance criteria?

Corporate performance is not a simple concept. It is a subtle combination of a variety of criteria. Corporate performance is also likely to be influenced by the combination of criteria that are emphasised on a particular board. The emphasis placed on particular criteria is largely a consensus of the perceptions of individual board members. An understanding of the underlying reasons that influence the emphasis placed on a particular criterion, therefore, can be an important step in understanding corporate performance in general. Also, while some aspects of a director's stance may be universal, others may be more strongly influenced by the local corporate and cultural environments. This study offers the opportunity to compare and contrast the corporate scene in two contrasting national settings. Thailand represents an Asian culture that has never been colonised and has remained independent throughout its history up to present (Hill 2002) and it is likely, therefore, to have the least Western influence. Meanwhile, Australia might be regarded as reasonably typical of the Western corporate environment. A comparison of the two contexts should reveal the specificity of directors' views or some of the extent to which directors' perceptions that can be specified and where substantial differences are likely to exist.

1.3 Purposes of the Study

The first objective was to identify board member characteristics, the position of directors, the importance that directors placed on their individual tasks and the degree to which board members were involved in the various roles on the board and their emphasis on various corporate performance criteria in Thailand and Australia. The second objective was to explore and establish relationships between the tasks, roles and emphases placed on corporate performance measures.

The overall objective of the study was to explain similarities and differences in relationships between director variables, especially on directors' roles, the degree of directors' involvement and the emphases on corporate performance criteria in contrasting contexts. The data was used then to explore linkages between directors' practices and their intention concerning their perceived roles and tasks to boost corporate performance in various research contexts. This study was used also to answer a call by Peng, Au and Wang (2001) for an extension of corporate board governance research into emerging multinationals from third world countries before the Asian crisis. The initial focus on corporate governance in Thailand was extended

to explore all types of directors and all types of Thailand-based companies primarily listed on the Stock Exchange of Thailand and to include the study of corporate performance. Lastly, it was intended that the study would fill the research gap noted in previous literature regarding the contingency studies of corporate board of directors which may influence the firm's performance as a result of differences underpinning corporate governance systems across countries (Clarke 2004a; Daily, Dalton and Cannella 2003; Gabrielsson and Huse 2004; Pettigrew 1992). Thus, quantitative, comparative research design for the study was selected as the most comprehensive approach to enable the purposes of the current study to be achieved.

1.4 Significance of the Study

The major contributions of the study are considered to be fourfold. Firstly, by comparing company board member practices in the two countries, the study was designed to further develop and contribute to the current theories in relation to the corporate governance literature as to corporate boards of directors. Secondly, by using Australia and Thailand as the research sites, opportunities arose to compare local financial and corporate governance situations across the Asia region, and advance the understanding of the practices of directors in different national settings. Thirdly, the social motivation was that the research experience would add to the researcher's personal and professional understanding of the value of research as a general discipline, and in the specific discipline of corporate governance. Lastly, the study provided a contribution to the wider community in that promotion of the theory and practice of corporate governance would assist in focussing the work of academics and practitioners.

For academics, these were the opportunity to extend current models and board membership behaviours together with helping raise the level of public awareness of corporate board practices of different countries. Policy makers and regulators in both countries would be able to use generated data and models to form appropriate rules and policies on corporations and their directors, thereby preventing conflicts of interests arising from other concerned constituents, including society-at-large and at the same time guiding the development of companies in a long-term prospect. Executives, shareholders and other companies' stakeholders would benefit from data

that highlight the advantages and disadvantages of board practices as part of their corporate involvements.

1.5 Research Method

Since the current study addressed similarities and differences of various concepts suggested by theories concerning the roles and suggested tasks of board members in relation to their emphases on preferred corporate performance criteria in the two contexts, a comparative research design with a quantitative research approach was utilised to explore the extent to which the practices of board members based on their perceptions in the two countries could be generalised. Although, the current study is exploratory in nature, it was decided to use a quantitative approach initially in order to gain exploratory data to answer the research question, leaving the possibility of qualitative data collection (i.e., interviews) in subsequent studies to support the result of the current quantitative project in both countries. In this regard, the researcher acknowledged the time lag as a result of the cross-sectional data analysis; therefore, the same instrument will be utilised again if necessary in order to reduce the gap of the time difference. Also, the researcher acknowledged the trade-off among the available research methods as mentioned in the delimitation of the study in this Chapter, Section 1.7 and also in the limitations of the current study in Chapter 5, Section 5.7.

Data were collected by standardised questionnaires surveying board members of corporations listed on the stock exchanges of the two research sites, namely Australian Securities Exchange (ASX) in Australia and the Stock Exchange of Thailand (SET) in Thailand, respectively. The data were used to explain the importance of individual director tasks and the extent to which board members involved in various roles are related to the emphases of corporate performance criteria and to explore relationships among types of directors, board member attributes, director tasks, their involvement in various roles and corporate performance measure emphasis. Apart from questionnaires surveying directors in the two research contexts, secondary data from multiple sources was used; e.g., company annual reports in Australia and 56-1 forms in Thailand to identify and verify the accuracy of subjects investigated (i.e., the name of the company and its current directors).

1.6 Operational Definitions

1.6.1 Definition of Corporate Governance

The current study follows the broader definition of corporate governance given by the Organisation for Economic Co-operation and Development (OECD) in 2004 that corporate governance involves a set of relationships among four actors, which are a company's management team, board of directors, shareholders and other stakeholders, and corporate governance also provides a structure and a mean for achieving a company's objectives including monitoring the performance of a company (OECD 2004, 11) in order that it can capture the possible differences across contexts.

1.6.2 Board of Directors' Roles and Director's Tasks

The current study focusses on a so-called 'a broad generalisation communicated by a concept' (Berg 2004) of roles (i.e. strategic, monitoring/control and service & advisory) that were suggested and found in the literature for the board of directors and its members to perform. It is not concentrated upon a specific function of the board as suggested by Corporate Law (Clarke 2007) or according to the principles such as agreed upon for the OECD member countries (OECD 2004) or by previous literature that used the concept of 'function' interchangeably with the concept of roles of the board (i.e. Mace 1971; Huse 1993; Jonnergård, Kärreman and Svensson 2004) or where the function of the board of directors may be framed following a certain concept of corporations (i.e., rational and natural types of corporation). For example, according to the rational type of companies, the concept of corporations refer to where "the rules governing behaviour are precisely and explicitly formulated and to the extent that roles and role relations are prescribed independently of the personal attributes and relations of individuals occupying positions in the structure" (Davis and Scott 2003, 29). In other words, according to the rational perspective on companies, the board of directors is supposed to be performing with a formalised or standardised conduct (i.e. a certain role or a set of agreed/assigned roles or other areas, apart from the specific roles, important to the board) that can be shown explicitly, detected and regulated for achieving specific *goals* established for corporations. Therefore, the function of the board may contain a complete list of the board's responsibilities in corresponding to that particular definition of corporations. In other words, there must be every task in order for the board to function (Scott and Davis 2007). However, goals may be varied from one corporation to another and this is not to mention when

studying across one particular context. Also, goals are more appropriate to be conducted by means of a qualitative approach (i.e. observations), not by the deductive process as argued in the current study (Simon 1978).

Moreover, study into two separate countries at the directorate level of companies may create more room for flexibility for possible answers when roles of the board of directors are not guided by any particular function in any particular context of any corporate board that follows the certain concept of corporations as exemplified. Instead, the current study utilised a list of task items (or so-called activities in some literature such as that of Daily 1995 and that of Jonnergård, Kärreman and Svensson 2004) of individual directors in order to study the perceptions of individual directors in both countries; tasks are possible items identified to describe outcomes that are cognitive in nature (Forbes and Milliken 1999) and that are involved by individual directors at the corporate board level (Huse 2007), which are introduced more in the Literature Review Chapter, Section 2.5.

1.6.3 Inside/Executive Directors

Generally speaking, inside or executive directors are directors who also have other positions (such as Chief Executive Directors/Chief Finance Officers/Chief Operating Officers or other top management team members as well as senior officers) within the corporations (Mooney et al. 2007).

1.6.4 Outside/Non-Executive Directors

In contrast to inside or executive directors, outside or non-executive directors or independent directors do not hold any other positions within the companies or are not a full-time employee of the company (Mallin 2007, ix). They are not involved in the day-to-day operations of companies (Phan 2007). They are not, and have never been, employees of the company on whose board they sit (Kosnik 1990).

1.6.5 Interlocking Directorates

Broadly put, interlocking directorates or the practice of board ties occurs when “a person affiliated with one organisation sits on the board of directors of another organisation” (Mizruchi 1996, 271). Since Australia and Thailand have a unitary board system, the study focussed on the direction of ties between a specific director

and the board of another corporation that can be in a vertical or a horizontal relationship indicated by the answers of research participants.

1.6.6 Corporate Performance Criteria

“Performance measurement must be a flexible and changing concept. What is suitable for one time or company is wrong for others” (Monks and Minow 2008, 43). The current study, then, concerns more of the ‘preferred’ corporate performance criteria viewed by directors and an instrument developed for the current study provides general items of corporate financial and non-financial performance criteria used and found in the literature. Non-financial performance measures such as those specifically to the social performance indicators (i.e., public responsibility and safety, employee diversity, well-being and equal opportunity, charitable activities, pollution control, waste management and forest restoration) are excluded.

1.7 Delimitations of the Study

At the ‘unit of analysis’ level, the focus of the study is on individual directors of Australian and Thai-based firms listed on the ASX and SET respectively in 2009. Therefore, other forms of corporation such as private firms and not-for-profit organisations that may apply similar concepts of corporate board practices were excluded. Moreover, apart from highlighting the likely impact of national context, conclusions of this study cannot be generalised beyond the two countries involved. Lastly, there was a balance sought between depth and breadth of data; whilst this may not be ideal, it was considered satisfactory as the study largely involved exploratory research and analysis.

1.8 Organisation of the Study

The report of the research study was organised and presented in five chapters. The first chapter has introduced the background and explains the context of the study, including a brief overview of current Australian and Thai corporate governance and board practices. Also included are comments on the research problem, the justification of the research study, the study significance and an overview of the research methodology. The second chapter provides a review of the extant literature concerning previous research activities and theories underpinning corporate governance, the type of directors, the roles of the board, the tasks of directors and a

review of empirical evidence showing directors' perceptions of their roles and tasks in cross-national studies. Chapter 2 concludes with an overview of the two research contexts for the current study and the identified extant literature and the formation of a hypothetical model which summarises that literature. This model was used in an emergent planning process to inform the construction of the research activities to be undertaken, as described in Chapter 3.

The third chapter provides details of the research methodology selected as most appropriate for the study. Constructed as the means of investigating the hypothetical model developed in Chapter 2, the research design is discussed in operational terms and indicates strategies used in sampling, instrumentation development and data collecting/processing/analysis. The fourth chapter presents an analysis, a discussion and evaluation of the research findings. Findings are reported and evidence is highlighted to illustrate the relevance of the data to the original research questions. Initially, the descriptive information is presented. Relationships are analysed then and the evidence is evaluated and discussed, and conclusions drawn relative to the original hypothetical model. This model is revised and the new understandings of the roles of the corporate board are placed in a 'current practice' or the research outcome model that is compared with the original hypothetical model. Chapter Five commences with a brief statement of the overall thesis development that describes the research process used in the first four chapters. Conclusions derived from the study are highlighted, including a statement of the implications arising from the findings. The study concludes with an identification of new questions that may be set forth for possible investigation; i.e., recommendations are made for the purposes of future research regarding the theory and practice of corporate directorates.

1.9 Summary

Chapter 1 has provided a background to the research and an overview of the research contexts for the study. Also the research problem was identified and an indication presented of how the study design was structured to address the research gap. An introduction to the methodology was presented and the delimitations of the study were described. The organisation of the overall study report was laid out in order that readers could see the developmental nature of the dissertation.

CHAPTER 2

LITERATURE REVIEW

2.1 Background

In Chapter 1, the complexity of the corporate governance concept was introduced to show that corporate governance development is varied in different countries. As a result, the variations in each country influencing corporate governance mechanisms such as corporate board of directors' practices and behaviours may exist. Moreover, the research into perceived roles of directors, especially in relation to directors' preferred performance measures is limited. Therefore, in Chapter 1, reasons were presented to justify why research on roles as perceived by company directors demands more attention and, currently, is the subject of further investigation into contextual differences in the corporate governance system; specifically, the relationship between roles, tasks and diversified usage of corporate performance measures across countries. In addition, directors' tasks are explored to help operationalise the concept of roles of directors that may help influence their perceptions towards various corporate performance measures.

Chapter 2 provides a survey of extant literature relevant to corporate governance. A review of the roles of corporate boards is examined in the light of number of theories in order to determine what is known from past research and an outline of the directors' tasks is introduced. Then, there is a review on the corporate board and directors' perceptions of their roles and tasks across countries. Consequently, there is a review on research contexts and a hypothetical model of previous research on the topic is proposed for use in guiding the current study to better understand directorships and their perceptions in relationship to their preferred company performance measures in different contexts, and as a basis for the current research. Chapter 2 has been organised into eight major sections as follows: (1) corporate governance research and theories; (2) review on the type of directors and their roles; (3) review of the roles of the corporate board and its directors; (4) an introduction to directors' tasks; (5) the perceptions of corporate board and its directors on roles and tasks in a cross-national context; (6) an overview of the contexts of extant research on company directors in the two countries, namely Thailand and Australia; (7) the hypothetical framework for the current study; and (8) the summary of the chapter.

2.2 Corporate Governance Research and Theories

2.2.1 The Reality of Corporate Governance Systems across Countries

Research viewpoints concerning corporate governance have been drawn mainly from two points of view, the sociological and economic perspectives. From a sociological perspective, the variations in corporate governance systems around the world that have flourished since the 1990s, as reviewed and argued empirically by Pedersen and Thomsen (1999), are due to the differences in the business system of each particular country, resulting in recognition of distinct corporate ownership structures, behaviours and performance.

As argued by Pedersen and Thomsen (1999), the business-system framework was structured around not only common economic factors such as the size of the economy, the firm size and the stock market size, but also institutional factors such as government regulations, financial system, labour-market and culture of the particular nation. This argument also was supported by Redding (2004) who considered that the effectiveness of corporate governance and the strength of corporate governance mechanisms in the western context, particularly in the United States of America (USA) and in the United Kingdom, could not be transferred to the Asian context such as Japan, China, Singapore, Thailand and Indonesia; the basic assumption pertaining to the existence of the corporations, in addition to the corporate ownership structures assumption, is the lack of similarity among national contexts. Corporations exist in the western context, as argued by Redding (2004), for shareholders' benefits, which is an American business system concept; by contrast, in the Asian context, corporations exist for a number of different purposes such as for employment in Japan, for the build-up of the nation in Korea or for the community in China.

Moreover, variations stemmed from the sources of funding, the development of economies or the level of industrialisation process, the governmental intervention in corporations' activities and the interpersonal trust, including connections, which once again can differ significantly between the Western and Eastern contexts (Redding 2004). Even in Europe (the United Kingdom excluded), corporate governance is based on relationships and close business networks (Clarke 2004a). In addition, Aguilera et al. (2008; italics added) proposed an *organisational* sociology approach for understanding the effectiveness of corporate governance practices based on the

technical, managerial and institutional diversities specifically to contexts. Thus, the focus of the sociological approach in general, as summarised by Davis (2005), is on the dynamics of the institutions as complementing the economic perspective.

From the economic perspective, variations in corporate governance systems stem from aspects of these institutions such as corporate ownership structure, the legal system and the composition of the board of directors that help maximise shareholders' wealth and determine how close the objectives of agents (such as managers) are with those of principals (or the owners/suppliers) of the companies' capital in terms of managing the corporations and helping determine their management and control functions (Gugler et al. 2004). The survey of corporate governance by Shleifer and Vishny (1997), for example, determined that even among the developed countries such as the USA, Germany and Japan, the structure and the effectiveness of the company board of directors vary. The legal perspective involving issues such as voting rights and legal actions against the wrongdoings of managers is to a lesser or a greater extent dependent on the background of the countries having strong or weak corporate governance systems (Shleifer and Vishny 1997).

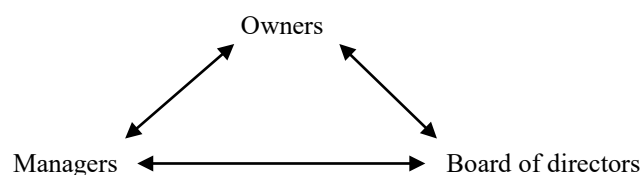
The empirical, classical study by La Porta et al. (1998) also confirmed that the origin of laws (whether or not they are rooted in common or civil laws or in a combination of both), their subsequent development and enforcement resulted in various levels of legal protections towards the majority and minority of shareholders across the world; the consequence being that the corporate ownership structures can be high- or low-concentrated in responding to the level of legal protection for investors. Another study by La Porta, Lopez-de-Silanes and Shleifer (1999) argued that among wealthy countries, such as in Europe and in Asia, the majority of the corporate ownership structure is actually concentrated in the hands of families or the government, not dispersed or widely-held by diversified shareholders as commonly found in the USA. This kind of study was extended and confirmed by Claessens, Djankov and Lang (2000); viz., that East Asian (Japan excluded) corporate ownership is mainly concentrated in, or controlled, by families.

In addition to the sociological and economics perspectives, an emergent viewpoint is from contingency theory whereby, taking stakeholders and contexts into account,

there is no single way to best design a corporate governance system and a board of directors for that particular context (Huse 2005). The factors relating to contexts, as explained by Huse (2005, 44), include “national, geographical and cultural differences; the industry and corporation environment; variations in ownership dispersion and types; differences in firm size; life cycle variations including the importance of crises and the configuration of corporate resources; and CEO tenure, attributes and background”.

Regardless of the contextual differences, Lorsch and MacIver (2004) and Clarke (1998) argued that, in order to understand the corporate governance in any country, the basic relationship among three groups needs to be understood (see Figure 2.1).

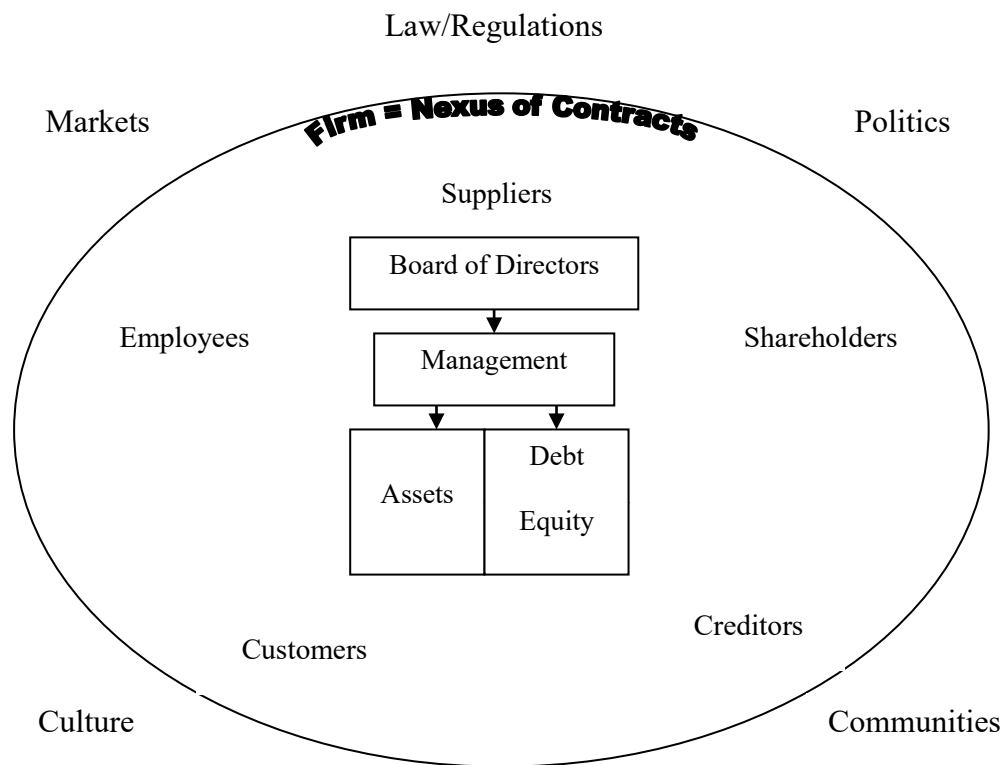
Figure 2.1: A Model of Corporate Governance



Source: Clarke (1998, 60)

In this regard, Gillan (2006) later added that corporations are more than just the established relationship among those three groups and other providers of the capital such as debt holders (see Figure 2.2). He promoted a more comprehensive model of corporate governance incorporating other stakeholders and a wider community in order to capture the realities of the governance environment in furtherance of the theory of the firm extended by Jensen and Meckling in 1976. They had developed the work of Coase and other scholars who conceptualised firms as production processes (Bourdeaux and Randall 1989). While Alchian and Demsetz (1972) viewed firms as team production processes and supported the renewal of contracts within a team and among team members in order to achieve high outputs for corporations, Jensen and Meckling (1976) viewed corporations as a nexus of contracts among individuals or invested parties in public corporations in which the conflicting interests between the agents (managers) and the principals (the owners or suppliers of capital) may occur. As such, a need for mechanisms (i.e., board of directors) emerged to align both parties’ interests and reduce possible conflicts.

Figure 2.2: Corporate Governance: beyond the balance sheet model



Source: Gillan (2006, 383)

However, the above model is still based upon the concept of the firm as ‘a nexus of contracts’ following the assumption of the agency theory (the shareholder-focussed) where there is a question of the ‘shorttermism’ of the theory where there is an argument suggesting that the long-term relations based on social contracts (the stakeholder-focussed) should be more efficient (Huse 2007).

2.2.2 Corporate Governance Definition, Mechanisms and the Introduction of the Four ‘Usual Suspects’

Corporate governance can be defined specifically following the agency (or shareholders’ wealth) perspective as “the set of mechanisms – both institutional and market-based – that induce the self-interested controllers of a company to make decisions that maximise the value of the company to its owners (the suppliers of capital)” (Denis and McConnell 2003, 2) or generally as “all the influences affecting the institutional processes, including those for appointing the controllers and/or regulators, involved in organising the production and sale of goods and services” (Turnbull 1997, 181). In the current study, a wider definition has been used; viz., that

provided by the Organisation of Economic Cooperation and Development (OECD) to guide their member/non-member countries as an international benchmark, as defined previously in Chapter 1, Section 1.6.1. The focus of the definition takes into consideration not only shareholders, but also stakeholders of corporations; a view supported by Blair (2004), that corporations exist to serve a larger social purpose, not only a return to shareholders.

In this regard, it is worth noting that the application of the corporate governance definition is related closely to the country context. The Anglo-Saxon (i.e., UK, US, Australia, New Zealand) definition is grounded in the contract system or nexus of contracts, following an assumption whereby the focal point of corporate managers/agents is on maximising shareholders' wealth (Bradley et al. 1999) whereas in other countries (i.e., in continental Europe and Asia) the underlying thesis is geared more towards stakeholders' interests (Aguilera 2005; Bradley et al. 1999). As a result, a diverse corporate governance definition applicable to local public corporations exists across nations. An exception is the OECD's corporate governance definition which encourages the diversity of cultural, legal and economic situations among its member and non-member countries (Clarke 2007).

When considering corporate governance mechanisms strengthening the corporate governance system, Gillan (2006) concluded that there are two groups of mechanisms: one that is internal to firms, the other is external. The internal mechanisms are those that deal with the board of directors, managerial incentives and capital structure; the external mechanisms deal with law and regulations, markets for corporate control and labour, including product markets, accounting and financial services. Luo (2005) added the concept that the corporate governance system could be performed effectively through three mechanisms; viz., market-based such as those mentioned by Gillan (2006), the cultural-based such as governance culture and corporate integrity, and the discipline-based such as executive penalty, internal auditing and ethic programmes in order to capture the multinational type of corporations operating across local borders.

Among the corporate governance mechanisms mentioned, the discussions of academics and practitioners are centred increasingly on the boardroom, despite a

variety of corporate governance theories. The corporate board of directors is seen as a link between the providers of corporate capital and those who put corporate governance codes of conduct to work (Cadbury 2004). Moreover, it has been regarded as the highest level of the corporation (Siebens 2002) and is viewed as the “common apex of the decision-control systems of organisations” according to an economic perspective or the agency theory (Fama and Jensen 1983, 311). Furthermore, based on a legalistic theory, when a corporation is viewed as a legal person and thus the board of directors is subjected to fiduciary duties (i.e., duty of care and loyalty of directors) upon the entire corporation (Iacobucci and Triantis 2007; Monk and Minow 2008). Normally, the fiduciary duties of the board of directors are referred to the directors’ duties for the corporations built upon the Anglo-Saxon law (Salter 2008). However, as noted by Nicholson and Cook (2009, 307) “directors (and managers) under most legal systems are required to act in the interests of the company as a whole”. Apart from agency and legalistic realms that were mentioned, the corporate board of directors has specific duties to achieve the stockholders’ wealth over a long period of time (Johnson, Daily and Ellstrand 1996).

In previous studies in relation to the corporate board of directors and its impact on corporate performance, investigations were mainly conducted based on the so-called four usual suspects; they are the number of board members or board size, the ratio of outside and inside directors on the board, the CEO/Chairman duality and the director equity ownership of the firms (Finkelstein and Mooney 2003). However, so far in relation to the four usual suspects there has not been strong or conclusive evidence on their association with the corporations’ performance (Abdullah 2004; Bhagat and Black 2002; Dalton et al. 1998; Dalton et al. 1999; Dalton et al. 2003; Elsayed 2007; Lam and Lee 2008; Rhodes, Rechner and Sundaramurthy 2000). Therefore, it is suggested that the general focus on how boards work needs to be shifted to studies of the board process (Finkelstein and Mooney 2003; Wan and Ong 2005; Huse 2007). To date, studies concerning corporate boards of directors have been grouped into four types of studies: input-output (i.e., black box of the corporate board), behavioural (i.e., actors, process or decision-making), contingency (context, open system or interaction with environment) and evolutionary (i.e., history, time or change) studies. Even so, the international studies on corporate boards are based more on the input-

output model, such as those mentioned for the four usual suspects (Gabreilsson and Huse 2004).

2.2.3 Corporate Governance: Models and Theories

Reference to corporate governance theory is normally based on the general agency relationship of delegation between suppliers of capital and managers; i.e., agency theory (Carver 2007) as described more below. Based on the Western context of the separation of ownership and control of corporations, the agency theory, also referred to as the dispersed corporate ownership structure, is the dominant theory of corporate governance (Clarke 2004a; Redding 2004). The agency theory assumption underlying the separation of ownership and control follows the classic study by Berle and Means' (1968) research on USA corporations whereby, due to the increase of public ownership or so-called dispersed corporate ownership structure, corporations were run mainly by managers even though conflicts of interest could arise between the managers and shareholders.

According to Jensen and Meckling (1976), the agency theory defined as a relationship between principals (shareholders) and their agents (managers) who are delegated to run the corporations on behalf of the shareholders corresponds to the dispersed corporate ownership structure prevalent in the USA at the time. However, as can be seen in the arguments of La Porta, Lopez-de-Silanes and Shleifer (1999) and Claessens, Djankov and Lang. (2000) there is no separation of control and management when owners of the corporate capital are the same group of people that manages and runs the companies, as occurs often around the world and among Asian corporations. Thus, it can be inferred that the corporate governance model can be varied when it is based on different corporate ownership structures. In addition, other attributes help contribute to the diverse elements of governance; e.g., the financial system, the financial or strategic interests in associated with companies, ownership liquidity and the protection of minority shareholders in a form of information being disclosed publicly (Aguilera and Jackson 2003), the conception of corporate value (Huse 2007) and those as mentioned in Chapter 1, Section 1.1.1 and Chapter 2, Section 2.2.1. Also, there are factors such as a concept of firms, a board system, a role of stock market in national economy, and existence of market for corporate control distinguishing various corporate governance systems around the world in

developed and developing economies (Reaz and Hossain 2007). In other words, the corporate governance model is not a standardised model across countries outside the Anglo-Saxon or Western context. In a broader term, the two distinguishable models for corporate governance, market vs. control, emerged as shown in Table 2.1.

Table 2.1: Characteristics of the Market and Control Models

Market Model	Control Model
Setting <ul style="list-style-type: none"> • Prevalent in UK, USA • More reliance on public markets • High ownership liquidity • Shareholders are anonymous investors, not managers • Widely dispersed shareholders • Shareholders only have financial connections to the company 	Setting <ul style="list-style-type: none"> • Prevalent in continental Europe, Asia and Latin America • More reliance on private capital • Illiquid ownership • Concentrated shareholders base often overshadows minority shareholders • Shareholders view company as more than an asset and as interested in financial and non-financial returns
Element of governance <ul style="list-style-type: none"> • High level of disclosure • Focus on short-term strategy • Independent board members • Shareholders view company as one of many assets held • Ownership and management are separate and at arm's length 	Element of governance <ul style="list-style-type: none"> • Secretive • Focus on long-term strategy • Shareholders with control rights in excess of cash flow rights • Shareholders have connections to the company other than financial (i.e. managers, board members, family) • Insider board members • Ownership and management overlap significantly

Source: Lane et al. (2006, 149)

Also suggested have been alternative theories such as managerial hegemony (Mace 1971; Lorsch and MacIver 2004; Pettigrew 1992), stewardship (Davis, Schoorman and Donaldson 1997), institutional (Scott 2008) and resource dependence (Pfeffer and Salancik 2003; Hillman, Cannella and Paetzold 2000). They supplement agency theory on different grounds and assumptions, resulting in more variety of mechanisms strengthening the corporate governance concepts and practices across countries. For example, stewardship theory focussed on trust between the manager and shareholders; in addition it was predicted to operate well in an unstable environment and be suitable for cultures that are collectivist and have low power distance (Davis, Schoorman and Donaldson 1997). Recently, four theories encompassing the corporate governance systems across countries have been proposed by Hilb (2006); viz., agency or shareholder, stakeholder, shareholder/stakeholder and firm-interest theories. It was argued that the corporate governance model of firms such as in Asia and in Europe is oriented towards stakeholders rather than shareholders (Aguilera 2005).

There is an ongoing debate as to whether the convergence of a corporate governance model across countries could be based plausibly on a common model or on the market model such as the Anglo-Saxon model; however, it has been noted that convergence is unlikely to happen because contextual underpinnings of institutions such as legal traditions and political dynamics cannot be ignored (Guillén 2004). In addition, evidence can be drawn from previous literature cited above that the ownership structure of corporations of many countries is concentrated in the hands of families, or other types of ownerships, which is contrasted to that of the Anglo-Saxon model that has the dispersed, corporate ownership structure. Also, it was observed by Branson (2001) that the majority of the managers around the world are over-performing, but the Anglo-Saxon model focuses on under-performing managers. The observation on the convergence concept is not supported empirically in countries such as Indonesia, where it has been confirmed that the country is unlikely to follow the Anglo-Saxon model (Rosser 2003).

2.3 Type of Directors

So far there are three common types of directors on the board that is mainly categorised and discussed in the literature. They are inside or executive directors, outside (non-executive) directors and interlocking directors. Below is a brief introduction of each type and the discussion of their common role on the board.

2.3.1 Inside (Executive) Directors

An emphasis of having inside directors on the board is the contribution of their experiences in dealing with corporate issues on a daily basis. As identified in Table 2.1 on the characteristics of a control model of corporate governance, board members in family-businesses are more likely to be insiders and able to provide a strong control role. A control role is supported by agency theory where the organisational decision processes are in the hands of a few agents who belong to both the management team and the board (Fama and Jensen 1983); however, a difference between a control role of the family business and a control role put forward by the agency theory (as explained more in a subsequent subsection) lies in an assumption underpinning the control role from the agency perspective that is based on a dispersed corporate ownership structure found in the U.S., not based on a concentrated corporate ownership structure found in Asia or in Europe. Therefore, outside directors are

preferred based on the agency perspective to help control the management. Another viewpoint is from the resource dependency theory where inside directors, apart from having specific knowledge in areas such as law and finance, they are experts on the corporation and strategy as well as direction of their companies that can contribute to the board (Hillman, Cannella and Paetzold 2000).

2.3.2 Outside (Non-Executive) Directors Roles for Corporations

In theory, it is agreed that outside directors or non-executive directors possess independent opinions and have a breadth of knowledge that is beyond that of specific companies and thereby valuable to boards (Demb and Neubauer 1992a). Their roles, according to the agency perspective, are to provide control by setting executives' compensation, finding the successor for top executives and signalling the markets that they are experts in controlling decisions (Fama and Jensen 1983). It is believed that by having outside or non-executive directors on the corporate board, their independence can contribute to the monitoring function (Chen et al. 2006). Howton, Howton and McWilliams (2005) reviewed previous studies and concluded that there are conflicting results in terms of outside directors being effective at monitoring. They are proven to be effective in certain situations such as when other forms of corporate governance mechanisms are weak or in responding to a market that favours independent boards (Howton et al. 2005). Another perspective supported by recent evidence is that outside directors' experiences and expertise help the firms' acquisitions (McDonald, Khanna and Westphal 2008).

Smith and Walter (2006) argued that the real purpose of having outside directors is to support management and the company as a good team player. Other roles found to be helpful are to give advice to the management team because, as outside directors, they have experiences and expertise in areas the company wants to exploit; they may report the work of management to the outside world of corporations; and the first role is not limited to open or large corporations with extensive shareholders only, but also family businesses (Mace 1971). Furthermore, Hillman, Cannella, and Paetzold (2000) contended that outsider directors, which are categorised into business experts, support specialists and community influentials, can provide resources needed by corporations as part of their resource dependence roles to the companies. In addition, Adams, Hermalin and Weisbac (2008) also reviewed previous studies and classified outside

directors into four different types; viz., bankers, venture capitalists, politically connected directors and chief executive officers as directors themselves; each type having its own unique role on the board.

All in all, it is concluded that “outside directors typically have backgrounds that will enable them to be valuable to a board, or to represent an important constituency” (Adams, Hermalin and Weisbach 2008, 28). They are on the board to provide monitoring and strategic advising roles (Aguilera 2005). Outside directors are on the boards to monitor the performance of companies (Lorsch 1995).

2.3.3 Interlocking Directors

2.3.3.1 Definition, Formation and Function of Interlocking Directorates

Although in some literature (i.e. Aguilera 2004) interlocking directors are mentioned to help minimise agency costs, discussion on the practice of board ties and interlocking directorates relates more to the resource dependence role by allowing directors access to and from other boards. A generally accepted definition by Mizuchi (1996, 271) captured the view that interlocking directorates occur “when a person affiliated with one organisation sits on the board of directors of another organisation”.

From the Western literature, it has been held that the use of interlocking directors is an organisational strategy for reducing environment uncertainties, thereby supporting the view that the formation of interlocking directorates is the cooptation model for the corporate sector, or so-called resource dependence theory (Bazerman and Schoorman 1983; Zang 1999). Uncertainty, from the resource dependence perspective, refers to “the degree to which the future states of the world cannot be anticipated and accurately predicted” (Pfeffer and Salancik 2003, 67). As such, the interlocking directorship is a form for managing those uncertainties for a corporate dependent on the environment (Butler and Carney 1983) by providing the forum for exchanging information and expertise (Zang 1999). Usually, it is conceptualised as a need for corporations to ensure that they have sources of supplies and markets for their products (Mariolis and Jones 1982).

However, from a sociological perspective, director interlocks are viewed as an elite class or so-called class alliance, whereby the board is a socialising place for an upper class of directors and executives (Caswell 1984) which, in turn, provides channels of communication among the upper class (Mariolis and Jones 1982; Carroll and Alexander 1999). On the other hand, the 'influence' perspective put forward by Mizruchi and Bunting (1981) concluded that since boards have several interests, the most accurate description of interlocks would be to permit influence, rather than control, of boards belonging to other corporations. Dooley (1969) concluded that, in the United States of America from 1935 to 1965, interlocking directorates existed basically for three reasons; they were influential in gleaning financial capital from banks, the local community and competitors even though there was a law prohibiting such ties among competitors.

Five theories concerning the formation of interlocking directorates are indicative of specific roles of directors; viz., collusion, cooptation and monitoring, legitimacy, career advancement and social cohesion (Mizruchi 1996).

The theory of collusion or cooperation among competitors can be recognised in price-fixing actions or other attempts that delimit competitors' companies that intend to enter existing markets. Although collusion can be created by interlocked directors among competing companies that operate in the same industries, there is little empirical evidence supporting the theory (Heracleous and Murray 2001). Secondly, the cooptation and monitoring, or resource dependence, theory relates to the way in which company dealings with environmental uncertainty employ an interlocking directorate strategy for sharing information necessary for the firms' survival and success. On the other hand, legitimacy theory concerns the prestige of the companies that are linked through the reputation of a director who is interlocked with the board of more than one firm.

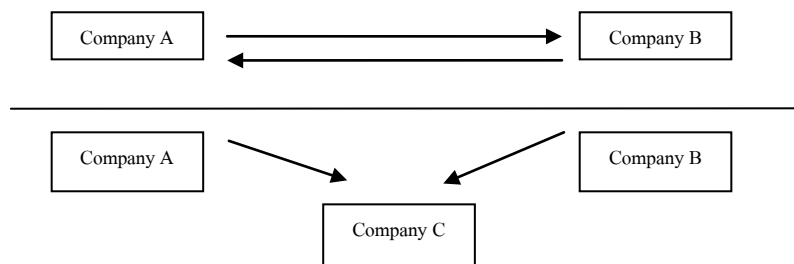
Fourthly, the career advancement theory put forward by Zajac (1988) is concerned directly with the individual employment opportunities of directors. Lastly, the social cohesion theory supports the view that interlocked directors act as an elite group or class hegemony in serving board interests. In this regard, Koenig and Gogel (1981: 40) described class hegemony as "a network through which affect, evaluation,

knowledge, opinion, influence and power are constantly passing among directors”. The circulation of directors through networks can be found through the interaction of both formal and informal channels such as social clubs, school reunions, business conferences and other events.

2.3.3.2 Corporate Interlocks Characteristics

For the one-tier board system such as in Australia, the USA and the UK, the most common and widely accepted characteristics of interlocks are those related to them being direct or indirect, as described by Schoorman, Bazerman and Atkin (1981) as shown in Figure 2.3. Direct interlocks take place when the director of Company A sits on the board of the Company B; i.e., the interlock of the two companies is created by one person. One person can be a director or an executive who is shared by two firms (Lang and Lockhart 1990). As such, this type of interlock can create strong, primary ties between the two companies (Carroll and Alexander 1999).

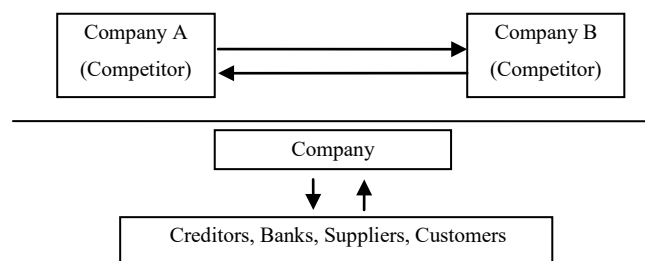
Figure 2.3: Direct vs Indirect Interlocks



Source: Adapted from Schoorman, Bazerman and Atkin (1981, 246)

Pfeffer and Salancik (2003) described how interlocks also can be described as being horizontal or vertical, as shown in Figure 2.4. A horizontal interlock is a tie among competing companies and a vertical interlock is the tie between the company and their suppliers or creditors, including customers and government agencies.

Figure 2.4: Horizontal vs Vertical Interlocks



Source: Adapted from: Pfeffer and Salancik (2003)

A significant characteristic of interlocks was discovered by Davis (1991) who investigated three different communication roles of directors; the tasks examined were those of sending, receiving and neutral promotion of the interests of the company. Research findings indicated that sending or receiving of communications by directors had no effect on neutral directors; therefore, the best-fitting model should use the total number of director interlocks regardless of the differentiation between strong or weak ties. However, the concept of different behaviours by interlocked directors raises the issue of the benefits and disadvantages that can accrue from such behaviours.

2.3.3.3 Benefits and Disadvantages of Interlocking Directorates

Concerning the use of board interlocks, Schoorman, Bazerman and Atkin (1981) proposed that there are four benefits; viz., the communication benefit due to the horizontal form of interlocks; uncertainty reduction benefit due to the vertical form of interlocks between inputs (suppliers) and outputs (customers) of the companies; skills and knowledge or expertise gained from individuals as a result of personal linkage formation; and image or reputation benefit created by having a particular composition of individuals on the board. However, each of the benefits can be regarded as producing the same result; viz., the reduction of uncertainty and risk in the organisational environment. In fact, in supporting studies, Schoorman, Bazerman and Atkin (1981) determined that interlocking was used as a way to reduce uncertainty because that was beneficial to businesses and their shareholders in terms of profit-maximising.

Bresser (1988) described interlocking directorates as part of the collective strategies adopted by companies when dealing with environmental uncertainty. Further, he asserted that board ties establish linkages and channels of communication through which information from other companies can be obtained. However, viewed from the business policy perspective, Bresser (1988) asserted that where companies adopt the cooptation strategy or collective strategy with the competitive strategy in order to manage the intra-inter industry activities, the companies run a high risk of information leaking to other focal organisations and competitors. Similarly, Haunschild and Beckman (1998) empirically demonstrated that, by providing information, corporate behaviour can be affected in terms of corporate strategies and structures. However, Carpenter and Westphal (2001) supported the usefulness of interlocking directors in

providing knowledge and expertise as part of the monitoring and advising roles to a specific board when the interlocked companies are strategically related to the specific company.

However, Samkin, Allen and Mundy (2009) reviewed and noted potential disadvantages of interlocking directorates such as:

- (1) the issues concerning conflicts of interest created by each director interlocked with more than one company,
- (2) the decrease in monitoring and control functions of interlocked directors as a result of the time constraints on multiple boards,
- (3) the negative reputational effects as a result of the performance of the interlocked companies, and
- (4) the collusive or group interest activities such as the influence of CEO compensation or the adoption of senior management remuneration packages or mechanisms due to the practices from one board being transferred to another board through interlocked directors.

In line with an argument by Mizruchi (1996), Heracleous and Murry (2001) supported the view that board ties are a classic indicator of network ties and, as part of corporate strategy, board ties are predicted to help increase the corporate performance. In addition, taken from the view of an interpersonal linkage between firms, interlocking directors are proposed to “carry a special responsibility with regard to the creation, maintenance and development of the ties which underpin interdependence and its durability, which embody trust and generate learning at a strategic level” (Heracleous and Murry 2001, 148).

2.3.3.4 Interlocking Directorates Research around the World

Research in this tradition is avowedly sociological. The focus is on the analysis of business power and the corporate elites rooted in the quantitative techniques of network analysis (Pettigrew 1992, 165).

Research on interlocking directorates appeared in the U.S. in the early 20th century as a result of the Clayton Act of 1914 imposed on corporations to prohibit them from the practice of director ties among competing firms (Douglas 1982; Lang and Lockhart

1990) and the board ties between banks, railroads and their prospective suppliers (Fennema and Schijt 1978). It is noted, therefore, that the practice of board ties or corporate interlocks, the highest level of inter-corporate leaders involved with many corporations in the U.S., was institutionalised well before the publication of the *Modern Corporation and Private Property* by Berle and Means in 1932: the fathers of the resulting agency theory that contributes to the subject of the corporate governance issues among the previous and the current generation corporations (Mizruchi 1982). As for research on interlocking directorates in Australia, it resulted from the government being criticised because there was little emphasis pertaining to the law prohibiting board ties among competitors or the specific number of the boards on which each director could sit (Carroll 1990). Even though there was less apparent concern regarding the reasons why interlocking directorates existed and concerning their significance towards the Australian economy, the existence of board ties was accepted as part of corporate governance in Australia (Carroll and Thanos 1994). There has been a long line of research on interlocks in other developed countries showing the different purposes of having board ties embedded in the culture of that country (Cox and Rogerson 1985).

More recently, research on the same topic has appeared in other continents such as in Asian countries, namely Singapore (Zang 2000; Zang 2001), Hong Kong (Au, Peng and Wang, 2000) and Thailand (Peng, Au and Wang 2001) with the exception of Japan, South Korea and Taiwan (Scott 1991; Gerlach, Lincoln and Takahashi 1992) and the Middle East, including Latin America (Maman 1999; Silva, Majluf and Paredes 2006). The progress of research development on the interlocking of directors around the globe appears to be in line with the argument made by Scott (1991) from the sociology perspective; viz., that the analysis and the results found on the interlocking directorships could be perceived as cooperative mechanisms or competitive mechanisms depending on the type of corporate networks resulting from the type of ownership and the type of shareholders investing in the firms.

In summary, the underlying cause of the particular type of personal ties to be formed and its focus differ from one country to another as shown by the findings and arguments above, even in Australia. The same corporate practices, via interlocking directorates, can be applied variously in terms of the degree of application due to each

country's historical background and its current level of capitalism and national economy (Carroll and Alexander 1999). By the turn of the 21st century, there was an emphasis on more studies being done on a single country, with the research extended from the previous findings to include the reasons of the formation of the network ties and the influences of board ties on, and consequences of, individuals' and firms' behaviours (Barnes and Ritter 2001; Manev and Stevenson 2001; Fich and White 2001; Keister 2002; O'Higgins 2002; Yeo, Pochet and Alcouffe 2003; Fich and White 2003; Davis, Yoo and Baker 2003; O'Hagan and Green 2004; Robins and Alexander 2004; Soontae and Jin 2004; Burt 2004; Burris 2005; Westphal and Stern 2006; Westphal, Boivie and Chng 2006; Shaw and Alexander 2006; Bizjak, Lemmon and Whitby 2009; Mizuchi, Stearns and Marquis 2006) or on the effects from corporate director ties among competing companies (Westphal, Siedel and Stewart 2001).

All in all, regarding which type of directors (i.e., inside or outside directors) is on the board, "by the virtue of industry/occupation background, executive/managerial experience, time availability, and other potential skills or experience, some directors are better *able* to fulfil their monitoring, advice and resource roles" (Rhoades, Rechner and Sundaramurthy 2000, 87; italics added) although much emphasis is on inside directors providing information and expert opinions and outside directors providing objective monitoring (Phan 2007). Also, servicing on a number of boards, such as interlocking directors, increases directors' learning opportunities and contribution to the companies (Coulson-Thomas 2009).

2.4 Roles of the Board of Directors

Understanding a corporation's board of directors and its impact on firm performance is central to understanding the scope of the corporate governance agenda; e.g., as defined several decades ago by Fama and Jensen (1983), the board of directors is an effective corporate governance mechanism that helps solve conflicts or problems caused by the separation of ownership and control by providing a monitoring role on management, a dominant theory so-called agency theory. However, more recent studies have argued that the corporate board of directors has other roles such as a strategic role, service and advisory roles, resource dependence role and other combined roles (i.e. monitoring and collaboration roles, a window-dressing role (i.e., Helland and Sykuta 2004) or a serving class interests' role); each role, as argued by

Strebel (2004), can vary from market to market and from country to country. Although each role may be related to a particular theory, viz., legalistic, agency, stewardship, stakeholder, resource dependence, resource-based view, institutional or strategic choice and in spite of its depiction to help improve corporate performance (Barney 1991; Corbetta and Salvato 2004; Fama and Jensen 1983; Judge and Zeithaml 1992; Hilmer and Donaldson 1996; Jensen 2001; Zahra and Pearce II 1989), overlapping and contradictory ideas in the theories do not clarify readily what a board and its members do. The subsections below are the review on the roles of the corporate board and its members, starting with the monitoring followed by strategic, service and advisory, resource dependence roles and other combined roles found in the previous literature.

2.4.1 Monitoring Role

The monitoring role can be seen as leading to the central control or oversight role. It may be understood and supported by four theories; the legal (law), agency (economics and finance), stewardship (management) and stakeholder theories. From the legalistic perspective, directors have legal responsibilities and the mandate towards governing the companies (Lorsch and MacIver 2004) and the scope of the corporate board is defined by its role in regulating the firm within society (Huse 2007). Although the board is required to act in the best interests for shareholders, there must be some reasonable attention to the society (Arthur 1987). In general, the roles and responsibilities of the corporate board of directors under this framework are to be bounded by and compliant with laws for corporate conduct (Johnson, Daily and Ellstrand 1996). More specifically, the board is to monitor rather than run the company and it is expected to plan policies and evaluate performance (Arthur 1987). The board is not expected to take part in developing strategies and policies for the company, but to approve or disapprove managerial recommendations and actions concerning the matters mentioned above (Pearce II and Zahra 1991).

By means of approving or disapproving, this action contributes to the monitoring aspect of the board or as termed by Fama and Jensen (1983; italics original) as the '*decision control*' supported from an agency perspective. According to the agency perspective, the corporate board of directors is chosen to act on behalf of

shareholders. The duty of directors is bound up in the role as ‘controller of agents’ or the top management team (Lorsch and MacIver 2004, 112). The board controls and monitors existing policies, proposes and adopts new policies and plays a crucial role in hiring, firing and compensating top managers (Jensen and Meckling 1976). Smith and Walter (2006) also considered roles of the corporate board to include supervision of the management team, ensuring that the allocation of resources and other management incentives included activities reflecting the financial situation of corporations and complying with laws and regulations. The board of directors plays a significant role in terms of monitoring the decision-making performance of the top management team (Davis 1991) and making, including controlling, strategic decisions (Zahra and Pearce II 1989). Another classical viewpoint from Fama and Jensen (1983) is that directors (as outsiders) act as arbiters in disagreements among managers (as insiders), and carry out tasks that involve serious agency problems. In essence, agency theory supports the board of directors as being a corporate control mechanism and the roles of its directors are to ensure that the top management team acts in the best interests of the shareholders and is working to its best ability to reduce any conflicts caused by any possible misalignment. Therefore, the independent role of directors is essential to the effective monitoring of the top management team and is supported by having more such as outside or non-executive than inside or executive directors (Johnson, Daily and Ellstrand 1996) or the ‘compositional means’ to create more independent role of the board of directors from the top management (Huse 1993).

However, Baysinger and Hoskisson (1990) proposed a contingency perspective advocating that, in circumstances such as industrial settings and the corporate focus of different strategies, having more inside directors on the board may provide a better monitoring function of strategies linked with management’s financial control purposes. Therefore, outside directors’ dominance of the board may not always be an ideal situation, because inside directors have in-depth knowledge about companies and industries (Demb and Neubauer 1992a). As a result, inside directors indirectly can facilitate the monitoring role of boards as a substitute mechanism for having a board composed entirely of outside directors (Drymiotis 2007). Where this is the case, the monitoring role is supported by the stewardship theory whereby a larger number of inside directors are preferable and the underlying assumption on motives,

i.e., trust as opposed to opportunistic behaviours and information asymmetry supported by agency theory, of agents working for principals and capital suppliers is supported as noted in Section 2.2.2.

Lastly, the control role is also supported by the stakeholder theory although there are few empirical findings (Huse 2007). The oversight role of the board according to this theory is to ensure that the interests of the management teams match those of stakeholders to which they are related; not only due to systems for employees, but also to meet the social and environmental issues (Clarke 2004b) such as those related to the financial community, the society in general, activist groups, customer advocate groups, government and trade associations (Huse and Eide 1996). In other words, even though it is said that the boards are accountable to shareholders, the boards are also responsible to add value for all stakeholders.

All in all, the board composition and structure (i.e., the number of inside and outside directors, directors' or managers' ownership in the companies or CEO duality/unitary) are among the dominant mechanisms explaining the monitoring role to be performed by the directors and the corporate board in the Anglo-Saxon, European and Asian contexts. However later, the role of the board and directors supported by agency, including stewardship, theories were called into question due to the corporate scandals, such as happened with Enron in the USA context (Clarke 2004a; Clarke 2004b).

2.4.2 Strategic Role

It is argued in the literature that “the most important of all, the board is responsible for guiding corporate strategy” (Clarke 2007, 49). Also, from a practical point of view, directors are supported to be on a board to decide on the strategic plans of companies (Phan 2007). A definition of the strategy as suggested broadly by Cornforth and Edwards (1999, 347) is that “the strategy includes issues relating to an organisation’s purpose or mission, its longer term plan (usually decisions with a time horizon of a year or more), major investments or changes in the use of resource”. However, there is a current, ongoing debate on the strategic role of the board from the theoretical and empirical standpoints as to the nature, including the extent, to which the board of

directors are involved in the strategic role that is indifferent in the literature (Siciliano 2005). Apart from the strategic role that is mentioned by the agency perspective (i.e., Zahra and Pearce II 1989; Stiles and Taylor 2002) and the legalistic perspective (i.e., Yeoh 2007), theories such as resource dependence, stewardship, institutional and strategic choice approaches to the strategic involvement of the board have suggested different board responsibilities.

From the theoretical standpoint, it was noted from the agency perspective that “agency theory places a premium on a board’s strategic contribution, specifically the board’s involvement in and contribution to the articulation of the firm’s mission, the development of the firm’s strategy, and the setting of guidelines for implementation and effective control of the chosen strategy” (Zahra and Pearce II 1989, 301-2). Empirical studies based on the agency theory focus upon items such as the composition of the board, a board process and executive compensation (i.e., Golden and Zajac 2001; Jensen and Zajac 2004; Rajagopalan 1997) influencing/linking the monitoring role and the corporate strategies or strategic outcomes. Stiles and Taylor (2002) found empirically that the board of directors utilised its control or monitoring role to help make strategic decisions concerning the company; a strategic role that is bound by legal issues or legalistic perspectives that may be contentious although it is explicitly indicated in some country concerning the setting the strategic directions of the companies (i.e., Ruigrok, Peck and Keller 2006). Later, it is strongly suggested by Monks and Minow (2008; *italic added*) that the *oversight role* of the board should involve the review of the corporate strategic planning that may be closely linked with the succession planning of the executives who manage the companies.

Moving on to the board strategic role as predicted by the stewardship theory is the emphasis of the board on reviewing and approving the management’s proposed strategy (Hilmer 1994). Moreover, it is suggested that the board of directors is a group of able people who help managers make decision by debating through their contribution from their experiences, different viewpoints, and competencies and also, is to be *involved in* the different phases of a strategic decision process by means of evaluating and selecting alternative strategies proposed by the management as well as providing suggestions to improve the strategic decision making made by the top management (Minichilli, Zattoni and Zona 2009; *italics added*). Also, the board is

involved in the formulation and implementation of the corporate strategies through mentoring and the collaboration with the management according to the stewardship theory (Huse 2007).

When considering the resource dependence perspective, it is suggested that the role of the board is to be involved actively in strategy by offering advice and counsel as to acquired resources (Zahra and Pearce II 1989) and as a 'bridging' in helping corporations to be related effectively to the environment by means of contracting, cooptation, and coalescing (Dallas 1996). The board also utilised the board members' ties strategically to manage resource dependencies (Westphal, Boivie and Chng 2006). The strategic role of the corporate board and its directors viewed from the resource dependence theory occurs when directors utilise their resources with the external environment in making strategic decisions for the corporations. Pertaining to the strategic involvement of the corporate board from the institutional theory, Judge and Zeithaml (1992) argued that the strategic role of the board and its members is as a result of the institutional pressures and defined the strategic involvement of the board members based on institutional and strategic-choice perspectives that there is a level of the board members "in making nonroutine, organisational-wide resource allocation decisions that affect the long-term performance of an organisation" (Judge and Zeithaml 1992, 771). In retrospect, the board involvement was classified to formulate and evaluate the strategic decisions.

In this regard, Siciliano (2005) has summarised and proposed three levels for viewing the strategic involvement of the corporate board and its directors in governing the corporations. First, the least level of the corporate board involvement in corporate strategies as suggested by the agency and stewardship perspectives (i.e., ratio of outside vs. inside directors or CEO duality vs. CEO unitary) is where the board and its director provide service and advice to the management team without the interference to the team's day-to-day operations; the board activities, in addition, are to review CEO analyses and ratify the top management team decisions. Second as viewed from the resource dependence theory, the board is more active in its review of the plans proposed by the top management team. Although the board does not develop strategies, it is suggested to contribute to the strategic plans' development process by suggesting to the top management team if refinements are necessary and by asking

discerning questions regarding the top management team's assumptions concerning the corporation and its environment. Third, the highest level of the corporate board's and its directors' involvement is when the board takes on a strategic role in collaboration with the top management team or so-called partnering with the top management team in mapping the strategic direction for the corporation. Cornforth and Edwards (1999) termed the highest level of corporate board and its directors involvement to be 'a partnership model', which describes initiatives such as the selection of the board members based on their expertise including contacts and appropriate training or programmes to help team up the board and its management; the end result would be for the board and its directors to add value to the companies and improve top level decision making.

In some literature (i.e., Ingley and Van der Walt 2001), the level of the board and directors in their strategic role of the companies is mentioned to be placed on the continuum, which means that at one end, the board and its directors take a traditional approach of approving, monitoring and reviewing the corporate strategies; the other end is the leadership role of being actively involved in establishing goals, values and direction for the companies and in between the two ends, the board and its directors are more active than giving approval but less engaging in the actual strategies.

In summary, the forefront of the strategic role of the corporate board and its directors regarding the company may be dependent upon clear, agreed responsibilities between the board and the top management team whereby in turn, those responsibilities determine the level of the strategic involvement and the role of the board and its directors toward corporations or vice versa. Also, it may depend upon a context that occurs specifically to the company. Thus, the implication for the board and its members in practice would be there are one and more theories helping explain and support the strategic role of the board and its members and in which perspective. As of now, apart from unclear theoretical perspectives attempting to explain the strategic role of the board and its relationship with companies as mentioned above, empirical studies too, so far, have provided little evidence and inconclusiveness regarding how the board and its directors contribute to the company strategies (Pugliese et al. 2009).

2.4.3 Service/Advisory Roles

Johnson, Daily and Ellstrand (1996) defined the service role of directors as involving the advice given to the CEO and top managers with regard to the administrative and managerial issues as well as initiating and formulating the strategy. Also, “ideally, the members of a board of directors are highly qualified to provide professional advice to the managers of the firm” (Hambrick, Werder and Zajac 2008, 383). The service/advisory roles can be supported by the stewardship and resource dependence theories. The resource-based view is added later to help explain the advisory role of the board of directors (Minichilli, Zattoni and Zona 2009).

In contrast to the agency perspective, stewardship theory pointed that the interests of shareholders or the owners of corporations are already aligned with those of the agents or the top management team (Davis, Schoorman and Donaldson 1997). Managers are interested in co-operative behaviour with shareholders in order to achieve the goals of corporations. Metaphorically, stewards (managers) attempt their best and use their full capacities to serve owners (principals). Therefore, the board and its directors are charged with providing service and advisory roles (Sundaramurthy and Lewis 2003); these are used to oversee policies and strategies are developed as well as implemented by the top management team led by the Chief Executive Officer (Hilmer and Donaldson 1996). Succinctly put, according to stewardship theory, the roles of the corporate board are to facilitate and empower the management/executives, not to directly control them (Davis, Schoorman and Donaldson 1997).

When considering the service role from the resource dependence perspective, the board is predicted also to providing counsel and advice to the CEO, but by means of directors proposing analyses or suggesting alternative viewpoints (Zahra and Pearce II 1989). The derivative of this role comes from the information/resources/experiences gained from the connections of the board members with the external environment through other stakeholders and constituencies (Dallas 1996). At this point, although the explanation of the service role that includes advising and counselling to the CEO and top management appears to be similar to the resource dependence role from the same theory, which is the resource dependence perspective, the focus of the service

role is more on the *type of resources* directors bringing into the companies (Minichilli, Zattoni and Zona 2009; italics added) that are not similar between outside and inside directors (Daily and Dalton 1993) and also the considerable time directors devote to the corporate affairs (Johnson, Daily and Ellstrand 1996) than the appointment of the person as a director on the board in the first place because a careful selection of directors to be on the board of companies may be in a position to access or extract unavailable, crucial resources from the environment prior to the appointment of the directors (Daily and Dalton 1993); the *types of directors* matter to the companies (i.e., Hillman, Cannella and Paetzold 2000; see Hillman, Withers and Collins 2009 for a review). Also, there is a subsequent recurrence of the reappointment or reconstitution of the ties among board members with the same position (i.e., CEO) for the management of the resources reasons as being supported by the resource dependence role and theory (i.e., Westphal, Boivie and Chng 2006). From a practical viewpoint, these service and resource dependence roles are distinct, but related (Kiel and Nicholson 2007). Explanations of the resource dependence role and the ties of the board members are described more in the Sections 2.3.4 and 2.4.3.

Concerning the resource-based view, Erakovic and Goel (2008) have described how the theory emphasises the strengthening of the effectiveness of the relationship between the board and management in order to create internal capabilities and use them as a source of competitive advantage. The focus is on the interdependencies between economic organisations (Huse and Eide 1996). In so doing, Barney (1991) argued that the source of competitive advantage must be heterogeneous among companies and unmovable across companies so that specific companies can enjoy the competitive advantage in a sustainable way over competitors. The board is considered to be an internal resource provider for the companies (Huse 2005). Therefore, based on the resource-based view, it was suggested that directors have an advisory role as a result of directors' capabilities and expertise being provided to companies (Li and Aguilera 2008).

Among the theories mentioned, the service role rests more on the resource dependence theory and resource-based view (Van Ees and Postma 2005) and empirical studies regarding the service and advisory roles supported by the

stewardship theory in relation to corporate board and performance are commented to be 'subtle' (Ong and Lee 2001).

2.4.4 Resource Dependence Role

Initially, it appears that there are internal and external aspects in relation to the resource role of the board of directors. It is argued that, by having the 'board of directors' system, the internal role of directors from the resource dependence theory views serve particular purposes among different identities or interest groups such as creditors, customers, suppliers or competitors who are important sources of information and other resources for the organisations. On the other hand, it has been argued that 'the externally focussed co-opting role of the board is perhaps the most readily agreed upon' (Nicholson and Newton 2010, 206) with the emphasis on providing the company with access to resources (Hillman and Daziel 2003).

Pfeffer and Salancik (2003) argue that the success and survival of corporations depend on their co-optation strategies enabling them to tap external resources that are critical to the organisation while, at the same time, dealing with environmental uncertainties. Hillman, Cannella and Paetzold (2000) asserted that the increasing number and scope of environmental dependencies prompt the firms to alter their board structures to better align them with new dependencies, since the board members can bring their expertise, connections, information and valuable resources into the firms and help reduce the transaction costs. Those resources acquired from the environment by the board, 'a boundary spanner', are to help reduce the company's dependency on the external stakeholders and to guard companies against external threats (Huse 2005). "Directors serve to connect the firm with external factors which generate uncertainty and external dependencies" (Hillman, Cannella and Paetzold 2000, 238). Also, it is a guarantee by the board of directors to continue providing those critical resources (i.e., contacts) to the company (Minichilli, Zattoni and Zona 2009). Thus, the role of the board and directors according to resource dependence theory is assumed to help reduce uncertainty and to provide a link between internal organisational systems and the external environment. The boards are to provide a resource dependence role and facilitate access to critical resources for corporations (Johnson, Daily and Ellstrand 1996).

Possible resources obtained can be direction, legitimacy, monitoring, advice based on the background and skills of directors, status within some community, support through identification with the corporation, information access and exchange and coordination with its external environment to the corporations (Dallas 1996). Moreover, resources also include social and business contacts (Stephens, Dawley and Stephens 2004). The theory can be more operationalised for the resource dependence role of board members by appointing ex-politicians on boards of directors linking corporations with governments in order that those board members can provide information and access to political resources important for the companies (Hillman 2005), or a practice of board ties in order to co-opt specific resources providentially among those interlocked companies, as framed by Pfeffer and Salancik (2003). Another example of the linking role is the use of woman directors on the boards in order to meet companies' interactions with environments (Hillman, Shropshire and Cannella 2007). In addition to Hung's (1998) view that the Boards' role regarding resources involves linking, coordinating and legitimising, Nicholson and Newton (2010, 207) note that "roles involve a mix of *what* and *how*" boards operate; the result accounting for differences in the ways in which boards control and monitor resources.

Board and directors' characteristics as well as board size are among the dominant predictors of the resource dependence role of the board and its directors.

2.4.5 Other Combined Roles

Other viewpoints on board roles are suggested from multiple perspectives or theories used to capture the complexity of corporations and corporate governance systems. They suggest that the roles of the board are less about controlling, and more about servicing or advising, strategising, resourcing and institutionalising by establishing links with the external environment (Zahra and Pearce II 1989; Tricker 1994; Dallas 1996; Johnson, Daily and Ellstrand 1996; McNulty and Pettigrew 1999; Ong and Lee 2001; Hillman and Daziel 2003; Hendry and Kiel 2004; Sundaramurthy and Lewis 2003). It has been suggested that the roles of the board combine service, strategy and control (Zahra and Pearce II 1989; Johnson, Daily and Ellstrand 1996). However later, three roles proposed to be associated with the companies in the Anglo-Saxon contexts are monitoring and controlling top managers, involvement in strategic

decision-making and providing access to resources and networks; all roles, to a different degree, play at a different stage of companies' development and growth (Bonn and Pettigrew 2009). Furthermore, the ideal functions of a board of directors was described as having linking, coordinating, control, strategic, maintenance, and supporting roles, reflecting the school of thoughts based on resource dependency theory, stakeholder theory, agency theory, stewardship theory, institutional theory and managerial hegemony (Hung 1998). Carver (2007) argued that the first priority for the existence of the corporate board of directors was to provide the supervisory role, and the second priority was for individual directors to provide advice to the CEO.

All in all, the generally standard accepted roles of the board of directors have been, so far, monitoring, resource dependence, service or advisory and strategic roles (Langevoort 2001; Stiles and Taylor 2002; Pugliese et al. 2009). Therefore, multiple perspectives concerning the role of corporate boards are supported from a theoretical standpoint and researchers have called for more investigation based on different contexts of studies and the utilisation of various research methodologies (Daily, Dalton and Cannella 2003; Gabrielsson and Huse 2004; Pettigrew 1992).

2.5 Introduction to Directors' Tasks

“A good board of directors was viewed in relation to the tasks it performs” (Levrau and Van Den Berghe 2007, 19). From the previous Section 2.4 on the role of corporate boards, agreement by researchers as to an operationalised definition of the board's role has not been agreed upon, despite a number of theories being considered and presented; therefore, it is necessary to utilise tasks that directors are performing, which can be categorised commonly in five ways; they are cafeteria classification, the perspective classification, the focus classification, the empirical classification and the discipline/theory classification (Huse 2007). The current paper used a combination of tasks identified by theories supporting the roles of the board and its directors, including the empirical classifications where a list of tasks are based on the results of interviews and statistical analyses from questionnaire instruments in the previous studies (i.e., Demb and Neubauer 1992a; McNulty and Pettigrew 1999; Wan and Ong 2005). It is believed that, as previously mentioned also in the definition, Chapter 1, Section 1.6.2, that tasks are outcomes at the board level.

Board roles in some literature (i.e., Minichilli, Zattoni and Zona 2009) were described as general tasks (i.e. service and control tasks) and with a set of tasks that can be further established to explain the general tasks in helping find the board task performance associated with the board diversity, commitment and critical debate to make the board effective. Additional examples of tasks as summarised by researchers such as Mizruchi (1983) as part of the control role for the corporate board of directors are to hire and remove the management (i.e., Chief Executive Officer). From an agency perspective, the emphasis placed on the strategic role of the corporate board is referred to the definition given by Zahra and Pearce II in 1989 (see Section 2.3.2 on the strategic role of the board of directors). Formal evaluations of the entire board are also suggested as part of improving the board processes and selecting of directors having strategically relevant experiences as part of the monitoring role in companies (Finkelstein & Mooney 2003).

Fama and Jensen (1983) also supported the tasks of evaluating the performance of the Chief Executive Officer and the company. The control task includes decisions concerning the hiring or replacing of senior managers, compensation and the approval of initiatives from the management. As for the service task, it includes “providing expert opinion or detailed insights regarding major events such as mergers and acquisitions and creating, as well as analysing, strategic options during board meetings” (Forbes and Milliken 1999, 492). Other tasks include such as voting on major operating proposals or on other major financial decisions, offering expert advice to top management and making sure that the activities of companies and their financial condition are accurately reported to shareholders (Kim and Nofsinger 2007). Additional items concerning directors’ tasks used in the current study are mentioned more in Chapter 3 on the research methodology and process, Section 3.2.1.2 on instrumentation concerning the description of variables on tasks of individual board members.

2.6 Roles and Tasks from Perceptions of Board and Directors

“It is a well-known fact that people sometimes act differently in groups compared to their individual actions” (Pye 2002, 153). This particular argument may also imply to the perceptions of individual directors on the boards in many countries. Since the current study explores relationships among different concepts (i.e., roles and tasks) as

perceived by directors and the argument made for the current study is that concerning those mentioned concepts there may be variations among perceptions of directors from one context to another. Therefore, the following subsections looked into results of previous studies from perceptions of board members with regard to their roles and tasks across nations. The perceptions on directors' roles are first reviewed and then followed by a subsection on a review of directors' tasks.

2.6.1 Directors' Roles

It was commented that the empirical study on the actual behaviours, the role and the contribution of the corporate boards from directors' perceptions is limited (Stiles 2001; also see Petrovic 2008 for a review). Based on a cross-national perspective, empirical studies are also varied and mixed from the perceptions of the board and its members in corresponding to research contexts at a national level.

With the rise of the corporate governance research emphasises oversight roles and responsibilities (i.e., by the board) in the corporate context (Hambrick, Werder and Zajac 2008; Epstein and Roy 2010), within the Anglo-Saxon regime, it is perceived by directors in the countries such as in New Zealand that there is a need for the board and directors to contribute strategically to corporations (Ingley and Van der Walt 2001) whereas in the U.K., it is found that non-executive directors have involved in reviewing and refining the strategic decisions concerning their companies (Hill 1995) and directors (i.e., chairmen and non-executive directors) are more active in their strategic role for companies ranging from taking strategic decisions to influencing the process of arriving at the content, context and conduct of the strategy for a corporate controlling purpose as well as there is a utilisation of directors' resources (McNulty and Pettigrew 1999). Continued from the previous studies concerning the perceived role of directors in the U.K., Roberts, McNulty and Stiles (2005) also supported the strategic role of directors, but the result of their study based on the perceptions of executives and non-executives in the UK was concluded in a slightly different manner from that of the previous two studies as mentioned. They argued that a clear role between executive and non-executive directors exists whereby executive directors make strategic decisions concerning the companies and non-executive directors are on the board to provide support, monitor and control roles to executive directors in

relation to their strategic decision-makings; these roles could be achieved through the accountability of the board.

In previous literature, clear roles, despite the reality of overlapping responsibilities (i.e., strategy), are not only perceived to be important between executive directors and non-executive directors, but also perceived to be acknowledged and essential between chairmen and Chief Executive Officers (CEOs) on the boards in the U.K. where chairmen are viewed to run the board, support the CEOs and act as a bridge between Chief executives and non-executive directors, the CEOs are viewed to manage the companies and the effectiveness of roles played by each position depends on their relationship built, in part, on the corporate context and the background of individuals (Roberts and Stiles 1999). In the US, however, the monitoring role (based mainly on law and agency perspectives) is still a dominant focus in theory and in practice of the board and its members accountable to shareholder values (Cosenza 2007; Monks and Minow 2008; O'Neill 2004) despite a surge of attention towards interests of stakeholders such as employees and communities (Phan 2007) and the recommendation for directors to take part in the strategic decision making process (Scherrer 2003). The persisting monitoring role of the corporate board and the emphasis on the independence of the board and directors may be caused by the lessons learned from failures of corporations such as Enron and WorldCom and the changes in the regulatory system post Enron (Marnet 2005). In contrast to Canada, based on the study of the perceptions of Canadian presidents, it was found that the advising role, rather than the monitoring role, is perceived to be more actively involved in governing, especially for family corporations, through the executive succession planning process although other family members of the corporations perceived that Canadian directors should be more involved in monitoring the company (Sharma, Chua and Chrisma 2000). Recently, in an Australian context, Nicholson and Newton (2010) have proposed the use of directors' and managers' perceptions to highlight the roles of the board of directors such as control, service, strategy, access to resources that are applicable to a different type of corporations.

In Asia, the countries such as Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand where their corporate structures are found to be concentrated or more of the family businesses (Claessens, Djankov and

Lang 2000), their corporate boards and directors, by nature, have an advisory role (Phan 2007). A long line of corporate board and the directors' research in Singapore, however, has focussed mainly on the interlocking directors and their influence on the corporate board as well as firm performance viewed from the resource dependence perspective where the multiple directorships are commonly practiced (Phan and Mak 1998; Ong, Wan and Ong 2003; Phan, Lee and Lau 2003) and where the discussion on the controlling and monitoring aspects of the corporate board is an emphasis and is needed to be actively involved as well as strengthened from the board members' perceptions (Goodwin and Seow 2002). Until recently, board processes (i.e., presence/use of knowledge skills and cognitive conflict) are perceived and found to be related to board role performance (i.e., strategy, monitoring and service) (Ong and Wan 2005).

In other countries such as in Lebanon, the perception of (women) managers in the banking sector in Lebanon concerning the roles of the board members are more of serving and promoting the interests of the corporate stakeholders such as investors, creditors, employees and customers (Jamali, Safieddine and Daouk 2007) and in Belgium, the perceptions of directors on the Belgian listed companies towards their role emphasis on the boards are the strategic and monitoring roles (Van den Berghe and Levrau 2004). Another example is in Serbia, the study of international joint ventures by Petrovic (2009) whereby the country context (i.e., legal system and political economy) is perceived to be a factor determining the role of the Serbian boards and directors operating within the country and where directors perceived that the so-called 'the Western corporate governance model' could not be transferred to the country.

2.6.2 Directors' Tasks

When considering the perceptions of directors' tasks, from a comparative study across eight countries, mainly in Western Europe, Scandinavia and North/South Americas, Demb and Naubauer (1992a) found five common tasks perceived by board members in those countries, which established the roles of the board: viz.,:

- establish strategic direction;
- control/monitor/supervise management;

- secure top management succession;
- care for shareholders; and
- allocate resources (investments and divestments).

In the U.K., however, the strategic role of the board can be furthered prescribed by directors and company secretaries as setting the direction of the company through the creation of clear corporate vision and mission and determining, including maintaining the definition of the business coupled with reviewing and analysing strategic proposals, instilling the confidence to the executives when presenting their proposals to the board, selecting directors and the CEOs and acting as a boundary spanner utilising information access that is external to the companies whereas the production of corporate codes of ethics is exemplified as part of the board's monitoring and accountability roles (Stiles 2001).

Moreover, board tasks such as 'determining and reviewing objectives of the company in order to match them with the mission, values and forming the corporate strategies', 'using the SWOT analysis in reviewing and evaluating present and future strengths, weaknesses and risks, current and future opportunities and threats and risks in the external environment', 'ensuring internal control procedures providing valid and reliable information for monitoring operations and performance' and 'delegating authority to management and monitoring its implementation of policies, strategies and business plans' are found to be negatively and significantly related to corporate performance (CFROTA—Cash Flow Return on Total Assets) and other potential tasks to be improved such as 'ensuring the communications with shareholders, other stakeholders and the general public being effective' and 'determining, supporting and enforcing company policies' are found to be positively and significantly associated with corporate performance (CFROTA) as viewed by the chairmen of the public-listed companies in the U.K. (Dulewicz and Herbert 2004).

Apart from an above-mentioned list varied from one study to another despite the similar conceptualisation of the strategic role, in the survey of the activities (or tasks for the current study) of the U.K. board and directors during an emphasis of board committees (i.e., audit and remuneration) by the so-called 'Cadbury nexus'

influencing the U.K. corporate governance, the level of involvement in those activities is viewed to either remain the same or increased since the introduction of the Cadbury report in 1992; activities ranked highest are ‘specifying the powers and responsibilities to be delegated to board committees’, ‘determining and reviewing board composition and defining the need for and timing of changes in board membership’, ‘selecting, appointing, inducting, developing or removing board members or company secretary’, ‘creating and maintaining relevant board committees and determining the terms of reference, lifespan, leadership and membership’ and ‘specifying the powers, roles and responsibilities to be delegated to individual directors – especially to the chairman and managing director’ (Gay 2001).

In his study on the value-creating board viewed from the perceptions of the Norwegian chairs, Chief Executive Officers (CEOs) and outside board members, by means of using tasks as measures of the board strategic, control and service involvement in companies, Huse (2007) found that the approval of long-term corporate strategies and overall objectives tasks are rated highest followed by the formulation of strategies whereas the controlling tasks of those implemented strategies are rated lowest; as for the oversight role, the financial return to shareholders, the investments and use of capital as well as the product quality and customer satisfaction were perceived to be highest from CEOs, chairs’, and outside board members’ viewpoints. The control aspect of the CEO performance is rated highest among the CEOs and the chairs whereas the CEO remuneration is rated highest from outside board members’ viewpoint. Turning to the board involvement in the service tasks, the resource dependence tasks (building networks), advisory and counsel tasks (general issues related to strategic decision-making, leadership, human resource management, the development of organisation resources and marketing issues) received the highest ratings from the CEOs, the chairs and the outside directors.

Moving on to the Swedish context, it was found that board activities (or tasks used in the current study) were viewed to be significantly changed in corresponding to the institutional and time changes of the corporate governance system in the country (Jonnergård, Kärreman, and Svensson 2005). Although a board in the Netherlands is operating under a two-tier system and it was once viewed as ‘*unique*’ and resisting to

the international pressures on the changing nature and functioning of the Dutch supervisory system (van Hamel et al. 1998; italics added), it was commented that the structure has shifted towards a one-tier and in the survey on Dutch non-executive directors, it was found that non-executive (supervisory) directors agreed that initiation of plans and the implementation of those plans are of the management task whereas the evaluation and approval of those plans are of the board task (Hooghiemstra and van Manen 2004). Moreover, it was agreed also that concerning the corporate strategic issues, advising and counselling the management regarding those issues are also of the board task (Hooghiemstra and van Manen 2004).

In furtherance to the study conducted in the Netherland, the research done in the Australian context by using responsibilities being independent, non-executive directors revealed that ‘ensure robust risk management is in place’ in the company, ‘satisfy oneself that financial information is accurate’ and ‘scrutinise management performance’ were rated highest as important whereas ‘to be accessible to company managers to advise of untoward matters’, ‘play an active part in ensuring the company meets its social responsibility objectives/measures’ and ‘be a spokesperson to support specific corporate policies before the public and government’ were rated lowest among their perceived responsibilities (Brooks, Oliver and Veljanovski 2009).

Recently, the perceptions of directors’ tasks have been empirically studied to find a relationship between board role or task performance and other board variables (i.e., board demographic variables and board processes) in other research contexts such as in the Netherlands with the two-tier board system (i.e., van Ees, van der Laan and Postma 2008), in Norway (i.e., Huse 2007), in Italy (i.e., Zona and Zattoni 2007), in Singapore (i.e., Wan and Ong 2005) or in Sweden (i.e., Jonnergård, Kärreman and Svensson 2004) apart from the research context in the USA (i.e., Forbes and Milliken 1999) and in the U.K. (i.e., Dulewicz and Herbert 2004) as previously reported above.

In conclusion from the review of directors’ perceptions toward their roles and tasks, although directors’ roles can be mainly conceptualised as monitoring, advising and strategic roles from the perceptions of directors in many countries being reviewed, certain roles seem to dominate in a particular context and when considering directors’

tasks within those roles, they vary not only within the same country at one point in time, but also vary from one context to another and during time changes.

2.7 Context of Research

Regarding the context of a study, Redding (2005) emphasised the significance of understanding factors that underlie differences across countries by taking into account the history and culture of the research sites. Moreover, it was suggested that corporate governance mechanisms, such as the board of the directors or the legal system, potentially can be affected by the ownership structure of corporations (Venkatesh 2009) as exemplified by poor corporate governance among Thai companies in which the nature of their corporate ownership structure is concentrated or family-controlled. Also, it was argued that “institutional rules in the West have accorded greater individual autonomy and independence to social actors—both persons and firms—than have related rules in East Asian societies” Scott (2008, 75). Therefore, it is necessary to discuss the corporate ownership structure context in each research process and other relevant elements such as each nation’s corporate laws and regulations in relation to the board of directors in each nation.

2.7.1 Thailand

2.7.1.1 Corporate Governance Reforms on Thailand-based Firms

Following the 1997 financial/economic crisis, Thailand adopted reforms using the same logic as *agency theory*; i.e., the focus has been on creating greater value for shareholders and applying the codes of corporate governance to firms listed on the Stock Exchange of Thailand (SET). Corporate governance, therefore, is defined as a set of structural and process relationships between a company’s management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value by taking into consideration the interests of other stakeholders (SET 2001, 4).

2.7.1.2 Thai Board of Directors or Top Executives and Roles

Based first on the common law, but influenced later by the civil law, Thailand’s corporate ownership structure before the Asian financial crisis was concentrated even when the companies had already gone public (La Porta et al. 1998). Nonetheless, after the crisis, two types of firms were found to exist, high concentrated or less

concentrated, though the latter type of corporate structure is still dominated by the first type (Wiwattanakantang 2001). It was also confirmed that today, the majority of Thailand-based firms listed on the Stock Exchange of Thailand remain as family-owned, family-run businesses, and many of which survived the crisis in 1997 (Yabushita 2006).

As described by Wailerdsak (2009), the term ‘executives’ referred to the members of the board of directors and also to the executive committee who oversaw the day-to-day operations of the company. The board of directors or so-called ‘*khana kammakan borisat*’ in Thailand is comprised of the executive directors involved in the management of the company and non-executive directors such as independent and external directors (SET 2009). Non-executive directors are those who have no management function in the company and may or may not sit independently on the board (SEC 2007a).

Members of the board of directors, or the top executives functioning as a chairman, president, CEO or director, are responsible for policy-making. Often, they can be categorised as persons belong to one of three groups; i.e., those

- (i) internally promoted executives or managers hired upon their graduation;
- (ii) family shareholders and representatives of major shareholders, including those dispatched from related companies; and
- (iii) executives employed from outside of the companies, such as government officials, individuals from state-owned enterprises and from private companies (Suehiro and Wailerdsak 2004).

Also, even though the ownership structure of the companies changed and family-styled company owners started to transfer their shares to foreign investors and other institutions such as banks or other foreign shareholders after the crisis, in terms of personal ties between outside or non-executive directors and inside or executive directors, these continued to exist among the boards of directors much as they had before (Nikomborirak and Tangkitvanich 1999).

In addition, there is no separation between ownership and management among business groups in Thailand (Claessens, Djankov and Lang 2000). In other words, the

family members who own the companies also select the management team from their family members or relatives. This fact remains a dominant feature of companies, even though corporate reform was imposed on Thai listed firms after the crisis. Thus, often the chairman of the board of directors is CEO of the company and the founding member of the business. Moreover, families control the day-to-day management of the company, including the firms' strategies and means of obtaining financial resources; therefore, there has been a creation of pyramidal holdings or cross-shareholding structures whereby companies can continue to maintain this type of structure after the crisis. Similarly, it is noted that family businesses still do not want to give up control of their property to other parties (Yabushita 2006) and have maintained control over the directors' appointment (Wailerdsak 2008).

In principle, regardless of who is on the board, roles of corporate board of directors, are to provide leadership, determine company's directions and to supervise/monitor or provide check and balance functions to the management team (SEC 2007a). The role for each director is to "jointly think, work and be jointly responsible for operating the company for the best interest of the shareholders" (SEC 2007b, 5). In terms of the size of the board, it was stated that a company must have at least five directors and the number of directors can be adjusted appropriately to the company's article of association (Public Limited Companies Act 1992).

2.7.1.3 Interlocking Directorates in Thailand

In their studies of the issues of corporate governance in Thailand prior to the currency crisis, Peng, Au and Wang (2001) identified patterns of board ties among Thai Multinational Enterprises (MNEs) and determined that there are a greater number of board ties and they occupy more central positions in the inter-firm network, than in comparison with Thai non-MNEs. Similarly, they found that Thai MNEs tend to have more Thai ex-military directors than do non-Thai MNEs.

Among the patterns they found in the study of 200 Thai corporations listed on the Stock Exchange of Thailand from 1994 through 1996 was that, despite some 90% of directors being involved in multiple directorships in Thailand, 69% of the directors belonged only to two boards, and only 21% of directors belonged to more than two boards. However, the report of the study by Peng, Au and Wang (2001) is silent

about who is linked with whom in the directorships, and why and how the companies consider it necessary to exercise the interlocking mechanism. The study by Suehiro and Wailerdsak (2004) found that, after the 1997 crisis, interlocking directorates continued to exist among Thai firms, especially among family businesses in Thailand, having been the primary force of the Thai economy since the early 1900s (Phongpaichit and Baker 1998).

2.7.2 Australia

2.7.2.1 Corporate Governance in Australia

Australia has followed the common law system (La Porta et al. 1998). Therefore, similarly to the UK and the USA, the recognition of shareholder rights, the enforcement of legal regulations of securities markets through the Anglo-Saxon corporate governance model, including the level of transparency, are strong even though in Australia the corporate ownership structure is more concentrated, with the family-owned businesses, than the other two countries (Nestor and Thompson 2001). Moreover, the mechanisms and the structures of the board are found to be similar to those of the UK and the USA, but market activities are more similar to those of Germany and Japan (Suchard et al. 2001). Even though some aspects of the Australian corporate governance system are found to be dissimilar to that of the UK and the USA, the existence and the role of the institutional investors was found to have a dominant share of ownership in corporations and be less proactive in terms of corporate governance issues compared to those in the USA (Mallin 2006). Stapledon (2006) concluded that, fundamentally, Australian corporate governance still reflects shareholders' interests and the capital market is relatively well-developed.

2.7.2.2 Board of Directors and Corporate Interlocks

With regards to the corporate board practice, it has been found that boards in Australia tend to perform a box-ticking role as a result of the overly governed and rigid legislative structures; the board mind-set is more one of a conformance rather than performance (Dunlop 2001). Pertaining to the number of directors, it was indicated that a public company must have at least three directors, excluding alternate directors on its board (Corporations Act 2001). In this regard, Kiel and Nicholson (2007) suggested and established the model that is framed around the Australian legal

framework and context to support the roles of individual directors and the roles of a board, including its functions that:

- individual directors should follow the Australian legal perspective and comply with a law as well as regulations provided by different constituents such as Corporations Act and codes of the Australian Institute of Company Directors (AICD); and
- roles and functions of the board should involve around formulating company strategy, providing service, advisory as well contacts roles, the monitoring of companies' performance, the compliance aspect to the law and regulations, managing risks, CEO evaluation and the delegation of authority to concerned parties.

Kiel and Nicholson (2007) also mentioned the evaluation of the board and its members in order to continue improving company performance. Concerning board interlocks, their existence has been a subject of studies in Australia since the 1960s (Rolfe 1967) and, as previously mentioned in Section 2.3.3.4, interlocking directorships were accepted as a necessary part of corporate governance in Australia (Carroll and Thanos 1994). So far, the studies of interlocking directorates have been focussed around the resource dependence role and directors' interpersonal linkages outside of their firms that might help affect inter-organisational network (Alexander 2003; Nicholson, Alexander and Kiel 2004; Robins and Alexander 2004) and their diffused practices via this interpersonal network (Chua and Petty 1999).

2.8 Hypothetical Model for the Study

Contexts and situations influence the thought processes of individuals (Marnet 2005). Drawing upon the above empirical review on the perceptions of roles and detailed tasks of the board and its directors in governing corporations that are varied across nations, it can be inferred that a national context still matters and has an influence upon how corporate board members perceive their roles and tasks, including the level of their involvement/participation in the companies (i.e., Gay 2001, Hooghiemstra and van Manen 2004 or Ingley and Van der Walt 2001).

As such, directors' perceptions in one country are likely to be very different from that in another country due to reasons specific to a corporate context; not to mention different background regulations, corporate ownership structure and the development

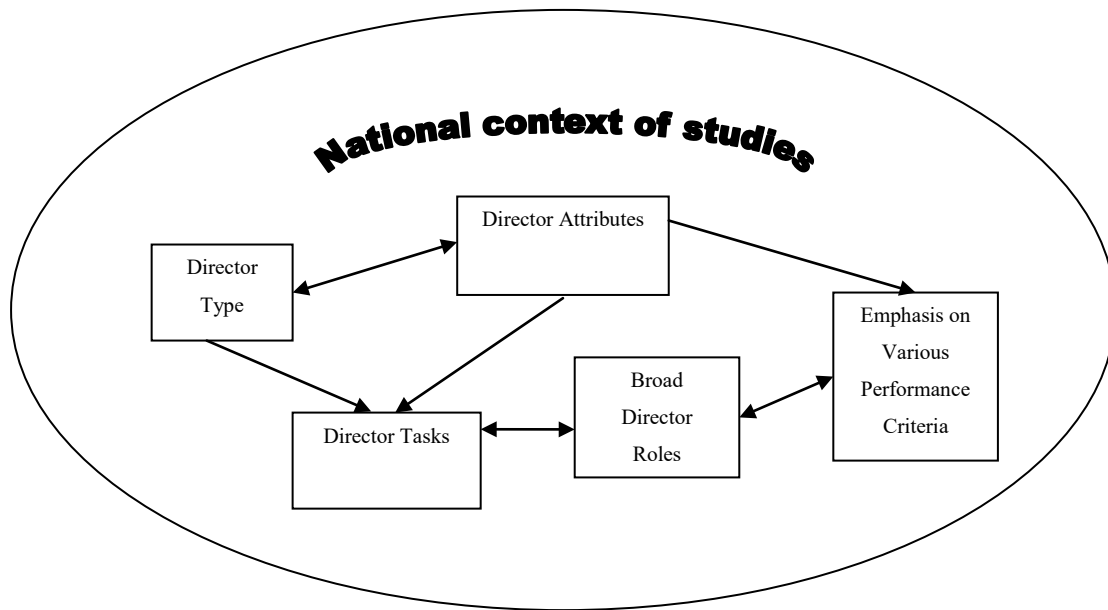
of the economy in that particular context as well as the time change that may affect the behaviour of the board (see Chapter 1, Section 1.1 and Chapter 2, Section 2.2). Although Demb and Neubauer (1992b) argued succinctly that boards in different countries are more similar in terms of their sets of tasks than they are different, the study's results were from the perceptions of directors on the boards of multinationals headquartered in North and South American, and European countries where the boards deal with corporate governance issues that are more complex (Sanders and Carpenter 1998) and in countries where they are categorised as 'Western'. Research findings and results, including theories for formation and the impact of board members, cannot be universally accepted just yet; they need careful interpretation at the country or comparative level across nations.

Eisenhardt (1989) recommended that the key to studying organisations is based on the relevancy between the discipline theory and practical context. From a corporate governance perspective, the prevalent theory concerning the role of board members is agency theory whereby firms are the nexus of contracts between the principal and agents. Nevertheless, when agency theory is considered in regard to contextual differences, researchers identify challenging mixed findings. For example, an underlying assumption in applying agency theory is that there will be conflicts of interest between agents (managers) and principals (suppliers/owners of the capital); however, as exemplified by corporations in Thailand, principals and agents often comprise the same group; viz., the management and the control of corporations are in the hands of families. In Australia, even though corporations have the more dispersed ownership structures of the two countries, agency theory still needs to be tested in the national context. Moreover, the principal-agent relationship is not considered to be a valid assumption in many countries where corporate governance systems rest on society, governance rules and interests of stakeholders. As a result, multiple theories or perspectives on roles of the board are required. Furthermore, apart from nominating the monitoring role from the agency perspective, recent research supports the service and advisory as well as resource dependence roles of the board and the increasing involvement of directors in the strategic role from various perspectives as mentioned in the review on the roles of corporate boards of directors (see Section 2.4).

Therefore, drawing upon on present theories of the roles of boards, the most discussed roles are monitoring, resource dependence/access and service including advisory roles as well as the strategic role. There is also an integrative model based on multiple perspectives or theories explaining the roles of the board in relation to corporate financial performance such as the studies on service, strategy, control and resources provision roles (Zahra and Pearce II 1989; Hillman and Dalziel 2003). Following Forbes and Milliken (1999), the link established between board members' perception of their roles is identified by a number of specified tasks and their views on corporate performance criteria. Director attributes are thought to be antecedents of the roles of board members (Zona and Zattoni 2005). Furthermore, attributes such as board characteristics, structure and composition indirectly may influence roles of the board and affect corporate performance or directly impact corporate performance (Zahra and Pearce II 1989). Board characteristics may include the demographics of directors such as age, education, functional background, industry and gender (Westphal and Millton 2000).

In terms of corporate performance, Finkelstein and Hambrick (1996) argued that variations may have occurred already at the level of corporate boards in relation to firm performance. It is possible that, for example, different practices may be detected among organisational workers and boards legislate for the new measures retrospectively (Stiles and Taylor 2002). Therefore, it implies that the inclusion of different performance measures is necessary to reflect the diversity across the boards. In formal terms, whether they are inside or executive directors, outside or non-executive directors or interlocking directors, corporate board members will have different emphases on their perceived roles towards their preferred corporate performance criteria corresponding to the national contexts within which corporations are embedded. The initial working model drawn from arguments in the extant literature is as shown in Figure 2.5 in the following page.

Figure 2.5: Hypothetical Model for the Study



2.9 Summary

In Chapter 2 a review of relevant, extant literature was used to present viewpoints and criticisms of corporate governance systems around the world on the basis of different contextual factors. Definitions, models and theories concerning corporate governance including corporate boards and their members were discussed in relation to this, followed by details concerning the roles of the corporate board of directors, corporate performance measures and board tasks that could measure the roles of board members. A hypothetical model (Figure 2.5) was drawn at the end of the Chapter 2 as a summary of the contexts of research in two countries as an indicator of the issues about corporate boards that could be used to examine factors related to the current research question. How these factors and the hypothetical model can be used to collect solid and reliable data for the research is considered in Chapter 3 about the research methodology used in the study.

CHAPTER 3

RESEARCH METHODOLOGY AND PROCESS

Chapter 1 was used to explain why it is critical for researchers to undertake continuing research into the roles of directors on corporate boards based on contextual studies. Chapter 2 was used to review available literature in relation to topics involving corporate governance concepts and applications, the corporate boards of directors as a corporate governance mechanism and various types of directors on the board, the conception of roles of the corporate board supported by theories, an introduction of directors' tasks and the empirical studies concerning perceived roles and tasks by directors across nations to be used in the current study to support the unclear conception of the board of directors' roles as described by directors' tasks in a comparative context. Chapter 2 concluded with an overview of board of directors in the two research contexts and a hypothetical model developed to be used as the basis for the current research into exploring the possible relationship between directorships and directors' perceived roles and tasks in association with their preferred corporate performance criteria derived from the range of extant literature applicable to a comparative study.

In Chapter 3, the research problem and questions including the outline of each relationship as depicted in the hypothetical model at the end of Chapter 2 was first captured. Then it was followed by the section on the research design detailing the research paradigms, available research approaches as well as the research methods necessary for collecting valid, reliable data about the viability of the proposed hypothetical model. Moreover, in the third chapter, characteristics of quantitative research and the chosen research method for the study, including the sampling, instrumentation, the data collection procedures, validity and limitations of the study are explained. A rationale is provided to justify the use of a cross-national research study.

Because the current study adopted a comparative research method in responding to the arguments developed from the Chapter 2, that each nation is different in its own right, the current study employed a quantitative method approach to resolve the research problem. The study focussed on using the survey research strategy or a

standardised questionnaire supplemented with additional respondent initiated issues to collect data from research participants in the two countries, namely Australia and Thailand. Specific details for each section concerning the research method are provided following a revisit of the research problem and questions for the current study. Chapter 3 concludes with the validity issue of the quantitative research method and the summary for the chapter.

3.1 Research Problem, Major and Minor Research Questions Revisited

Studying the context of the research in order to understand board members' perspectives towards preferred corporate performance criteria is limited by a lack of extant research. In addition, the level of having corporate governance mechanisms applied across nations varies according to diverse environments within particular contexts or 'country-specific systems' that can influence the practices of corporations at a national level (Aguilera et al. 2008; Reaz and Hossian 2007). The empirical support in one research context is inadequate to determine that similar practices can be applied to another situation. The major research question for the current study concerned the types of directors, board members' attributes, the importance of board members placed on their individual tasks and the extent to which board members undertake various roles in the two research contexts, namely Australia and Thailand, in relation to the emphasis on directors' views of corporate performance criteria.

The main objectives were to determine whether directors' perceptions vary and to examine any similarities or dissimilarities among the espoused practices of directors in the two countries in corresponding to the hypothetical model developed at the end of Chapter 2. By answering the major research question, a number of minor questions related to demographic factors of board members and other board attributes, the types of directors, board members' views on their roles as well as director tasks, including their emphasis on corporate performance criteria were proposed to provide an assessment of the value of the hypothetical model. The following subsections review and retouch upon the relationships between variables as mentioned in Chapter 2, Section 2.8: Figure 2.5.

3.1.1 The Two-Way Relationship between Director Type and Director Attributes

Considering the type of directors and director attributes, there should be relationships between the two variables. As previously mentioned in Chapter 2, Section 2.4, it was found that regardless of the type of directors: inside or outside directors, each type of director may have related to their demographics, including their characteristics on the board and vice versa. The similar argument is also applicable to the interlocking directors as they also bring in a variety of backgrounds, experiences, skills and resources to the board. Therefore, the two-way relationship is drawn between the two variables in order to be explored further whether there is any difference or similarity between the two research contexts.

3.1.2 The One-Way Relationship between Director Type and Director Tasks

Since each type of director may have influenced a perceived individual role on the corporate board and the current study utilised individual director tasks to help classify the defined functional roles of the board, the type of director variable is presumed to be antecedent to individual tasks before the broader, defined functional roles of the corporate board variable.

3.1.3 The One-Way Relationship between Director Attributes and Director Tasks

The justification in finding the one-way relationship between director attributes and director tasks is similar to that for the one-way relationship between the director type and director tasks whereby director attributes are thought to be antecedent to the broader, defined roles of the corporate board of directors and its roles are to be classified by the relationship between individuals' tasks and the broader roles of the board. Therefore, directors' tasks are set to be preceded by director attributes.

3.1.4 The Two-Way Relationship between Director Tasks and Broad Director Roles Emphasis

Although the concept of the roles of the board of directors, as can be referred back to Chapter 2, Section 2.3, can be explored from a number of theories and it is not yet agreed upon with regards to which theory supports which role in a comparative context, the roles of the corporate board can still be divided into separate perspectives (i.e. monitoring and control, strategy, advisory and service and resource dependence roles). Director tasks indicators may have helped further operationalise the roles of

the corporate board in the comparative context; therefore, exploring the two-way relationship between the two variables would help establish the first stage of an unclear conceptualisation and be further confirmed by the subsequent studies based on the qualitative methods in the two researched countries.

3.1.5 The Two-Way Relationship between Board Director Roles Emphasis and Emphasis on Various Performance Criteria

From the review of the literature in Chapter 2, Section 2.5, the board of directors' roles are predicted to help the corporate performance. However, so far, the results from the empirical studies regarding the influence of the roles of the board towards the corporate profitability have remained inconclusive. Also, in the comparative setting, the research regarding their relationships is limited. Therefore, at the exploratory stage, the current study delved into the perceptions of the directors in order to discover whether there is any relationship that can be established between their perceived roles and their emphasis on various corporate performance measures.

3.1.6 The One-Way Relationship between Director Attributes and Emphasis on Various Performance Criteria

Directors' variety of experiences can influence the corporate performance (Andrews 1980) and those shared experiences may have come from a diversity of directors' demographics and board's characteristics. Demographics (i.e. age, gender, experiences in the industry and as a director or educational background) including other board characteristics (i.e. composition, chairmanship, board size and director ownership) are part of the board attributes in the model for the current study. Although it was predicted that demographic variables may directly or indirectly influence corporate performance in some literature and other board characteristics may have a direct relationship with corporate profitability (as hypothesised in Chapter 2, Section 2.8), previous studies have produced unclear results. Moreover, the results based on comparative studies are limited. Therefore, the relationship between director attributes and corporate performance, based on specific measures, viewed by directors is worth exploring at this stage in both countries.

3.2 Research Design

Choosing an appropriate research design for the study that corresponds to the research problem is critical to the process of a project (Kumar 1998). Then, the research approaches or strategies as well as methods were introduced in order to help accomplish the chosen research design. However, before the subsequent sections are mentioned, the research paradigms or worldviews, adopted by the current study, is first captured to set the stage and guide the research process.

3.2.1 Research Paradigms

The research paradigm is defined as “a basic set of beliefs that guides actions, whether of the everyday garden variety or action taken in connection with a disciplined inquiry” (Guba 1990, 17). In some literature (i.e. Creswell 2003; Crotty 1998), it is named a ‘knowledge claim’, the ‘worldview’ or ‘epistemologies and ontologies’ so as to reflect the assumptions about *how* and *what* researchers will learn during their inquiry (Creswell 2003). The research paradigms or worldviews are “philosophical deeply rooted in our personal experiences, our culture, and our history. They may change during our lives and be shaped by new experiences and new thoughts” (Creswell and Plano Clark 2007, 21). The chosen research approaches: quantitative, qualitative or mixed research methods by the student are a result of diverse worldviews; i.e., postpositivism, constructivism, advocacy-participatory and pragmatism respectively as shown and briefly described in Table 3.1.

Table 3.1: Summary of Differential Paradigms of Inquiry

<i>Alternative Knowledge Claim Positions/Paradigms/ Worldviews</i>	<i>Ontology (Nature of Reality or the 'Knowable')</i>	<i>Epistemology (Nature of the relationship between the inquirer and the knowable)</i>	<i>Methodology (How should the inquirer go about finding out knowledge)</i>
<p>Postpositivism</p> <ul style="list-style-type: none"> • Determination • Reductionism • Empirical observation and measurement • Theory verification <p>Method: Quantitative</p>	<p>Reality exists and it is driven by natural laws that can only be incompletely understood. Reality, therefore, can never be fully apprehended.</p>	<p>“Modified objectivist -- objectivity remains a regulatory ideal, but it can only be approximated, with special emphasis placed on external guardians such as the critical tradition and the critical community” (Guba 1990, 23)</p>	<p>“Modified experimental/manipulative -- Emphasize critical multiplism. Redress imbalances by doing inquiry in more natural settings, using more qualitative methods, depending more on grounded theory, and reintroducing discovery into the inquiry process” (Guba 1990, 23).</p>
<p>Constructivism (or occasionally known as Interpretivism)</p> <ul style="list-style-type: none"> • Understanding • Multiple participant meanings • Social and historical construction • Theory generation <p>Method: Qualitative</p>	<p>Reality exists, but the meanings are in the form of multiple mental constructions. “The meanings are constructed by human beings as they engage with the world they are interpreting” (Crotty 1998, 43)</p>	<p>“Subjectivist – inquirer and inquired into are fused into a single (monistic) entity. Findings are literally the creation of the process of interaction between the two” (Guba 1990, 27)</p>	<p>“Hermeneutic, dialectic – individual constructions are elicited and refined hermeneutically, and compared and contrasted dialectically, with the aim of generating one (or a few) constructions on which there is substantial consensus” (Guba 1990, 27)</p>
<p>Advocacy/Participatory</p> <ul style="list-style-type: none"> • Political • Empowerment issues oriented • Collaborative • Change-oriented <p>Method: Qualitative</p>	<p>Subjective-objective reality whereby reality is co-created by minds and given cosmos of the object and with subjects or “a primordial reality” (Heron and Reason 1997, 4)</p>	<p>Critical subjectivity and four ways of knowing: Experiential, Presentational, Propositional and practical knowing</p>	<p>“political participation in collaborative action inquiry; primacy of the practical; use of language grounded in shared experiential context” (Heron and Reason 1997, 15)</p>
<p>Pragmatism</p> <ul style="list-style-type: none"> • Consequences of actions • Problem-centred • Pluralistic • Real-world practice oriented <p>Method: Mixed</p>	<p>“There is a single “real world” and that all individuals have their own unique interpretations of that world” (Morgan 2007, 72)</p>	<p>Intersubjectivity— shared meanings among parties involved (i.e. researcher, researched subjects and readers of research work)</p>	<p>Reflexive orientation through joint actions among different people or group of people –the social processes that can produce the consensuses and conflicts based on disagreement/shared beliefs of the research</p>

Source: Adapted from Creswell (2003, 6), Creswell and Plano Clark (2007), Crotty (1998), Guba (1990), Heron and Reason (1997) and Morgan (2007)

Table 3.1 provided a summary of the current paradigms or ‘worldviews’ as termed by Creswell (2009) and are described as “a general orientation about the world and the nature of research that a researcher holds” (Creswell 2009, 6), and whereby the postpositivism and constructivism have emerged as successors to conventional positivism (Guba 1990) where the positivism assumes that the objects of the studies

are separated from the contexts they embedded in and that observations or facts are independent of theories or laws used to explain those objects (Meredith et al. 1989).

3.2.2 Research Approaches

Up to the present when conducting business research, there are three available major research approaches for resolving research issues; they are quantitative, qualitative and mixed methods approaches (Bryman and Bell 2007). However, the current studies focus upon providing details on the quantitative and the qualitative approaches as the mixed methods approach is currently not suitable for the comparative research design carried out by a doctoral student. The reasons are due to the cost and the time consumption during the data collection and analysis as well as the level of expertise of the doctoral student. Briefly, the quantitative research refers to counts and measures of things whereas qualitative research refers to definitions, concepts, the meanings, metaphors, characteristics, symbols and the descriptions of things (Berg 2004).

Regardless of the research problem, the focus of choosing an appropriate approach depends on the research questions, personal experience and audience. Creswell (2003) explained that the appropriate approach needs to match the research study as each approach is guided by specific questions in solving research issues. Also, the familiarisation of researchers in conducting the chosen method as purely quantitative or qualitative or mixed methods is important as extra time is needed for conducting mixed method studies. Lastly, researchers should be sensitive to the audience and to whom studies are reported as concerned decisions are shaped based on the experience of the audiences.

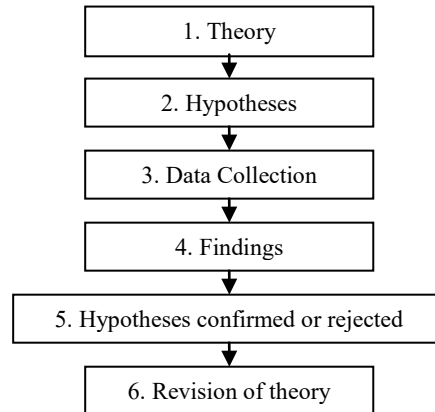
In the following subsections the research approach process is discussed in more detail. Quantitative research method is illustrated first followed by the qualitative method; the section on the introduction of research approaches is concluded with an explanation of the method chosen for the current study.

3.2.3.1 Quantitative Research Method Process and Assumption

The quantitative research approach is positioned differently from other research method approaches. The deduction process of the quantitative method in explaining

human behaviour is needed for solving research questions and hypotheses as shown in Figure 3.1 below.

Figure 3.1: Deductive Process in Quantitative Research Approach



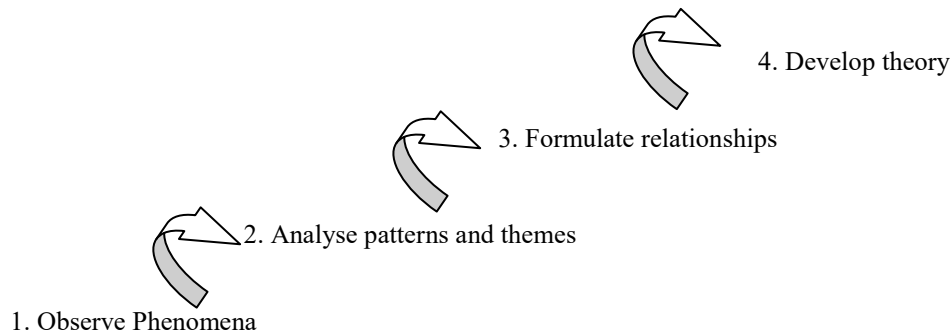
Sources: Bryman and Bell (2007, 11)

“In quantitative studies, one uses theory deductively and places it toward the beginning of the plan for a study. With the objective of testing or verifying a theory rather than developing it, the researcher advances a theory, collects data to test it, and reflects on the confirmation or disconfirmation of the theory by the results. The theory becomes a framework for the entire study, an organising model for the research questions or hypotheses and for the data collection procedures...the researcher tests or verifies a theory by examining hypotheses or questions derived from the theory. These hypotheses or questions contain variables (or constructs) that the researcher needs to define. Alternatively, an acceptable definition might be found in the literature” (Creswell 2003, 125-126). In this regard, the quantitative approach is suitable for studies in order to answer research questions on predicting and controlling numbers and/or the relationships between variables and any intervening factors (Hesse-Biber and Leavy 2006). Qualitative researchers, however, are more interested in generating theories and they use an inductive process or model to develop theories directly out of the data (Hesse-Biber and Leavy 2006) as explained in the following section.

3.2.3.2 Qualitative Research Method Process and Assumption

In contrast to the quantitative deductive research process, the qualitative research approach is based on the inductive process or reasoning in arriving at understanding human behaviour (Cavana et al. 2001) as shown in Figure 3.2.

Figure 3.2: Inductive Process for Qualitative Research Method



Source: Cavana et al. (2001, 36)

Table 3.2: Alternative Research Strategies of Inquiry

Quantitative	Qualitative
Experimental designs	Narrative research
Non-experimental designs, such as surveys	Phenomenology
Case Study	Ethnographies
	Grounded theory studies
	Case study

Source: Adapted from Creswell (2003 and 2007) and Balnaves and Caputi (2001)

As shown in Table 3.2, quantitative research method comprises three strategies of inquiry. They are experimental, non-experimental such as surveys, and use of case study. The collection of data is usually by means of predetermined instruments such as questionnaires, closed-ended questions, interview, content analysis and observation (Creswell 2003; Balnaves and Caputi 2001). As for the qualitative research method, generally, it is considered that there are five qualitative strategies that can be implemented; they are narrative, phenomenological, grounded theory, ethnographic and case study research approaches (Creswell 2007). In achieving each strategy for the qualitative research method, there are three kinds of data collection; by use of in-depth/ open-ended interviews, written documents and direct observation. Patton

(1990) described data from interviews as comprising direct quotations about people experiences, opinions, feelings and knowledge; data from observation being composed of people activities, behaviours, actions as well as organisational process and interpersonal interactions that are part of human experience in details and written documents containing quotations, excerpts, records, memoranda and correspondence, official publications and reports, personal diaries as well as open-ended responses to questionnaires and surveys. However, it is noted that in terms of studying boardroom processes, participant observation is hard to obtain and the research process is likely to take too long for the time allowed for the usual PhD candidate (Huse 1998).

3.2.3 Research Methods

In terms of research methodologies applied to corporate governance in relation to corporate boards of directors in the USA, Clarke (1998, 58-59) suggested that a variety of research methodologies had been used, each of which had its own particular set of benefits and pitfalls. The work of Clarke has been reported in Table 3.3, including a summary of the perceived possible advantages and disadvantages of each research methodology.

Table 3.3: Research Methodologies for Corporate Boards in the U.S.A.

Research Methodologies	Advantages	Disadvantages
Data Base Surveys	<ul style="list-style-type: none"> - Board sample - Possibility of generalisations 	<ul style="list-style-type: none"> - Surrogate variables of people selected may not connect with reality - Focus on visible issues: <ul style="list-style-type: none"> o Director compensation o Board membership - Cannot focus on internal board issues
Questionnaire Surveys	<ul style="list-style-type: none"> - Descriptive of reality - Can design sample - Inferences about cause and effect 	<ul style="list-style-type: none"> - Response bias - Difficult to test causation
Interview Surveys	<ul style="list-style-type: none"> - Respondents explain central relationships - Can explore issues interactively - Can focus on decision dynamics 	<ul style="list-style-type: none"> - Access - Costly – difficult to get access to large samples - Bias
Boardroom Observation	<ul style="list-style-type: none"> - Relationships may be studied - Group dynamics may be observed - Decision making may be analysed 	<ul style="list-style-type: none"> - Difficulties in gaining access to access impossible - Legal aspects - Confidentiality
Mixed Method (Questionnaires and interviews combined)	<ul style="list-style-type: none"> - Captures advantages of various methods - Broader data - Closer understanding of causal relationships 	<ul style="list-style-type: none"> - Disadvantages which apply to individual methods minimised by comparison

Source: Clarke (1998, 58-59) and adapted from Levrau and Van Den Berghe (2007)

However, because in the current study was undertaken to explore the relationships on roles, tasks and attributes of corporate directors in two separate countries, a preliminary examination was made by the researcher to determine which research methodologies had been used successfully in those countries. Table 3.4, then, presents the findings.

Table 3.4: Research Methods on Corporate Boards in Australia and Thailand

Country	Authors	Research Methodologies
Australia	➤ Cotter and Silvester (2003)	➤ Quantitative methods (data collection from companies annual reports) on the composition of boards and the monitoring committees in large Australian companies
	➤ Sharma (2004)	➤ Quantitative approach (secondary database such as annual reports, legal database, magazines, and media releases) on the Australian companies' fraud as a result of the independence of directors and the CEO/Chairman duality
	➤ Bonn (2004)	➤ Quantitative approach (companies' annual reports and handbook of Australian public companies) on the impact of the boards structures on firm performance
	➤ Clarke (2006)	➤ Qualitative methods (interviewing focus groups in the USA, Australia and the UK) on directors' view of regulations
	➤ Kemp (2006)	➤ Qualitative approach (interviewing directors) on the strategic role of board members and it effect on corporate performance and success
	➤ Kiel and Nicholson (2006)	➤ Quantitative approach (secondary database collection) on the multiple/interlocking directors and corporate performance
	➤ Kakabadse and Kakabadse (2007)	➤ Qualitative methods (interview and workshop discussion among the UK, the USA and Australian research participants) on the demographic factors effecting the chairman's role, performance and contribution
	➤ Nicholson and Kiel (2007)	➤ Mixed methods (based on case studies: semi-structured interviews, companies' annual reports, and observations) on the effect of multiple roles of boards on firm performance
	➤ McCabe and Nowak (2008)	➤ Qualitative study (grounded theory and interviews) on the roles of independent directors
	➤ Lee and Shailer (2008)	➤ Quantitative approach (questionnaires survey) on investors' confidence towards corporate board reforms
➤ Bonn, Yoshikawa and Phan (2004)	➤ Quantitative approach (published sources of data) on the national contexts: Japan and Australia affecting board characteristics in relation to the firm performance	

Table 3.4: Research Methods on Corporate Boards in Australia and Thailand (continued)

Country	Authors	Research Methodologies
Thailand	➤ Peng, Au and Wang (2001)	➤ Quantitative approach (quantifiable, numeric data gathering from company annual reports) on interlocking directorates as part of corporate board practices among Thai multi and non-multinationals
	➤ Suehiro and Wailerssak (2004)	➤ Quantitative method (database survey and quantifiable, numeric data collection) on family businesses in Thailand and their boards of directors attributes
	➤ Wailerssak and Suehiro (2004)	➤ Quantitative approach (company annual reports) on Thai top directors and executives in comparison with those in Japan
	➤ Pathan et al. (2007)	➤ Quantitative approach (quantifiable, numeric data) on the effect of the size of the board and the independent directors on performance of commercial banks
	➤ Bertrand et al. (2008)	➤ Quantitative methods (secondary database survey and coding including data obtaining from newspapers, books and magazines) on the Thai families structure effecting the corporate structure and performance of the family-owned companies
	➤ Wailerssak (2009)	➤ Quantitative approach (quantifiable, numeric data gathering) on women top management level

From the review, extant research into corporate boards and their members are mainly based on the quantitative research approach. The current research on corporate governance and its mechanisms such as the roles of corporate boards of directors and the regulations protecting corporate stakeholders is being conducted and fairly established more in the Australian context than in Thailand. Nevertheless, in terms of the investigation into the actual board behaviours and the various roles of boards, including board members in relation to their views on corporate performance in the comparative context between that particular country and other countries, the extant research is still somewhat limited.

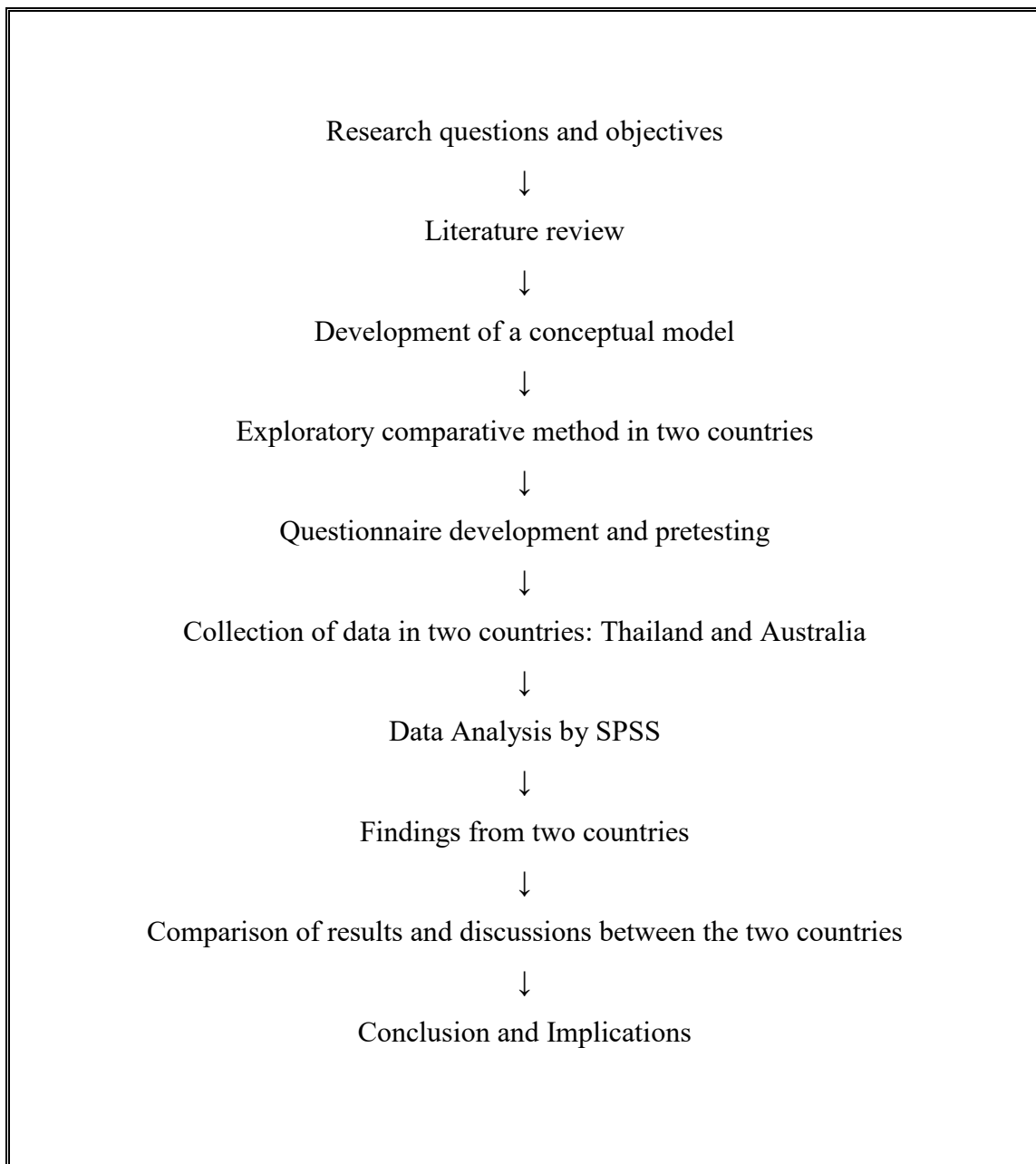
Thus, the quantitative method chosen was due to the fact that apart from following the research tradition, the quantification makes “observations *more explicit* and it also can make it easier to aggregate, compare and summarise the data” (Babbie 2010, 34; italics added). Although the conceptualisation of the main variables, roles of the corporate board of directors in contingency studies, are not yet agreed upon in a

comparative context, there are sufficient items (i.e. tasks of directors) identified in the previous literature supported by theories on the board of directors' roles to be utilised and laid out in this exploratory stage. Also, it was suggested that interviewing and observation are “mutually reinforcing qualitative techniques” bridging the understandings into the people-oriented inquiry just like in the case of the current study (Patton 2002, 274); however, the rapport process for establishing the relationship between the researcher and directors, who are considered to be busy with the affairs of the businesses, deemed necessary for the qualitative research data collection (i.e. interviews and observations) is suspected to consume some time for the comparative research design conducted in both countries and for a solo researcher.

This is not to mention other means of conducting qualitative data collection (i.e. observations or written documents) that may limit the capacity of the researcher to get an access into areas where they are considered to be confidential to the companies and disrupt directors' busy schedules.

Therefore, the quantitative research method comparing research contexts is more suitable for the current study. Figure 3.3 below depicts a diagram of the stepwise research process adopted in the current study.

Figure 3.3: Quantitative Research Approach, Comparing Research Contexts



3.2.1 Comparative Methods by Survey Research

In response to Huse (2007) who argued that the exploratory research is needed in order to help define and to cluster the concepts (i.e. the roles of the corporate board) as well as to measure, including finding relationships between them, the current study was also carried out by a comparative research method for two reasons. Firstly, in corresponding to the research problem where the context of research is taken into consideration because different research contexts may produce different results when probing into the perceived roles of the board of directors and tasks of individual directors, comparative research design is used to help identify, analyse and explain similarities or differences or both of the contexts in question and also to benefit by gaining a better understanding of other cultures (Hantrais 1995). Secondly, in the case of the current study, roles of the board of directors and tasks of individual company directors in the two research contexts were to be examined and comparative research design helps investigate the relationship of different entities; i.e., roles and tasks in the different conditions such as research contexts (Bouma 2000).

As part of the comparative research method, the survey method can be chosen and utilised to measure the degree of directors' roles and tasks involvement in corporate performance criteria as perceived by respondents in response to the research objectives (de Leeuw, Hox and Dillman 2008a). Moreover, the method can be used to assist in identifying trends in attitudes, opinions and behaviours of a large group of people (Creswell 2008); therefore, the current study also used the survey to measure attitudes of the respondents on a comparison basis. Moreover, the survey research is "probably the best method" (Babbie 2010, 254) for collecting the original data from a very large population to be observed directly. Also, in quantitative research, information from the research participants' responses, based on the instrument design, may be used to enable the researcher to generalise responses to other samples and populations. However, the latter purpose was not considered as essential in the current study which was both preliminary and exploratory.

Also, given the paucity of extant research on perspectives of the roles of individual board members in relation to corporate performance criteria, it was considered important to identify areas of commonality and difference among the research

respondents in the two separate countries rather than establishing a result that, potentially, was generalisable to other countries. The justification for developing the research sample of population, variables and data collection methods, together with an outline of techniques used to analyse the acquired data, follows.

3.2.1.1 Sample of Population and Sampling Scheme

The overall population of possible research participants comprised of lists of directors in all types of corporations listed on the Australian Securities Exchange (ASX) and the Stock Exchange of Thailand (SET). The researcher had access to the names of directors from publicly available data in the two countries.

The data were obtained from the websites of the stock exchanges under the current listed companies (Companies in Focus from the SET website; Companies Research and the completed list from the ASX website), companies' annual reports and companies' websites, and the secondary databases such as Connect4 for Australian and 56-1 for Thai companies. However, the number of persons in the overall corporate population was extremely large and the likelihood of being able to contact that number of participants was very low and the cost was quite substantial. Consequently, there was a need to undertake a sampling process to make the task of identifying a number of research participants realistic, yet relevant and reliable in each of the three countries.

In the current study, the focus was on the sampling technique designed for the quantitative and qualitative methods as it was argued that random and non-random sampling could be used in both forms of study (Onwuegbuzie and Leech 2005). Therefore, the work of Onwuegbuzie and Collins (2007) was consulted in order to assist in identifying an appropriate research sample. The sampling scheme and the sample size were considered with the view of obtaining the best possible data by taking into account local conditions in the two countries (Harkness 2008).

Nonetheless, it was suggested that the random sampling scheme be chosen to ensure the representativeness of the population (Onwuegbuzie and Leech 2007); therefore, the simple sampling scheme was selected where, as in the case of the current study,

all directors on boards from all listed companies have an equal and independent chance of being chosen.

3.2.1.2 Instrumentation - Construction of Questionnaire

Overview

There are two common steps in questionnaire construction regardless of the purpose of the research; the concepts involved in the research question need to be identified first and then followed by the formulation of specific questions for analyses in order to measure the key concepts (Bradburn, Sudman and Wansink 2004). The key concepts in the current study concerning roles of corporate board of directors were constructed and operationalised by the usage of directors' tasks from the empirical indicators found from the previous literature as shown in the hypothetical model at the end of Chapter 2. In order to uncover any other deviation in addition to the variables that formed closed-ended questions, the current instrument provided fixed-alternative questions for research participants to address possible answers on corporate performance criteria, specific tasks and general roles as corporate board members (see Section 3.3.2).

The Likert-type scale has been described as useful to measure attitudes (Cooksey 2007) which, in the case of the current study was to measure the attitudes of board members towards their corporate performance criteria. The unipolar dimension was used in the Likert-type scale design in order for participants to convey the different degree of the same attributes of concepts to be measured (Schwarz 1999).

Description of Variables

Demographics

Participants reported on their gender (male or female), age (30 or below; 31-39; 40-49; 50-59; 60 or above), their educational background (such as General Business; Finance; Accounting; Management; or other fields), their highest level of education (Diploma; Bachelor's Degree; Master's Degree; PhD; or other), where they obtained their education (local or overseas), their company industrial background (such as Agriculture; Materials; Consumer Staples; Finance; Hotel and Restaurants); their

current type of directorship (i.e., executive, non-executive and interlocking director), and completed years and experiences as director.

In this regard, the industrial indices partly followed the Global Industry Classification Standard (GICS) where industrial sectors are classified by the joint development of Standard & Poor's and Morgan Stanley Capital International product aimed at standardising industry definitions (GICS n.d.). Therefore, a total of six industries were classified according to the GICS indices for comparative purpose among the two research contexts and seven other sectors were added according to different indices, such as agriculture which was classified only in Thailand.

Corporate Performance Criteria

In line with the argument made by Monks and Minow (2008, 43) on Section 1.6.1, measures for corporate performance were, therefore, not limited to financial or accounting-based measures, but included other non-financial measures to provide different indicators on the effects of the board (Ong and Lee 2001). Therefore, the study included accounting-based measures, market-based measures and other measures that the corporate board of directors may preferably use to measure company performance as shown on Table 3.5. Also, due to the comparative design of the study, the questionnaire included criteria based on corporate financial and non-financial performance measures that are adopted across industries and countries. Measures included such as return on assets/equity, the lending growth, market to book ratio and the operational performance. All measures were rated on the 5-point Likert-type rating scale that ranged from 0 = Not Relevant to 4 = Critical.

Table 3.5: Survey Instrument Items Related to Corporate Performance Criteria

Item	Concept	Measurement	Sources	References
Q13a.	Accounting measure	Return on Assets (ROA)	Empirical Study	Ghosh 2006; Bhagat and Bolton 2008
Q13b.	Accounting measure	Return on Equity (ROE)	Literature; Empirical Study	Andrews 1980; Phan, Lee and Lau 2003; Yoshimori 2005

Table 3.5: Survey Instrument Items Related to Corporate Performance Criteria (continued)

Item	Concept	Measurement	Sources	References
Q13c.	Accounting Measure	Return on Sales (ROS)	Empirical Study	Miller and Carmen Triana 2009; Yoshimori 2005
Q13d.	Accounting Measure	Return on Investment (ROI)	Empirical Study	Miller and Carmen Triana 2009; Yoshimori 2005
Q13e.	Marketing Measure	Market to Book Value Ratio (Market Value/Book Value of Equities)	Empirical Study	Bonn, Yoshikawa and Phan 2004; Ferris et al. 2005; Fich and Shivdasani 2006
Q13f.	Accounting/Competitiveness Performance Measure	Sales	Empirical Study	Yoshimori 2005
Q13g.	Other Performance Measure	Position in relation to Industry Average Performance	Empirical Study	Bhagat and Bolton 2008
Q13h.	Other Performance Measure (i.e., Growth opportunity)	Growth Rate in Domestic Market	Literature	Tihanyi et al. 2003
Q13i.	Other Performance Measure (i.e., Growth opportunity)	Growth Rate in International Market	Literature	Tihanyi et al. 2003
Q13j.	Other Performance Measure	Employee Turnover	Literature	Ong and Lee 2001
Q13k.	Accounting Measure	Net Profit	Empirical Study	Research Report 1999
Q13l.	Accounting Measure	Earnings Per Share	Empirical Study	Yoshimori 2005
Q13m.	Competitiveness Performance Measure	Market Share	Literature	Fitzgerald et al. 1993
Q13n.	Other Performance Measure (i.e., R&D)	Progress in Research and Development	Literature	Ong and Lee 2001
Q13o.	Marketing Measure	Long-term Debt	Literature	Jensen 1986; Hermalin and Weisbach 1991
Q13p.	Other Performance Measure (i.e., Strategic)	Lending Growth	Literature	Pearce II 1983
Q13q.	Accounting Measure	Net Income	Empirical Study	Kaplan 1994
Q13r.	Other Performance Measure (i.e. Investment)	Increase in Financial Capital	Empirical Study	Larcker 1983
Q13s.	Accounting Measure	Operating Performance	Empirical Study	Core, Holthausen and Larcker 1999; Vafeas 1999

Tasks of Individual Board Members

There were thirty-five items related to specific tasks of board members. Respondents were asked to indicate their importance placed on a measure using a 6-point Likert-scale rating type ranging from 0 (Not Important) to 5 (Extremely Important). Examples of the items include tasks such as working with the CEO in developing the strategic plan (as part of the strategic role), evaluating performance of the top executives (as part of the monitoring role), and providing advice and counsel to top managers (as part of the service and advisory role). A list of tasks was obtained from the previous literature review in Chapter 2, instrument items that were used and tested on board process and performance in Singapore (Wan and Ong 2005), additional functions of boards and directors in the strategic involvement in companies (McNulty and Pettigrew 1999) and other items as described more as shown on Table 3.6.

Table 3.6: Survey Instrument Items Related to Tasks of Individual Directors

Item	Concept of Roles	Indicator	Sources	References
Q14.1	Strategic Role	Work with the CEO in developing the strategic plan	Empirical Study	Levrain and Van Den Berghe 2007
Q14.2	Strategic Role	Assist in formulating the company vision and mission	Literature; Empirical Study	Zahra and Pearce II 1990; Wan and Ong 2005; Siciliano 2005
Q14.3	Strategic Role	Assist in formulating the company policy	Literature	Juran and Loudon 1975
Q14.4	Strategic Role	Debate strategic plan	Empirical Study	Wan and Ong 2005
Q14.5	Strategic Role	Design company strategies	Empirical Study	Demb and Neubauer 1992a
Q14.6	Strategic Role	Monitor implemented company strategies	Empirical Study	Demb and Neubauer 1992a; Siciliano 2005
Q14.7	Strategic Role	Help the management team prepare the capital investment proposals	Literature; Interviews	McNulty and Pettigrew 1999
Q14.8	Strategic Role	Critique the capital investment proposals of the top management team	Literature; Interviews	McNulty and Pettigrew 1999
Q14.9	Strategic Role	Oversee the plans for acquiring more resources and capital for the company	Interviews	McNulty and Pettigrew 1999
Q14.10	Strategic Role	Evaluate annually the company's strategic direction	Empirical Study	Stiles 2001
Q14.11	Monitoring/ Control Role	Monitor top management in decision-making	Empirical Study	Wan and Ong 2005
Q14.12	Monitoring/ Control Role	Acquire information showing the progress of corporate performance	Empirical Study	Wan and Ong 2005

Table 3.6: Survey Instrument Items Related to Tasks of Individual Directors (continued)

Item	Concept of Roles	Indicator	Sources	References
Q14.13	Monitoring/ Control Role	Review corporate performance against strategic plan	Literature Empirical Study	Lorsch 1995; Wan and Ong 2005
Q14.14	Monitoring/ Control Role	Compare budget allocation with corporate performance	Empirical Study	Wan and Ong 2005
Q14.15	Strategic Role	Monitor environment trends that are all relevant to the company's success and survival	Empirical Study	Wan and Ong 2005; Siciliano 2005
Q14.16	Strategic Role	Evaluate corporate performance in relation to industry benchmarks	Empirical Study	Wan and Ong 2005
Q14.17	Monitoring/ Control Role	Review financial information to identify important trends and issues	Empirical Study	Wan and Ong 2005
Q14.18	Monitoring/ Control Role	Evaluate performance of top executives	Literature; Empirical Study	Lorsch 1995; Wan and Ong 2005
Q14.19	Monitoring/ Control Role	Use an internal mechanism to evaluate top management performance	Empirical Study	Wan and Ong 2005
Q14.20	Monitoring/ Control Role	Engage in planning for CEO succession	Literature; Empirical Study	Lorsch 1995; Wan and Ong 2005
Q14.21	Monitoring and Control	Influence the selection of the CEO	Empirical Study	Wan and Ong 2005
Q14.22	Monitoring and Control	Engage in planning for top managers (besides CEO) succession	Literature; Empirical Study	Lorsch 1995; Wan and Ong 2005
Q14.23	Monitoring and Control	Evaluate other board members	Empirical Study	Wan and Ong 2005
Q14.24	Monitoring and Control	Evaluate the board performance as a whole unit	Literature	Lorsch 1995; Useem 2003
Q14.25	Service Role	Provide advice and counsel to top managers	Empirical Study	Daily 1995; Wan and Ong 2005
Q14.26	Service Role	Provide alternative viewpoints	Literature; Empirical Study	Zahra and Pearce II 1989; Minichilli, Zattoni and Zona 2009
Q14.27	Monitoring and Control	Provide opinions independently from other board members	Literature	Rechner and Dalton 1989; Johnson, Daily and Ellstrand 1996
Q14.28	Service Role	Respond to the top management team's request for board assistance	Empirical Study	Wan and Ong 2005
Q14.29	Resource Dependence Role	Serve as a link to government agencies	Empirical Study	Wan and Ong 2005
Q14.30	Resource Dependence Role	Provide relevant contacts to the company	Literature	Hillman et al. 2000; Minichilli, Zattoni and Zona 2009
Q14.31	Service Role	Promote goodwill by supporting stakeholders	Empirical Study	Wan and Ong 2005

Table 3.6: Survey Instrument Items Related to Tasks of Individual Directors (continued)

Item	Concept of Roles	Indicator	Sources	References
Q14.32	Service Role	Ensure communications with stakeholders/public are effective	Empirical Study	Wan and Ong 2005
Q14.33	Service Role	Balance interests of stakeholders	Empirical Study	Wan and Ong 2005
Q14.34	Resource Dependence Role	Be influential/Enhance the status of the company in the community or society	Empirical Study	Wan and Ong 2005
Q14.35	Monitoring and Control	Conform to the regulations	Literature	Johnson, Daily and Ellstrand 1996; Smith and Walter 2006

General Roles of Board Members

In terms of the roles of the corporate board of directors, the general roles include monitoring, service and advice, and strategic roles (see Table 3.7). In addition to the general roles as mentioned for board members, the roles for interlocking directorates found from the literature were added specifically in relation to the current study (see Table 3.8). The following three subsections concern the scales used for the concepts on monitoring, strategic and service and advisory roles.

Monitoring Role

The monitoring role construct measured the perceptions of the directors placed on the tasks of monitoring in responding to agency theory. The questions used the 6-point Likert-type rating scale that ranged from 0 (Not Important) to 5 (Extremely Important).

Service and Advice Roles

In terms of stakeholder theory, the corporate board of directors were presumed to provide the service and advice roles to the management team. Moreover, the resource dependence role from the resource dependence theory is included under broader, defined functional role because in some ways, the resource dependence role may be considered a subset of the service role (Daily and Dalton 1993). The perceptions of directors towards the service and advice roles were tested by means of a Likert-type rating scale that ranged from 0 (Not Important) to 5 (Extremely Important).

Strategic Role

In response to the previous literature regarding the strategic role of the corporate board, the 6 points of the Likert rating scale were used to measure how important this role was for participant board members; 0 represented 'Not Important' to 5 represented 'Extremely Important'.

Table 3.7: Survey Instrument Items Related to Broader Roles of the Board of Directors

Item	Broader Concept of Role	Measurement	Sources	References
Q16.1	Strategic Role	Formulate, contribute to or evaluate corporate strategy	Literature; Empirical Study	Andrews 1980; Demb and Neubauer 1992a
Q16.2	Monitoring and Control Role	Monitor, evaluate or control performance	Empirical Study	Demb and Neubauer 1992a
Q16.3	Service & Advisory and Resource Dependence Roles	Provide specific professional services	Experts' opinion	

Roles of Interlocking Directorates

Additional constructs were based on the roles of interlocking directors. There are seven items relevant to the interlocking directors' roles. The Likert-type rating scale of 6 points was used to measure participants' attitudes towards each role; for example, items enquired as to participants' links to government agencies, links to financial resources and the monitoring role interlocked board members have on other companies. Table 3.8 shows the items in relation to the additional responsibilities that may be performed by interlocking directors.

Table 3.8: Survey instrument items related to External Roles and Relationship of Interlocking Directors

Items	Broader Concept of Role	Measurement	Sources	References
Q12.1	Resource dependence role	Your link to government agencies	Literature and Empirical Study	Peng, Au and Wang 2001
Q12.2	Resource dependence role	Your link to other companies such as your suppliers or your customers	Literature and Empirical Study	Pfeffer and Salancik 2003
Q12.3	Resource dependence role	Your link to financial resources	Literature and Empirical Study	Dooley 1969; Oliver 1990
Q12.4	Resource dependence role	The channel of communications you provide between companies	Literature and Empirical Study	Bresser 1988; Haunschild and Beckman 1998

Table 3.8: Survey instrument items related to External Roles and Relationship of Interlocking Directors (continued)

Items	Broader Concept of Role	Measurement	Sources	References
Q12.5	Monitoring and Controlling role	The extent to which you monitor/control other companies that you are interlocked with for your 'core' company	Literature and Empirical Study	Mizruchi 1996; Carpenter and Westphal 2001
Q12.6	Resource dependence role	The extent to which you coopt strategic resources from those companies that you are interlocked with for your 'core' company	Literature	Pfeffer and Salancik 2003
Q12.7	Resource dependence role	The extent to which your interlocking directorship enhance reputation/legitimacy to the 'core' company	Literature	Mizruchi 1996

Other Concerned Variables

Participants were asked also to report on their ownership of the companies, on the number of board members, on whether they were the chairmen of the board, and on the types and the number of companies with which the directors were interlocked.

3.2.1.3 Level of Analysis

Level of analysis has been referred to the “level of aggregation in a multilevel organisational or societal structure” (Teddlie and Tashakkori 2009, 167). In the current study, the focus was on individual directors who belong to the board of a corporation for a comparative purpose between the perception of directors in Australia and in Thailand; directors can be subdivided as inside or executive, outside or non-executive, interlocking or other types of directors.

3.2.1.4 Period of the Study

The current study employed the method of cross-sectional data collection and the year of the data collection was 2009. The cross-sectional design helps “investigate the state of affairs of the population at the certain point in time” (Bethlehem 1999, 110) and was used because it is for study of group comparisons, attitudes and practices (Creswell 2008).

3.2.1.5 Mode of Data Collection and Administration of Survey

Compared to other types of survey implementation and administration, the mail survey mode was determined to be the most convenient for the current, comparative study. Even though the use of a web-based survey would be more cost effective, it was considered difficult to administer across sites in two different countries, especially as directors had no individual email addresses that could be combined and used for the survey purpose (de Leeux, Dillman and Hox 2008). Moreover, even though each director had an email address, when compared to the mailing mode, the response rates for mail surveys still appeared to be better than those obtained from email surveys (Shih and Fan 2009).

As for interview and the telephone surveys, they were considered the most costly and time-consuming ways to reach individual board members in the two countries and the interview survey requires more than one researcher (Babbie 2010). Due to the nature of board members' schedules, responsibilities and their availability to schedule for the surveys, including consideration of the number of questions to be presented, both approaches were considered to be not appropriate for the current study participants. Furthermore, the mail survey did ensure participant privacy and granted respondents the time to reflect on their answers (de Leeux and Hox 2008). In addition, there was no need for them to edit answers as can possibly occur during the face-to-face interview mode (Schwarz et al. 2008).

However, the researcher acknowledged the fact that, even though the design of questions was already predetermined, use of the self-administered questionnaires mail survey allowed respondents to review items back and forth between questions while writing their responses. Thus, as occurs with telephone and face-to-face surveys, it was considered that for self-administered questionnaires the preceding questions may influence responses on the latter questions independently of the question context (Schwarz and Hippler 1995). Moreover, the length of the current questionnaire, which was six pages in total (questions of interlocking directors included), was not considered by a local university statistics expert as long enough to produce any significant effect on the responses according to the usual behaviour of study

respondents. Therefore, the data was collected from the research participants by means of the mailing questionnaire.

To standardise the administration of the survey in order not to bias the responses and facilitate their use for comparative purposes (Creswell 2008), the package was mailed and addressed to the chairpersons of the boards; they were considered to be the senior officer of the board (Garratt 1999, 33). Therefore, in both countries, the chairpersons received the package and it was up to their discretion to forward other questionnaires to the remaining board members.

The research package included the cover letter, the participation information sheet, the questionnaires and the return pre-paid envelopes to the researcher through a different contact point in each of the three countries. In the cover letter (shown in Appendix A) addressed to the chairpersons, the objectives of the research were explained, the procedures and guarantee of confidentiality were reiterated, and the contact information of the researcher was provided.

The participation information sheet (shown in Appendix B) was attached to the questionnaire; it identified the background of the researcher and explained the purpose of the research. The participation information sheet also requested the voluntary participation of the directors and informed respondents of the guarantee of confidentiality of the participants' data and identity. The cover letter and the participation information sheet were provided with the contact information of the researcher by means of the email address and of the mobile phone number. In Thailand, in addition to having the questionnaire interpreted and translated, the cover letter including the participation information sheet was also interpreted and translated for the perusal of Thai chairmen and directors.

Therefore, following the feedback received from a focus group of research experts, the questionnaires were mailed respectively to 450 and 400 boards in all types of corporations in Thailand and Australia, respectively. The list of participants was maintained by the researcher and individual names on the return envelopes of chairpersons were used for Thailand. In the case of Australian participants, the researcher had access to the names of individual directors. Therefore, questionnaires

for each group of directors were sent via a single large envelope to the chairman with individual packages addressed personally to each director.

In this regard, the researcher acknowledged the fact that the likelihood of individual board members receiving the questionnaires depended largely on the initial agreement of the chairmen, and then of board members themselves when they received the questionnaires. Similarly, the indication on the participation information sheet that the completion of the questionnaires was voluntary may influence the response rate. Furthermore, it was noted that recent scandals and governance reforms have contributed to a decreased access to board members due to the legal actions that may be filed against them (Zona and Zattoni 2007). Moreover, it was noted that one of the barriers in studying the boards of directors and their members is due to their limited accessibility as a result of confidentiality of much of a board's activities (Daily et al. 2003). Nonetheless, the contention was that there would be sufficient returns with data enough to be analysed for the exploratory purposes of the study.

The data on names of chairmen and directors were collected by using publicly-available data from the ASX, the SGX and the SET and from other available sources in order to cross check the accuracy of the data being collected. In terms of the time allocated to the research participants to return the questionnaires, a timeframe of four weeks was determined; time started from the day the questionnaires were mailed out and allowed for the approximate time for the questionnaires to reach the chairmen as well as time for the chairmen to forward the questionnaires to the remaining board members if approved. A reminder letter was scheduled to be sent to each board at one and two weeks prior to the deadline for the return of the questionnaires to the researcher.

3.2.1.6 Data Analysis Methods

The quantitative statistical analysis was completed by means of SPSS. The following sections present the data analysis methods used to investigate various relationships between variables as shown in Chapter 2, Section 2.8: Figure 2.5. In this regard, the overview or the summary of the data by means of investigating into each concept including the demographic data of research participants was described first and

followed by other relationships as conceptualised in the model. An overview of each section is described below.

3.2.1.6.1 Basic Findings

When considering providing a summary of data for each concept that formed the entire model as well as overviewing a profile of demographic variables of board members on items such as gender, age, level of education and educational background, descriptive statistics were used. The purpose was to be able to display effectively the characteristics of data for each variable or to describe the collected information in a succinct way as much as possible (Howitt and Cramer 1997). Therefore, the report of this section is subdivided into five subsections (i.e., directors' attributes, type of directors and directors' tasks) in corresponding to the model.

3.2.1.6.2 The Two-Way Relationship between Director Type and Director Attributes

When investigating the association between categories of two variables such as that between types of director and their educational background, a cross-tabulation was found to be useful (Cooksey 2007). In a number of other cases, one of the variables was categorical such as types of director; the other was ordinal such as their education level, but the latter could also be treated as categorical (Huck 2008) rendering cross-tabulation potentially useful. In using cross-tabulation forming a contingency table to find the association or independence of variables, the appropriate test is Pearson's Chi Square. However, in some cases, it was found necessary to combine categories to ensure that the expected number was not lower than 5. The degree of association between categorical variables was measured by using Cramer's V (Cooksey 2007).

3.2.1.6.3 The One-Way Relationship between Director Type and Director Tasks

When predicting a continuous variable such as an item of directors' tasks perceived to be important by directors by having the categorical variable such as the types of director as a predictor, the one-way analysis of variance (ANOVA) is served such purpose (Field 2008). In other words, the one-way analysis of variance (ANOVA) "provides a test for significant differences among two or more independent groups of respondents (i.e., inside, outside or interlocking directors) on a single dependent

measure (i.e., ‘debate strategic plan’ or ‘monitor implemented company strategies’)” (Cookey 2007, 213). However, in the case of analysis of variance, the use of the technique assumes homogeneity of variance, which can be tested with Levene’s statistic. If the significance of Levene’s statistic is below 0.05, then homogeneity of variance cannot be assumed and as a result, analysis of variance is possibly an inappropriate test. In such cases, the non-parametric Kruskal-Wallis test, in replacement of ANOVA, was performed to confirm whether significant group differences existed (Cookey 2007).

3.2.1.6.4 The One-Way Relationship between Director Attributes and Director Tasks

Similarly to the relationship sought to be found between director’s types and tasks, ANOVA was conducted upon the director’s attributes and tasks; it was considered useful to find out the relationship between categorical independent variables (attributes of board members such as educational background) and a metric dependent variable (perceived importance of board member tasks) and to compare whether there are any significant differences among the group of variables. In this regard, the advantage of this analysis is to compare several group means simultaneously with on the same dependent variable (Cooksey 2007).

3.2.1.6.5 The Two-Way Relationship between Director Tasks and Broad Director Roles Emphasis

As for the perceived importance of specific tasks performed by board members, Spearman’s correlation analysis was used for investigating the one-to-one relationships between the perceived importance of specific tasks and the degree to which board members were involved in broader roles such as monitoring and strategic roles. The Spearman’s correlation was deemed to be most appropriate as it is arguable that these variables were measured on ordinal or ranked scales (Howitt and Cramer 1997). Then, multiple regression analysis by having directors’ tasks (independent variables) predicting board’s roles (dependent variables) was employed in order to investigate what combination of specific tasks tends to be most strongly associated with the involvement of a director in defined general roles such as the monitoring role. Although these variables may not be metric in a strict sense of the

word, multiple regression is regarded as sufficiently robust to yield meaningful results in such cases (Lidwell 1961; MacCallum et al. 1979).

3.2.1.6.6 The Two-Way Relationship between Board Director Roles Emphasis and Emphasis on Various Performance Criteria

It was indicated that multiple regression is useful for predicting a continuous variable (i.e., an importance placed on a preferred corporate performance criterion) by two or more independent, continuous variables (Field 2008). Therefore, similar to the analysis used to find the relationship between director tasks and broad director roles involvement, multiple regression analysis was also performed when investigating into the relationship between those types of continuous variables as perceived by directors. The purpose is to find out which role (or more), independent variable, influences a preferred corporate performance criterion, dependent variable, as rated by directors using a Likert-scale type of measure. In this regard, board's roles are independent variables and preferred corporate performance criteria are dependent variables.

3.2.1.6.7 The One-Way Relationship between Director Attributes and Emphasis on Various Performance Criteria

The one-way ANOVA and the Spearman's correlation were conducted upon categorical variables (i.e. gender) and ranked variables (i.e. age and level of education), respectively, in finding the relationship to interval variables such as the corporate performance criteria preferred by directors. Also, the multiple regression analysis was performed to find whether any particular director attribute may have an influence on the emphasis of various corporate performance criteria as perceived by directors. Although, virtually the predictors may be assessed on any level of measurement, the report of results and discussions was, however, separated into two subsections as it was suggested that the use of the multiple regression should be rather more theoretically defended than putting all possible predictors into the model at once (Cooksey 2007). It is common for studies on the board and its members to be focused upon on directors' demographics and the proxy (such as the chairman unitary, director's ownership in the company or the ratio of inside and outside directors) used to support the agency and resource dependence theories (Dalton and Dalton 2005).

3.2.1.7 Integration of Respondent Initiated Issues

The survey allowed for respondents to add further items in various sections and rated them on the corresponding scales. Additional spaces with scales attached to responses or so-called fixed-alternative questions were also provided in order for board members to address other possible answers concerning corporate performance criteria, tasks of board members and board roles (Sarantakos 2005). The 5-point Likert-scale type, ranging from 0 = Not Relevant to 4 = Critical, was used for corporate performance criteria and the 6-point Likert-scale type, ranging from 0 (Not Important) to 5 (Extremely Important), was used for tasks of board members and board roles. As there was little consensus among respondents on such items they could not be used in statistical analysis, but a general summary of the issues they covered was presented and, in some cases, they may suggest directions for further investigation.

3.2.2 Validity Issue

Content validity, criterion-related validity and construct validity are the most common procedures for measuring the instrument (Huck 2008); also, the validity can be decomposed further into internal and external validity. Winter (2000, 7) explained that “internal validity relates to whether the findings or results of the research relate to and are caused by the phenomena under investigation and not other unaccounted for influences”. As for external validity, it concerned the generalisability of the results to other populations, environments or contexts outside of the study scope (Onwuegbuzie 2000).

Regardless of the definitions, the underlying reasons for measuring validity and reliability are accuracy and replications for future use of the means employed by the study (Winter 2000). In the current study, opinions of a focus group of research experts were employed as part of the content validity examination. Below is the detail of experts’ views on the questionnaire developed for the current study.

Pretesting the Questionnaire: Experts’ Views as Content Validators

Prior to the selection of the mode for data collection based on questionnaires, it was recommended that the survey questions should be tested. One method for testing the

survey questions was to make use of experts (Campanelli 2008). Therefore, four experts on the topic were recruited in the three countries; those selected had both academic and practitioner backgrounds; i.e., in addition to holding academic positions and PhD qualifications, all focus persons were current board members in their own country. Due to the nature of the experts' roles and the location of their residences, experts were consulted independently, a method approved by Campanelli (2008). They provided their feedback to the researcher via discussions on emails and suggestions or comments were made directly onto the questionnaire by use of the 'track changes' option on the Microsoft Word programme.

Apart from completing the questionnaires, experts were asked to provide their professional opinion on subjects such as scales, labelling and numbers of points, the wording of questions, the flow of the questionnaires (de Leeuw, Hox and Dillman 2008) and the clarity of the questions in the survey instrument. Furthermore, the focus persons were asked to provide suggestions on the content and format of the instrument. Amendments to the choice of words and the labelling of the scales were made according to recommendations from the experts in each country. In addition, content items were expanded or varied; e.g., in relation to directors' ownership, the location where directors obtained their highest education, the numbers of points on scales and the logical order of the responses on tasks.

One change was considered in relation to the order of questions presented to participants as an expert response commented that the order might create bias of respondents. However, the researcher decided to have the order of questions remain the same for four reasons. Firstly, the demographic questions on characteristics of board members appeared to be simple and easy for the majority of focus group respondents to answer and the question on corporate performance criteria was the most important question in the self-administered questionnaire; therefore, the more complex question was asked subsequently after the easy, basic questions (Bowling 1997). Moreover, a previous study had shown that demographic questions such as age, gender or education are not affected by the order of the questions (Willits and Ke 1995).

Secondly, the current order of the questions could help prepare the respondents' cognitive process to communicate their answers in responding to the objective of the survey (de Leeuw, Hox and Dillman 2008; Schwarz 1999; Schwarz et al. 2008) that was to find out the perceptions of their roles on corporate performance criteria. Therefore, the question regarding the perspectives of board members on corporate performance criteria that preceded board members' tasks and roles helped provide the informative framework or relevant information to respondents to answer the later questions. Thirdly, by placing the corporate performance criteria questions before those on the tasks and the roles of board members, participants provided information that helped them form the mental representation of their roles occurring essentially within the context of the overall performance of the corporation (Schwarz et al. 2008, 28). Fourthly, the current order as to board members' tasks was established to encourage the respondents to summarise the general items based on their cognition of particular tasks and to identify specific tasks that were more detailed than would be the case with the identification of general, more abstract roles (Tourangeau and Rasinki 1988; Willits and Ke 1995, 401).

Prior to data collection in Thailand, the survey instrument was translated and back-translated by a certified English/Thai language translator, and was reviewed by Thai researchers and practitioners in order to ensure the accuracy of the instrument; i.e., checked to determine that interpretation and translation of data was comparable in meaning. In summary, the study was based on the instrument design as shown in Appendix A, for implementation using a sample of corporate board of directors drawn from all types of corporations.

3.3 Conclusion of the Study Research Approach

The aim in the current study was to compare and contrast roles of directors on corporate boards on the emphasis of preferred corporate performance criteria and to explore a relationship between directors' tasks as perceived by directors and directors' involvement of various roles. The study is guided by theories developed in previous literature. Therefore, postpositivism is an appropriate stance to undertake for the current project in order to find answers to the major research question. Moreover, the current study is an exploratory one by employing a comparative research design and implementing it in the two countries, namely Australia and Thailand; one of the

quantitative research method advantages is that the measurement can be made to reactions of many people based on the standardised measures or instruments and those predetermined responses can facilitate comparison and statistical data aggregation (Patton 1990). Further, as previously suggested by Creswell (2003), a mixed methods approach takes an extended time to be conducted; therefore, it is assumed that the comparative, exploratory research design in the three research contexts will not require the extra time in the current study.

3.4 Summary

In this Chapter, the justification of the research methodology for the current study was provided in response to the research problems and to the hypothetical model developed at the end of Chapter 2. Then it was followed by an overview of the research process. Revisiting of the major and minor research questions was presented first before the subsequent, necessary sections in order to recapture the research problems that led to the selection of the comparative research design, research approaches and quantitative method procedure for the study. The assumptions for the selected method were also mentioned.

In the research method design section, the sampling technique that included the sample of population and size, an instrument for the quantitative approach and data analysis, and the administration of the instruments were further discussed. Chapter 3 concluded with an overview of the integration of data from the questionnaire and fixed-alternative questions. In the next chapter, Chapter 4, the results found from implementing the design put forward in this Chapter were reported.

CHAPTER 4

RESULTS AND DISCUSSIONS

4.1 Introduction

Following the explanation and justification in Chapter 3 of the research methods chosen for the current study, Chapter 4 is used to present the research findings. In Chapter 3, the selected research strategy was designed to use a quantitative method by means of survey questionnaires and additional respondent initiated issues. Therefore, in Chapter 4, the findings have been organised and arranged in a way that correspond to the order in which items appeared in the previous chapter on data analysis methods, especially in corresponding to each relationship shown in the hypothetical model developed at the end of Chapter 2.

In subsequent to the introductory section, the second section of the Chapter 4 refers back to the hypothetical model developed from the previous literature and the research contexts presented in Chapter 2. Thereafter, a section details discussion of the survey data including the following aspects: the demographic data related to board member attributes, the basic, descriptive statistical findings with regards to directors' attributes, the type of directors, the importance of corporate performance criteria perceived by directors and the involvement of directors' tasks as well as roles for the corporations. In addition, the statistical analyses such as correlation and multiple regressions are reported to show the relationships among different variables such as those of the tasks and the roles of corporate directors or those of the roles in relation to the preferred corporate performance criteria in the two countries. The process of the data development emerged in a way that showed the analyses and results in corresponding to the conceptual model for the current study and how the analyses achieved the main objectives of the study. Then, the subsequent section delved into the findings from the possible additional alternative responses provided by research participants.

Chapter 4 continued with a summary of comparative analyses between the results and the literature review, the research questions and the original hypothetical model for the study. Finally, a 'research outcomes model' was devised, proposed and presented against the hypothetical model developed at the end of Chapter 2 as an explanation of

the latest research findings in the discipline as found in the current research. Then, the summary of the Chapter was provided.

4.2 The Revisit of Hypothetical Model and Research Contexts

The hypothetical model developed at the end of Chapter 2 showed that director attributes and roles, as predicted to be associated with directors' tasks, are related to corporate performance criteria. In addition, it was assumed that the roles of directors vary according to different research contexts. Consequently, the current study was designed mainly to compare and contrast directors' roles and the relationship on corporate performance criteria in the two national contexts in order to fill the gap in the research on contextual studies from the perceptions of directors in Thailand and in Australia.

4.3 Survey Data and Analyses

4.3.1 Responses

4.3.1.1 Thailand

Concerning the respondents in Thailand, 195 directors completed the questionnaires and returned them to the researcher (4.1 per cent response rate). The return period for the questionnaires ranged from one to three months. Some companies requested an extension of the deadline due to the number of directors and the time period for having the questionnaires reach the participants was longer than expected. Some companies explained their decision not to participate due to their board members' unavailability and due to other obligations. Some companies declined to participate due to the confidentiality of their activities.

4.3.1.2 Australia

With regard to Australia, 132 directors completed and returned the questionnaires within a three-week timeframe (5.5 per cent response rate). 'Reminder' letters were faxed to the companies after two weeks from the first day of mailing the questionnaires. Some companies contacted the researcher earlier and declined to participate in the research due to the fact that the company did not have a policy to support this type of research. Some companies declined because the research was conducted during the peak period of the companies' operations and the majority of the directors were not available to participate. In some companies, the chief executive

director completed the questionnaires on behalf of the entire board. Some companies could not participate due to the unavailability of the chairman who was engaged in other assignments overseas, thereby making delegation impossible. The collection of data process was repeated on a second occasion to determine whether a higher response rate could be achieved. Even though the second round produced a low response rate, the overall response was considered adequate for the researcher to explore the research questions.

4.3.1.3 Report on Non-response Bias Test

The issues of bias in human perceptions and cognition, especially during uncertainties, are well-acknowledged despite of less attention paid by researchers in the literature (Marnet 2005). The current study, therefore, utilised the extrapolation approach in testing the non-response bias between early and late respondents as it is argued that its usage led to a more improvement of the result than not using it (Armstrong and Overton 1977). The independent groups t-test was then performed on roles, tasks and corporate performance criteria perceived by directors in order to evaluate the difference between the early and the late respondents within Thailand and Australia (Cooksey 2007).

The results of the test showed no significant differences between early respondents and late respondents among directors in Australia and in Thailand in terms of their perceptions on defined, functional roles (see Appendix K for Australia and for Thailand). There are thirty seven per cent for the significant differences at $p < .05$ between early and late respondents in Thailand in terms of their perceived tasks (see Appendix J), but there are no significant differences between early and late respondents in Australia in terms of directors' perceived tasks (see Appendix I). However, the test for significant differences between early and late respondents among directors in Thailand (see Appendix H) concerning their perceptions towards the preferred corporate performance criteria showed that there are forty seven per cent significant differences at $p < .05$ whereas in Australia, there are 5.2 per cent (one item) showing significant differences among early and late respondents in terms of directors' perceptions on their preferred corporate performance criteria.

As previously argued in the introductory of this Section, the result of the significant differences between early and late respondents among directors in Thailand, therefore, can be anticipated. In terms of perceptions of directors on their tasks that are varied between the early and the late respondents, the political instability and the global crisis affecting the operations and the governing of the corporations in Thailand may have caused the change and diverse perceptions of board members between two groups that came at a different point in time (see Section 4.3.1.1 for the period of responding to the questionnaires by research participants). Moreover, the group of the early respondents and the group of the late respondents may have come from different, background industries whereby the corporate contexts may have affected the tasks' interests of the board members.

In addition to the above possible reasons, boards of directors of listed companies on the Stock Exchange of Thailand are in the stage of adjusting and complying themselves to the new rules and regulations on 'good' corporate governance that are framed around the Anglo-Saxon model introduced to the country as a result of the financial crisis in 1997 (Nikomborirak and Jitmanchaitham 2001; Yammeesri and Herath 2010); therefore, items concerning the board performance assessment such as the 'evaluate other board members' and 'evaluate the board performance as a whole unit' that are very important to the corporations as strengths and weaknesses of the board can be examined (Carretta, Farina and Schwizer 2010) may have varied from one board to another, especially with the boards of companies surviving the crisis. It may be due to the fact that directors viewing those items would like to avoid the repeated criticism when the majority of the boards of the companies, especially from the financial industries, were viewed to be weak causing the corporate governance downfalls and the closing of many major corporations in Thailand during and after the financial crisis. Also, the level of emphasis on directors' tasks may be varied depending on the change of the board composition to increase in a number of non-executive directors post the crisis, corporate ownership structures that are still ranged from being concentrated in a hand of families, state-owned enterprises to a lesser degree of dispersed ownerships, and at which stage of the companies' growth is in after the introduction of the 'good' corporate governance and the monitoring role of the board of directors on the management in Thailand in 1997.

When looking at directors' preferred corporate performance criteria that are significantly different between the early and the late respondents on their views towards the accounting-based performance measures (i.e., ROE, ROA and ROI) and capital accumulation (i.e., 'increase in financial capital' criterion) as well as market expansion domestically and internationally, it may be explained from background companies of directors, the type of directors, the business-related educational background of directors and the number of experiences being a director.

After the financial crisis in the region, the policy makers' emphasis on capital market development as a result of the slowdown investment in the country (Montreevat 2006); as such, there may be some correlation between the differed viewpoints on 'increase in financial capital', 'domestic growth' and international growth' among directors on the board of the company affected directly by the crisis and survived it, directors on the board of the company affected indirectly by the crisis, and directors on the start-up companies or state-owned enterprises. More so, their resultant perceptions concerning the usage of accounting measures to show the companies' short-term profitability as well as accumulation in order to attract more continued capitals (domestic vs. international) injecting into the companies are varied. Another possible reason may be their views on promoting their corporate transparency as the higher standard in accounting practices is regarded as helping improve corporate governance and restructure in Thailand after the crisis that are tied with corporate performance (Hongcharu 2006). The fact that "reckless lending was prevalent at the time and loan growth was almost the only factor that financial institutions focussed on" (Hongcharu 2006, 2) and the companies that borrowed the money from those financial institutions with their inability to pay back their debts resulting in the corporate demises during the financial crisis may also have contributed to variations in directors' viewpoints towards the 'lending growth' (creditors) and 'long-term debt' (debtors) criteria.

All in all, the bias that may be caused by the above-mentioned reasons or other factors needs more attention, further studies should be conducted to follow up and investigated in finding out what exactly causes the variations in perceptions of directors.

4.3.2 Report on Basic Findings

Referring to concepts proposed to be explored in the model that were used for the current study (see Chapter 2, Section 2.8 for review and Chapter 3, Section 3.2.1.6 on data analysis methods), they concern directors' attributes, type of directors, directors' tasks, board roles and the corporate performance criteria. The data were analysed, summarised and discussed in a comparative manner between Thailand and Australia as shown in the following subsections.

4.3.2.1 Comparative Report on Directors' Attributes

According to the responses in the questionnaires, it was found that the majority of directors in Australia (117 or 88.6%) and in Thailand (160 or 82.1%) were males (Table 4.1). Female directors are considered to be a minority at the top-tier level of corporations in both countries regardless of the types of corporate ownership structures (La Porta et al. 1998; La Porta et al. 1999; Claessens, Djankov and Lang 2000).

Table 4.1: Profile of Directors' Genders

Country		Gender		Total
		Male	Female	
Thailand	Count	160	35	195
	% within Country	82.1%	17.9%	100.0%
	% of Total	48.9%	10.7%	59.6%
Australia	Count	117	15	132
	% within Country	88.6%	11.4%	100.0%
	% of Total	35.8%	4.6%	40.4%
Total	Count	277	50	327
	% within Country	84.7%	15.3%	100.0%
	% of Total	84.7%	15.3%	100.0%

When looking at the ages of board members, they were mainly in their 50s or above (77.5%) across the two countries (Table 4.2). There were only 73 (22.3%) directors whose age was below 50; of those 57 were aged 40-49 years, 28 in Australia and 29 in Thailand. There were 16 (4.7%) directors under 40 years of age; 15 in Thailand, and 1 in Australia. Only 4 (1.2%) directors were 30 years old or below, all of whom were board members in Thailand.

Table 4.2: Profile of Directors' Age

Country		Age					Total
		30 or below	31-39	40-49	50-59	60 or above	
Thailand	Count	4	11	29	76	75	195
	% within Country	2.1%	5.6%	14.9%	39.0%	38.5%	100.0%
	% of Total	1.2%	3.4%	8.9%	23.2%	22.9%	59.6%
Australia	Count	0	1	28	44	59	132
	% within Country	.0%	.8%	21.2%	33.3%	44.7%	100.0%
	% of Total	.0%	.3%	8.6%	13.5%	18.0%	40.4%
Total	Count	4	12	57	120	134	327
	% within Country	1.2%	3.7%	17.4%	36.7%	41.0%	100.0%
	% of Total	1.2%	3.7%	17.4%	36.7%	41.0%	100.0%

In terms of the educational background of board members, the data collected from the two countries showed that a high majority (89.2%) hold at least bachelors' degrees. The number of directors holding masters' and doctoral degrees across the two countries as shown in Table 4.3 is 67% (Thailand) and 37% (Australia). The results suggested that Thai boards may have placed a greater importance on their members having higher degrees.

Table 4.3: Profile of Highest Level of Education of Directors

Country		Highest Level of Education								Total
		Secondary School	Diploma	College or Associate Degree	Bachelor's Degree	MBA	Master's Degree	PhD	Other	
Thailand	Count	2	3	2	56	41	61	28	1	194
	% within Country	1.0%	1.5%	1.0%	28.9%	21.1%	31.4%	14.4%	.5%	100.0%
	% of Total	.6%	.9%	.6%	17.2%	12.6%	18.7%	8.6%	.3%	59.5%
Australia	Count	7	14	5	68	17	14	6	1	132
	% within Country	5.3%	10.6%	3.8%	51.5%	12.9%	10.6%	4.5%	.8%	100.0%
	% of Total	2.1%	4.3%	1.5%	20.9%	5.2%	4.3%	1.8%	.3%	40.5%
Total	Count	9	17	7	124	58	75	34	2	326
	% within Country	2.8%	5.2%	2.1%	38.0%	17.8%	23.0%	10.4%	.6%	100.0%
	% of Total	2.8%	5.2%	2.1%	38.0%	17.8%	23.0%	10.4%	.6%	100.0%

The academic subjects of board member interests found across the two countries included those traditional business-related topics such as management, economics, finance and accounting and also areas that are related specifically to the operation of corporations such as science for pharmaceuticals, medical science for health care,

engineering for real estate or property development, resources and consumer products companies, or communication arts for media and publishing companies. Other non-business related disciplines found in the boards in Thailand included military education, public policy and social science. The study of law, however, can be considered as useful formally (viz. in law firms) or informally (as a support service) in companies; a law background was identified as common for the boards in Thailand and also in Australia. Moreover, it was found that the percentage of directors who obtained their highest degree from abroad was greater in Thailand (27.7%) than in Australia (7.7%). Therefore, it can be inferred that graduating from abroad is recognised as more important for Thai corporate boards.

When considering the years of service for members being directors for a company, they appear to be similar in the two countries (Figure 4.1), with the number of completed years ranging from a single year to thirty years. Apart from the years of service as a director, the number of years spent working in the particular industry, appeared to be very similar in Australia to those in Thailand (Figure 4.2).

Figure 4.1: Profile on the Number of Completed Years as a Director for a Company

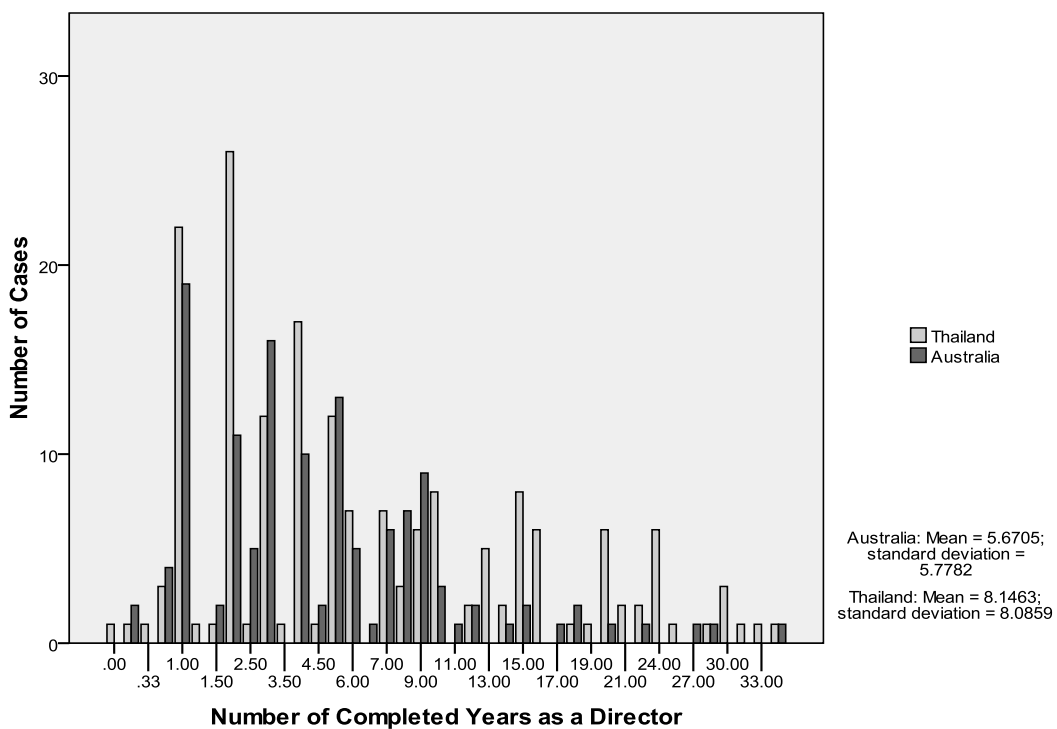
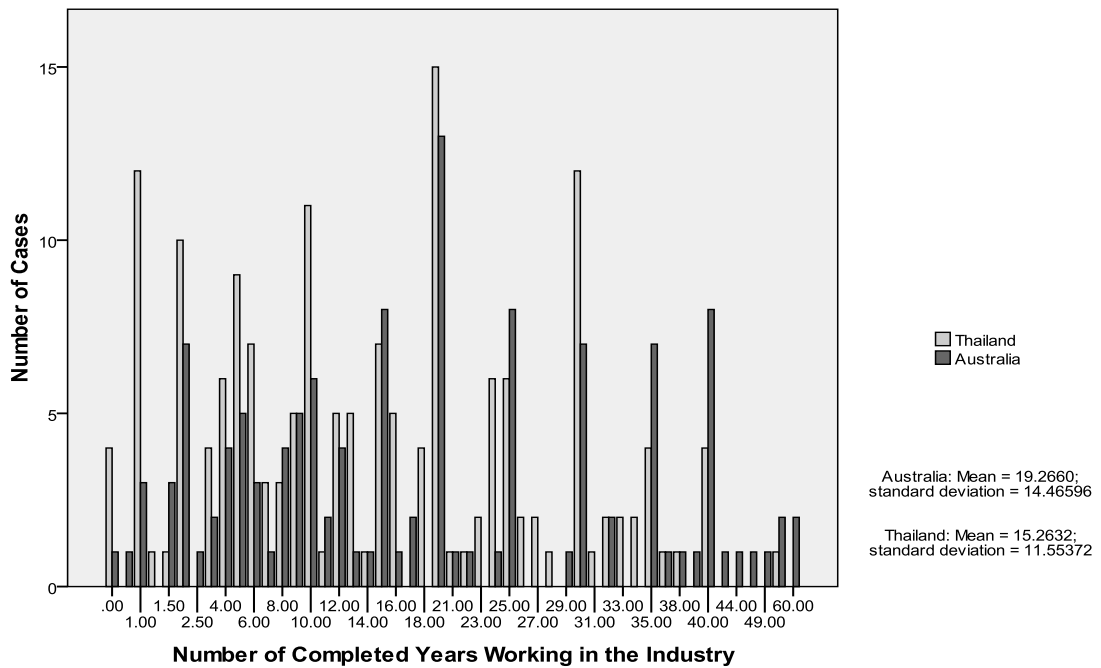
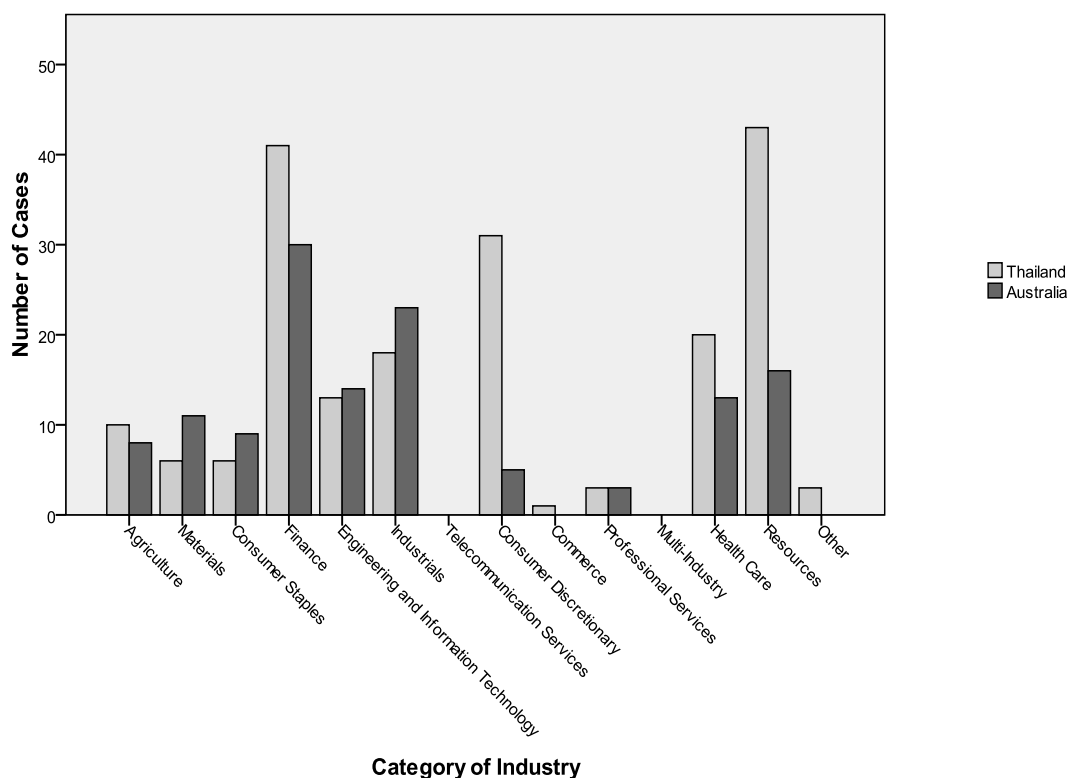


Figure 4.2: Profile on the Number of Completed Years of Directors Working in the Industry



From the raw data collected from participants in Australia and Thailand, the finance industry was strongly represented in both countries (Figure 4.3). When considering an individual country, a broad range of industries was represented, but there was more emphasis on finance, consumer discretionary and resource industries in Thailand, whereas there was more emphasis on industrial activities in Australia. However, overall the number of industries across the two countries was quite similar (11 industries for Thailand and 10 industries for Australia).

Figure 4.3: Profile on the Type of Industry

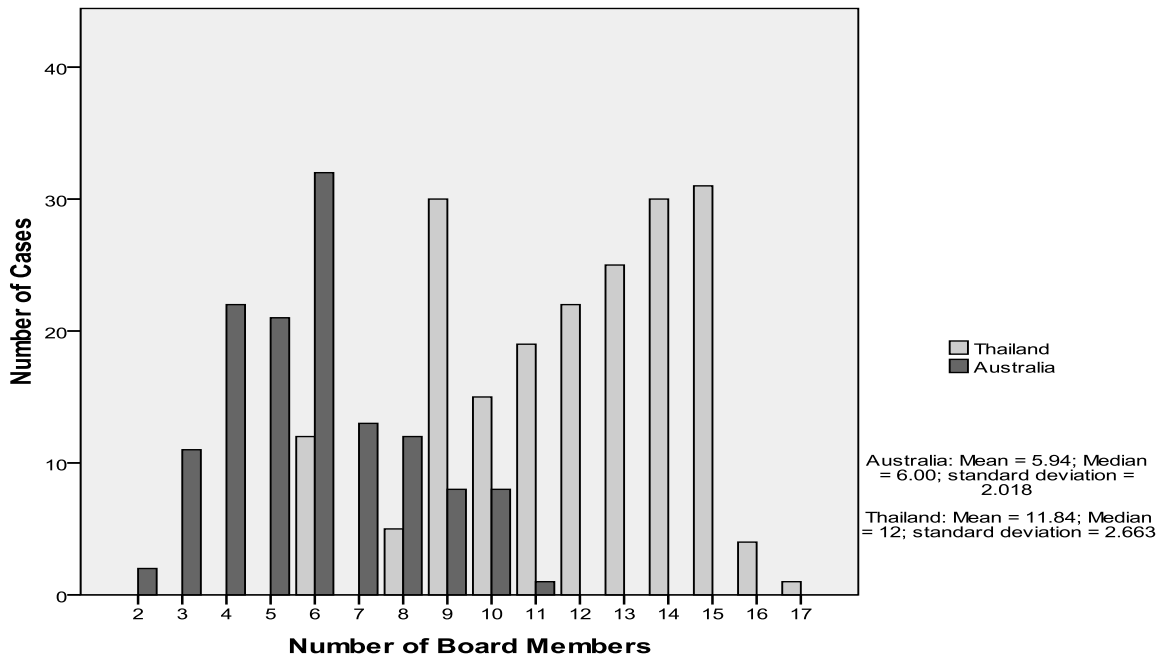


When looking at the number of members on the boards in the two countries, there appears to be a different basis underlying the factual background in each country. Unlike other nearby Asian countries such as Malaysia, Myanmar, Cambodia, Laos or Singapore, Thailand is a traditional, genuine Asian country where, historically, it hasn't ever been colonised or influenced by other western countries; therefore, the Thai preference in adopting a corporate governance system appears to vary from that of other countries. Fundamentally, Australia has an authentic western governance system. A good example of the Western aspect of governance can be shown by the number of board members. The number of members on the boards is much larger in Thailand than that in Australia.

In Thailand, the distribution of the size of the board is more even. Overall the most frequent upper limit of the number of board members is 15 and the most dominant board numbers lie between 9 and 15. The highest number of board members in Thailand is 17 whereas the most common tally of the board members in Australia falls between 3 and 10; with the most dominant number being 6. Therefore, the size of the Australian board tends to be smaller than that of Thailand. In conclusion, Thailand

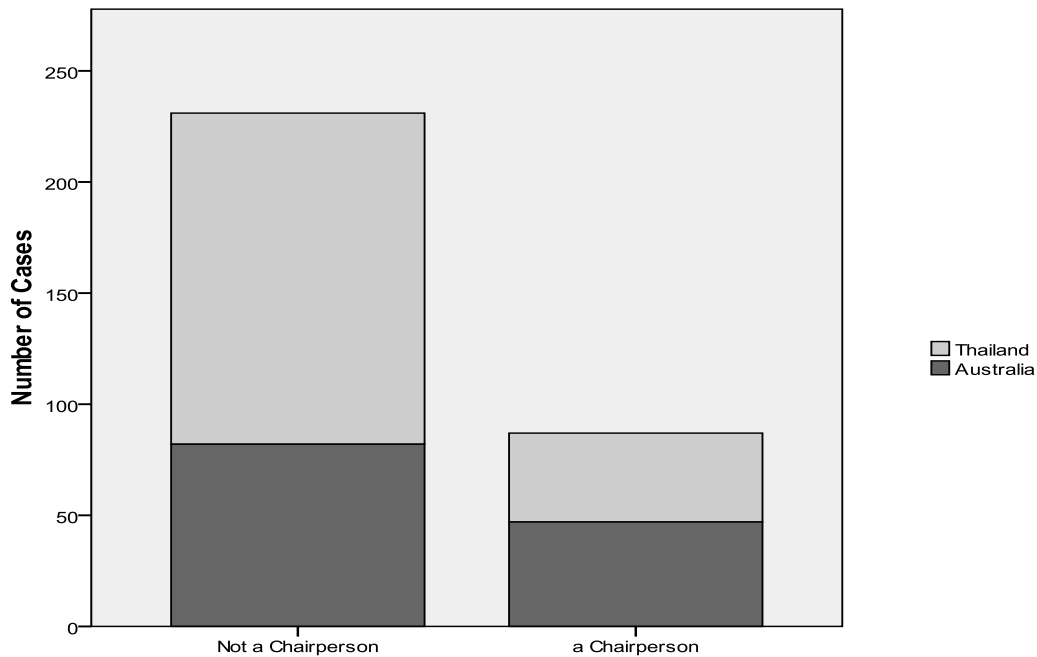
has a higher number of members per board. In Australia, the board size is considered to be moderate, as shown in Figure 4.4.

Figure 4.4: Comparative Number of Board Members in Two Countries



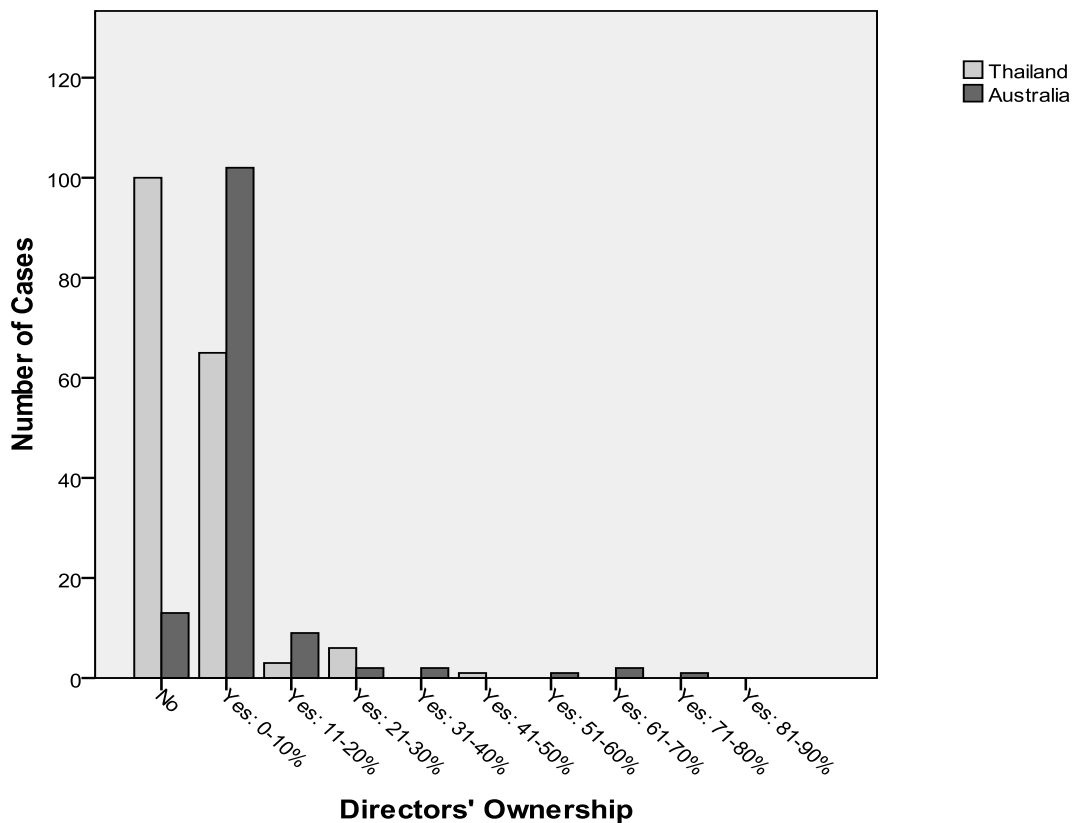
Because the number of board members in Thailand is much larger than that in Australia, there is a far smaller likelihood that the respondent will be chairperson of the board (Figure 4.5). From Figure 4.4, half as many chairpersons as board members responded in Australia; so, the number of the chairpersons may be overrepresented or the responses that were from the chairpersons who decided to represent the whole board and responded to the questionnaires themselves. However, over three times as many board members as chairpersons responded to the research questionnaire in Thailand and the reason for respondents being chairpersons is that in Thailand, different Thai directors can be a chairperson for the corporate board, the executive committee or the audit committee.

Figure 4.5: Chairmanship of the Boards in Two Countries



In Thailand, the most dominant situation is that, largely, board members have no shares in their company (Figure 4.7); though some have a share up to 10%. In Australia, the most dominant situation is that directors have some shares up to 10% in the corporation (Figure 4.7). It can be inferred that Australian directors have a financial interest in the companies whereas the majority of directors in Thailand have a very small, or no, financial interest in the corporations; thus is due to the fact that the laws in each country prohibit or limit the number of shares a director may hold in their corporation. For example, in Thailand, independent directors cannot hold shares more than 1% of total voting rights of the company and the company's related entities; i.e., parent or subsidiary company (SET 2009).

Figure 4.6: Directors' Ownership in Companies across Two Countries

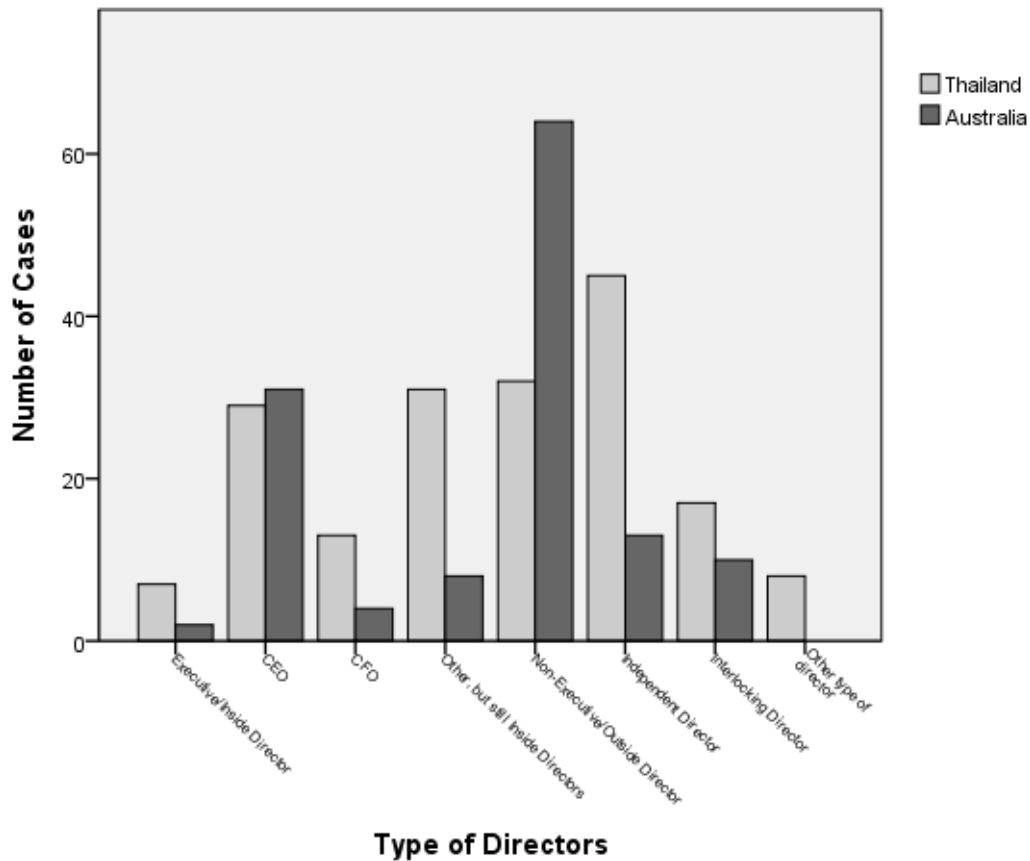


4.3.2.2 Comparative Report on the Type of Directors

When considering the composition of the board or director type on the board, current research findings support the previous literature in accordance with the rules and regulations for each country (Figure 4.6). In Australia, the board comprises executive or inside directors and independent, non-executive directors. The executive directors can be Chief Executive Officers (CEOs) or Managing Directors, Chief Finance Officers (CFOs) and others such as any executive or managers who are also employees of the companies (Matolcsy, Stokes and Wright 2004). In Thailand, there are executive, non-executive and other types of directors on the boards. The Thai executive directors can be Chief Executive Officers (CEOs), Presidents, Managing Directors, Chief Finance Officers (CFOs) or other types of executive directors such as department managers or editor-in-chief for the media and publishing companies. The other types of director are those independent directors who are from audit committees or are consultants for the companies. The distinction from the previous literature is another position called 'Director' whereby a person can be a non-executive or

executive director. The number of interlocking directors, who can be outside or inside directors, appears to be common on the boards across the two countries.

Figure 4.7: Composition of the Board in Two Countries



Having reported on demographic data and the other director attributes such as the number of board members and the directors' shares in the companies, the following is a report on the basic findings from data analysis; e.g., the mean scores of the questionnaire responses in Thailand and Australia. The current study employed 5-point and 6-point Likert rating scales for measuring the perceptions of board members towards three aspects; the first aspect is directors' perception of involvement of their tasks (Appendix C, 210-211), and the second and the third aspect are perceived roles of board members and directors' preferred corporate performance criteria (Appendix C, 212 and 209-210, respectively).

4.3.2.3 Comparative Report on Directors' Tasks

The comparative order of importance among the two countries may be difficult to contrast in terms of mean values because of the cultural differences that may exist (see Appendix D for a complete list of the order of means of the priorities of board member tasks). In this regard, Australian ($\bar{X} = 4.57$) and Thai ($\bar{X} = 4.55$) respondents appear to show similar perceptions at the top of the ratings; however, approaching the end of the list, Thai ($\bar{X} = 3.19$) respondents are more average in response compared to Australian ($\bar{X} = 2.39$) respondents. The list of tasks was rearranged in order to compare the means of each item side by side (see Table 4.4). The major priority of 'the debate on strategic plans' was rated similarly in Australia ($\bar{X} = 4.55$) and in Thailand ($\bar{X} = 4.55$). Although 'the debate on strategic plans' was rated highest in Thailand, in Australia, the 'evaluate annually the company's strategic direction' was rated higher ($\bar{X} = 4.57$) than the similar item perceived by Thai directors. In respect of the task of 'evaluating other board members', Thailand ($\bar{X} = 3.19$) rated lowest, but was rated higher in Australia ($\bar{X} = 3.71$). As for the aspect of directors who 'provide alternative viewpoints', it was rated very important in both countries ($\bar{X} = 4.11$ in Thailand; $\bar{X} = 4.16$ in Australia).

Table 4.4: A Comparison of the Means Order of Priorities of Directors' Tasks

Board Member Tasks	Thailand Mean ^a (\bar{X})	Australia Mean ^a (\bar{X})
Debate strategic plan	4.55 (.611) ^b	4.55 (.672) ^b
Evaluate annually the company's strategic direction	4.54 (.692)	4.57 (.681)
Conform to the regulations	4.54 (.699)	4.32 (.915)
Assist in formulating the company vision and mission	4.52 (.621)	4.27 (.828)
Assist in formulating the company policy	4.49 (.736)	3.70 (1.026)
Work with the CEO in developing the strategic plan	4.44 (.869)	4.42 (.733)
Monitor implemented company strategies	4.41 (.737)	4.24 (.735)
Monitor environment trends that are all relevant to the company's success and survival	4.37 (.734)	3.55 (1.100)
Review corporate performance against strategic plan	4.34 (.706)	4.28 (.819)
Evaluate performance of top executives	4.32 (.722)	4.40 (.754)
Monitor top management in decision-making	4.31 (.775)	4.11 (.779)
Compare budget allocation with corporate performance	4.25 (.729)	3.85 (.883)
Design company strategies	4.19 (.976)	3.69 (.969)
Provide alternative viewpoints	4.11 (.819)	4.16 (.734)
Review financial information to identify important trends and issues	4.11 (.761)	3.77 (.871)
Use an internal mechanism to evaluate top management performance	4.11 (.782)	3.56 (1.036)
Balance interests of stakeholders	4.10 (.881)	3.91 (.888)
Critique the capital investment proposals of the top management team	4.10 (.839)	4.11 (.930)
Provide advice and counsel to top managers	4.10 (.891)	3.43 (1.074)
Oversee the plans for acquiring more resources and capital for the company	4.07 (.927)	4.03 (.923)
Be influential/Enhance the status of the company in the community or society	4.05 (.864)	3.33 (1.141)
Acquire information showing the progress of corporate performance	4.04 (.981)	3.78 (1.034)

Table 4.4: A Comparison of the Means Order of Priorities of Directors' Tasks (continued)

Board Member Tasks	Thailand Mean ^a (\bar{X})	Australia Mean ^a (\bar{X})
Evaluate corporate performance in relation to industry benchmarks	4.03 (.755)	3.38 (.937)
Ensure communications with stakeholders/public are effective	3.99 (.952)	3.81 (.907)
Engage in planning for CEO succession	3.90 (1.264)	4.27 (1.002)
Respond to the top management team's request for board assistance	3.78 (.900)	4.23 (.737)
Promote Goodwill by supporting stakeholders	3.78 (1.153)	3.32 (1.108)
Provide opinions independently from other board members	3.70 (1.021)	4.22 (.964)
Evaluate the board performance as a whole unit	3.69 (1.248)	4.19 (.882)
Influence the selection of the CEO	3.64 (1.377)	4.55 (.721)
Engage in planning for top managers (besides CEO) succession	3.52 (1.242)	3.25 (.939)
Provide relevant contacts to the company	3.34 (1.125)	3.01 (1.110)
Help the management team prepare the capital investment proposals	3.31 (1.313)	2.74 (1.232)
Serve as a link to government agencies	3.21 (1.181)	2.39 (1.318)
Evaluate other board members	3.19 (1.271)	3.71 (.970)

^aMaximum score is five; ^bStandard Deviation

Among the listed thirty-five director tasks, Table 4.5 showed the top-ten list of tasks in the two countries when the items were rearranged in descending order. 'Debate on strategic plan' is highly and equally important in Australia ($\bar{X} = 4.55$) and in Thailand ($\bar{X} = 4.55$). The task of 'evaluation annually the company's strategic direction' is also highly important in the perceptions of board members in the two countries ($\bar{X} = 4.54$ in Thailand; $\bar{X} = 4.57$ in Australia). Moreover, the 'conform to the regulations', 'monitor implemented company strategies', 'review corporate performance against strategic plan' and 'evaluate performance of top executives' are perceived to be part of the director priorities across both countries.

Table 4.5: A Comparison of the Top-Ten List of the Means Order of Priorities of Directors' Tasks between Thailand and Australia

No.	Thailand Board Tasks	Australia Board Tasks
1	Debate strategic plan	Evaluate annually the company's strategic direction
2	Evaluate annually the company's strategic direction	Influence the selection of the CEO
3	Conform to the regulations	Debate strategic plan
4	Assist in formulating the company vision and mission	Work with the CEO in developing the strategic plan
5	Assist in formulating the company policy	Evaluate performance of top executives
6	Work with the CEO in developing the strategic plan	Conform to the regulations
7	Monitor implemented company strategies	Review corporate performance against strategic plan
8	Monitor environment trends that are all relevant to the company's success and survival	Engage in planning for CEO succession
9	Review corporate performance against strategic plan	Assist in formulating the company vision and mission
10	Evaluate performance of top executives	Monitor implemented company strategies

A similar method to finding the corporate performance criteria means order was also performed on a list of director tasks items in both countries whereby the means of the similar items as perceived by directors in both countries were rearranged side-by-side. The correlation analysis (two-tailed Spearman's correlation with coefficients at the 0.01 level of significance) for directors' tasks among the two countries was, therefore, conducted and the result showed that the correlation is significant, but obvious dissimilarities are also detected between the two countries (Correlation Coefficient = 0.526 between Australia and Thailand). The order of importance among listed tasks between Australia and Thailand is moderately similar (0.526). It suggests that the perceived order of importance on directors' tasks in Thailand is not the same as that of Australian directors' experience. In conclusion, the result of the relationship of directors' tasks is in line with the subsequent argument on the comparative aspect of corporate performance criteria (see Section 4.3.2.5) that the processes of doing or arriving at decisions are substantially different; i.e., they have a lower similarity when the perceptions were measured by tasks of board members among the two countries. The relative functional importance of different tasks may reflect cultural differences in the way decisions are finalised and the processes employed in arriving at decisions, although similar, preferred corporate performance criteria were viewed by the board members in the two countries.

4.3.2.4 Comparative Report on Director Roles

When considering the broader roles, as shown in the two countries, the service and advisory roles of directors are perceived to be less important than the monitoring and strategic roles. In Thailand and Australia, the main role of the directors is to provide strategic direction for the corporations (Table 4.6). In this regard, it can be observed that categories of board roles are very similar in Australia and in Thailand.

Table 4.6: A Comparison of the Means Order of Importance on Directors' Roles

Country	Thailand		Australia	
	Roles	Mean ^a (\bar{X})	Roles	Mean ^a (\bar{X})
1	Formulate, contribute to or evaluate corporate strategy	4.54 (.681) ^b	Formulate, contribute to or evaluate corporate strategy	4.65 (.595)
2	Monitor, evaluate or control performance	4.53 (.654)	Monitor, evaluate or control performance	4.45 (.705)
3	Provide specific professional services	4.26 (.931)	Provide specific professional services	2.46 (1.699)

^aMaximum score is five; ^bStandard Deviation

In terms of the means of the roles for each country, it appears that the strategic and monitoring roles are almost equal in priority in Thailand ($\bar{X} = 4.54$ and $\bar{X} = 4.53$). In Australia, the difference among strategic, monitoring and service & advisory roles is more distinct ($\bar{X} = 4.65$, $\bar{X} = 4.45$ and $\bar{X} = 2.46$); however, the ratings of the strategic and monitoring roles appear to be closer to each other ($\bar{X} = 4.65$ and $\bar{X} = 4.45$) than to the advisory and service roles ($\bar{X} = 2.46$). In other words, the Australian order of priorities is more distinctly separate or clearer than it is in Thailand.

4.3.2.5 Comparative Aspect on Preferred Corporate Performance Criteria

In terms of responses on the perceptions of directors towards their preferred criteria of firm performance, Thai respondents may tend to inflate their ratings of importance on all aspects of the criteria (Table 4.7). It may be due to the fact that Thai directors feel more accountable towards their responses when their responses are not anonymous (Antonioni 1994) although the researcher confirmed the confidentiality of their questionnaires. On the other hand, Australian participants tend to understate it. For example, from the corporate performance criteria (see Table 4.4), the net profit is rated highest in Thailand ($\bar{x} = 3.72$).

Table 4.7: A Comparison of the Means Order of Priorities of Corporate Performance Criteria

Thailand		Australia	
Corporate Performance Criteria	Mean ^a (\bar{X})	Corporate Performance Criteria	Mean ^a (\bar{X})
Net Profit	3.72 (.449) ^b	Operating Performance	3.46 (.789) ^b
Operating Performance	3.71 (.490)	Net Profit	3.36 (.909)
Net Income	3.66 (.507)	ROE	3.34 (.894)
ROE	3.59 (.562)	ROI	3.26 (.979)
ROI	3.55 (.567)	Earnings Per Share	3.21 (1.144)
Sales	3.52 (.682)	Net Income	3.07 (.942)
Earnings Per Share	3.51 (.622)	Sales	2.82 (1.128)
ROA	3.41 (.657)	ROA	2.77 (1.223)
ROS	3.37 (.756)	Position in relation to Industry Avg Performance	2.69 (1.053)
Growth Rate in Domestic Market	3.36 (.745)	Growth Rate in Domestic Market	2.61 (.998)
Market Share	3.21 (.726)	Long-term Debt	2.55 (1.270)
Progress in Research and Development	3.19 (.742)	Increase in Financial Capital	2.51 (1.046)
Market to Book Value Ratio	3.09 (.806)	Employee Turnover	2.45 (1.000)
Position in relation to Industry Avg Performance	3.04 (.724)	ROS	2.31 (1.222)
Increase in Financial Capital	3.01 (.777)	Market Share	2.18 (1.189)

Table 4.7: A Comparison of the Means Order of Priorities of Corporate Performance Criteria (continued)

Thailand		Australia	
Corporate Performance Criteria	Mean ^a (\bar{X})	Corporate Performance Criteria	Mean ^a (\bar{X})
Employee Turnover	2.98 (.741)	Progress in Research and Development	2.15 (1.177)
Long-term Debt	2.87 (.961)	Market to Book Value Ratio	2.08 (1.157)
Lending Growth	2.81 (1.008)	Lending Growth	1.61 (1.276)
Growth Rate in International Market	2.65 (1.209)	Growth Rate in International Market	1.60 (1.426)

^aMaximum score is four; ^bStandard Deviation

However, the 3.46 mean of the operating performance is the highest rank in Australia. Another example relates to the lowest performance criteria. In Thailand, the lowest criterion is the growth rate in international markets ($\bar{X} = 2.65$), but in Australia, the lowest criterion, which is also the growth rate in international markets, has a mean of 1.60. In this regard, the magnitude on how each criterion is rated may be a result of cultural inhibition and the way respondents from each country rate items (Johnson et al. 2005; Yeh et al. 1998). Therefore, the main focus of the current report is on the perceived order of priorities calculated by the mean for each aspect measured rather than the raw values attached to items; e.g., even when the means shown for the corporate performance criteria of the two countries is the same, there may be some variation due to cultural issues.

On face value, there is a consistency among the two countries regarding the priorities given corporate performance criteria related to the financial health of companies (Table 4.7). Inspection reveals differences in the means on the order of priorities appears to be between Australia and Thailand. Even though the order of criteria is quite dissimilar, directors for both countries tend to see the financial health of companies in a similar fashion, as mentioned.

All in all, the first three common items on the firm-level outcomes that board members in two countries view as their priorities are net profit, operating performance and return on equity. Furthermore, lending growth is regarded as close to the least important criterion in both locations even though the finance industry is highly represented in Thailand and in Australia. Also, the growth rate in international market is regarded as a low priority by directors in both countries.

When the means of all criteria were rearranged in a way that the same items were compared side-by-side across two countries, the correlations analysis, based on the two-tailed Spearman's at the 0.01 significance level, showed that the order of priorities is very consistent, strongly related and significant (0.851) between Australia and Thailand. In other words, the highly rated corporate performance criteria in Thailand are also highly rated in Australia even though the numbers appear to vary across the countries. For example, the net profit that is rated first ($\bar{X} = 3.72$) in Thailand is rated second ($\bar{X} = 3.36$) in Australia. Similarly, the same order applies to the lower-rated criteria as well; the example is long-term debt, which rated lowest in two countries ($\bar{X} = 2.87$ in Thailand; $\bar{X} = 2.55$ in Australia).

In decision-making, the indication is that the criteria on which major decisions are based and the corporate performance is evaluated will be highly similar in both countries because of the importance of the bottom line of net profit. In other words, although the flavour of the debate may differ, when it comes to making final decisions, board members in each country consider similar criteria. In this regard, it may be argued that the notion of having corporations in Thailand is similar to that of the West. Therefore, the major aspects of corporate performance criteria are based upon a similar model, but the ways in which directors interact with one another may differ; and, although cultural factors may influence processes they may not affect the criteria used in reaching final decisions. The supporting argument is shown in the above section concerning specific tasks undertaken by board members.

4.3.4 Report on the Relationships as Modelled

4.3.4.1 Overview of the Analyses

Having observed the perceived order of priorities of importance on tasks, roles and preferred corporate performance criteria by board members in each country, the next step was to further condense and summarise data in a way that is easier for interpretation, by use of a cross-tabulation table (Cooksey 2007); as well as to further explore a basic one-on-one relationship among various concepts in the model for each country. By doing so, the correlation statistics of analysis of variance and multiple regression were employed in order to help better the understandings of the relationship between the pairs of each concept in the model. The relationships included those between the type of directors and director tasks, director attributes and

tasks, director attributes and corporate performance criteria, director tasks and roles, and director roles and corporate performance criteria as modelled at the end of Chapter 2, Section 2.8. The overview of the data analysis methods also can be referred to Chapter 3, Section 3.2.1.6.

4.3.4.2 The Two-Way Relationship between the Type of Directors and Director Attributes

When examining whether there is any difference among director attributes towards the type of directors, cross-tabulation was employed. In Thailand, the results showed that ‘age’, ‘business-related educational background’, the ‘level of education’ and ‘director ownership in the company’ have a significant relationship with the type of directors. With the Pearson Chi-Square Sig. that is equal to 0.001, Table 4.8 illustrates that the most dominant group of outside directors in Thailand is at the age of 60 or above (22.1%) followed by the 50 – 59 age group (14.4%). The least determinant is at the age of 40 or below (7.7%). The age distribution of inside directors differs substantially from that of the outside directors in that the lowest proportion belongs to the over 60 age group (7.7%) and the highest proportion are aged between 50 and 59 (19.9%). Regarding interlocking directors, the pattern bears a slight resemblance to that of the outside directors, but the overall numbers are considerably fewer where the least age group is around 40 or lower (1.1%) and the highest age group is at the age of 60 or above (6.6%).

Table 4.8: A Result of Crosstabulation between the Type and Age of Directors in Thailand

Age		Type of Directors			Total
		Outside	Inside	Interlocking	
40 and below	Count	14	26	2	42
	Expected Counted	18.6	17.6	5.8	42.0
	% of Total	7.7%	14.4%	1.1%	23.2%
50-59	Count	26	36	11	73
	Expected Counted	32.3	30.7	10.1	73.0
	% of Total	14.4%	19.9%	6.1%	40.3%
60 and above	Count	40	14	12	66
	Expected Counted	29.2	27.7	9.1	66.0
	% of Total	22.1%	7.7%	6.6%	36.5%
Total	Count	80	76	25	181
	Expected Counted	80.0	76.0	25.0	181.0
	% of Total	44.2%	42.0%	13.8%	100.0%

When considering the directors' educational background that is functionally related to the company (see Table 4.9), the Pearson Chi-Square showed that there is a significant relationship between the educational background of directors and the type of directors (Sig. = 0.039). As shown in the Table, the pattern of the educational background distribution between outside and inside directors is similar. In other words, the majority of outside (74.7%) and inside (89.5%) directors possess the educational background that is business-related or functional to the company's industry.

Although the number of interlocking directors responding to the questionnaires was less than those of outside and inside directors, 22 (88.0%) of the 25 responses indicated that interlocking directors also possess an educational background that is business-related and functional to the business of the company. However, among the three type of directors, outside directors possess a non-business related educational background (25.3%) more than the inside (10.5%) and interlocking (4.3%) directors.

Table 4.9: A Result of Crosstabulation between the Type and the Business-Related Educational Background of Directors in Thailand

Educational Background		Type of Directors			Total
		Outside	Inside	Interlocking	
Business-related	Count	59	68	22	149
	Expected Counted	65.4	62.9	20.7	149.0
	% of Total	74.7%	89.5%	88.0%	82.8%
Non-business related	Count	20	8	3	31
	Expected Counted	13.6	13.1	4.3	31.0
	% of Total	25.3%	10.5%	12.0%	17.2%
Total	Count	79	76	25	180
	Expected Counted	79.0	76.0	25.0	180.0
	% of Total	100.0%	100.0%	100.0%	100.0%

Table 4.10 showed the result of the level of education, another attribute, in relation to the type of director (Pearson Chi-square Sig. = 0.000). It can be observed that the pattern of the level of education distribution of outside directors differs from that of inside directors. Thai outside directors (18.9%) obtained most of their degrees at the master level in fields other than in Business Administration followed by the degree at the bachelor level (11.7%) and then at the doctor of philosophy level (8.9%). Thai outside directors (4.4%) obtained the least number of master's degrees in Business Administration.

Table 4.10: A Result of Crosstabulation between the Type and the Education Level of Directors in Thailand

Level of Education		Type of Directors			Total
		Outside	Inside	Interlocking	
Bachelor's degree and lower	Count	21	28	9	58
	Expected Counted	25.5	24.5	8.1	58.0
	% of Total	11.7%	15.6%	5.0%	32.2%
MBA	Count	8	27	4	39
	Expected Counted	17.1	16.5	5.4	39.0
	% of Total	4.4%	15.0%	2.2%	21.7%
Other Master's degree	Count	34	15	6	55
	Expected Counted	24.1	23.2	7.6	55.0
	% of Total	18.9%	8.2%	3.3%	30.6%
PhD	Count	16	6	6	28
	Expected Counted	12.3	11.8	3.9	28.0
	% of Total	8.9%	3.3%	3.3%	15.6%
Total	Count	79	76	25	180
	Expected Counted	79.0	76.0	25.0	180
	% of Total	43.9%	42.2%	13.9%	100.0%

The situation was the opposite for Thai inside directors; they obtained most of their degrees at the bachelor level (15.6%) and master's level in Business Administration (15.0%). The master's degree in fields other than in Business Administration (8.2%) and the doctor of philosophy degree (3.3%) were obtained less by the Thai inside directors.

The pattern of educational level distribution of interlocking directors is slightly similar to that of the outside directors in that the master's degree in Business Administration (2.2%) is obtained least compared to the number of other degrees (3.3% for the doctor of philosophy, 3.3% for the master's degree in other fields and 5.0% for the bachelor's level or lower).

Apart from the three attributes mentioned above, the director's ownership in the company is the last attribute that produced a significant relationship with the type of director (Pearson Chi-square Sig. = 0.000) in Thailand. Table 4.11 showed that the majority of Thai outside directors (30.9%) have no ownership in the company whereas Thai inside directors illustrated the opposite result by having a 31.9% ownership in the company they governed. The pattern of ownership in the company by interlocking directors is similar to that of outside directors, but the number may tend to be biased as the number of interlocking directors in the sample is small.

Table 4.11: A Result of Crosstabulation between the Type and Company Ownership of Directors in Thailand

Company Ownership		Type of Directors			Total
		Outside	Inside	Interlocking	
Having no ownership	Count	51	28	13	92
	Expected Counted	39.0	40.1	12.8	92.0
	% of Total	30.9%	17.0%	7.9%	55.8%
Having ownership	Count	19	44	10	73
	Expected Counted	31.0	31.9	10.2	73.0
	% of Total	11.5%	26.7%	6.1%	44.2%
Total	Count	70	72	23	165
	Expected Counted	70.0	72.0	23.0	165.0
	% of Total	42.4%	43.6%	13.9%	100.0%

Where there are four attributes related to the types of directors in Thailand, in Australia, it was determined that there is no significant relationship found between the types of directors and director attributes.

4.3.4.3 The One-Way Relationship between the Type of Director and Director Tasks

In order to assess which tasks are associated with each type of director, a one-way analysis of variance or one-way ANOVA was performed. The results of the Levene's test and the Kruskal-Wallis test were also reported.

In Thailand, out of the thirty-five tasks in total, there were seven tasks, as shown in Table 4.12, that are statistically significant in relation to the type of director whether the person is outside, inside or interlocking.

Table 4.12: Relationships between the Type of Director and the Perceived Importance of Director Tasks in Thailand

Tasks	Levene's test Sig.	ANOVA Test F Sig.	Kruskal-Wallis Test Sig.	Conclusion
Work well with the CEO in developing the strategic plan	0.002	0.004	0.003	Significant
Design company strategies	0.490	0.044	-	Significant
Help the management team prepare the capital investment proposals	0.003	0.001	0.003	Significant
Engage in planning for CEO succession	0.000	0.003	0.014	Significant
Provide opinion independently from other board members	0.692	0.026	-	Significant
Be influential/Enhance the status of the company in the community/society	0.880	0.041	-	Significant
Conform to the regulations	0.000	0.002	0.009	Significant

The tasks significantly related to the type of director included ‘work with the CEO in developing the strategic plan’, ‘designing company strategies’, ‘helping the management team prepare the capital investment proposals’, ‘engaging in planning for the CEO succession’, ‘providing opinions independently from other board members’, ‘being influential or enhancing the company status in the community or in the society’ and ‘conforming to the regulations’.

In order to examine how a different position on a company board relates to different views about the director’s tasks, the Tukey’s Honestly Significant Difference or HSD multiple comparison test was conducted (Cooksey 2007). The results were as shown in Table 4.13.

Table 4.13: Tukey’s HSD Test Results of the Type of Director and Board Tasks in Thailand

Tasks	Focussed Type of Director	Other Types of Directors	Mean Difference between the focussed and the other type of director
Work well with the CEO in developing the strategic plan	Outside Director	Inside Director	0.368*
		Interlocking Director	0.205
	Inside Director	Interlocking Director	0.573*
Design company strategies	Outside Director	Inside Director	0.345
		Interlocking Director	0.425
	Inside Director	Interlocking Director	0.080
Help the management team prepare the capital investment proposals	Outside Director	Inside Director	0.717*
		Interlocking Director	0.096
	Inside Director	Interlocking Director	0.813*
Engage in planning for CEO succession	Outside Director	Inside Director	0.468*
		Interlocking Director	0.900*
	Inside Director	Interlocking Director	0.432
Provide opinion independently from other board members	Outside Director	Inside Director	0.340
		Interlocking Director	0.554
	Inside Director	Interlocking Director	0.215
Be influential/Enhance the status of the company in the community/society	Outside Director	Inside Director	0.169
		Interlocking Director	0.313
	Inside Director	Interlocking Director	0.481*
Conform to the regulations	Outside Director	Inside Director	0.290*
		Interlocking Director	0.190
	Inside Director	Interlocking Director	0.480*

*the mean difference is significant at the 0.05 level.

Concerning the directors’ task in ‘working with the CEO in developing the company strategic plan’, the importance placed on the task is viewed as statistically significant and is moderately different between Thai inside directors and outside directors (0.368 at 0.05 Sig. level) and also between Thai inside directors and Thai interlocking directors (0.573 at 0.05 Sig. level). The mean of the perception toward ‘working with the CEO in developing the company strategic plan’ is viewed highest from the inside

directors (Harmonic mean = 4.69) compared to the view of the outside (Harmonic mean = 4.33) and interlocking directors (Harmonic mean = 4.12).

In ‘helping the management team prepare the capital investment proposals’, there is a strong, significant difference between the importance placed on the task by Thai outside and inside directors (0.717 at 0.05 Sig. level) and between Thai inside and interlocking directors (0.813 at 0.05 Sig. level). The mean of importance of this task as perceived by inside directors is highest (Harmonic mean = 3.73) whereby it is viewed as less important by outside directors (Harmonic mean = 3.01) and least by interlocking directors (Harmonic mean = 2.92). Turning to ‘engaging in planning for CEO succession’ task, there is a moderate, significant difference between the importance placed on the task from Thai outside directors and Thai interlocking directors (0.468 at 0.05 Sig. level). Also, the importance placed on the CEO succession task is strongly and significantly different between Thai outside directors and Thai interlocking directors (0.900 at 0.05 Sig. level). In this regard, the interlocking directors (Harmonic mean = 4.50) viewed the task as more important than inside (Harmonic mean = 4.07) and outside (Harmonic mean = 3.60) directors.

When considering the importance placed on ‘being influential or enhancing the status of the company in the community or in the society’, there is a moderate, significant difference between Thai inside and interlocking directors (0.481 at 0.05 Sig. level). Interlocking directors (Harmonic mean = 4.40) viewed this task as more important than inside directors (Harmonic mean = 3.92). The importance placed on the ‘conforming to the regulations’ is perceived to be moderately and significantly different between Thai outside and inside directors (0.290 at 0.05 Sig. level) and between Thai inside directors and Thai interlocking directors (0.480 at 0.05 Sig. level). Again, interlocking directors (Harmonic mean = 4.84) perceived this task to be more important than outside (Harmonic mean = 4.65) and inside (Harmonic mean = 4.36) directors.

At first, the result of the Tukey’s HSD showed that there is no significant difference between the importance placed on the ‘designing company strategies’ by types of directors. However, in order to confirm the results, the independent sample t-test was performed. It was found that the importance placed on this task from Thai outside

directors is significantly different from Thai inside directors (Equality of Means Sig. = 0.035 at 0.05 level) where the task is perceived to be more important to inside directors (Harmonic mean = 4.32) than outside directors (Harmonic mean = 3.98). However, there is no difference between Thai outside and interlocking directors or between Thai inside and interlocking directors.

A similar test was performed with the 'providing opinion independently from other board members task'; it was found that there is a significant difference between Thai outside and inside directors (Equality of Means Sig. = 0.031 at the 0.05 level) and between the Thai outside and interlocking directors (Equality of Means Sig. = 0.025 at 0.05 level), but there is no difference between Thai inside and interlocking directors. Outside directors (Harmonic mean = 3.89) perceived this task to be more important than it is viewed by inside (Harmonic mean = 3.55) and interlocking (Harmonic mean = 3.33) directors.

The conclusion drawn from the Thai data is that inside directors perceived the directors' tasks relevant to the responsibilities (i.e. strategic and investment issues) of executive directors to be more important than other type of directors (i.e., 'work well with the CEO in developing the strategic plan' or 'help the management team prepare the capital investment proposal') whereas the interlocking directors viewed tasks pertaining to being legitimate to the companies and the monitoring aspect as more important than other type of board members (i.e., 'engage in planning for CEO succession' or 'conform to the regulations'). Outside directors perceived the task of being independent on the board by providing independent opinions from other board members to be more important than did inside and interlocking directors (i.e., 'provide opinion independently from other board members') although this task appear not to be significantly different among other type of directors.

In Australia, the list of tasks related to the type of director is smaller than in the Thai experience. As shown in Table 4.14, there are only four tasks that are significantly related to the type of director.

Table 4.14: Relationships between the Type of Director and the Perceived Importance of Director Tasks in Australia

Tasks	Levene's test Sig.	ANOVA Test F Sig.	Kruskal-Wallis Test Sig.	Conclusion
Work well with the CEO in developing the strategic plan	0.133	0.050	-	Significant
Assist in formulating the company policy	0.542	0.019	-	Significant
Monitor implemented company strategies	0.600	0.010	-	Significant
Influence the selection of the CEO	0.011	0.039	0.046	Significant

As with the Thai data, similar statistical analyses were used to determine which type of Australian directors related significantly to the four tasks. The results were as shown in Table 4.15.

Table 4.15: Tukey's HSD Test Results of the Type of Director and Board Tasks in Australia

Tasks	Focussed Type of Director	Other Types of Directors	Mean Difference between the focussed and the other type of director
Work well with the CEO in developing the strategic plan	Outside Director	Inside Director	0.271
		Interlocking Director	0.234
	Inside Director	Interlocking Director	0.505
Assist in formulating the company policy	Outside Director	Inside Director	0.530*
		Interlocking Director	0.362
	Inside Director	Interlocking Director	0.168
Monitor implemented company strategies	Outside Director	Inside Director	0.382*
		Interlocking Director	0.140
	Inside Director	Interlocking Director	0.522
Influence the selection of the CEO	Outside Director	Inside Director	0.343*
		Interlocking Director	0.040
	Inside Director	Interlocking Director	0.303

*the mean difference is significant at the 0.05 level.

At the 0.05 Sig. level, it turned out that the perceptions of the importance between Australian outside directors and inside directors placed on 'assisting the top management team in formulating the company policy' (0.530), the 'monitoring implemented company strategies' (0.382) and the 'influence on the CEO selection' (0.343) were moderate. In this regard, all three tasks were perceived to be highly important for Australian outside directors (Harmonic means 3.91, 4.36 and 4.68, respectively) than Australian inside directors (Harmonic means 3.38, 4.33 and 3.98, respectively). When 'working with the CEO in developing the company strategic plan', it appears to be significantly different between the perceptions of Australian inside directors and Australian interlocking directors (Equality of Means Sig. = 0.035

at 0.05 level) whereby the interlocking directors (Harmonic mean = 4.73) viewed this task to be more important than inside directors (Harmonic mean = 4.49). In this regard, it can be inferred that outside directors perceived the monitoring role to be more important as shown from the perception of directors' tasks that were important ('monitoring of the implemented company strategies' and 'influence on the CEO selection').

In comparison, the importance placed on tasks for Australians is less related to the type of director than for Thais. Moreover, in Australia the significant difference of the relationship between each task and the type of director occurred mostly between outside and inside directors, but in Thailand the differences happened among all three types of directors. The only exception was 'working with the CEO in developing the company strategic plan task' where a different relationship existed between Australian inside and interlocking directors. In other words, there are mainly no differences in perceptions on director tasks in association with the type of director in Australia. Although there are some task perceived to be different among the type of director in Thailand, virtually there are no difference in perceptions from different type of directors' tasks in both countries.

4.3.4.4 The One-Way Relationship between Director Attributes and Tasks

Regardless of the type of director, in analysing whether or not director attributes are associated with board member tasks, two methods were selected in order to help examine the relationship; viz., the one-way ANOVA and Spearman's correlation. The one way ANOVA was used with categorical variables such as gender, the business-related educational background, the location of highest degree obtained and the chairmanship attributes. Spearman's correlation was conducted with the ranked attribute variables such as age, the level of education, the number of the board members, the director's ownership in the company, the years being a director and the years of the director working in the industry.

The results showed the level of education and the number of board member attributes to be the dominant forces in Thailand. In other words, the importance of particular tasks in Thailand seems to have dependable associations with the level of the education of board members and, especially, with the number of people on the board.

It is almost hard to find any task that is not associated with these two attributes (Table 4.16).

Table 4.16: A Result of Correlation Analysis of the Level of Education, the Number of Board Members and Director Tasks in Thailand

Analysis	Tasks	Thailand		
			Level of Education	No. of Board Members
Spearman's	Work with the CEO in developing the strategic plan	Correl. Coeffi. Sig. (2-tailed)	.180* .012	.179* .013
	Assist in formulating the company vision and mission	Correl. Coeffi. Sig. (2-tailed)	.163* .024	.157* .029
	Assist in formulating the company policy	Correl. Coeffi. Sig. (2-tailed)	.193* .007	.183* .011
	Design company strategies	Correl. Coeffi. Sig. (2-tailed)	-	.170* .018
	Monitor implemented company strategies	Correl. Coeffi. Sig. (2-tailed)	.144* .046	-
	Critique the capital investment proposals of the top management team	Correl. Coeffi. Sig. (2-tailed)	.190* .008	-
	Oversee the plans for acquiring more resources and capital for the company	Correl. Coeffi. Sig. (2-tailed)	-	.176* .015
	Monitor top management in decision-making	Correl. Coeffi. Sig. (2-tailed)	.152* .035	-
	Acquire information showing the progress of corporate performance	Correl. Coeffi. Sig. (2-tailed)	-	.154* .033
	Review corporate performance against strategic plan	Correl. Coeffi. Sig. (2-tailed)	-	.144* .047
	Monitor environment trends that are all relevant to the company's success and survival	Correl. Coeffi. Sig. (2-tailed)	.211** .003	.165* .023
	Evaluate corporate performance in relation to industry benchmarks	Correl. Coeffi. Sig. (2-tailed)	.223** .002	.252** .000
	Review financial information to identify important trends and issues	Correl. Coeffi. Sig. (2-tailed)	.143* .049	-
	Engage in planning for CEO succession	Correl. Coeffi. Sig. (2-tailed)	-	.182* .012
	Influence the selection of the CEO	Correl. Coeffi. Sig. (2-tailed)	-	.203** .005
	Evaluate other board members	Correl. Coeffi. Sig. (2-tailed)	-	.185* .011
	Evaluate the board performance as a whole unit	Correl. Coeffi. Sig. (2-tailed)	.220** .002	.249** .001
	Provide advice and counsel to top managers	Correl. Coeffi. Sig. (2-tailed)	.175* .015	-
	Provide alternative viewpoints	Correl. Coeffi. Sig. (2-tailed)	.166* .021	.215** .003
	Provide opinions independently from other board members	Correl. Coeffi. Sig. (2-tailed)	.194** .007	.187** .010
	Respond to the top management team's request for board assistance	Correl. Coeffi. Sig. (2-tailed)	.148* .042	.183* .011
	Serve as a link to government agencies	Correl. Coeffi. Sig. (2-tailed)	.245** .001	355** .000
	Provide relevant contacts to the company	Correl. Coeffi. Sig. (2-tailed)	.169* .020	.412** .000

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

Table 4.16: A Result of Correlation Analysis of the Level of Education, the Number of Board Members and Director Tasks in Thailand (Continued)

Analysis	Tasks		Thailand	
			Level of Education	No. of Board Members
Spearman's	Promote goodwill by supporting stakeholders	Correl. Coeffi. Sig. (2-tailed)	-	.360** .000
	Ensure communications with stakeholders/public are effective	Correl. Coeffi. Sig. (2-tailed)	.186** .010	.279** .000
	Balance interests of stakeholders	Correl. Coeffi. Sig. (2-tailed)	.241** .001	.258** .000
	Be influential/Enhance the status of the company in the community or society	Correl. Coeffi. Sig. (2-tailed)	.239** .001	.255** .000
	Conform to the regulations	Correl. Coeffi. Sig. (2-tailed)	.160* .026	-

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

From the results on the relationship found between the number of board members and board member tasks in Thailand, it can be inferred that the more people on the board, the more likely it is that almost every task is seen as important.

Among the relationships found between the level of education and tasks of directors, two tasks that have the highest level of significance even though the strengths of the tasks are quite low (Correlation Coefficient = 0.241 and 0.245, respectively) are; viz., 'balancing the stakeholders' interest' (Sig. = 0.001 at the 0.01 level two-tailed) and 'serving as a link to government agencies' tasks (Sig. = 0.001 at the 0.01 level two-tailed).

Regarding the relationships found between the number of board members and director tasks, the strongest link is to 'provide relevant contacts to the company' (Sig. at the 0.01 level two-tailed = 0.000; Correlation Coefficient = 0.412). Also, there are substantial numbers of tasks such as to 'ensure that the communications with public being effective' (Correlation Coefficient = 0.279), to 'serve as a link to government agencies' (Correlation Coefficient = 0.355) and to 'promote goodwill by supporting stakeholders' (Correlation Coefficient = 0.360) that have a low to moderate relationship to the number of directors on the board. A possible reason for a number of board members associated with 'provide relevant contacts to the company' and 'serve as a link to government agencies' tasks may have come from what has been predicted by the resource dependence theory where the number of board members

increased with the size of the companies in order that the companies may gain more resources and contacts necessary for their growth and survival (Pfeffer and Salancik 2003). The other two tasks: 'ensure that the communications with public being effective' and 'promote goodwill by supporting stakeholders' may have come from the fact that the companies in Asia are gearing more towards the stakeholders' interests (see Chapter 2, Section 2.2.2 for a review).

Other director attributes in Thailand, such as age, gender, the business-related educational background of board members and the number of years being a director, are irrelevant or produce a scant relationship with board member tasks. For example, the significance levels of the relationships are found to be high such as 0.004 (at the 0.01 Sig. level) between the business-related educational background and the 'evaluating the top executives performance' task or 0.003 (at the 0.01 Sig. level) and moderate (0.460) and weak (-0.222) between the number of years being a director in relation to the 'evaluation of corporate performance in relation to the industry benchmarks'.

In Australia, the overall results showed that the 'level of education', the 'location of highest education' obtained, the 'director's ownership' in the company and directors being 'chairmen' are unrelated to the importance placed on any particular task as perceived by directors. Moreover, the 'number of board members' is slightly inversely related to 'help the management team prepare the capital investment proposals' (Correlation Coefficient = -0.179, Sig. at the 0.01 level two-tailed = .042). The relationship may be natural as the task involved can be spread among a large number of people on the board. However, 'reviewing corporate performance criteria against the strategic plan' is positively related to the number of board members in Australia. Moreover, the 'number of years directors work in the industry' is strongly related to the 'providing relevant contacts to the company' task (Coefficient Correlation = 0.245 at the Sig. level of 0.01 two-tailed) where the number of years directors working in the industry may have helped accumulate the number of contacts necessary for the company and it is perceived to be important to this director's task.

Furthermore, in Australia it was found that there is a reverse relationship between the number of members on the board and the 'evaluation of board performance as a whole

unit' task (Correlation Coefficient = -0.188 at the 0.05 Sig. level two-tailed). Moreover, the 'number of board members' is found to have a negative relationship with the 'ensuring of the communications with the public/stakeholders being effective' task (Correlation Coefficient = -0.196 at the 0.05 Sig. level two-tailed). Particular inverse relationships between a number of board members and perceived tasks may have explained by using group cohesion perspective whereby it is argued that a larger of the number of board members is, the participation, cohesion and the ability to reach consensus among board members become less (Goodstein, Gautam and Boeker 1994).

When looking at the 'educational background' that is functional or business-related to the company, the attribute is significantly related to board member tasks in Australia and Thailand, but serves different purposes. In Thailand, the directors who had a business-related educational background place a greater importance on the role of 'providing relevant contacts to the company' (Sig. = 0.001) and on 'evaluation performance of top executives' (Sig. = 0.004) than do directors with non-business related educational backgrounds; and, in Australia, the directors with business-related backgrounds place the importance of their role on 'criticising of the capital investment proposals by the top management team' (Sig. = 0.000).

4.3.4.5 The Two-Way Relationship between Director Tasks and Roles

When the relationship between tasks and roles of board members needed to be identified, stepwise multiple linear regression analysis was used to determine the best-fit model of the possible tasks that may influence broader roles of directors in Thailand and in Australia as it is suggested that the stepwise methods should be used at an exploratory level of research (Wright 1997 cited in Field 2008). Broader roles include the strategic, monitoring, advisory and service roles. The results for each country are shown separately in the following sub-sections on Thailand and on Australia. The section is concluded with a comparative view of analyses in the two countries.

4.3.4.5.1 Thailand

Strategic Role

Concerning the strategic role, Table 4.17 showed the model containing the most predictors for the particular role of board members in Thailand; there are five tasks listed under the best-fit model. The five tasks comprise the ‘debate on the company’s strategic plan’, the ‘evaluation annually of the company’s strategic direction’, the ‘assistance of the board members in formulating the company vision and mission’, the ‘evaluation of the top executives’ performance’ and the ‘respond to the top management team’s request for board assistance’. The model has an R square of 0.381 and the adjusted R Square is 0.361, which means that the model accounted for 36% of the strategic role in Thailand as predicted by the five aforementioned tasks.

Table 4.17: Model Summary of Related Tasks to the Strategic Role of Directors in Thailand

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<ul style="list-style-type: none"> ➤ Debate on company’s strategic plan ➤ Evaluate annually the company's strategic direction ➤ Assist in formulating the company vision and mission ➤ Evaluate performance of top executives ➤ Respond to the top management team's request for board assistance 	.617	.381	.361	.548

When looking at the result of the ANOVA test on whether the model comprising of different tasks helps predict a significant proportion of the variance in directors’ strategic role or to test the significance of adjusted R Square (R^2) in helping explain the strategic role of this model, this particular model was found to be highly significant (Table 4.18: Sig. = 0.000).

Table 4.18: ANOVA Test of the Strategic Role Model of Directors in Thailand

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	29.307	5	5.861	19.543	.000
Residual	47.687	159	.300		
Total	76.994	164			

Based on the regression model, the standardised regression coefficients showed that the ‘evaluation annually of the company’s strategic direction’ is the most powerful predictor in helping predict the strategic role of Thai corporate directors (Table 4.19).

The interpretation can be seen from the Beta value that helps determine the importance of the different independent variables (Huck 2008) which, in this case, are the various board member tasks. The ‘evaluation annually of the company’s strategic direction’ has the highest Beta value that is equal to 0.240 with the lowest significant value (0.001), which means that it was the most important and significant task in the model (Table 4.19).

Table 4.19: Coefficients of the Strategic Role Model of Directors in Thailand

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		2.128	.035
➤ Debate the company’ s strategic plan	.221	2.670	.008
➤ Evaluate annually the company's strategic direction	.240	3.338	.001
➤ Assist in formulating the company vision and mission	.221	2.815	.005
➤ Evaluate performance of top executives	.194	2.638	.009
➤ Respond to the top management team's request for board assistance	-.153	-2.276	.024

However, in the model developed from Table 4.19 above, there is a negative sign for the ‘respond to the top management team’s request for board assistance’ task (Beta = - 0.153). It implies that there is an inverse relationship of the particular task and the board members’ strategic role. The reason may be due to the top management team requesting assistance from particular board members who evaluate the top management team’s performance. Therefore, the top management team may be inclined not to request assistance from board members.

Another possible reason for the inverse relationship is related to a director or an executive director who is a board member and also part of the top management team. Once delegation is made from the board to the top management team, and when the top management team requests assistance later, the action of the top management team may affect the evaluation of the executive director’s performance as perceived by other board members. Hence, it is less likely that the top management team will request assistance from the board or ask for more help when starting to perform poorly in managing the company operations.

Monitoring role

Pertaining to the monitoring role of corporate directors in Thailand, the most predictive model is as shown in Table 4.20. The model has an R square equal to 0.453 and the adjusted R square of 0.432. Six tasks that were included in the model accounted for 43% of the variation in the monitoring role. The list of tasks that help predict the monitoring role of board members in Thailand comprise the ‘critique on the capital investment proposals of the top management team’, the ‘monitor of environment trends that are all relevant to the company’s success and survival’, the ‘evaluation of top executives performance’, the ‘ensuring of communications with stakeholders/public being effective’, the ‘debate on strategic plans’, and ‘providing of advice and counsel to top managers’ (Table 4.20).

Table 4.20: Model of the Monitoring Role of Directors in Thailand

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<ul style="list-style-type: none"> ➤ Critique the capital investment proposal of the top management team ➤ Monitor of the environment trends that are all relevant to the company’s success and survival ➤ Evaluation of top executives’ performance, ➤ Ensuring of communications with stakeholders/public being effective, ➤ Debate on the strategic plan ➤ Providing of advice and counsel to top managers 	.673	.453	.432	.488

The ANOVA test of adjusted R^2 also showed that the model is highly significant (Table 4.21: Sig. = 0.000) to help predicting the monitoring role.

Table 4.21: ANOVA Test of the Monitoring Role Model of Directors in Thailand

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	31.492	6	5.249	22.056	.000
Residual	38.076	160	.238		
Total	69.569	166			

Most tasks are roughly equal in their importance as shown by their Beta values (Table 4.22) that are quite close to one another (0.165, 0.153, 0.161, 0.147, 0.169, and 0.157). Moreover, the relationship is in the same direction, which is positive, based on the Beta values that are positive for all tasks as shown in Table 4.22.

Table 4.22: Regression Coefficients of Director Tasks for the Model in Thailand

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		3.177	.002
➤ Critique the capital investment proposals of the top management team	.165	2.194	.030
➤ Monitor environment trends that are all relevant to the company's success and survival	.153	2.099	.037
➤ Evaluate performance of top executives	.161	2.263	.025
➤ Ensure communications with stakeholders/public are effective	.147	2.183	.030
➤ Debate the company's strategic plan	.169	2.355	.020
➤ Provide advice and counsel to top managers	.157	2.200	.029

Advisory and Service Roles

The best-fit model predicting the advisory and service role of Thai directors is as shown in Table 4.23 where the data was analysed using stepwise multiple regression. The model accounted for 39% of variation in the advisory and service roles and was made up of five tasks of board members (Adjusted R Square = 0.391). The five tasks are to 'provide the advice and counsel to top managers', to 'promote goodwill by supporting stakeholders', to 'help management team prepare the capital investment proposals', to 'debate on strategic plans' and to 'influence the selection of the Chief Executive Officer (CEO)'.

Table 4.23: Model Summary of the Board Tasks for the Advisory and Service Roles of Directors in Thailand

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<ul style="list-style-type: none"> ➤ Providing advice and counsel to top managers ➤ Promoting goodwill by supporting stakeholders ➤ Helping the management team prepare the capital investment proposals ➤ Debate on the company's strategic plan ➤ Influence the CEO selection 	.639	.409	.391	.743

The ANOVA table, as shown in Table 4.24, indicates the high significance of adjusted R² of this model (Sig. = 0.000).

Table 4.24: ANOVA Test of the Advisory and Service Role of Directors in Thailand

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	61.505	5	12.301	22.277	.000
Residual	88.902	161	.552		
Total	150.407	166			

Based on the regression coefficients, the results are as shown in Table 4.25. The first, most dominant predictor is the task concerning ‘providing the advice and counsel to top managers’ (Beta = 0.428; Coefficient Sig. = 0.000). The second most dominant predictor is to ‘help the management team prepare the capital investment proposals’ (Beta = 0.240; Coefficient Sig. = 0.001). The third and the fourth predictors are, respectively, the ‘promotion of goodwill by supporting stakeholders’ (Beta = 0.234; Coefficient Sig. = 0.001) and ‘the debate on the strategic plan tasks’ (Beta = 0.162 with the Coefficient Sig. = 0.012). The last predictor, having an inverse relationship, is the ‘influence of the CEO selection’ (Beta = -0.160).

The implication for the negative sign is that there is an opposite relationship between the advice and service roles with the selection of the CEO task. The possible reason may be due to conflict of interests that can occur when executive directors such as the CEOs are on the board and they need to advise the board on future CEOs who are going to replace them or the CFOs of firms and friends of the CEO on the board as they are unlikely to advise to fire a CEO for poor performance (Kim and Nofsinger 2007).

Table 4.25: Regression Coefficients of the Model for the Advisory and Service Role in Thailand

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		.560	.576
➤ Provide advice and counsel to top managers	.428	6.660	.000
➤ Promote Goodwill by supporting stakeholders	.234	3.406	.001
➤ Help the management team prepare the capital investment proposals	.240	3.487	.001
➤ Debate the company’s strategic plan	.162	2.543	.012
➤ Influence the selection of the CEO	-.160	-2.299	.023

4.3.4.5.2 Australia

Having found the best-fit models for the strategic, monitoring as well as advisory and service roles from Thai data, the following are the findings from the Australian experience.

Strategic Role

Stepwise multiple regression analysis showed the model comprising the ‘annual evaluation of the company strategic direction’, ‘providing opinions independently from other board members’ and ‘working with the CEO in developing strategic plan’ tasks most predicted the strategic role of board members in Australia (Table 4.26). The model has an R square equal to 0.367 and the adjusted R square of 0.350, which means that a combination of the three tasks explained 35% of the strategic role.

Table 4.26: Regression Analysis of Board Tasks for the Strategic Role of Directors in Australia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<ul style="list-style-type: none"> ➤ Annual evaluation of the company strategic direction, ➤ Providing opinions independently from other board members ➤ Working with the CEO in developing strategic plan 	.606	.367	.350	.483

Based on the ANOVA analysis, the adjusted R^2 is highly significant (Sig. = 0.000) as shown in Table 4.27.

Table 4.27: ANOVA Test of the Strategic Role Model of Directors in Australia

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.022	3	5.007	21.460	.000
Residual	25.900	111	.233		
Total	40.922	114			

Among the three listed tasks, the most powerful task is ‘evaluating annually the company’s strategic direction’. As shown in Table 4.28, the evaluation task has the highest Beta value (0.351) and the smallest significance value (0.000), which confirms that the ‘annual evaluation of the company’s strategic direction’ task is the most important one for the strategic role of board members in Australia. The next

most powerful predictor for the strategic role is ‘providing opinions independently from other board members’ (Beta = 0.254 and Sig. = 0.005) and the third most powerful predictor is ‘working with the CEO in developing the strategic plan for the company’ (Beta = 0.171 and Sig. = 0.038). All in all, there is a positive relationship for all tasks related to the strategic role in the equation as all Beta values are positive.

Table 4.28: Regression Coefficients of Director Tasks for the Strategic Role of Board Members in Australia

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		5.250	.000
➤ Evaluate annually the company's strategic direction	.351	4.007	.000
➤ Provide opinions independently from other board members	.254	2.894	.005
➤ Work with the CEO in developing the strategic plan	.171	2.099	.038

Monitoring Role

With regard to the monitoring role of directors in Australia, the stepwise multiple regression analysis showed a model comprised of the ‘evaluation of the company strategic direction annually’ and ‘board assistance in formulating the company policy’ was the most predictive model for the role. The model has an R square value equal to 0.354 and the adjusted R square value of 0.343. In other words, the model accounted for 34% of variation in the monitoring role as shown in Table 4.29.

Table 4.29: Regression Analysis of the Monitoring Role Model of Directors in Australia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
➤ Evaluation annually the company strategic direction	.595	.354	.343	.579
➤ Assisting in formulating the company policy				

Based on the result of the ANOVA test, the test of the significance of the adjusted R² model is highly significant (Sig. = 0.000) as shown in Table 4.30.

Table 4.30: ANOVA Test of the Monitoring Role Model of Directors in Australia

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.592	2	10.296	30.726	.000
Residual	37.530	112	.335		
Total	58.122	114			

The most powerful task in helping predict the monitoring role of directors in Australia was the ‘annual evaluation of the company’s strategic direction’ as shown in Table 4.31. The annual evaluation task has the highest Beta value, equal to 0.520, and has the smallest significance value (0.000). The second most predictive task was the ‘assistance of board members in formulating the company policy’. The Beta value for the second task was 0.184 with the significance value of 0.021.

Table 4.31: Regression Coefficients for the Monitoring Role of Directors in Australia

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		3.754	.000
➤ Evaluate annually the company's strategic direction	.520	6.612	.000
➤ Assist in formulating the company policy	.184	2.344	.021

The two tasks have positive relationships with the monitoring role of Australian board members, as shown by the positive signs of the Beta values. The positive sign implies that the monitoring role of board members in Australia consists of the ‘evaluation of the company strategic direction’ and ‘board assistance in formulating the policy for the company’ as shown in Table 4.31.

Advisory and Service Roles

When considering which tasks are part of the advisory and service roles, the stepwise multiple regression analysis revealed the list of tasks that best predicts the advisory and service roles (Table 4.32). The model has an R square value equal to 0.256 and an adjusted R square value of 0.228, which means that the model accounted for 22% of the variation in the advisory and service roles. The tasks of board members that are made up of the model are to ‘provide relevant contacts to the company’, to ‘engage in

planning for CEO succession’, to ‘design company strategies’ and to ‘use an internal mechanism to evaluate top management team’.

Table 4.32: Regression Analysis of the Advisory and Service Roles of Directors in Australia

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
<ul style="list-style-type: none"> ➤ Providing relevant contacts to the company ➤ Engaging in planning for the CEO succession ➤ Designing company strategies ➤ Using an internal mechanism to evaluate top management performance 	.506	.256	.228	1.506

The second model was highly significant (0.000) in terms of its adjusted R² based on the ANOVA test as shown in Table 4.33.

Table 4.33: ANOVA Test of the Advisory and Service Role of Directors in Australia

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	84.949	4	21.237	9.363	.000
Residual	247.236	109	2.268		
Total	332.184	113			

When conducting the regression coefficients, the Beta value of the ‘providing relevant contacts to the company’ task of board members in Australia was the highest (0.435) as shown in Table 4.34. Moreover, the ‘providing relevant contacts’ task has the lowest significance value (0.000), which means that the task was the most important task in the equation for the advisory and service role. The second, most powerful predictor was the ‘design of company’s strategies’ task with a Beta value of 0.267 and a significance of 0.003. The third and the fourth tasks, which are the ‘engagement of board members in planning for the CEO succession’ (Beta = -0.211) and the ‘use of an internal mechanism to evaluate top management performance’ (Beta = -0.198), have negative relationships with the advisory and service role.

The reason for the negative relationship of the ‘use of an internal mechanism to evaluate top management performance’ may be due to the fact a person in the top management team or position will not request advice or service from a board member who later also is an evaluator of the person. The reason for a negative relationship of

the CEO succession engagement task, apart from the natural conflict of interest that can occur when an executive director needs to evaluate the Chief Executive Officer (Phan 2007), is less obvious and may require future research.

Table 4.34: Regression Coefficients of the Advisory and Service Role of Directors in Australia

Model	Standardised Coefficients	t	Sig.
	Beta		
(Constant)		1.944	.054
➤ Provide relevant contacts to the company	.435	4.672	.000
➤ Engage in planning for the CEO succession	-.211	-2.318	.022
➤ Design company strategies	.267	3.006	.003
➤ Use an internal mechanism to evaluate top management performance	-.198	-1.990	.049

4.3.4.5.3 Comparative View of Director Roles in Thailand and Australia

Comparatively, all models from the Australian side are more simplified than from the Thai side (Table 4.35) although it is acknowledged that the former models are less predictive of the overall role of directors. For example, there are five tasks predicting the strategic role of board members in Thailand, whereas there are only three tasks associated with the strategic role in Australia. Another example is that six tasks are needed to predict the monitoring role in Thailand; however, there are only two tasks for predicting the monitoring role in Australia.

Furthermore, the elements or associated tasks for each role of directors in both countries show similarities and dissimilarities when the lists of tasks for each role were compared side-by-side (Table 4.35). For example, the similarities of board members in Australia and Thailand are where they see themselves having to ‘evaluate the company’s strategic direction annually’ as part of their strategic role. Moreover, directors in Australia and Thailand tended to see themselves negatively related to their roles when decisions have to be made concerning the CEO; e.g., the ‘engagement of Australian board members in planning for the CEO succession’ and the Thai directors in ‘influencing the selection of the CEO’. Directors in both countries, however, viewed tasks concerning the selection of the CEO to be part of advisory and service roles.

Table 4.35: A Comparative Result of Explanatory Tasks of Directors' Roles in Thailand and Australia

Roles	Countries			
	Thailand		Australia	
	Tasks	Beta (Sig.)	Tasks	Beta (Sig.)
Strategic Role	• Evaluate annually the company strategic direction	0.240 (0.001)	• Evaluate annually the company strategic direction	0.351 (0.000)
	• Assist in formulating the company vision and mission	0.221 (0.005)	• Provide opinions independently from other board members	0.254 (0.005)
	• Debate the company's strategic plan	0.221 (0.008)	• Work with the CEO in developing strategic plan	0.171 (0.038)
	• Evaluate performance of top executives	0.194 (0.009)		
	• Respond to the top management team's request for board assistance	-0.153 (0.024)		
Monitoring Role	• Debate the company's strategic plan	0.169 (0.020)	• Evaluate annually the company strategic direction	0.520 (0.000)
	• Critique the capital investment proposals of the top management team	0.165 (0.030)	• Assist in formulating the company policy	0.184 (0.021)
	• Evaluate performance of top executives	0.161 (0.025)		
	• Provide advice and counsel to top managers	0.157 (0.029)		
	• Monitor environment trends that are all relevant to the company's success and survival	0.153 (0.037)		
	• Ensure communications with stakeholders/public are effective	0.147 (0.030)		
Advisory and Service Roles	• Provide advice and counsel to top managers	0.428 (0.000)	• Provide relevant contacts to the company	0.435 (0.000)
	• Help the management team prepare the capital investment proposals	0.240 (0.001)	• Design company strategies	0.267 (0.003)
	• Promote goodwill by supporting stakeholders	0.234 (0.001)	• Use an internal mechanism to evaluate top management performance	-0.198 (0.049)
	• Debate the company's strategic plan	0.162 (0.012)	• Engage in planning for the CEO succession	-0.211 (0.022)
	• Influence the selection of the CEO	-0.160 (0.023)		

In addition, Australian directors viewed themselves as monitoring the companies when 'helping to formulate the companies' policies'. As for Thailand's board members, they tended to see themselves 'helping in formulating the company's vision and mission' as part of their strategic role. Concerning the monitoring role for

Thailand's board members, the focus is on the internal and external mechanisms for the companies such as 'evaluating performance of top managers' and 'monitoring environmental trends that can affect the company's performance in the current economy'. Also, as for Thai directors, 'evaluate performance of top executives' is perceived both to be part of the strategic and monitoring roles whereas 'evaluate annually the company strategic direction' is viewed to be part of the strategic and monitoring roles for Australian directors.

Another difference is the associated tasks of the advisory and service roles of board members in Australia and Thailand. Directors in Australia viewed themselves as resource providers by 'providing relevant contacts to the company' and in 'helping design the company strategies'. On the other hand, directors in Thailand viewed themselves as a 'source of advice to top managers' and in 'helping the top management team prepare projects for capital investment', including 'promoting goodwill by supporting stakeholders on behalf of their companies'.

In terms of perceptions towards the importance of the tasks, directors in Australia tend to produce no equally important tasks, whereas Thai directors tend to view the tasks in an evenly balanced manner. For example, based on the strategic role, the Beta values showed respectively 0.351, 0.254 and 0.171 for each task of board members in Australia, whereas the Beta values showed respectively 0.240, 0.221, 0.221, 0.194, and -0.153 for each task as viewed by directors in Thailand. Another example is from the monitoring role where the Beta values for each task of directors in Thailand showed respectively 0.169, 0.165, 0.161, 0.157, 0.153, and 0.147 whereas the Beta values for each task as viewed by Australian directors showed respectively 0.520 and 0.184.

4.3.4.6 The Two-Way Relationship between Director Roles and Corporate Performance Criteria

Further to the findings of the best-fit models that comprised the list of director tasks in predicting the general broad roles in Thailand and in Australia, multiple regression analysis was performed on the relationship between director roles and corporate

performance criteria. The analysis helped determine which general role helps predict corporate performance criteria as perceived by directors in Thailand and in Australia.

The results are as shown in Table 4.36 for Thailand and in Table 4.37 for Australia. In interpreting Tables 4.36 and Table 4.37, an example such as corporate performance criteria of ‘operating performance’ in Thailand, can be taken. The entry alongside the criterion showed that it is significantly related to directors’ roles (Sig. = 0.000 at the 0.05 level). However, the roles collectively explained only 20.4% of the variation in the importance of operating performance (Adjusted R Square = 0.204). Of the roles considered, only the monitoring role was related (Sig. = 0.000 at the 0.05 level). All other criteria from Thailand and Australia can be interpreted in a similar fashion with the numbers of Adjusted R Square, Sig. and Sig value. being different. Moreover, it can be seen from the Tables 4.36 and the Table 4.37 that the involvement of directors in certain type of roles can be sensitive to the importance directors placed on those particular corporate performance criteria.

Table 4.36: Summary Table of the Regression Analysis of the Board Roles and Corporate Performance Criteria in Thailand

Corporate Performance Criteria	Roles	Adjusted R Square	ANOVA	Coefficients
			Sig. ^a	Sig.
Return on Assets	Monitoring role	0.057	0.004	0.002
Return on Equity	Monitoring role	0.084	0.000	0.000
Return on Sales	Monitoring role	0.062	0.003	0.001
Return on Investment	Monitoring role	0.052	0.006	0.007
Growth Rate in the Domestic market	Monitoring role	0.047	0.010	0.005
Net Profit	Monitoring role	0.103	0.000	0.082
Earnings Per Share	Monitoring role	0.035	0.027	0.006
Market Share	Monitoring role	0.068	0.002	0.003
Long-term Debt	Monitoring role	0.097	0.000	0.014
Lending Growth	Monitoring role	0.113	0.000	0.005
Net Income	Monitoring role	0.067	0.002	0.008
Increase in Financial Capital	Monitoring role	0.052	0.007	0.003
Operating Performance	Monitoring role	0.204	0.000	0.000

^aPredictors: (Constant), Provide specific professional services (Advisory and Service Roles), Formulate, contribute to or evaluate corporate strategy (Strategic Role) and Monitor, evaluate or control performance (Monitoring Role)

In Thailand, the strategic and advisory and service roles do not appear to have any systematic influence on the importance of any of the performance criteria. However, the ‘return on assets’, the ‘return on equity’, the ‘return on sales’, the ‘return on investment’, the ‘position of the company in relation to the industry average performance’, ‘growth rate in the domestic market’, ‘growth rate in the international

market’, the ‘net profit’, the ‘earnings per share’, the ‘market share’, the ‘long-term debt’, the ‘lending growth’, ‘the net income’, the ‘increase in financial capita’, and the ‘operating performance’ are sensitive to the monitoring role. The results are as shown in Table 4.36. In Australia (see Table 4.37), on the other hand, the importance of ‘sales’ as a performance criterion is significantly related to a director whose position emphasises the strategic role. The ‘market to book value’ and the ‘increase in financial capital criteria’ have some relationship with the director who has an advisory and service role. Also, the ‘employee turnover’, the ‘net income’ and the ‘operating performance’ tend to be of greater interest to directors who see themselves in a monitoring role.

Table 4.37: Summary Table of the Regression Analysis of the Director Roles and Corporate Performance Criteria in Australia

Corporate Performance Criteria	Roles	Adjusted R Square	ANOVA	Coefficients
			Sig. ^a	Sig.
Market to Book Value Ratio	Advisory and Service role	0.087	0.003	0.005
Sales	Strategic Role	0.113	0.001	0.002
Employee Turnover	Monitoring role	0.063	0.013	0.099
Net Income	Monitoring role	0.096	0.002	0.004
Increase in Financial Capital	Advisory and Service role	0.055	0.021	0.020
Operating Performance	Monitoring role	0.117	0.000	0.014

^aPredictors: (Constant), Provide specific professional services (Advisory and Service Roles), Formulate, contribute to or evaluate corporate strategy (Strategic Role) and Monitor, evaluate or control performance (Monitoring Role)

In Thailand, there are four corporate performance criteria that are not related to the director roles; they are ‘market-to-book value’, ‘sales’, ‘growth rate in international market’, ‘employee turnover’ and ‘progress in research and development’ (see Table 4.38).

Table 4.38: Summary Table of the Regression Analysis of the Director Roles and Corporate Performance Criteria in Thailand

Corporate Performance Criteria	Roles	Adjusted R Square	ANOVA	Coefficients
			Sig. ^a	Sig.
Market to Book Value Ratio	Criterion not related to any role	0.002	0.340	-
Sales	Criterion not related to any role	-0.004	0.516	-
Growth Rate in the International Market	Doubtful result	0.024	0.067	-
Employee Turnover	Criterion not related to any role	0.003	0.318	-
Progress in Research and Development	Criterion not related to any role despite the Sig. being significant	0.033	0.033	-

^aPredictors: (Constant), Provide specific professional services (Advisory and Service Roles), Formulate, contribute to or evaluate corporate strategy (Strategic Role) and Monitor, evaluate or control performance (Monitoring Role)

In Australia, as shown in Table 4.39, the ‘return on assets’, the ‘return on equity’, the ‘return on sales’, the ‘return on investment’, the ‘position of the firms in relation to industry average performance’, the ‘growth rate in the domestic and international markets’, the ‘net profit’, the ‘earnings per share’, the ‘market share’, the ‘progress in research and development’, the ‘long-term debt’ and the ‘lending growth’ are not statistically significantly related or connected to directors’ roles. Nevertheless, it is quite likely that those criteria represent a common interest among directors when they perceived their roles in general.

Table 4.39: Summary Table of the Regression Analysis of the Director Roles and Corporate Performance Criteria in Australia

Corporate Performance Criteria	Roles	Adjusted R Square	ANOVA	Coefficients
			Sig. ^a	Sig.
Return on Assets	Criterion not related to any role	0.014	0.199	-
Return on Equity	Criterion not related to any role	0.012	0.214	-
Return on Sales	Criterion not related to any role	0.025	0.110	-
Return on Investment	Criterion not related to any role	0.015	0.191	-
Position in relation to Industry Average Performance	Criterion not related to any role	0.028	0.092	-
Growth Rate in the Domestic market	Criterion not related to any role	-0.012	0.683	-
Growth Rate in the International Market	Criterion not related to any role	0.004	0.335	-
Net Profit	Criterion not related to any role	0.028	0.094	-
Earnings Per Share	Criterion not related to any role	0.071	0.008	-
Market Share	Criterion not related to any role	0.014	0.199	-
Progress in Research and Development	Criterion not related to any role	0.021	0.132	-
Long-term Debt	Criterion not related to any role	-0.013	0.706	-
Lending Growth	Criterion not related to any role	-0.014	0.697	-

^aPredictors: (Constant), Provide specific professional services (Advisory and Service Roles), Formulate, contribute to or evaluate corporate strategy (Strategic Role) and Monitor, evaluate or control performance (Monitoring Role)

Therefore, when considering the number of corporate performance criteria that are sensitive to the monitoring role in Thailand, it can be concluded that the monitoring role among Thai directors may be seen as more a specialised responsibility than in Australia. The increased emphasis on the monitoring role in Thailand may be a result of the Asian financial crisis in 1997 that affected business across the whole country regardless of industry.

4.3.4.7 The One-Way Relationship between Director Attributes and Corporate Performance Criteria

The methods used for exploring the relationship between director attributes and corporate performance criteria were similar to those statistical analyses employed in

finding the relationship between director attributes and tasks. The categorical variables such as gender, the location of highest education obtained and the chairmanship of the board were conducted by means of the one-way ANOVA. As for the ranked variables such as age, the level of education, the number of board members and director's ownership in the company, Spearman's correlation was used.

It is acknowledged that the importance placed on any given performance criterion may be influenced by a large number of factors. Therefore, it is expected that even a significant relationship found between any board member attribute and particular corporate performance criteria would tend to be relatively weak or, at least, need to be considered with caution. For example, in Thailand and in Australia the gender factor may not have any significant relationship with particular corporate performance criteria as the number of female board directors is low and the concept may require further study. However, the result on board member age is that the older the board members, the more they place importance on certain corporate performance criteria such as 'lending growth' (Correlation Coefficient = 0.146 at the 0.05 Sig. level two-tailed) and the 'return on assets' in Thailand (Correlation Coefficient = 0.167 at the 0.05 Sig. level two-tailed) and the 'operating performance' criterion in Australia (Correlation Coefficient = 0.174 at the 0.05 Sig. level two-tailed).

The educational background of directors that is functional to companies has no influence on any performance criteria in Australia, whereas the educational background that is related to the company has a positive influence in Thailand on the 'market-to-book value' (Sig. = 0.007), the 'position of the companies in relation to the industry average benchmark' (Sig. = 0.027), 'the long-term debt' (Sig. = 0.034) and the 'increase in financial capital' (Sig. = 0.008).

Moreover, in Thailand, the number of board members has a negative relationship with 'sales' (Correlation Coefficient = -0.160 at the 0.05 Sig. level two-tailed) and has a positive relationship with 'employee turnover' (Correlation Coefficient = 0.155 at the 0.05 Sig. level two-tailed) for the companies. On the other hand, in Australia, the number of board members has positive relationships to the 'lending growth' (Correlation Coefficient = 0.193 at the 0.05 Sig. level two-tailed) and the 'long-term debt criteria' (Correlation Coefficient = 0.185 at the 0.05 Sig. level two-tailed).

Directors holding a chairmanship position and having ownership in the company tend not to be overly significant in Australian business. However, even though the chairmanship also tends to be not related to any corporate performance criteria in Thailand, the ownership by directors in companies has inverse relationships to corporate performance criteria such as the ‘net income’ (Correlation Coefficient = -0.158 at the 0.05 Sig. level two-tailed) and the ‘increase in financial capital’ criteria (Correlation Coefficient = -0.175 at the 0.05 Sig. level). Nevertheless, possibly these results may be due to incidental characteristics of the sample. The level of education has an influence on a number of corporate performance criteria in Thailand and in Australia (see in Table 4.40). The strongest influence is on the ‘progress in research and development’ (Correlation Coefficient = 0.243 at the 0.01 Sig. level) in Thailand.

Table 4.40: A Comparison of Results of Correlation Analysis on the Level of Education and Corporate Performance Criteria

Analysis	Corporate Performance Criteria	Level of Education	
		Australia	Thailand
Spearman’s	Return of Assets		
	- Correlation Coefficient - Sig. (2-tailed)	- .019	.170* .019
	Return on Investment		
	- Correlation Coefficient - Sig. (2-tailed)	-.197* .025	- .025
	Market-to-Book Value		
	- Correlation Coefficient - Sig. (2-tailed)	-.211* .016	.172* .018
	Growth Rate in Domestic Market		
	- Correlation Coefficient - Sig. (2-tailed)	-.195* .028	- .028
	Employee Turnover		
	- Correlation Coefficient - Sig. (2-tailed)	- .010	.185* .010
	Market Share		
	- Correlation Coefficient - Sig. (2-tailed)	-.235** .007	.149* .040
	Progress in R&D		
	- Correlation Coefficient - Sig. (2-tailed)	- .001	.243** .001
	Long-term Debt		
	- Correlation Coefficient - Sig. (2-tailed)	- .002	.266** .002
	Lending Growth		
	- Correlation Coefficient - Sig. (2-tailed)	-.197* .030	.204** .005
	Net Income		
	- Correlation Coefficient - Sig. (2-tailed)	-.235** .007	.177* .014
	Increase in Financial Capital		
	- Correlation Coefficient - Sig. (2-tailed)	- .026	.162* .026
	Operating Performance		
	- Correlation Coefficient - Sig. (2-tailed)	- .025	.162* .025

*Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed)

In contrast, Australia has the most noteworthy pattern whereby the level of education was significantly related to corporate performance criteria and the relationships were negative. The strongest of these was with the 'market share' (Correlation Coefficient = -0.235 at the 0.01 Sig. level) and 'net income' (Correlation Coefficient = -0.235 at the 0.01 Sig. level), whereas the relationships found between the level of education and corporate performance criteria are positive in Thailand (Table 4.40).

In the case of Thailand where positive relationships were found between the level of education and corporate performance criteria, it may be due to the fact that as the level of education increases and the qualifications become higher, directors may have a stronger research orientation. This may help explain the relationship between the education level and the perceived importance of the progress in research and development. Some other relationships are hard to explain even though they can be observed; more specific research may be required. On the other hand, negative relationships were found between corporate performance criteria and the educational level in the case of Australia. The reverse relationship between the market share and the level of education is an opposite attitude from that of board members in Thailand.

Apart from the ANOVA and the Spearman's Correlation analyses, the multiple regression was also conducted in order to summarise the influence the director attributes may have had on each corporate performance criterion. At the exploratory level, the stepwise method, backward elimination option, therefore, was conducted. Field (2008) explained that the backward method begins the calculation process by placing all predictors in the model, looking at the contribution of each predictor by its significance on the t-test, eliminating predictors that meet the removal criteria and then estimating the model by reassessing the remaining predictors.

The current study separated the analysis between the demographic variables of the board members and other board attributes (i.e., number of board members and chairmanship) influencing each corporate performance criterion in corresponding to suggestions that are made in the literature and the usage of the multiple regression that it should be theoretically defended (see Chapter 3, Section 3.2.1.6.7 for a review). Below are the reports of the analyses divided into two subsections: director

demographics and director classic, four-usual suspects' attributes influencing corporate performance criteria as perceived by directors.

Director Attributes (Demographic Items) and the Emphasis of the Corporate Performance Criteria

Tables 4.41 and 4.42 showed the result of the multiple regression on directors attributes specifically paying attention at the demographics of directors, respectively, in Thailand and in Australia. In interpreting these two main tables, 'ROA' corporate performance criterion in Thailand can be an example whereby 'age' and 'highest level of education' were identified as significant independent variables ($p < 0.001$) in the model and the model accounted for 9 % of the outcome variable ($R^2 = 0.89$). The similar interpretation can be applied to the remaining criteria in both countries with a different number of independent variables (director demographics) being accountable for the outcome variable (corporate performance criteria), R square and Sig. value. Also, in interpreting the positive or the negative sign that occurs in the model, it indicates the direction of the relationship in a way that there is a positive relationship or an inverse relationship between the independent and outcome variables. For example, 'location of highest education' and 'business-related background' have the inverse or negative relationship with the outcome 'ROS' variable. In terms of the positive relationship such as 'age' as shown to help predict 'ROA', it means that the 'age' increases, the emphasis on 'ROA' as viewed by directors also increases.

Table 4.41: Stepwise regression analysis (backward elimination method): Relationship between director attributes (demographic variables) and the emphasis on corporate performance criteria in Thailand

Outcome Variables	Independent Variables	Unstandardised Coefficient		Standardised Coefficient Beta	t-value	p-value	R ²	95%CI
		B	S. error					
ROA	Age	.184	.055	.253	3.364	.001	.089**	.076, .293
	Level of Ed.	.081	.041	.149	1.984	.049	*	.000, .162
ROE	Gender	.228	.116	.151	1.954	.052	.044*	-.002, .458
	Level of Ed.	.071	.036	.155	2.013	.046		.001, .142
ROS	Location of Highest Ed.	-.255	.150	-.132	-1.704	.090	.039*	.041
	Business-related Ed.	-.208	.113	-.142	-1.836	.068		.016
ROI	Age	.109	.049	.171	2.214	.028	.029*	.012, .206
Market-to-Book Value	Age	.136	.069	.152	1.981	-.049	.065**	.000, .272
	Business-related Ed.	-.412	.166	-.190	-2.481	.014		-.740, -.084

*ANOVA is significant at $p < .05$; **ANOVA is significant at $p < .01$; ***ANOVA is significant at $p < .001$

Table 4.41: Stepwise regression analysis (backward elimination method): Relationship between director attributes (demographic variables) and the emphasis on corporate performance criteria in Thailand (continued)

Outcome Variables	Independent Variables	Unstandardised Coefficient		Standardised Coefficient Beta	t-value	p-value	R ²	95%CI
		B	S. error					
Position to Ind. Avg. Perf.	Business-related Ed.	-.357	.146	-.187	-2.441	.016	.035*	-.645, -.068
Employee Turnover	Business-related Ed.	-.296	.147	-.153	-2.014	.046	.074**	-.586, -.006
	Level of Ed.	.118	.048	.198	2.443	.016		.023, .213
	Location of Highest Ed.	-.247	.117	-.170	-2.105	.037		-.478, -.015
EPS	Age	.112	.051	.170	2.196	.029	.029*	.011, .212
Progress in R&D	Business Related Ed.	-.247	.148	-.129	-1.677	.096	.041*	-.539, .044
	Level of Ed.	.086	.046	.145	1.882	.062		-.004, .177
Long-term Debt	Age	.159	.080	.151	2.001	.047	.141**	.002, .316
	Business-related Ed.	-.415	.192	-.162	-2.157	.033	*	-.795, -.035
	Level of Ed.	.110	.061	.137	1.802	.074		-.011, .230
	Completed Yrs as a Dir.	-.026	.009	-.223	-2.862	.005		-.045, -.008
Lending Growth	Age	.248	.085	.221	2.904	.004	.114**	.079, .416
	Business-related Ed.	-.354	.207	-.130	-1.710	.089	*	-.762, .055
	Completed Yrs as a Dir.	-.028	.010	-.220	-2.874	.005		-.047, -.009
Increase in Fin. Cap.	Age	.170	.067	.191	2.542	.012	.141**	.038, .302
	Business-related Ed.	-.453	.159	-.214	-2.844	.005	*	-.767, -.138
	Completed Yrs as a Dir.	-.022	.007	-.222	-2.924	.004		-.036, -.004

*ANOVA is significant at $p < .05$; **ANOVA is significant at $p < .01$; ***ANOVA is significant at $p < .001$

Interesting results from Thai data are from the ‘long-term debt’, ‘lending-growth’ and ‘increase in financial capital’ outcome variables whereby ‘age’, ‘business-related background’ and ‘completed years as a director’ are significantly identified in the model ($p < .001$) and accounted for 14%, 11% and 14%, respectively although ‘highest level of education’ is identified to be part of the ‘long-term debt’ outcome model also. Moreover, ‘business-related educational background’ and ‘completed years as a director’ have inverse relationships to all outcome variables. The results warrant further investigation in a subsequent study.

Table 4.42: Stepwise regression analysis (backward elimination method): Relationship between director attributes (demographic variables) and the emphasis on corporate performance criteria in Australia

Outcome Variables	Independent Variables	Unstandardised Coefficient		Standardised Coefficient Beta	t-value	p-value	R ²	95%CI
		B	S. error					
Market-to-Book Value	Completed Yrs Working in Ind.	.714	.316	.198	2.262	.026	.153** *	.089, 1.340
	Level of Ed.	-.148	.074	-.176	-1.999	.048		-.295, -.001
	Gender	.024	.007	.305	3.508	.001		.011, .038
Sales	Gender	.837	.317	.234	2.636	.010	.106**	.208, 1.466
	Location of Highest Ed.	-.494	.250	-.175	-1.975	.051		-.990, .001
	Completed Yrs Working in Ind.	-.013	.007	-.158	-1.790	.076		-.026, .001
Employee Turnover	Gender	.619	.279	.201	2.216	.029	.041*	.066, 1.172
EPS	Gender	.575	.324	.157	1.773	.079	.087**	-.067, 1.217
	Location of Highest Ed.	-.768	.256	-.266	-2.999	.003		-1.275, -.261
Market Share	Gender	1.024	.337	.272	3.043	.003	.103**	.357, 1.691
	Level of Ed.	-.189	.078	-.215	-2.412	.017		-.344, -.034
Lending Growth	Level of Ed.	-.215	.086	-.233	-2.505	.014	.054*	-.384, -.045
Net Income	Level of Ed.	-.145	.064	-.205	-2.265	.025	.042*	-.272, -.018
Increase in Fin. Cap.	Gender	.586	.288	.187	2.037	.044	.057*	.016, 1.156
	Completed Yrs working in the Ind.	.011	.006	.162	1.762	.081		-.001, .024

*ANOVA is significant at $p < .05$; **ANOVA is significant at $p < .01$; ***ANOVA is significant at $p < .001$

Turning to the Australian experience, ‘completed years working in the industry’, ‘highest level of education’ and ‘gender’ are significantly identified ($p < 0.001$) and accounted for 15% of the ‘market-to-book value’ outcome corporate performance criterion. ‘Sales’ corporate performance criterion is comprised of ‘gender’, ‘location of highest education’ and ‘completed years working in the industry’ demographics and they accounted for 10% of the ‘sales’ outcome. The point worth noting is all the negative relationships between the ‘highest level of education’ and corporate performance criteria.

Table 4.43: Comparative output of the relationship between director attributes (demographic variables) and the emphasis on corporate performance criteria between Australia and Thailand

Thailand		Australia	
Outcome Variables	Independent Variables	Outcome Variables	Independent Variables
ROA	Age Level of Ed.	Sales	Gender Location of Highest Ed. Completed Yrs Working in Ind.
ROE	Gender Level of Ed.		
ROS	Location of Highest Ed. Business-related Ed.		
ROI	Age		
Market-to-Book Value	Age Business-related Ed.	Market-to-Book Value	Completed Yrs Working in Ind. Level of Ed. Gender
Position to Ind. Avg. Perf.	Business-related Ed.		
Employee Turnover	Business-related Ed. Level of Ed. Location of Highest Ed.	Employee Turnover	Gender
EPS	Age	EPS	Gender Location of Highest Ed.
Progress in R&D	Business Related Ed. Level of Ed.	Market Share	Gender Level of Ed.
Long-term Debt	Age Business-related Ed. Level of Ed. Completed Yrs as a Dir.	Net Income	Level of Ed.
Lending Growth	Age Business-related Ed. Completed Yrs as a Dir.	Lending Growth	Level of Ed.
Increase in Fin. Cap.	Age Business-related Ed. Completed Yrs as a Dir.	Increase in Fin. Cap.	Gender Completed Yrs working in the Ind.

In comparison as shown in Table 4.43, various director attributes are identified to help associate different corporate performance outcome criteria. Although similar outcomes are viewed, director attributes are uncovered as being dissimilar between the two countries. For example, ‘age’ and ‘business-related background’ are identified as important towards ‘market-to-book value’ for Thai directors whereas ‘completed years working in the industry’, ‘level of education’ and ‘gender’ are identified as important in helping predict the same outcome variable for Australia. Another example is ‘lending growth’. In Thailand, ‘age’, ‘business-related background’ and ‘completed years working as a director’ are independent variables; however, in Australia, ‘level of education’ is the only independent variable contributing to the model. Therefore, it can be inferred from the findings that a combination of director demographics in association with the perceptions of corporate performance criteria differs from one context to another.

Director Attributes (Classic Items Supported by Agency Theory) and the Emphasis of the Corporate Performance Criteria

The similar interpretation as to the results found between directors' demographic attributes and the emphasis on preferred corporate performance measures could be applied to those of the relationship between directors' classic attributes and the corporate performance criteria. Tables 4.44 and 4.45 showed the results of the analyses, respectively in Thailand and in Australia.

Table 4.44: Stepwise regression analysis (backward elimination method): Relationship between director attributes (classic items supported by agency theory) and the emphasis on corporate performance criteria in Thailand

Outcome Variables	Independent Variables	Unstandardised Coefficient		Standardised Coefficient Beta	t-value	p-value	R ²	95%CI
		B	S. error					
ROA	Director's Ownership	-.119	.071	-.135	-1.665	.098	.055*	-.260, .022
	Chairmanship	-.216	.111	-.158	-1.949	.053		-.453, .003
ROI	Outside or Inside Dir.	-.246	.087	-.221	-2.834	.005	.049**	-.417, -.074
Market-to-Book Val.	Outside or Inside Dir.	-.319	.130	-.194	-2.459	.015	.038*	-.576, -.063
Employee Turnover	Outside or Inside Dir.	-.225	.114	-.155	-1.977	.050	.024*	-.450, .000
Mkt. Share	Director's Ownership	-.191	.073	-.206	-2.617	.010	.042**	-.335, -.047
Progress in R&D	Outside or Inside Dir.	-.254	.116	-.172	-2.190	.030	.030*	-.484, -.025
Long-term debt	Outside or Inside Dir.	-.473	.145	-.255	-3.266	.001	.065** *	-.460, -.187
Lending Growth	Outside or Inside Dir.	-.551	.152	-.281	-3.631	.000	.079** *	-.851, -.251
Increase in Fin. Cap.	Outside or Inside Dir.	-.478	.122	-.302	-3.916	.000	.091** *	-.718, -.237

*ANOVA is significant at $p < .05$; **ANOVA is significant at $p < .01$; ***ANOVA is significant at $p < .001$

Thai director classic attributes are found to be negative and significant in predicting corporate performance criteria although the standardised coefficient beta values of independent variables are ranged from small to medium. In this regard, it can be inferred that being an independent board members, as framed by an agency theory, may not be a good aspect of overseeing the companies as perceived by Thai directors. However, further analysis and study are needed to confirm the results and understand why the relationships are negative.

Table 4.45: Stepwise regression analysis (backward elimination method): Relationship between director attributes (classic items supported by agency theory) and the emphasis on corporate performance criteria in Australia

Outcome Variables	Independent Variables	Unstandardised Coefficient		Standardised Coefficient Beta	t-value	p-value	R ²	95%CI
		B	S. error					
Position to Ind. Ave. Perf.	No. of board members	.101	.048	.190	2.110	.037	.058*	.006, .196
	Chairmanship	.392	.198	.178	1.982	.050		.000, .783
Growth rate in Dom. Mkt.	No. of board members	.076	.045	.153	1.679	.096	.058*	-.014, .166
	Outside or Inside Dir.	-.329	.185	-.163	-1.780	.078		-.694, .037
EPS	Outside or Inside Dir.	-.371	.212	-.156	-1.745	.084	.058*	-.791, .050
	Chairmanship	-.466	.213	-.195	-2.186	.031		-.889, -.044
Long-term debt	No. of board members	.117	.056	.188	2.093	.038	.036*	.006, .228
Lending Growth	No. of board members	.157	.060	.242	2.629	.010	.050**	.039, .275
Net Income	No. of board members	.072	.043	.153	1.695	.093	.063*	-.012, .157
	Chairmanship	-.347	.176	-.178	-1.970	.051		-.697, .002
Operating Perf.	No. of board members	.067	.036	.169	1.861	.065	.061*	-.004, .138
	Chairmanship	-.250	.149	-.153	-1.686	.095		-.545, .044

*ANOVA is significant at $p < .05$; **ANOVA is significant at $p < .01$; ***ANOVA is significant at $p < .001$

Among director classic attributes, the number of board members is significantly identified as helping influence a number of corporate performance criteria such as the ‘company’s position to the industry average performance’ ($p = .037$), ‘long-term debt’ ($p = .038$) and ‘lending growth’ ($p = .010$) as perceived by Australian directors. It may be due to the underlying assumption that the size of the firm associated with a number of the board members help improve the firm performance as predicted by the resource dependence theory and as perceived by Australian directors through the various performance indicators. However, there is a mixed relationship found between ‘chairmanship’ and outcome variables such as being positive to the ‘position of the company to industry average performance’ and being negative to the ‘EPS or earnings per share’ and ‘operating performance’. It may be due to the conflict of interests when the Chairperson is also the Chief Executive Officer or executive of the company as predicted by agency theory which emphasises separation of the Chairperson of the board from being the CEO of the firm.

Table 4.46: Comparative output of the relationship between director classic attributes and the emphasis on corporate performance criteria between Australia and Thailand

Thailand		Australia	
Outcome Variables	Independent Variables	Outcome Variables	Independent Variables
ROA	Director's Ownership Chairmanship	Position to Ind. Ave. Perf.	No. of board members Chairmanship
ROI	Outside or Inside Dir.	EPS	Outside or Inside Dir. Chairmanship
Market-to-Book Val.	Outside or Inside Dir.	Growth rate in Dom. Mkt.	No. of board members Outside or Inside Dir.
Employee Turnover	Outside or Inside Dir.		
Mkt. Share	Director's Ownership		
Progress in R&D	Outside or Inside Dir.	Net Income	No. of board members Chairmanship
Long-term debt	Outside or Inside Dir.	Long-term debt	No. of board members
Lending Growth	Outside or Inside Dir.	Lending Growth	No. of board members
Increase in Fin. Cap.	Outside or Inside Dir.	Operating Perf.	No. of board members Chairmanship

Comparatively as shown in Table 4.46, director attributes (i.e., board composition and the number of board members) are found to contribute to perceptions on corporate performance as measured by different indicators in two countries. Although the corporate performance criteria used to guide the direction of the companies are similar, independent variables or director attributes are not the same. For example, Thai directors perceived that being an inside or outside director contributes to the 'long-term debt' performance criterion, whereas Australian directors perceived that the number of board members helps influence the same indicator. Another example is the 'lending growth' indicator where the number of board members was seen as influence it; however, being outside or inside director was perceived by Thai directors to influence the same measure.

4.3.4.8 Suggested Further Analysis in Finding the Relationship between

Directors' Tasks and Preferred Corporate Performance Criteria

In the previous literature, the performance of boards' tasks, based on the US boards, (or roles treated as latent constructs and linked by items of tasks treated as observable constructs specified in association with roles of the corporate board and its members in some literature such as in Wan and Ong 2005 and their study of the Singaporean boards) is predicted to contribute directly and positively to corporate performance (Forbes and Milliken 1999). Referring back to the empirical study surveying the Chairmen from years 1997 to 2000 in the U.K. context (see Chapter 2, Section 2.6.2

on directors' tasks) where the current practice of board tasks are found not to be in general correlated with corporate performance as there are four out of sixteen tasks found to be significant despite negatively associated with the corporate performance. Although it is the case, following the proposed model in the U.S. and the empirical study in the U.K. despite the different research contexts, it may be applicable to infer at this point that the perceptions of directors toward their tasks aggregated at the corporate board level may also be associated with chosen corporate performance criteria perceived to be important by a group of directors in other contexts.

Therefore, the current study further explored the relationship between the perceptions of directors on their tasks and their preferred corporate performance criteria that may possibly exist in order to test the mentioned preliminary assumption. It was found that there were a number of perceived directors' tasks significantly related to a number of preferred corporate performance criteria at $p < .05$ and $p < .10$ in Australia (see Appendix E) and also in Thailand (see Appendix F) as viewed by directors in both countries.

The initial results implied that further analyses may be needed in order to check whether there is any subtle relationship between any set of corporate board member tasks and of preferred corporate performance criteria provided that there are a greater number of responses and a number of statistical criteria (i.e., the KMP or Kaiser-Meyer-Olkin overall statistics, Significance of Bartlett's Test of Sphericity, Anticorrelation image diagonal value that is more than 0.5, Eigenvalues, Screeplot and a cumulative percentage of variance) for the preliminary testing are met. Then the exploratory factor analysis for identifying an underlying structure of a set of items, and the confirmatory factor analysis for verifying the discovered underlying structure, are recommended to be further conducted (Cooksey 2007).

Also, the Pearson correlation can be further employed in order to uncover the possible relationship between the underlying structures of the set of tasks and of preferred corporate performance criteria if evidence and the structural equation model could be used in order to find out a causal relationship between those task items and preferred corporate performance criteria (Cooksey 2007). It was suggested that improving performance of the board (outputs at the board level) leads to the improvement of

outcomes or corporate performance (Epstein and Roy 2010). Therefore, there is a possibility that the mentioned relationship exists. However, it is beyond the scope and the model proposed for the current research since when referring to board task performance (board level outcomes) in association with corporate performance (company level outcomes), concepts such as board functions (i.e., control and service tasks) and the effectiveness of those tasks, board processes (i.e., board decision-making culture and working structures), or the concept of value-creating board in relation to or driving the performance of the board needed to be further considered, discussed, possibly integrated and explored (Forbes and Milliken 1999; Huse 2007; Ong and Wan 2008); therefore, the above recommended analyses may be regarded as suggestions for future studies that are tied to those mentioned concepts.

4.4 Responses on Respondent Initiated Issues: Results

4.4.1 Corporate Performance Criteria

If general and/or important criteria were omitted, then it was anticipated that a substantial number of respondents would include them in the 'other' category of corporate performance criteria employed by their board of directors. However, the only addition which had more than one nomination in both countries was in relation to customer satisfaction in Thailand (four cases) and in Australia (three cases), which is a very small number compared with the size of the survey response.

The majority of nominated categories already fitted in with the categories provided in the questionnaires. Some of the remaining items were social-related or tailored specifically to an industry or a company in Thailand or in both countries. Social-related criteria included corporate social responsibility (four cases in Thailand and one case in Australia) and environmental friendliness (two cases in Thailand). Industrial or company specific criteria in Thailand included aging of debtors and the quality of television as well as radio programme criteria, whereas in Australia there was a concern with the average bill per vehicle, kilometre per use, exploration success, traffic growth in dollar terms, and the growth and size of fish.

Nevertheless, the items may be of use in future research but, in the current study, the content validity of the survey can be confirmed from the limited mention of additional answers on corporate performance criteria in the questionnaires.

4.4.2 Tasks of Board Members

The list of tasks nominated from the Australian side can be grouped into the list of tasks provided in the questionnaires; however, it was interesting that the most worthwhile items from the Australian side were ‘accountability towards shareholders’ that was mentioned in a succinct way (two cases) and the ‘selection of the CEOs for the companies’ (two cases) where the CEO selection role was mentioned as being a highly important role for corporate board members. In Thailand, additional roles to be mentioned were the ‘truly independence of board members from the Thai patronage system’ (three cases), and ‘performing duty as directors with loyalty as well as care’ (three cases). In Thailand and in Australia, an additional role that was mentioned in both countries was the ‘promotion of teamwork among board members’.

4.4.3 Board Roles

Additional space was provided in the questionnaire for a director to nominate any other board roles that had not been already listed. Only a few were mentioned and no common pattern could be observed among the additional responses on broader roles of corporate board of directors.

4.4.4 Interlocking Directors

Due to the low number of interlocking directors in the two countries, only basic descriptive statistical analysis was conducted on the predetermined and possible additional responses in the questionnaire concerning roles of interlocking directors. For Australia and Thailand (Table 4.64) the results are shown of the average ratings for the seven nominated roles of interlocking directors.

Table 4.47: A Mean and Standard Deviation Comparison of Interlocking Directorates' Roles in Thailand and in Australia

Roles	Thailand Mean^a (\bar{X})	Australia Mean^a (\bar{X})
Link to government agencies	2.72 (1.584) ^b	1.56 (1.478)
Link to other companies such as suppliers or customers	2.33 (1.672)	2.11 (1.669)
Link to financial resources	2.83 (1.710)	1.89 (1.816)
The channel of communications providing between companies	2.89 (1.773)	1.56 (1.664)
The extent to which the monitor/control roles of other companies that you are interlocked with for you 'core' company	3.00 (2.014)	0.89 (1.816)
The extent to which the co-opt strategic resources roles from those companies that you are interlocked with for your 'core' company	2.94 (1.984)	0.67 (1.810)
The extent to which your interlocking directorship enhance reputation/legitimacy to the 'core' company	3.00 (1.853)	1.67 (1.602)

^aMaximum score is five; ^bStandard Deviation

Table 4.64 illustrates the mean comparison of the importance placed on each role perceived by interlocking directors. The results confirm that in Australia, attitudes of interlocking board members and perceptions of their roles are more polarised than those of Thai interlocking directors. Interlocking board members in Thailand are more lukewarm with their answers than are Australians. Furthermore, Spearman's correlation analysis was performed in order to find the relationship between of interlocking directors' roles in Thailand and in Australia; the result showed that there is a moderate, inverse relationship (Correlation Coefficient = -0.564). It supports the view that attitudes of interlocking directors towards their roles in both countries are varied, if not in an opposite direction. Mean scores indicate a more substantial interest in interlocking directors in Thailand than in Australia.

Table 4.65 illustrates the rank order of importance based on the average scores in Thailand and in Australia.

Table 4.48: A Mean Comparison of Order of Priorities of Interlocking Directorates' Roles in Thailand and in Australia

Thailand		Australia	
Roles	Mean ^a (\bar{X})	Roles	Mean ^a (\bar{X})
The extent to which the monitor/control role of other companies that you are interlocked with for you 'core' company	3.00	Link to other companies such as suppliers or customers	2.11
The extent to which your interlocking directorship enhance reputation/legitimacy to the 'core' company	3.00	Link to financial resources	1.89
The extent to which the co-opt strategic resources role from those companies that you are interlocked with for your 'core' company	2.94	The extent to which your interlocking directorship enhance reputation/legitimacy to the 'core' company	1.67
The channel of communications providing between companies	2.89	Link to government agencies	1.56
Link to financial resources	2.83	The channel of communications you provide between companies	1.56
Link to government agencies	2.72	The extent to which the monitor/control role of other companies that you are interlocked with for you 'core' company	0.89
Link to other companies such as suppliers or customers	2.33	The extent to which the co-opt strategic resources role from those companies that you are interlocked with for your 'core' company	0.67

^aMaximum score is five.

It can be observed from Table 4.65 that the most important roles of interlocking directors in Thailand are the 'monitoring or controlling role of other companies where directors are interlocked with the core company' ($\bar{X} = 3.00$) and the 'enhancing of reputation/legitimacy to the core company' ($\bar{X} = 3.00$). On the other hand, in Australia, the focussed role is the 'link to other companies such as suppliers or customers', which is the least important role of interlocking directors in Thailand ($\bar{X} = 2.33$).

The least important role of interlocking directors in Australia, however, is the role in 'co-opting strategic resources from other companies to the 'core' or the focussed company ($\bar{X} = 0.67$). In this regard, the 'core' company is referred to as the focussed company where the directors have their main directorships and from which they expand the network of directorships into other companies.

Pertaining to additional roles that interlocking directors in Thailand and in Australia nominated, some can be part of roles that already were provided in the questionnaires;

e.g., ‘maintaining relationships between customers, suppliers and a company’ for a company sustainability purpose in Thailand and ‘providing assurance to shareholders that their interests were addressed with those interlocked companies’ in Australia. A One interlocking director proposed the view that the most important role for interlocking directors is the ‘coopting strategic resources from other companies they are interlocked with to the focussed company’ and the least important roles are the ‘link to government agencies’ and the ‘link to other companies such as suppliers or customers’. Partially, this interlocking director’s viewpoint supported the least important role in Thailand, which is the ‘link to other companies such as suppliers or customers’ of interlocking directors.

4.5 Comparative Analysis with the Literature Review in Chapter 2

The main objective of the current study was to compare and contrast roles of corporate directors and to find the degree of their involvement in those roles towards directors’ preferred corporate performance criteria in the two research contexts.

When comparing results found in this Chapter with the literature review in Chapter 2, it can be determined that various roles of corporate board of directors played in different research contexts were somewhat as expected when perceived from preferred corporate performance criteria. Nevertheless, different roles in practices among corporate directors in different countries emerged from the data were found to be similar and in contrast to those in the literature as described and explained below.

In Thailand, a dominant role of corporate boards in the literature was derived from the assumption of a predominant ownership structure among Thai corporations that family businesses are still prevalent in the country and of a focus on a control model sharing stakeholders’ interests that is characterised in Asia. Therefore, it was unlikely to be the monitoring role based on the Anglo-Saxon context that explained the role of Thai directors; providing service as well as advisory and resource roles to corporations are suggested to be their roles (Phan 2007). However, in practice, the analyses demonstrated that the monitoring role is the most important role as perceived by directors considering directors’ preferred corporate performance criteria although the perception of Thai board members placed their highest priority on the strategic role. In this regard, if directors’ involvement in the monitoring role is viewed from

the agency perspective, the results of the current study showed that the adoption of theory has been accepted for the Thai directors despite the fact that the monitoring role may be unlikely to apply well with corporate boards of directors that are based on different ownership structures and institutional contexts.

Another view is that the results in Thailand may have reflected the institutional perspective whereby the practices of directors from one country became a norm of directors in another country as a result of the change in institutional environment and the focus of Thai corporations in creating value for shareholders after the crisis happened in Thailand in 1997, even though differences exist at the national level. Furthermore, the role still matters for the governing of corporations beyond the crisis. This perspective is in line with the argument made by He and Ho (2009) that the Anglo-Saxon model is effective in Asia or an agency theory is valid in the Asian context where, after the crisis, more non-executive directors were appointed to boards and were associated with improved corporate performance.

On the other hand, in Australia, the results of the current study showed that roles of directors are not limited to the monitoring aspect, but also extended to strategic as well as advisory and services roles. When the results are viewed from the family-controlled ownership structures and the Australian institutional context that is framed very close to the Anglo-Saxon or the market model, Australian directors have built up unique practices. An aspect of the monitoring and service, including advising roles that exist may be explained by a unity of the relationship between the family-controlled firms and their management team that suggests the monitoring aspect of the directors and, as a result, directors also serve on the board to provide advice and counsel to family-controlled firms (Poza 2010).

However, directors' involvement in the strategic role that was found in this study is in contrast to the recent literature arguing empirically that the boards of directors in Australia relied on the management team or employed managerial hegemony theory in making strategic decisions concerning corporations (Chen, Dyball and Wright 2009). Another view is that Australian directors' practices of the three roles started to follow the Kiel and Nicholson (2007) model that is grounded under the regulative environment specifically to Australia, mentioned in Section 2.6.3.2, where directors

become strategically involved and participative in directing and monitoring companies' performance and providing services as well as advice necessary to the companies.

When exploring into tasks perceived by directors in relation to their perceptions on the role of the board for the companies, a number of tasks are different in detail more than a degree of similar tasks as perceived by directors when relating to the role of the corporate boards in both countries (see table 4.35 and discussions for a review).

Although finding out similarities and differences between directors' attributes and how they are related to the type of directors, directors' tasks and preferred corporate performance criteria as perceived by directors in a cross-national context is not a main focus of the current study, the results in comparison with the previous literature are worth mentioned.

An example is such as the relationship between age and the type of directors in both countries. In Thailand age differences are found to be associated with the type of directors; however, in Australia it is found not to be associated with the same constructs. As a matter of fact, none of the directors' attributes in Australia is found to be associated with the type of directors.

In this regard, age differences between outside and inside directors in Thailand may have come from differences in the role of each director on the board. Following Phan's (2007) argument on the role of the board for the family businesses such as that in Thailand, its role is to provide advice to the executive director; therefore, ages may have facilitated this role for outside directors who sit on the board. As for the interlocking directors' case, it is possible that the position is taken up by inside (CEOs) or outside directors; then, there exists the mixing of the ages for this type of directorship as shown from the data. However, further studies should be conducted to see whether age is the factor determining the selection of directors on the board (i.e., Ingley and Van der Walt 2001); if so, it is to which extent and for which role the directors fulfil. However, if not, it is a matter of how differences in age can facilitate the processes of governing corporations; from the perceptions of directors in Thailand it was pointed out by O'Neal and Thomas (1996) that regardless of director's age,

personal relationships matter and the selection of directors is based on that fact instead of the directors' qualifications.

Another example is the 'level of education' that is found to be in a reverse-order relationship between outside (master's and then bachelor's degrees) and inside directors (bachelor's and then master's degrees). It may be explained from the role of each type of director on the board where the advising role of the outside directors needs more education and experience and the executing role of the inside directors needs more experience rather than education. However, again, the result does not implicate the underlying reasons as to why higher education is perceived to be different between outside and inside directors.

Turning to the relationship between directors' attributes and directors' tasks, the comparable relationship found with that between the type of directors, directors' tasks could help explain more the perceptions as to which task is contributed by which directors' attributes in both countries; however, the perceptions as to why they are important and associated to each director' attributes (such as number of board members and educational background) is absent in both countries. Although there is literature reporting on the importance of demographic data, they are more of prediction instead of a finding from directors' perceptions on why such relationship with those tasks exists, if any; the concept needs clarification and confirmation from the practical side of directors.

Concerning finding the relationship between directors' demographic variables, including other directors' attributes and firm performance, after the model proposed by Zahra and Pearce II (1989), it has long been argued in the literature that demographic variables and other board attributes (i.e., number of board members and ratio of inside/outside directors on the board) do not produce conclusive, clear and consistent results concerning corporations and their performance (Daily, Dalton and Cannella 2003; Finkelstein and Mooney 2003). It is more so when relating to the perceptions or the cognitive aspects of the board members whereby it was argued to deal more at the 'distinctive deep-level attributes of boards' (Morner, Renger and Thiele 2010, 324). At a comparative level, the results of the current study also are inconclusive where the number of preferred corporate performance criteria was

influenced by a variety of directors' attributes that differed between Thailand and Australia from the perceptions of directors in both countries (see Tables 4.43 and 4.46 in this Chapter, Section 4.3.4.7).

Recently, directors' attributes are used as a moderator (i.e., Young and Buchholtz 2002) or are used as part of the study into board processes and its effectiveness by having the intervening effects between directors' attributes and their impact upon their actions, including corporate performance (i.e., Forbes and Milliken 1999; Haleblan and Rajagopalan 2006; Miller and Triana 2009; Huse 2007; Nicholson and Kiel 2004; Nielsen and Huse 2010). The latter application on studying the board processes is also suggested for the study on the role (s) of the board and its directors (Daily, Dalton and Cannella 2003).

4.6 Comparative Analysis with the Research Questions

The major research question in the current study was 'how is the emphasis that a board member places on any corporate performance criterion related to their personal attributes, the type of directorship they hold, their individual task profile on the board and the extent to which directors see themselves in a defined functional role?' Also, the minor research questions in guiding the main one are: how can the positions of board members be classified?; what are the relevant demographic characteristics of board members?; what importance do board members place on specific tasks?; to what extent do board members see themselves in particular roles?; and what emphasis do board members place on a range of corporate performance criteria?.

There are three types of board members on corporate boards that can be grouped and identified in the two countries; they are inside, outside and interlocking directors. The majority of corporate performance criteria being used by all three types are financial-related measures. The difference between Thai and Australian boards is the focus on the long-term capital performance measures (for Thai corporations) and on the short-term capital performance measures (for Australian corporations). Board members in Thailand place importance on the company evaluation and monitoring task factor, whereas board members in Australia place the importance on a company's profile task component. The results on directors' attributes such as age, gender, educational background of directors, number of directors on the boards and directors' ownership

in companies showed that they contribute to corporate performance criteria to a certain degree both in Australia and in Thailand. However, the significant attribute that was evidenced most in both countries was the level of education of directors.

Concerning roles of directors in association with a list of corporate performance criteria, the results from the Australian side showed that perceived roles of directors are monitoring, strategic and advisory as well service roles in relation to directors' preferred corporate performance criteria. In Thailand, the monitoring role is perceived to be the main role among corporate directors. Moreover, the descriptive statistic results on interlocking directors in Thailand showed that the emphasis of their roles is on the monitoring and controlling aspects of other companies interlocked with the focussed company and on the enhancing of the reputation of the focussed company. In Australia, interlocking directors focussed on the linking role with the company's suppliers or customers.

4.7 Comparative Analysis with the Hypothetical Model

When comparing the results in this Chapter with the hypothetical model developed at the end of Chapter 2, some findings were consistent with the major part of the hypothetical model. However, other findings suggested a possible number of useful changes. The revised model resembles the hypothetical model in the relationships between board member attributes and corporate performance criteria, the type of directors in relation to board member tasks as well as attributes, and board member attributes associated with board member tasks. It deviates from the hypothetical model in that the relationships between broad directors' roles and corporate performance criteria were much weaker than the possible relationships that could be found between director tasks and corporate performance criteria. Furthermore, it was found that board member tasks and corporate performance criteria could possibly be combined into factors whose structures maybe differed to some degree in the Thai and Australian contexts. Moreover, relationships were suggested between board member task factors and corporate performance criteria factors.

4.8 Proposed Research Outcomes Model

Consequently, drawing upon the results and analyses found in this Chapter, a new model is proposed for use in studying the roles of corporate board directors in relation

to corporate performance in different research contexts. The new Research Outcome Model (R.O.M.) differed from the hypothetical model proposed in Chapter 2 in four aspects. These differences are explained below.

4.8.1 Broad Director Roles

The hypothetical model proposed that emphasis on roles by directors was related to the emphasis on corporate performance criteria. However, results showed that corporate performance criteria were associated with director roles to a very limited degree in all the research sites. Moreover, a greater number of corporate performance criteria were sensitive to the importance directors placed on tasks compared with their broader roles. Therefore, the broad director role concept was omitted from the R.O.M.

4.8.2 Possible Tasks Factors

According to the findings, director tasks could be grouped into task factors. Tasks within each factor were associated with one another showing that there is an underlying reason for a common perception among directors within the respective countries towards the importance placed on tasks. However, the grouping of the director tasks in both countries was quite dissimilar; therefore, the incorporation of task factors in the new R.O.M. can help compare and contrast variations directors' perceptions in the differing cultural contexts.

4.8.3 Possible Corporate Performance Criteria Factors

Similar findings were found from the analysis conducted on corporate performance criteria whereby a number of corporate performance measures were associated with one another and formed a set of performance criteria factors' structures. Therefore, corporate performance criteria factors are included in the new research outcomes model.

4.8.4 Possible Relationship between Tasks Factors and Corporate Performance Criteria Factors

As previously mentioned, preliminary findings showed that the emphasis on corporate performance measures were more closely related to specific director tasks than broader director roles. Advanced analyses were recommended to be conducted

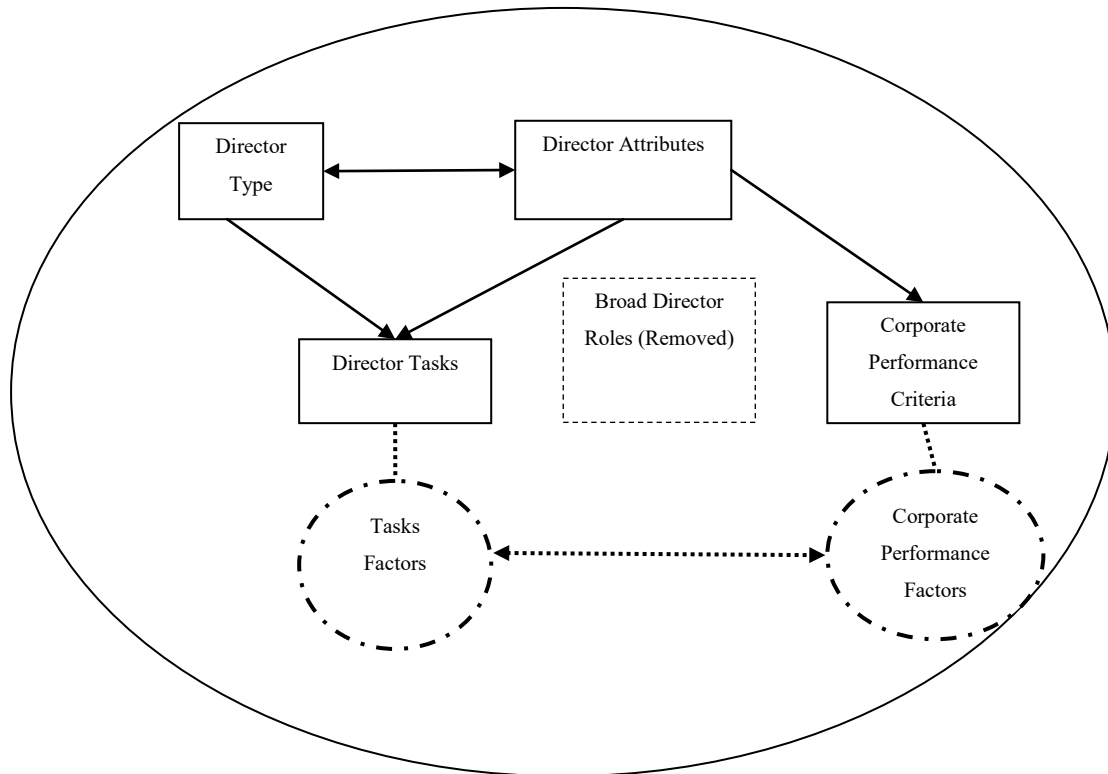
between possible director task factors and corporate performance criteria factors; if significant relationships are evidenced between these sets of factors and these connections are incorporated into the new research outcome model by using the solid lines.

4.8.5 Graphic Model

The graphic model Figure 4.8 (as shown in the following page) illustrates the new research outcome model proposed from the current study for use in study on the roles of corporate board members in relation to corporate performance based on contextual differences across nations as perceived by directors in those countries. As shown in the Figure 4.8, a number of significant relationships existed between the type of director and director attributes (see Section 4.3.4.2), between the type of director and director tasks (see Section 4.3.4.3), and between director tasks and perceived corporate performance criteria as suggested from the initial results of the analysis (see Section 4.3.4.8) in Australia and in Thailand. Although there is less number of significant relationships that existed between director attributes and directors tasks from directors' perceptions as well as between directors attributes and perceived corporate performance criteria, variables perceived to be important from the perceptions of directors concerning director attributes in association with directors' perceived tasks and corporate performance criteria are different in both countries.

Even though there is a significant relationship that existed between the roles of the board of directors from directors' perception in association with directors' preferred corporate performance criteria, the results compared with possible, significant relationships that existed between director tasks and directors' perceptions of corporate performance criteria showed that director tasks may appear to be better variables in relation to directors' perceptions of firm performance criteria in both countries. Therefore, the roles of the board variables are suggested to be removed and director tasks are used instead in place of the roles of the board as perceived by directors.

Figure 4.8: Graphic Model for Further Research on Director Roles and Corporate Performance Based on Contextual Studies



4.9 Summary

In this chapter, the evidence of the survey was examined in relation to the hypothetical model suggested by the literature review. This resulted in a new research outcome model (R.O.M.). The findings were reported and discussed with emphasis on the similarities and differences between Thailand and Australia. The next chapter focused on the way these outcomes have moved the understandings of directors and corporate governance forward, the limitations of the study and the recommended directions for further research.

CHAPTER 5

CONCLUSIONS AND IMPLICATIONS

5.1 Introduction

Having collected data in order to explore relationships among concepts comprising the hypothetical model developed at the end of Chapter 2, Chapter 4 showed the results of statistical analyses of the data and presented a new, research outcomes model (R.O.M.) based on the findings of the current study. A comparison of the R.O.M with the literature review and the hypothetical model in Chapter 2, and the relevance of the R.O.M. to the research questions in Chapter 1 were also discussed in Chapter 4. Moreover, the results were outlined in a comparative manner between the two countries; namely, Thailand and Australia. Chapter 4, then, concluded with the graphical R.O.M. proposed as a result of studying the relationship of roles of corporate directors and corporate performance criteria as perceived by directors in different research contexts.

In this chapter, conclusions regarding the purpose and the research process of the current study in corresponding to research problems are presented and the implications of the R.O.M. for academics and practitioners discussed. This chapter also contains recommendations for academics and practitioners, followed by recognition of limitations related to corporate board of directors' research. The Chapter ends with a number of suggestions regarding possibilities for future research on the topic.

5.2 Investigation's Relevance for Research Problems on Roles of Directors

The main argument in the current research was based on corporate governance systems that have identified differences across various study contexts. Even though corporate governance is a well-known topic in all countries, available definitions and mechanisms, including the levels of implementation of corporate governance, have derived from idiosyncratic social, cultural, business and economic differences in each country. The differences are influenced by internal forces and external forces. Internal forces are those that arise from the development perspective of the company and its management team, including board of directors. External forces arise from factors such as national law and culture, the competitiveness of local markets; even

the global market contributes to pressures to develop different corporate governance systems across nations. Moreover, the conceptualisation of the roles of the corporate board and its directors in association with their detailed tasks may be unclear across contexts.

The purpose of the current study was to generate evidence of the perceptions of governing boards and their directors by conducting comparative research and exploring similarities and differences in two national settings. The main topic for investigation and discussions was the perception of roles, as well as tasks of corporate directors in association with the view on corporate performance criteria. Corporate directors, as the main mechanism of corporate governance and corporate performance criteria were ideally placed to identify important measures of companies. Both concepts serve as a platform to find the linkage for understanding the fundamental difference of corporate governance systems in particular countries.

One limitation of the research into the topic conducted in different research contexts by means of a quantitative approach was determining how to compare the research evidence. On the other hand, studies using a typical input-output model or the 'four usual suspects' into the discovery of board behaviours do not provide details of contextual differences and may yield inconclusive results as a result of limited explanations of the corporate performance perspective. Therefore, the current study was planned to answer the main research question by exploring the involvement of board roles and detailed tasks of directors when dealing with criteria used for measuring company performance as perceived by directors. The current study focussed on the unitary or one-tier corporate governance system which exists in the two countries; namely, Australia and Thailand.

The research process began with the selection of a research method based on a quantitative approach and a comparative method that could be used in solving research problems of contextual studies at the same time by means of an input-output model. The primary data collection by means of a questionnaire was used to survey directors of publicly-listed companies in the two countries. The analysis of relationships in the current study focussed on the various components of a proposed hypothetical model derived from previous literature on the roles of corporate board

and its directors. The data analysis was undertaken with several aspects in mind. The first aspect concerned a relationship between roles of directors involved and the importance placed corporate performance criteria from the perceptions of directors. The second aspect focussed on the relationship between directors' perceived on different specific tasks as board members and the broader, defined corporate board roles. Results from Australia and Thailand were compared in order to identify similarities and differences between the two different countries; findings reflected variations of directors' perceptions in relation to corporate performance criteria at a national level.

Results indicated that, in Thailand, corporate directors perceived the monitoring role to be their focus when governing corporations during the time of data collection. On the other hand, in Australia, directors are to a certain degree involved in monitoring, strategic and advisory as well as service roles. In other words, Australian directors are active in directing, controlling and providing mentoring services to the companies.

Although, results from the Thai side supported the monitoring aspect of the board, as previously discussed in the results and discussions Chapter, the monitoring role may be caused by the compliance between the boards of publicly-listed companies and the regulatory bodies after the financial crisis in 1997 for the capital, corporate restructure or lifting up the standard of corporate board and directors' practices reasons, which may be not by the similar underlying assumption—having the boards controlling the management teams as a result of a conflict between managements' interests and shareholders' interests—suggested by the agency theory. Also, because the current study was conducted in the year 2009 when the global crisis and the instability of the political situations in the country occurred, Thai directors may have continued to perceive their monitoring role to be pertinent in order to cope with the uncertainty. Previous empirical studies supported the result of the current study in the case of experiences of the Serbian directors whereby the legal system and the political economy influenced directors' roles in the country (Petrovic 2009) or the Cadbury nexus in the U.K. that influenced the perceptions of directors regarding their roles.

Turning to the results from the Australian side, although the companies were faced with the global crisis during the time of data collection and the suggestion from the

regulatory body was for boards to focus themselves more on the monitoring aspect, directors perceived their roles to be different from the suggestions and from that of Thai directors. Strategic, monitoring and service as well advisory roles were perceived to be important when associated with certain corporate performance criteria. In this regard, the specific circumstances facing the businesses or companies may have been factors creating possible variants on the roles of the board of directors and its members in the country (Carter and Lorsch 2003) coupled with the influence of the current movement on other corporate board roles; viz. the strategic role that was on the rise and suggested by the research community in general and within the country.

In addition to the results perceived by directors towards their preferred corporate performance criteria, role variety is increased when using directors' tasks in association with the roles as perceived by directors in both countries. Differences and similarities of corporate directors' tasks towards their perceived roles between the two research aspects may be caused by companies' particular circumstances, corporate law and regulations, ownership structures of corporations, board of directors and management's understanding of their responsibilities, and role interpretations or expectations including enforcement of responsibilities (Lorsch 1995; Monks and Minow 2008; Cornforth and Edwards 1999). Hidden cultural factors and institutions in the concerned countries may have influenced the perceptions and decision-making of directors (Knight 1997), especially when looking at the variations of using demographics and other directors' attributes in associated with directors' perceptions on corporate performance criteria.

All in all, although both countries adopted a similar corporate governance model, other variables contributing to the diversity of directors' perceptions affect the outcomes at the corporate board and firm levels. Directors of companies in each country have used different perceptions on individual tasks and roles in relation to corporate performance criteria used for measuring and enhancing company performance. Also, in terms of the selection of directors based on directors' attributes (i.e., demographics and composition), each country may have used different criteria and reasons to enhance or sustain the performance of companies.

In this regard, a contribution made by the current study relates to the evidence supporting arguments that nations differ in their corporate governance systems and the contingency theoretical perspective explaining that a ‘one-size fits all’ corporate governance system approach and mechanisms may not fit well with all countries. It is argued that “the board roles and structures must be tailored to balance the contingencies facing each corporation. There is not one best way in corporate governance” (Huse 2007, S75). Although the monitoring role of the corporate board and its directors has been the emphasis in many countries, especially in the U.K. and in the U.S., following the crisis and corporate scandals around the world since the year 1990s, in other countries, the directors’ perceptions toward their own roles and tasks may have not been in congruence from one specific context to another. Also, at a different point in time, directors’ perceptions may have changed in corresponding to their own context. There is a possibility for other roles to play with different tasks combined to be performed within the country from the perceptions of company directors. Consequently, the contributions of a new model (R.O.M.) for studying directors’ perceptions in governing corporate performance across national settings resulted from the outcomes of the current research study and can be used as the starting point for future research into the topic on the corporate boards of directors based on contextual studies.

5.3 Model Implications for Academics

A majority of governance research has focussed on finding a model that is universally applicable between corporate governance practices and corporate performance; however, also, many have ignored the interdependencies between diverse, distinct environments and the organisations (including actors such as the board and directors) that are embedded leading to variations in the effectiveness of the corporate governance practices (Aguilera et al. 2008). Also, with the perception of directors’ individual performance that is tied directly to the firm performance, researchers and practitioners still emphasise the monitoring or oversight role of the board and its directors instead of giving venues for other roles (i.e., strategy and advisory roles) to complement (Daily, Dalton and Cannella 2003).

As a result of data analyses, the new research outcome model (R.O.M.), derived from collected data and their analyses, provides new scope for studying how directors’

perceptions of their roles and tasks influence corporate performance criteria, especially when facing varied research contexts. The various details of board member tasks in relation to their perceived roles were found and implied that attitudes of board members in Australia and in Thailand may be guided by reasons specifically related to their countries. Although similar tasks may be found, in regards to their perceived roles in relation to those tasks and the level of directors' involvement in them, they were found to be dissimilar between directors' perceptions in both countries. This supports the argument that the contexts can constrain and enable the board and its directors' actions that may be guided by their perceptions; possible constraints may include more than the legal regulations surrounding the governance and the constitution of the companies and the board respectively as well as the historical context and environment (i.e., economy, social, culture and technology) of the companies (Cornforth and Edwards 1999).

When considering roles of corporate directors in relation to measures of corporate performance, board of directors of family businesses, such as in Thailand, normally provided the advisory and service roles; inside directors were found to be in a better position when focussing on the controlling aspect of corporate performance. In corresponding to the control model that is prevalent in Europe, Asia and Latin America (see Section 2.2.3), the evidence from the current study showed that in practice, the degree of involvement by Thai directors, regardless of the type of directors, predominantly involves the monitoring or controlling role when dealing with their respective companies' performance. However, whether or not the perceptions incline to be based upon the monitoring role as suggested by which theory (i.e., stewardship theory or agency theory reducing the agent-principal conflict as recommended by the Thai government that imposed the Anglo-Saxon model upon the Thai public corporations), is yet to be confirmed.

Although, the monitoring role, based on legalistic and agency theories, is prevalent as recommended in the corporate governance literature concerning the role of the board and its directors (Phan 2007; Monks and Minow 2008), multiple theories may have helped explain roles in which directors are involved in for the same topic for Australian directors. From the result of the current study, Australian evidence suggests more a combination of multiple roles as perceived by Australian directors

than the dominant oversight role suggested in the literature and regulatory bodies (Sharma 2004). The results are also in line with the literature supporting the strategic, advisory and service roles of the board and directors derived from an Australian context (Kiel and Nicholson 2007).

When separated, broader roles seem to have limited relationships and implications in relation to corporate performance criteria as compared to the results found between director tasks and corporate performance criteria perceived by directors. However, it is beyond the scope of the current study to investigate the direct relationship between tasks of directors and corporate performance criteria, but the new model still hints that in terms of studying directors' roles, director tasks may need to be studied alongside corporate performance measures. By using the concepts of directors' tasks, better determinants are available for discovering corporate directors' roles and the relationship with companies' performance. Concerning directors' attributes (i.e., demographics and composition), the results of the study and the previous literature supported each regarding there being other attributes more underneath the current study's identified directors' attributes; these may be investigated and help contribute to the performance of corporations as perceived by directors in both countries.

Hence, the new model provides an advanced general framework for studying the corporate boards and directors in relation to corporate performance in both single or in multiple countries in order to learn about corporate board and its directors' perceptions and their actions; the methods to be utilised for this particular kind of studies should be mixed quantitative and qualitative studies in order to confirm the results of the studies on perceptions to bridge the gap between research and practitioner communities.

5.4 Model Implications for Practitioners

The managerial implication from the current study's findings as revealed by the perceptions by directors in both countries is the selection of tasks and chosen roles being perceived to be important for directors concerning their roles and preferred corporate performance criteria, respectively, in both countries. The different contexts in both countries may have affected activities of the board and directors. The board of directors and management teams need to communicate with each other concerning the

tasks and the roles that belong specifically to the boards and to the management teams, as discrepancy or unclear responsibilities interpreted by executives and directors may have brought in conflicts and may have impeded the governing and the management of corporations.

The implication for the policy makers or the government in concerned countries is that since the perceptions of directors differ in different contexts, laws or regulations that are enforced and imposed upon local companies may or may not fit their local companies' condition as perceived by directors. Rather than helping, new rules or regulations that are transferred or adopted from other contexts without realising the different underlying assumptions may harm companies in the long run. It is necessary for governments to help leverage conflicts of interests that may arise from different parties' expectations on local companies and to ensure that those interests are managed to support those companies to move forward. Moreover, it is necessary for policy-makers to understand current directors' perceptions affecting their actions in relation to performance of their corporations so that policy-makers can impose regulations in time to support or to change corporate directions and establish appropriate law or regulations protecting a focussed group of other stakeholders' interests such as employees, shareholders (minor vs. major) and customers.

5.5 Recommendations for Academics

When mentioning the corporations and their corporate governance, one thing that needs to be kept in mind is that there is a variety of forms of corporations throughout the world and, therefore, the meaning of corporations in one context may not be similar to the ones in a different context; let alone distinct corporate governance systems (i.e., corporate structures, rules-based vs. principles-based accounting, disclosure, governance codes or board composition and size), directors' roles and responsibilities in practices across countries as well as the implication of the nations' political agendas (Monks and Minow 2008). In addition, the dynamics, practices and perceptions of the corporate board of directors, especially within the corporate system associated with the Anglo-Saxon countries such as Australia, may be varied and dependent upon the cycle of organisations (Bonn and Pettigrew 2005). Therefore, research based on contextual studies can be implemented by means of studying director tasks and roles by means of their perceptions on corporate performance

criteria because they help uncover differences underlying the broader roles that exist across nations. For example, in Thailand, the emphasis of directors' roles is on monitoring, whereas in Australia the emphasis is not only on monitoring, but also on strategic and advisory as well service roles as perceived by directors. Even though general roles are similar, a list of detailed tasks that are part of those roles can be dissimilar or similar only to a certain degree and the level of emphasis may not be to the same degree across different countries.

Variations in perceptions of directors in both countries supported the literature based on contextual studies and the recent review of the corporate governance research into a variety of contexts can help directors move away from the 'monitoring' role template to taking into account more of organisational, institutional and national contexts (Filatotchev and Boyd 2009, 257). One input is to make the current research become relevant to help academics work better with the practitioners. The corporate governance systems varying across countries are supported. Thus, the corporate governance programme and course structures should be built upon this foundation showing that differences exist from country to country so that students and practitioners, when learning or conducting businesses across contexts, are aware of basic elements of the local corporate governance system that needs to be taken into account.

5.6 Recommendations for Professional Practitioners

To the policy makers, the aim of having a board of directors emphasising particular roles may not determine the benefits. The role and the responsibilities of the corporate board and its directors governed by law or influenced by the agency perspective need to be flexible, not only to focus on the monitoring or the oversight function (Coulton and Taylor 2004). As a matter of fact, the focus of the policy for helping sustaining companies should be on the underlying activities such as board tasks. When considering the needs of the society-at-large, social, ethical and environmental issues need to be taken into account when creating a policy of national corporate governance.

At the national level regardless of various types of ownership structures, a sound corporate governance system is a competitive advantage to the country. A good

corporate governance of the company and the strong enforcement of the corporate governance system can attract capital and also help spot weaknesses in companies. By looking at the director level, which is the source of control and direction of a company, the government is aware of the company's activities and policies implemented or to-be-implemented by the company by observing the list of activities.

With regard to the recommendations to the board of directors, compliance with regulations without questioning and reassessing the underlying benefits may not help companies in the long-term. Moreover, how is it known that the implementation helps the companies in the long-term? In order to help companies achieve sustainability by means of supporting companies' operations in the long-term, cooperative efforts between practitioners and academics are necessary to help close the gap between the selection of the appropriate corporate governance mechanisms and corporate boards of directors' functions that depend on the context and the scope of the companies. So far the context of corporations matters. Also, it is suggested that "boards must not perform just a single task (or role in the current study) at a time but they continually need to balance various tasks" (Huse 2007, 300). Therefore, if the focus is too much on monitoring, as suggested by the results of current research, in a country such as Thailand there is a risk of losing the sense of entrepreneurship resulting in negative company performance; on the other hand, if the level of monitoring is too low, the governance may fail. However, it is concluded that the prompting of all boards to be focussed upon the monitoring perspective only should not be supported (Van den Berghe and Baelden 2005). Even within an Australian context, it is accepted that the emphasis placed on each role is not the same for each board; a variation from corporation to corporation can stem from such as its size, life cycle, operational environment and strategy. The role and a list of items needed for each role, therefore, need to be tailored based on each company board (Kiel and Nicholson 2003).

5.7 Limitations

The implementation of research and its benefits are not without limitations, especially when the studies are comparative and exploratory-in-nature. The results need confirmation from directors in both countries as to the underlying reasons of their perceptions on their roles and their tasks in association with those corporate

performance criteria. It may be done by using a qualitative method through the conduct of interviews or by using the mixed-method research for future studies. However, conducting research as part of the dissertation for the doctoral degree can employ mixed methods, but only to a certain extent. It would be wise to conduct research based on one country or one research setting instead of two or three more research contexts simultaneously or consequently as the process for each method requires some length of time and cost. Also, in order to become expert in both qualitative and quantitative methods, a lot of effort and time is required for a solo researcher to conduct comparative research in such manner.

The current study was limited to the two research settings, which are Thailand, and Australia. Also, in Thailand, the number of responses is more from the perceptions of the chairpersons of the corporate board, the executive teams or from the audit committees; thus, the perceived roles and tasks may be biased towards the roles and tasks of the chairpersons than board members in general. The conclusions drawn cannot be generalised beyond the Thai and Australian responses although, the results did uncover similarities and dissimilarities between Australia and Thailand.

On a broader level, the current study was limited to the unitary or one-tier governance system; therefore, the new research outcome model (R.O.M.) may or may not be applicable to countries that have adopted a two-tier governance system.

However, all in all, the current study achieved its purposes for helping researchers understand the roles of the corporate board of directors as well as their members' tasks in two countries, answering to the call for research extension on the corporate governance practices in Thailand and in a comparative research sense, testing the feasibility of undertaking a more extensive study based on the qualitative methods or a mixed research method and employing those methods in a subsequent study and satisfying researchers' curiosity on whether there are similarities or differences between countries that operate in various research contexts.

5.8 Further Research

Gabrielsson and Huse (2007, 24) once stated that “the question should not be which theory of governance is universally valid, but under which contexts or contingencies

may one theory have explanatory power over another”. Even though the monitoring role that is ‘conceptually’ tied to the agency theory is evident in Thailand, an understanding of the underlying reasons for emphasising that role is needed because the subsequent interpretation for having particular roles may be different. As argued in the literature, agency theory is put forward to reduce agency problems, and the ownership structure prevalent in many countries such as Thailand is supposedly allied to agency theory to a lesser extent than in countries where corporations have a dispersed ownership structure. Moreover, in Australia, agency theory was supposed to be prevalent among corporations; however, the results showed that there are multiple theories playing a part in directors’ roles and future research is needed to more clearly identify the links between governance theories and practices.

By using board member tasks, differences in contexts hidden under general roles existing across countries were identified; i.e., different understandings of roles that are similar across nations require further investigation. Further research may clarify the underlying reasons for grouping of board member tasks as they apply to corporate performance criteria. The board group, rather than the individual directors, could be used as the unit of analysis. Moreover, the future identification of director roles, tasks and corporate performance criteria can contribute to finding and clarifying relationships between the board and company performance. In addition, perceptions of directors as to corporate performance criteria can be further extended concerning financial criteria; i.e., research into non-financial criteria such as those concerning social responsibility aspects of companies that capture social, ethical and environmental issues for the society-at-large. Also, the perception of the management teams also can be studied to see whether the board of directors and the management team have similar perceptions towards each other’s role and tasks when approaching corporate performance issues.

Lastly, the current study provided some limited evidence on interlocking directorships and their perceived roles; therefore, provided that interlocking directorates exist across nations and we are in a globalisation era, it is necessary to conduct further study on their implications for boards and influence on corporate behaviours, practices as well as performance by conducting the same method for the current study or a longitudinal research based on larger numbers of surveys and interviews in

specific countries. The results could yield additional information on the differences across contexts and offer implications for individual countries or across countries. Also, longitudinal studies are recommended to observe changes over time in the perceptions of directors towards their tasks that are tied to the corporate board of directors' roles between two or more countries by using the instrument given.

5.9 Summary

Briefly, Chapter 5 first captured an overview regarding the aim of the current study, the previous research conducted on the same topic, how the current study was implemented and the summary of results emerged from the data collection and analyses. Then the implications of the new research outcome model developed at the end of Chapter 4, the result chapter, were provided and followed by the recommendations for academics and practitioners. Chapter 5 was concluded with the limitations of the current study, the suggested opportunities and methodologies for future research and the summary for the chapter.

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APPENDICES

APPENDIX A

Month x, xxxx
Ref. no.: xxxx/xx
Title and Name
Chairman
Company Name and Company Address
Tel: (xx) xxx-xxxx and Fax: (xx) xxx-xxxx

Dear Title and Name,

Subject: Request of Your Kind Help

Nowadays, the governing of corporations is a topic of attention for practitioners, policy makers and academicians around the globe, especially by practitioners such as members of the corporate board of directors who are the apex of the corporation that deal with the improvement of the corporate performance perspective.

My name is Patchareewan Boriboonsate. Currently, I am conducting a PhD research project at Curtin University of Technology, Perth, Australia.

The study concerns the roles of the corporate board of directors in relation to corporate performance. The study is conducted in two different countries, namely Thailand and Australia. The aims are to explain the roles of directors, to compare and to contrast those roles and to explore differences between two countries in relation to corporate performance criteria. The completion of the survey by you and by your company directors can greatly enhance the understanding of these aspects.

This letter is to request for your kind help in distributing the participant information sheet and the questionnaire to all your company's directors, including to yourself. In the questionnaire, there are questions asking for the demographic details of directors and the ratings of criteria related to corporate performance, including the importance of each person's role as a director. The survey will take approximately 5 – 10 minutes to complete.

Your company confidentiality is of my highest concern. Please kindly be assured that the name of your company, including the name of your company directors, will not be disclosed in the study.

Thank you very much for your time and for your kind attention. Your kind help would be highly appreciated.

Sincerely yours,
Patchareewan Boriboonsate (Ms.)
PhD Candidate
Curtin University of Technology
Perth, Australia

Enclosed

1. the numbers of the participant information sheet attached with the questionnaire: x.
2. a self-addressed, stamped envelope to be mailed to the research student by Month x, xxxx.

APPENDIX B



Curtin University of Technology Curtin Business School

Participant Information Sheet

My name is Patchareewan Boriboonsate. Currently, I am undertaking the research for my Doctor of Philosophy Degree at Curtin University of Technology, Perth, Australia.

The aims of the research project are to explain the roles of corporate board members in relation to corporate performance and to compare and contrast perceived roles in two countries, namely Australia and Thailand.

I am interested in finding out how perceived roles of individual board members help the corporate performance. Filling out of the questionnaire (as attached) will take approximately 5 - 10 minutes of your time.

Your involvement in the research is entirely voluntary. You have the right to withdraw at any stage without penalty or it affecting your rights or my responsibilities. By completing and returning the questionnaire I will assume that you have agreed to participate in the project and allow me to use your data for the research.

The information you provide will be kept confidential; it will **not** have your name, the name of your corporation and any other identifying information on it and only aggregated data will be used in the study. In adherence with university policy, data from the study will be kept in a locked cabinet for five years before it is destroyed.

If you would like further information about the study, please feel free to contact me on +614-489-67548 (in Australia) or +668-311-73888 (in Thailand) or by email: p.boriboonsate@postgrad.curtin.edu.au. Alternatively, you can contact my supervisor, Dr Laurie Dickie, on +618-9266-3080 (phone) or +618-9266-7206 (fax) or Laurie.Dickie@cbs.curtin.edu.au.

Thank you very much for your time and for your kind involvement in this research. Your participation is greatly appreciated.

This study has been approved by the Curtin University Human Research Ethics Committee (Approval Number 8/08). If needed, verification of approval can be obtained either by writing to the Curtin University Human Research Ethics Committee, c/- Office of Research and Development, Curtin University of Technology, GPO Box U1987, Perth, 6845 or by telephoning 9266 2784 or emailing hrec@curtin.edu.au.

APPENDIX C

Board of Directors' Roles Survey

Introduction: If you are a director in more than one company, please focus on the *one* company that you received the questionnaire from and complete it in relation to your directorship with that company.

Demographic Details of Directors

1. Gender: Male Female
2. Age: 30 or below 31 – 39
 40 – 49 50 – 59
 60 or above
3. Please tick all the areas that best describe your educational background
- | | |
|--|---|
| <input type="checkbox"/> General Business | <input type="checkbox"/> Public Policy |
| <input type="checkbox"/> Finance | <input type="checkbox"/> Science |
| <input type="checkbox"/> Accounting | <input type="checkbox"/> Law |
| <input type="checkbox"/> Management | <input type="checkbox"/> Political Science |
| <input type="checkbox"/> Engineering | <input type="checkbox"/> Social Science |
| <input type="checkbox"/> Economics | <input type="checkbox"/> Military Education |
| <input type="checkbox"/> Other; please specify:
_____ | |
4. What is the highest level of education you completed?
- | | |
|--|--|
| <input type="checkbox"/> Primary School Level | <input type="checkbox"/> Secondary School Level |
| <input type="checkbox"/> Diploma | <input type="checkbox"/> Bachelor's Degree |
| <input type="checkbox"/> Master of Business Administration (MBA) | <input type="checkbox"/> Master's Degree (excluding MBA) |
| <input type="checkbox"/> Ph.D. or equivalent | <input type="checkbox"/> Some college, technical or Associate Degree |
| <input type="checkbox"/> Other; please specify:
_____ | |
5. Did you obtain the highest degree from a local institution or overseas? Local Overseas
6. Which industry category best represents your company?
- | | |
|---|--|
| <input type="checkbox"/> Agriculture (Agribusiness) | <input type="checkbox"/> Telecommunication Services |
| <input type="checkbox"/> Materials (Petrochemical & Chemicals; Construction Materials; Containers & Packaging; Metals & Mining; Paper & Forest Products) | <input type="checkbox"/> Consumer Discretionary (Automotives; Consumer Durables; Textiles & Apparel; Fashion; Consumer Services; Media Production, Services & Publishing; Tourism & Leisure; Consumer Retailing & Services; Hotels & Restaurants) |
| <input type="checkbox"/> Consumer Staples (Food, Staples Retailing, Beverage & Tobacco; Household & Personal Products) | <input type="checkbox"/> Commerce |
| <input type="checkbox"/> Finance (Banks; Diversified Financials; Securities; Insurance; Real Estate or Property; Management and Development, including Real Estate Investment Trusts: REITs) | <input type="checkbox"/> Professional Services |
| <input type="checkbox"/> Engineering and Information Technology (Software & Services; Technology Hardware & Equipment; Semiconductors & Semiconductor Equipment) | <input type="checkbox"/> Multi-Industry |
| <input type="checkbox"/> Industrials (Capital Goods; Commercial Services & Supplies; Office Products; Transportation, Logistics & Storage) | <input type="checkbox"/> Health Care (Equipment & Services; Pharmaceuticals, Biotechnology & Life Sciences) |
| <input type="checkbox"/> Other; please specify:
_____ | <input type="checkbox"/> Resources (Energy and Utilities; Electricity/Gas/Water) |
7. Number of board members in your company: _____

8. Are you a shareholder of the company? No (please proceed to Q. 9 immediately)
- Yes: 0 – 10 % Yes: 11 – 20 %
- Yes: 21 – 30 % Yes: 31 – 40 %
- Yes: 41 – 50 % Yes: 51 – 60 %
- Yes: 61 – 70 % Yes: 71 – 80 %
- Yes: 81 – 90 % Yes: 91 – 100 %

9. Please tick one role that best describes your current position:

- Executive/Inside Director; if so, which of the following positions best describe you,
- Chief Executive Officer (CEO)
- Chief Finance Officer
- Other; please specify: _____
- Non-Executive/Outside Director
- Independent Director
- Interlocking Director (Director who has multiple directorships with other companies); Total number of directorships (including the company you are completing the questionnaire for): _____
- Other type of director; please specify: _____

10. How many years have you been director of this company? _____

11. How many years have you been working in this industry? _____

12. Are you the chairperson of the board? No Yes

13. In evaluating the overall performance of your company, how important would you regard each of the following criteria?

Please rate each on a scale from 0 = **Not Important**, to 4 = **Critical with a cross (X) or circle (O)**.

	Not Important					Critical
a. Return on Assets (ROA)	0	1	2	3	4	
b. Return on Equity (ROE)	0	1	2	3	4	
c. Return on Sales (ROS)	0	1	2	3	4	
d. Return on Investment (ROI)	0	1	2	3	4	
e. Market to Book Value Ratio (Market Value/Book Value of Equities)	0	1	2	3	4	
f. Sales	0	1	2	3	4	
g. Position in relation to Industry Average Performance	0	1	2	3	4	
h. Growth Rate in Domestic Market	0	1	2	3	4	
i. Growth Rate in International Market	0	1	2	3	4	
j. Employee Turnover	0	1	2	3	4	
k. Net Profit	0	1	2	3	4	
l. Earnings Per Share	0	1	2	3	4	

13. In evaluating the overall performance of your company, how important would you regard each of the following criteria?
Please rate each on a scale from 0 = *Not Important*, to 4 = *Critical with a cross (X) or circle (O)* (Continued).

	Not important					Critical
	0	1	2	3	4	
m. Market Share	0	1	2	3	4	
n. Progress in Research and Development	0	1	2	3	4	
o. Long-term Debt	0	1	2	3	4	
p. Lending Growth	0	1	2	3	4	
q. Net Income	0	1	2	3	4	
r. Increase in Financial Capital	0	1	2	3	4	
s. Operating Performance	0	1	2	3	4	
t. Other measure; please specify:	0	1	2	3	4	
u. Other measure; please specify:	0	1	2	3	4	

14. The following questions are intended to ascertain your view as to the relative importance of each of the following roles of a director in your company. Please rate each of them on a scale of 0 = *Not Important*, to 5 = *Extremely Important with a cross (X) or circle (O)*.

Roles of Directors	Importance of this Role					
	Not Important					Extremely Important
1. Work with the CEO in developing the strategic plan	0	1	2	3	4	5
2. Assist in formulating the company vision and mission	0	1	2	3	4	5
3. Assist in formulating the company policy	0	1	2	3	4	5
4. Debate strategic plan	0	1	2	3	4	5
5. Design company strategies	0	1	2	3	4	5
6. Monitor implemented company strategies	0	1	2	3	4	5
7. Help the management team prepare the capital investment proposals	0	1	2	3	4	5
8. Critique the capital investment proposals of the top management team	0	1	2	3	4	5
9. Oversee the plans for acquiring more resources and capital for the company	0	1	2	3	4	5

14. The following questions are intended to ascertain your view as to the relative importance of each of the following roles of a director in your company. *Please rate each of them on a scale of 0 = Not Important, to 5 = Extremely Important with a cross (X) or circle (O)* (Continued).

Roles of Directors	Importance of this Role					
	0	1	2	3	4	5
10. Evaluate annually the company's strategic direction	0	1	2	3	4	5
11. Monitor top management in decision-making	0	1	2	3	4	5
12. Acquire information showing the progress of corporate performance	0	1	2	3	4	5
13. Review corporate performance against strategic plan	0	1	2	3	4	5
14. Compare budget allocation with corporate performance	0	1	2	3	4	5
15. Monitor environment trends that are all relevant to the company's success and survival	0	1	2	3	4	5
16. Evaluate corporate performance in relation to industry benchmarks	0	1	2	3	4	5
17. Review financial information to identify important trends and issues	0	1	2	3	4	5
18. Evaluate performance of top executives	0	1	2	3	4	5
19. Use an internal mechanism to evaluate top management performance	0	1	2	3	4	5
20. Engage in planning for CEO succession	0	1	2	3	4	5
21. Influence the selection of the CEO	0	1	2	3	4	5
22. Engage in planning for top managers (besides CEO) succession	0	1	2	3	4	5
23. Evaluate other board members	0	1	2	3	4	5
24. Evaluate the board performance as a whole unit	0	1	2	3	4	5
25. Provide advice and counsel to top managers	0	1	2	3	4	5
26. Provide alternative viewpoints	0	1	2	3	4	5
27. Provide opinions independently from other board members	0	1	2	3	4	5
28. Respond to the top management team's request for board assistance	0	1	2	3	4	5
29. Serve as a link to government agencies	0	1	2	3	4	5
30. Provide relevant contacts to the company	0	1	2	3	4	5
31. Promote goodwill by supporting stakeholders	0	1	2	3	4	5
32. Ensure communications with stakeholders/public are effective	0	1	2	3	4	5
33. Balance interests of stakeholders	0	1	2	3	4	5
34. Be influential/Enhance the status of the company in the community or society	0	1	2	3	4	5
35. Conform to the regulations	0	1	2	3	4	5

15. Are there any other roles that you would like to add?

Roles of Directors	Importance of this Role					
	Not Important					Extremely Important
36.	0	1	2	3	4	5
37.	0	1	2	3	4	5

16. To provide an overall perspective of your role as a director, please indicate the extent of your role in the following general areas. Please rate each of them on a scale of 0 = *Not Important*, to 5 = *Extremely Important with a cross (X) or circle (O)*.

Roles of Directors	Extent of Your Role in this Area					
	Not Important					Extremely Important
1. Formulate, contribute to or evaluate corporate strategy	0	1	2	3	4	5
2. Monitor, evaluate or control performance	0	1	2	3	4	5
3. Provide specific professional services	0	1	2	3	4	5
4. Other; please specify:	0	1	2	3	4	5

Questions for the Interlocking Director Only

1. If you serve as a board member in other companies, what is the relation of those companies to your 'core' company?

	Number
Supplier	_____
Customer	_____
Bank	_____
Other Financial Institutions (such as Insurance companies or other Institutional Investors)	_____
Parent company	_____
Subsidiary company	_____
Other strategic partner of the company (such as Joint ventures)	_____
Government Office	_____
University	_____
Other; please specify: _____	_____

2. Regarding your position as an Interlocking Director, please indicate the importance of each of the following roles or relationships. *Please rate each of them on a scale of 0 = Not Important, to 5 = Extremely Important with a cross (X) or circle (O).*

External Roles & Relationships	Importance of this Role					
	Not Important					Extremely Important
1. Your link to government agencies	0	1	2	3	4	5
2. Your link to other companies such as your suppliers or your customers	0	1	2	3	4	5
3. Your link to financial resources	0	1	2	3	4	5
4. The channel of communications you provide between companies	0	1	2	3	4	5
5. The extent to which you monitor/control other companies that you are interlocked with for your 'core' company	0	1	2	3	4	5
6. The extent to which you coopt strategic resources from those companies that you are interlocked with for your 'core' company	0	1	2	3	4	5
7. The extent to which your interlocking directorship enhance reputation/legitimacy to the 'core' company	0	1	2	3	4	5
8. Other; please specify:	0	1	2	3	4	5
9. Other; please specify:	0	1	2	3	4	5
10. Other; please specify:	0	1	2	3	4	5
11. Other; please specify:	0	1	2	3	4	5

THANK YOU VERY MUCH FOR YOUR TIME AND KINDNESS IN COMPLETING THE QUESTIONNAIRE

APPENDIX D

Order of Priorities for Board Members' Tasks

Thailand		Australia	
Board Tasks	Mean ^a	Board Tasks	Mean ^a
Debate strategic plan	4.55	Evaluate annually the company's strategic direction	4.57
Evaluate annually the company's strategic direction	4.54	Influence the selection of the CEO	4.55
Conform to the regulations	4.54	Debate strategic plan	4.55
Assist in formulating the company vision and mission	4.52	Work with the CEO in developing the strategic plan	4.42
Assist in formulating the company policy	4.49	Evaluate performance of top executives	4.40
Work with the CEO in developing the strategic plan	4.44	Conform to the regulations	4.32
Monitor implemented company strategies	4.41	Review corporate performance against strategic plan	4.28
Monitor environment trends that are all relevant to the company's success and survival	4.37	Engage in planning for CEO succession	4.27
Review corporate performance against strategic plan	4.34	Assist in formulating the company vision and mission	4.27
Evaluate performance of top executives	4.32	Monitor implemented company strategies	4.24
Monitor top management in decision-making	4.31	Respond to the top management team's request for board assistance	4.23
Compare budget allocation with corporate performance	4.25	Provide opinions independently from other board members	4.22
Design company strategies	4.19	Evaluate the board performance as a whole unit	4.19
Provide alternative viewpoints	4.11	Provide alternative viewpoints	4.16
Review financial information to identify important trends and issues	4.11	Critique the capital investment proposals of the top management team	4.11
Use an internal mechanism to evaluate top management performance	4.11	Monitor top management in decision-making	4.11
Balance interests of stakeholders	4.10	Oversee the plans for acquiring more resources and capital for the company	4.03
Critique the capital investment proposals of the top management team	4.10	Balance interests of stakeholders	3.91
Provide advice and counsel to top managers	4.10	Compare budget allocation with corporate performance	3.85
Oversee the plans for acquiring more resources and capital for the company	4.07	Ensure communications with stakeholders/public are effective	3.81
Be influential/Enhance the status of the company in the community or society	4.05	Acquire information showing the progress of corporate performance	3.78
Acquire information showing the progress of corporate performance	4.04	Review financial information to identify important trends and issues	3.77
Evaluate corporate performance in relation to industry benchmarks	4.03	Evaluate other board members	3.71
Ensure communications with stakeholders/public are effective	3.99	Assist in formulating the company policy	3.70
Engage in planning for CEO succession	3.90	Design company strategies	3.69
Respond to the top management team's request for board assistance	3.78	Use an internal mechanism to evaluate top management performance	3.56
Promote Goodwill by supporting stakeholders	3.78	Monitor environment trends that are all relevant to the company's success and survival	3.55
Provide opinions independently from other board members	3.70	Provide advice and counsel to top managers	3.43
Evaluate the board performance as a whole unit	3.69	Evaluate corporate performance in relation to industry benchmarks	3.38
Influence the selection of the CEO	3.64	Be influential/Enhance the status of the company in the community or society	3.33
Engage in planning for top managers (besides CEO) succession	3.52	Promote Goodwill by supporting stakeholders	3.32
Provide relevant contacts to the company	3.34	Engage in planning for top managers (besides CEO) succession	3.25
Help the management team prepare the capital investment proposals	3.31	Provide relevant contacts to the company	3.01
Serve as a link to government agencies	3.21	Help the management team prepare the capital investment proposals	2.74
Evaluate other board members	3.19	Serve as a link to government agencies	2.39

^aMaximum scores are five.

APPENDIX E

Correlation Analysis of Perceived Director Tasks and Corporate Performance Criteria in Australia

Tasks	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	T12	T13	T14	T15	T16	T17	T18
CPC																		
ROA	.112	.131	.159	.014	.161	.182*	.234**	.270**	.167	.215*	.164	.286**	.218*	.162	.218*	.194	.140	.160
ROE	.217*	.197*	.122	.089	.118	.232**	-.030	.104	.083	.384**	.119	.231**	.247**	.135	.217*	.132	.189*	.151
ROS	.113	.064	.127	-.014	.186*	-.011	.105	.053	.167	.239*	.230*	.116	.128	.356**	.303**	.262**	.279**	.191*
ROI	.127	.192*	.265**	-.037	.176*	.141	.188*	.235**	.106	.234**	.197*	.143	.123	.110	.132	.181*	.134	.138
MBV	.155	.204*	.282**	.125	.219*	.175*	.288**	.217*	.074	.177*	.128	.175	.092	.279**	.278**	.197*	.112	.192*
S	.246**	.236**	.225*	.208*	.224*	.147	.186*	.206*	.149	.395**	.234**	.301**	.393**	.369**	.431**	.322**	.443**	.306**
PIVP	.082	.135*	.077	.241**	.170	.150	.088	.164	.145	.166	.107	.185*	.171	.239**	.194*	.415**	.171	.120
GRD	.145	.155	.267**	.178*	.260**	.187*	.092	.169	.122	.236**	.116	.169	.242**	.241**	.187*	.185*	.144	-.037
GRI	.034	.093	.101	-.155	.139	-.052	.249**	.055	-.057	.055	.308**	.029	-.013	.157	.047	.070	.134	.112
ET	.215*	.265**	.242**	.109	.176*	.050	.255**	.162	.037	.199*	.107	.303*	.226*	.356**	.337**	.294**	.359**	.189*
NP	.097	.070	.176*	.169	.144	.071	.076	.110	.182*	.386**	.177*	.214*	.292*	.205*	.161	.048	.257**	.189*
EPS	.173*	.144	.135	.079	.201*	.057	.006	.086	.125	.335**	.024	.103	.147	.210*	.153	.058	.293**	.134
MS	.091	.068	.019	.158	.131	.097	.100	.180*	.082	.296**	.203*	.215*	.206*	.332**	.343**	.263**	.203*	.136
R&D	.161	.195*	.054	.209*	.160	.104	.266**	.170	.199*	.202**	.161	.206*	.169	.008	.148	.034	.207*	.168
LD	.165	.092	.206*	.113	.102	.111	.027	.253**	.185*	.229**	.009	.192*	.194*	.129	.292**	.203*	.298**	.146
LG	.083	.146	.244**	.100	.141	.124	.193*	.129	-.772	.181*	.108	.260**	.239**	.243**	.090	.160	.174	.162
NI	.128	.034	.198*	.077	.120	.227**	.149	.194*	.241**	.299**	.245**	.327**	.356**	.267**	.279**	.233**	.287**	.292**
FC	.256**	.252**	.283**	.176*	.183*	.241**	.226*	.369**	.194*	.258**	.094	.100	.155	.240**	.272**	.224**	.227*	.247**
OP	.224*	.058	.156	.149	.125	.262**	.074	.352**	.232**	.369**	.357**	.219*	.339**	.315**	.220*	.262**	.264**	.245**

*significant at $p < .05$; **significant at $p < .01$

Correlation Analysis of Perceived Director Tasks and Corporate Performance Criteria in Australia (continued)

Tasks	T19	T20	T3\21	T22	T23	T24	T25	T26	T27	T28	T29	T30	T31	T32	T33	T34	T35
CPC																	
ROA	.187*	.146	.146	.188*	.285**	.281**	.028	.065	-.004	.005	.229*	.218*	.205*	.056	.003	.109	.168
ROE	.115	.316**	.217*	.094	-.021	.031	-.006	.073	.094	.042	.099	.109	-.009	.037	.120	.077	.189*
ROS	.190*	.139	.221*	.316**	.164	.114	.235**	.106	.144	.200*	.301**	.260**	.260**	.057	.035	.148	.137
ROI	.213*	.071	.095	.173	.195*	.163	.018	.024	.025	-.028	.243**	.215*	.172	.006	.008	.099	.102
MBV	.284**	.140	.114	.153	.105	.226*	.282**	.126	.154	.095	.253**	.313**	.237**	.092	.090	.190*	.225*
S	.292**	.259**	.294**	.344**	.052	.152	.138	.218*	.309**	.301**	.190*	.173	.233**	.265**	.214*	.234**	.217*
PIVP	.265**	.285**	.111	.113	.043	.180*	.133	.142	.116	.107	.175*	.183*	.214*	.182*	.146	.201*	.193*
GRD	.239**	.188*	.222*	.173	.080	.119	.249**	.208*	.170	.128	.062	.090	.184*	.163	.167	.171	.085
GRI	.053	.111	-.055	.122	.180*	-.036	-.019	-.077	.135	-.035	.275**	.191*	.171	.017	.018	.146	.074
ET	.195*	.245**	.161	.298**	.080	.157	.182	.036	-.039	.123	.225*	.310**	.308**	.114	.042	.200*	.254**
NP	.206*	.367**	.369**	.253**	.054	.109	.044	.134	.214*	.130	.071	.115	.137	.150	.234**	.049	.210*
EPS	.162	.394**	.344**	.200*	-.012	.013	.046	.171	.254**	.156	.011	.105	.061	.109	.220*	.105	.159
MS	.249**	.407**	.297**	.362**	.146	.153	.124	.165	.199*	.094	.289**	.228**	.180*	.120	.141	.219*	.143
R&D	.076	.104	.067	-.020	.157	.138	.015	.112	.028	.019	.240**	.126	.133	.135	.139	.242**	.308**
LD	.181*	.202*	.231**	.301**	.173	.312**	.132	.171	.131	.152	.298**	.171	.159	.222*	.137	.051	.066
LG	.203*	.115	.106	.191*	.045	.193*	.194*	.078	.127	.153	.178	.178	.220*	.122	.032	.144	.066
NI	.232**	.326**	.357**	.301**	.017	.229**	.101	.190*	.278**	.204*	.262**	.220*	.237**	.233**	.223*	.200*	.260**
FC	.244**	.143	.180*	.180*	.182*	.285**	.334**	.277**	.168	.240**	.295**	.252**	.312**	.266**	.243**	.206*	.239**
OP	.206*	.235**	.260**	.289**	.147	.330**	.103	.164	.138	.221*	.177*	.134	.196*	.287**	.271*	.140	.250**

*significant at $p < .05$; **significant at $p < .01$

APPENDIX F

Correlation Analysis of Perceived Director Tasks and Corporate Performance Criteria in Thailand

Tasks	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	T12	T13	T14	T15	T16	T17	T18
CPC																		
ROA	.059	.099	.039	.269**	.106	.294**	.025	.407**	.223**	.119	.250**	.136	.339**	.293**	.236**	.307**	.272**	.273**
ROE	.045	.126	.132	.327**	.125	.271**	-.053	.272**	.193**	.151*	.289**	.089	.282**	.177*	.271**	.237**	.273**	.262**
ROS	.051	.101	.017	.208**	.045	.213**	.185*	.368**	.360**	.100	.315**	.302**	.245**	.312**	.274**	.283**	.175*	.223**
ROI	-.009	.139	.055	.329**	.062	.319**	.031	.286**	.301**	.217**	.336**	.194**	.265**	.303**	.349**	.256**	.185*	.267**
MBV	-.092	-.030	.003	.153*	-.022	.228**	-.014	.233**	.157*	.111	.296**	.121	.228**	.152*	.273**	.290**	.178*	.271**
S	.160*	.148	.100	.148*	.000	.066	.113	.189**	.106	.119	.203**	.111	.027	.159*	.193**	.138	.097	.087
PIVP	.112	.074	.078	.165*	.008	.187**	.076	.313**	.178*	.162*	.278**	.145*	.222**	.205**	.237**	.377**	.126	.288**
GRD	-.087	.025	.075	.231**	.005	.249**	-.031	.225**	.284**	.106	.271**	.173*	.229**	.292**	.258**	.277**	.289**	.268**
GRI	.032	.168*	.175*	.192**	.192**	.218**	.311**	.199**	.339**	.182*	.287**	.265**	.251**	.324**	.242**	.173**	.264**	.208**
ET	.014	.168*	.148	.298**	.197**	.260**	.133	.268*	.334**	.128	.345**	.208**	.224**	.192**	.142	.296**	.196**	.249**
NP	.142*	.190**	.159**	.197**	.132	.228**	.054	.209**	.235**	.303**	.259**	.146*	.230**	.212**	.222**	.132	.228**	.305**
EPS	.123	.140	.134	.203**	.182*	.311	.045	.233**	.234**	.193**	.199**	.066	.222**	.231**	.262**	.152*	.183*	.364**
MS	.006	.044	.103	.243**	-.027	.251**	.003	.240**	.247**	.213**	.313**	.125	.244**	.305**	.295**	.365**	.364**	.230**
R&D	-.120	.039	-.008	.139	-.061	.160*	.097	.287**	.295**	.130	.244**	.152	.122	.251**	.295**	.225**	.212**	.182*
LD	-.045	.181*	.119	.282**	.114	.310**	.145*	.427**	.483**	.232**	.400**	.374**	.478**	.387**	.247**	.275**	.327**	.408**
LG	-.016	.147*	.073	.297**	.166*	.293**	.172*	.432**	.479**	.311**	.455**	.314**	.467**	.391**	.265**	.287**	.326**	.453**
NI	.123	.030	.143*	.236**	.056	.164*	.113	.284**	.239**	.201**	.250**	.128	.179*	.213**	.235**	.192**	.258**	.177*
FC	-.169*	.089	.063	.240**	.016	.227**	.104	.358**	.404**	.093	.342**	.174*	.296**	.292**	.227**	.301**	.382**	.341**
OP	.233**	.295**	.279**	.409**	.243**	.424**	.091	.438**	.330**	.420**	.437**	.222**	.391**	.294**	.410**	.298**	.348**	.359**

*significant at $p < .05$; **significant at $p < .01$

Correlation Analysis of Perceived Director Tasks and Corporate Performance Criteria in Thailand (continued)

Tasks	T19	T20	T3/21	T22	T23	T24	T25	T26	T27	T28	T29	T30	T31	T32	T33	T34	T35
CPC																	
ROA	.327**	.148*	.056	.057	.039	.063	.257**	.136	.168*	.048	.096	.098	.024	.282**	.246**	.219**	.332**
ROE	.317**	.222**	.106	.110	.046	.092	.184*	.125	.126	.115	.041	.091	.108	.302**	.293**	.227**	.273**
ROS	.337**	.010	-.073	.003	.026	-.021	.189**	.183*	.217**	.016	.156*	.157*	.042	.202**	.171*	.146*	.157*
ROI	.306**	.148*	.082	-.001	-.001	.096	.201**	.111	.165*	.052	.045	.058	.031	.238**	.250**	.205**	.244**
MBV	.254**	-.004	-.168*	-.065	.108	.103	.226**	.213**	.299**	.147*	.211**	.245**	.021	.262**	.264**	.189**	.162**
S	.194**	.048	-.011	.010	.129	.022	.132	.075	.129	-.099	-.016	.051	-.039	-.028	.054	.011	.091
PIVP	.338**	.141	.028	.089	.189**	.168*	.205**	.106	.289**	.123	.180*	.189**	.163*	.226**	.201**	.259**	.182*
GRD	.299**	.117	.042	-.075	-.039	.098	.115	.106	.128	.012	-.002	.077	.130	.346**	.286**	.287**	.293*
GRI	.277**	.256**	.273**	.254**	.136	.179*	.169*	.077	.180	.181*	.015	.077	.311**	.226**	.222**	.273**	.119
ET	.302**	.205**	.100	.074	.159*	.166*	.231**	.191**	.313	.124	.151*	.132	.142*	.256**	.268**	.384**	.215**
NP	.231**	.105	.060	.099	.116	.204**	.259**	.151*	.206**	.086	.026	.147*	.128	.238**	.201**	.102	.137
EPS	.256**	.191**	.118	.121	.120	.205**	.264**	.170*	.176*	.241**	.088	.121	.087	.297**	.280**	.212**	.241**
MS	.240**	.098	.004	-.001	.011	.090	.214**	.168*	.184	.032	.002	.088	.157*	.315**	.273**	.291**	.234**
R&D	.184*	.044	-.044	-.041	.031	.061	.143*	.157*	.282*	.015	.018	.129	.132	.286**	.312**	.322**	.175*
LD	.418**	.230**	.230**	.214**	.154*	.178*	.308*	.325**	.415**	.229**	.151*	.194**	.272**	.355**	.331**	.399**	.334**
LG	.404**	.282**	.275**	.267**	.250**	.226**	.329**	.340**	.459**	.374**	.220**	.254**	.327**	.433**	.395**	.432**	.333**
NI	.201**	.081	.090	.119	.125	.168*	.140	.118	.084	.021	-.015	.145*	.145*	.243**	.232**	.232**	.213**
FC	.377**	.147*	.147*	.073*	.115	.248**	.381**	.426**	.456**	.214**	.171*	.213**	.074	.285**	.370**	.386**	.345**
OP	.427**	.229**	.122	.177*	.159*	.238**	.304**	.178*	.231**	.174*	.064	.142	.219**	.382**	.399**	.368**	.401**

*significant at $p < .05$; **significant at $p < .01$

APPENDIX G

Independent Samples Test for Australia		
Corporate Performance Criteria	t	Sig. (2-tailed)
ROA	-.275	.785
ROE	-.175	.862
ROS	-1.438	.157
ROI	-1.024	.311
Market to Book Value Ratio	.441	.661
Sales	-1.327	.191
Position in relation to Industry Avg Performance	-1.317	.193
Growth Rate in Domestic Market	.094	.926
Growth Rate in International Market	2.478	.017
Employee Turnover	-.156	.876
Net Profit	-.341	.735
Earnings Per Share	-.640	.525
Market Share	-.992	.326
Progress in Research and Development	-.424	.674
Long-term Debt	.794	.431
Lending Growth	1.010	.317
Net Income	-.591	.557
Increase in Financial Capital	.906	.370
Operating Performance	-.948	.349

APPENDIX H

Independent Samples Test for Thailand		
Corporate Performance Criteria	t	Sig. (2-tailed)
ROA	2.864	.005
ROE	2.829	.006
ROS	1.955	.054
ROI	2.704	.008
Market to Book Value Ratio	1.100	.275
Sales	.658	.513
Position in relation to Industry Avg Performance	.499	.619
Growth Rate in Domestic Market	2.280	.025
Growth Rate in International Market	3.361	.001
Employee Turnover	1.842	.069
Net Profit	1.321	.190
Earnings Per Share	1.501	.137
Market Share	2.336	.022
Progress in Research and Development	.633	.529
Long-term Debt	2.895	.005
Lending Growth	2.687	.009
Net Income	.489	.626
Increase in Financial Capital	3.457	.001
Operating Performance	1.072	.287

APPENDIX I

Independent Samples Test for Australia		
Individual Tasks	t	Sig. (2-tailed)
Work with the CEO in developing the strategic plan	1.663	.100
Assist in formulating the company vision and mission	.551	.584
Assist in formulating the company policy	.363	.719
Debate strategic plan	-.838	.406
Design company strategies	.428	.670
Monitor implemented company strategies	.381	.705
Help the management team prepare the capital investment proposals	.092	.927
Critique the capital investment proposals of the top management team	-.156	.876
Oversee the plans for acquiring more resources and capital for the company	.003	.997
Evaluate annually the company's strategic direction	-1.048	.301
Monitor top management in decision-making	.703	.485
Acquire information showing the progress of corporate performance	-.199	.843
Review corporate performance against strategic plan	-.872	.388
Compare budget allocation with corporate performance	-.447	.657
Monitor environment trends that are all relevant to the company's success and survival	-.726	.471
Evaluate corporate performance in relation to industry benchmarks	-1.417	.162
Review financial information to identify important trends and issues	-.179	.859
Evaluate performance of top executives	-.971	.336
Use an internal mechanism to evaluate top management performance	-.448	.656
Engage in planning for CEO succession	.431	.669
Influence the selection of the CEO	.099	.921
Engage in planning for top managers (besides CEO) succession	-.794	.431
Evaluate other board members	-.159	.874
Evaluate the board performance as a whole unit	.012	.991
Provide advice and counsel to top managers	-.132	.895
Provide alternative viewpoints	-1.054	.297
Provide opinions independently from other board members	-.592	.557
Respond to the top management team's request for board assistance	-.859	.395
Serve as a link to government agencies	.235	.815
Provide relevant contacts to the company	1.295	.201
Promote Goodwill by supporting stakeholders	.012	.991
Ensure communications with stakeholders/public are effective	.250	.804
Balance interests of stakeholders	.239	.812
Be influential/Enhance the status of the company in the community or society	.642	.523
Conform to the regulations	-.262	.794

APPENDIX J

Independent Samples Test for Thailand		
Individual Tasks	t	Sig. (2-tailed)
Work with the CEO in developing the strategic plan	-2.924	.005
Assist in formulating the company vision and mission	-1.155	.251
Assist in formulating the company policy	-.347	.729
Debate strategic plan	.628	.532
Design company strategies	-1.623	.110
Monitor implemented company strategies	.093	.926
Help the management team prepare the capital investment proposals	-1.403	.165
Critique the capital investment proposals of the top management team	1.235	.221
Oversee the plans for acquiring more resources and capital for the company	.772	.442
Evaluate annually the company's strategic direction	-1.345	.184
Monitor top management in decision-making	2.459	.016
Acquire information showing the progress of corporate performance	.193	.848
Review corporate performance against strategic plan	1.255	.213
Compare budget allocation with corporate performance	2.001	.049
Monitor environment trends that are all relevant to the company's success and survival	.000	1.000
Evaluate corporate performance in relation to industry benchmarks	-.483	.630
Review financial information to identify important trends and issues	1.271	.207
Evaluate performance of top executives	2.077	.041
Use an internal mechanism to evaluate top management performance	2.516	.014
Engage in planning for CEO succession	-2.197	.032
Influence the selection of the CEO	-3.298	.002
Engage in planning for top managers (besides CEO) succession	-1.993	.051
Evaluate other board members	-3.815	.000
Evaluate the board performance as a whole unit	-3.693	.001
Provide advice and counsel to top managers	1.110	.270
Provide alternative viewpoints	.986	.327
Provide opinions independently from other board members	1.597	.114
Respond to the top management team's request for board assistance	-1.997	.049
Serve as a link to government agencies	-2.845	.006
Provide relevant contacts to the company	-2.523	.013
Promote Goodwill by supporting stakeholders	-2.490	.015
Ensure communications with stakeholders/public are effective	1.591	.115
Balance interests of stakeholders	.404	.687
Be influential/Enhance the status of the company in the community or society	.703	.484
Conform to the regulations	.821	.414

APPENDIX K

Independent Samples Test for Australia		
Defined, functional roles	t	Sig. (2-tailed)
Formulate, contribute to or evaluate corporate strategy	-1.157	.253
Monitor, evaluate or control performance	-.076	.940
Provide specific professional services	-.219	.828

Independent Samples Test for Thailand		
Defined, functional roles	t	Sig. (2-tailed)
Formulate, contribute to or evaluate corporate strategy	-.046	.963
Monitor, evaluate or control performance	.421	.675
Provide specific professional services	.614	.541