Accountants' perceptions of corporate governance in public limited liability companies in an emerging economy

Evidence from Barbados

Philmore Alleyne, Diana Weekes-Marshall and Tracey Broome
Department of Management Studies, University of the West Indies, Bridgetown, Barbados

Abstract

Purpose – This paper aims to examine the perceptions of accountants on corporate governance (CG) practices in public limited liability companies in Barbados, and the perceived effectiveness of these mechanisms.

Design/methodology/approach – A three-stage approach was utilized. First, an Internet-based questionnaire was sent to members of the Institute of Chartered Accountants of Barbados to gain accounting perspectives on CG practices by listed Barbadian companies. Second, feedback on the survey results was obtained from the attendees of a panel session at a regional accounting conference. Third, interviews were conducted with five qualified accountants to further explore issues that emerged from the previous stages.

Findings – The results suggest that the most important mechanisms for effective CG were the board of directors, auditors and professional accountants. The timely provision of relevant information, board room culture, qualifications and independence of directors were the tasks considered most vital to enhancing board effectiveness. However, the high concentration of ownership in family-controlled firms, interlocking directorates, weak regulatory systems and cultural issues influenced the effectiveness of CG mechanisms. Recommendations for overcoming these barriers and improving CG included purposive training, whistle-blowing mechanisms, stronger legislation and adequate disclosures.

Research limitations/implications – The study's small sample increases the likelihood of bias and important differences being missed, thus reducing the generalizability to the accounting profession as a whole.

Practical implications – The research sheds light on the value being placed on CG practices by the accounting profession. The study would assist companies, board of directors and accounting practitioners in developing CG mechanisms that are suitable for emerging countries.

Originality/value – The paper contributes to the dearth of literature on perceptions of accountants on CG practices in emerging economies.

Keywords Corporate governance, Board of directors, Barbados, Interlocking directorates, Institutional theory, Accountants, Regulatory

Paper type Research paper

The authors thank the Editor and three anonymous referees for their insightful comments.

Meditari Accountancy Research
Vol. 22 No. 2, 2014
pp. 186-210

2049-372X
DOI 10.1108/MEDAR-09-2013-0039

1. Introduction

Over the past decade, major accounting scandals such as Enron and WorldCom have led to an increased focus on the corporate governance (CG) practices of firms worldwide (ACCA, AccountAbility and KPMG, 2009; Brown *et al.*, 2011; Cohen *et al.*, 2010). These corporate scandals, along with the increased incidence of earnings restatements, have caused concerns for both the international business community and international financial institutions (Leventis and Dimitropoulos, 2012; Rashid *et al.*, 2010). As a result, many questions have been raised about the CG structures and processes in organizations, as these companies should have been promoting ethical behaviour. The failure to follow ethical practices has created situations whereby the state has been left with no other choice than to bail out these failed companies, in an attempt to protect investors and other stakeholders (Lewis *et al.*, 2010).

For this current study, we examined the perceptions of Barbadian accounting professionals in relation to the CG practices in Barbadian public limited liability companies (PLCs). Having been regarded as the corporate gatekeepers, the accounting profession was deemed appropriate, given that their image has generally been one of respect within the business and financial community, and that the accountant is considered an essential component in the flow of information to capital markets (Imhoff, 2003). Furthermore, the accounting profession is recognized as an independent institution in assuring compliance with CG mechanisms and disclosure regulations (La Porta *et al.*, 2000). Prior research has examined CG in accounting and auditing (Cohen *et al.*, 2007; DeZoort *et al.*, 2002; Bédard and Gendron, 2010). However, this has been predominantly from an Anglo-Saxon perspective. As cultural factors may influence the success of CG mechanisms (Rafiee and Sarabdeen, 2012), this current study of the accounting profession operating in a different cultural context provides meaningful insights into CG practices. It adds a cultural dimension to CG best practices and standards adopted from developed countries.

Prior studies have been conducted in developing countries with regards to CG and disclosure practices (De Villiers and Van Staden, 2006; Sharma and Davey, 2013). However, in the Caribbean, CG research has been limited, with analysis conducted by Alleyne *et al.* (2006) in the area of audit committees. Carcello *et al.* (2011) argue for more research outside of the USA, given that much of the literature focuses on the USA' rules-based governance framework. With the 2009 collapse of the Colonial Life Insurance Company (CLICO) in Barbados' voluntary CG environment, it is important for further research to be conducted to address the gap in the literature with respect to CG practices in the Caribbean region[1]. Results derived from this study may inform and direct practitioners and policymakers in the development and design of effective governance structures.

Most of the CG research has focused on the shareholders' interest using agency theory. Recognizing this dearth, Brennan and Solomon (2008, p. 899) argued that:

> […] stakeholder accountability and social responsibility are now acknowledged both in the practitioner and academic environments as key ingredients for business success, as well as crucial elements for enhancing social welfare.

This current research answers Brennan and Solomon's (2008) call by focusing on shareholders' interests, as well as both stakeholder accountability and social responsibility from accounting professionals' perspectives.

Another contribution of this paper is that it applies institutional theory to factors influencing CG practices in PLCs within Barbados, from the viewpoint of the accountants within the region. Carcello *et al.* (2011) argued that institutional theory is an essential governance theory relating to mechanisms enforced through oversight by external forces. Indeed, Davis (2005) suggests that the understanding of institutional contexts may provide excellent insights into future CG research. CG practices involve mechanisms that can come in the form of external auditors, internal auditors, regulatory bodies, boards of directors and audit committees. Daily *et al.* (2003) noted that these internal and external CG mechanisms may help to bring the interests of managers in line with shareholders and also may encourage effective CG practices in the interest of all stakeholders. The effectiveness of these mechanisms is worthy of further exploration, as the Caribbean is not immune to corporate collapses and ethical breaches. We reiterate Daily *et al.*'s (2003) argument that the theoretical perspective put forward by institutional theory (DiMaggio and Powell, 1983) is relevant. Hence, for this study, we use institutional theory to explain whether these CG mechanisms are perceived to be effective.

Thus, the study's research questions (RQs) are as follows:

RQ1. What are accountants' ratings of CG mechanisms, including disclosures, in PLCs in Barbados, for protecting stakeholders' interests?

RQ2. What are accountants' ratings of tasks considered important and criteria for enhancing effectiveness of the board in protecting stakeholders' interests?

RQ3. What are accountants' perceptions of interlocking directorships in Barbados in relation to protecting stakeholders' interest?

RQ4. What is the perceived impact of institutional, cultural and regulatory features of CG mechanisms in Barbados for protecting stakeholders' interests?

The structure of the paper is as follows: The next section provides a brief background of Barbados and is followed by sections showing a selective review of the literature on CG practices and institutional theory. The following sections explain the research methods utilized and present the results of the study. The final section concludes the paper.

2. Background

Barbados is the most easterly island of the Caribbean, 166 square miles, and has a population of approximately 300,000. It was colonized by the English in the seventeenth century, and on behalf of its colonial masters, exported sugar produced on plantations owned by English White descendants and staffed by African slave labour. As a former British colony, the Barbadian society follows a Westminster political system, holds a British-modelled educational structure and its religion is predominantly Anglican.

The Institute of Chartered Accountants of Barbados (ICAB) regulates the accounting profession in Barbados, and is a member of the umbrella accounting body for the region – the Institute of Chartered Accountants of the Caribbean. ICAB is made up of approximately 900 members with professional accounting qualifications and is affiliated with the International Federation of Accountants (IFAC). IFAC contributes to and facilitates the development, adoption and implementation of high-quality standards and guidance for accountants internationally. The ICAB and the accounting profession are highly regarded on the island, with many of their members sitting on boards, holding some of the highest positions in many private- and public-sector organizations and policymaking.

Business practices in Barbados have also been influenced by the accounting and CG practices of developed countries (Alleyne, 2002; Alleyne *et al.*, 2006). In addition, pressures from international lending agencies, such as the International Monetary Fund (IMF) and the Inter-American Development Bank (IADB), have forced Barbados to conform to global best practices in business. Thus, companies in Barbados have adopted, in varying degrees, aspects of international best practices of CG, from legislation such as the 2002 Sarbanes–Oxley (SOX) Act of the USA The professional accounting associations of developed countries [e.g. Association of Certified and Chartered Accountants (ACCA) in the UK and Certified General Accountants (CGA) in Canada] have also influenced accounting practices and corporate culture in Barbados (institutional legitimacy). Hence, the accounting profession is well-suited to address governance issues through their own professional and ethical training and guidance. Moreover, given that accountants are closely involved with and are knowledgeable of the operation of these organizations, they may be considered as an appropriate sample to use for examining current CG practices and to determine any changes required to improve those practices.

As of December 2012, there were 20 PLCs (16 local and 4 cross listed) on the Barbados Stock Exchange (BSE). The BSE is required to regulate PLCs under the 1982 Securities Exchange Act, Cap 318A, via rules and regulation similar to all major international stock markets. PLCs are also required to comply with the requirements of the Barbados Companies Act, Cap 308. The Barbados Companies Act sets guidelines with regards to roles, responsibilities and rights of shareholders, directors, auditors, audit committees and other parties. The Act and the BSE offer rules and regulation for CG best practices in the island. Thus, the current study also examines the influence of institutional mechanisms (regulatory framework) on the CG practices of these PLCs.

3. Corporate governance

Within the accounting literature, Fama and Jensen (1983) defined CG as the range of control mechanisms that protect and enhance the interests of shareholders of business enterprises. However, stakeholder interests, corporate social responsibility and ethics are now considered as being more important for effective CG. According to Solomon (2011, p. 10):

> […] whereas the shareholder-based model of CG has dominated the 20th century, with attention being focused principally on making companies more accountable to their shareholders, there is now an increasing emphasis on satisfying the needs of a broad range of stakeholders.

According to the Organization for Economic Cooperation and Development (OECD, 2004), there is no single model of effective CG, yet some common elements underlying the concept exist. These elements include an active board of directors, significant presence of outside directors and a two-tier board structure. CG procedures support the soundness of financial information to all parties through facilitating accountability and transparency in the organization (Rezaee *et al.*, 2012). It is a key component that influences how companies set and achieve objectives, how they monitor and assess risks and how they optimize their performance.

In light of the major accounting scandals, the USA has enacted the SOX Act of 2002, which is a set of enhanced guidelines for all US public company boards, management and public accounting firms (Kimmel *et al.*, 2011). For example, SOX highlighted the enhanced roles and responsibilities of external auditors, audit committees and board of directors and effective whistle-blowing mechanisms for protecting stakeholders and acting in the public's interest. Likewise, stock exchanges have established CG requirements for listed companies (Christiansen and Koldertsova, 2009), and the Dodds–Frank Act was introduced in 2010 by the USA as an effective CG response, in light of the 2008 global financial crisis. Within the areas of financial reporting and corporate accountability, these guidelines seek to promote all stakeholders' interests. Thus, management is encouraged to effectively formulate and implement a strong system of internal control and reporting, such that errors and fraud are prevented, investor confidence is heightened, stakeholders' interests are protected and compliance with government regulations and professional standards is increased. Therefore, we argue that there are some institutional and regulatory frameworks that may need to be explored within the local, emerging country context.

3.1 Prior studies on CG

Previous studies on CG have focused on the agency problems between management and shareholders (Jensen and Meckling, 1976; Fama and Jensen, 1983). These works stemmed from the seminal research by Berle and Means (1932) on the separation of ownership and control in PLCs, with the power being exerted by management, who act as agents of the shareholders.

Prior research has also considered the functioning of boards and audit committees (Baker and Owsen, 2002; Ferreira, 2008; Van Der Nest, 2008; Beasley *et al.*, 2009). For example, Beasley *et al.* (2009) report that the perceptions of audit committee members in the post-SOX era are that they have become actively involved in the monitoring of the financial reporting process. These perceptions are based on the argument that these committees have the requisite financial expertise and participate in frequent meetings to investigate the activities of management. However, Cohen *et al.* (2010, p. 753) also posit that there is evidence of "audit committees performing ceremonial roles". Goodwin and Seow (2002) examine the perceptions of auditors and directors in Singapore, in respect of CG practices relating to financial reporting and auditing. Differences are noted between the perceptions of the auditors who placed more weight on the internal audit function and the directors who emphasized strong codes of board conduct. Prior research on board composition mainly centred on firms in developed economies (Guest, 2008).

The accounting profession has a major role to play in the various CG mechanisms. For example, accountants are involved in audit committees, nominations to boards and risks and compliance committees (ACCA, AccountAbility and KPMG, 2009). By virtue of their position in organizations, they are expected to bring integrity and professional rigour, be independent and knowledgeable in effective CG that is expected to improve firm performance and serve public interest.

Brown *et al.* (2011) classify CG mechanisms into internal and external characteristics. Internal characteristics include the board of directors, the audit committee, internal auditors, ownership structures, financing arrangements and executive compensation packages (Brown *et al.*, 2011). External characteristics include external auditors, institutional investors, regulators and activists. Thus, CG practices involve both internal and external mechanisms aimed at protecting stakeholders' interests.

Studies by accounting and finance researchers have focused on matters relating to board structure and board performance, calling attention to the effectiveness of boards in safeguarding stakeholders' interests (Brennan and Solomon, 2008). These works investigate the insider/outsider proportion of the board of directors, CEO duality, board sub-committee existence, CEO replacement and top management adjustment (Hermalin and Weisbach, 1991; Rechner and Dalton, 1991; Dalton *et al.*, 1998; Bhagat and Black, 1999; Dahya *et al.*, 2002; Ferris *et al.*, 2003; Petra, 2005). Accounting academics have concentrated on the quality and risk associated with financial reporting. In short, they have examined the systems established and their effectiveness to achieve sound, reliable and accurate financial statements for a firm through the use of such bodies/teams like the audit committee, internal audit and external audit (Abbott *et al.*, 2004; Turley and Zaman, 2007; Pomeroy, 2010).

Educational attainment is recognized as an institutional requirement, which influences accounting values and systems and also underpins societal values (Gray, 1988). Ujunwa (2012) posits that it is necessary to have board members with diverse expertise such as higher education qualifications and business skills. Ujunwa's (2012) findings reveal that board members with Doctorates of Philosophy (PhDs) qualifications enhance the organization with their blend of proficiencies. Epstein and Roy (2004) echo similar sentiments and maintain that effective governance could be achieved with a board encompassing members with suitable qualifications and the required balance of knowledge. The combined skills and knowledge possessed by each director create a suitable and productive environment that encourages discussion and examination of issues, which aid in sound decision-making (Epstein and Roy, 2004; Northcott and Smith, 2011). These requirements further intensify the importance of the director selection process and the cultivation of a meaningful boardroom culture.

Board structure (including the existence of inside and outside directors) is integral to ensuring board effectiveness. Inside directors (top management associates) have thorough knowledge of the business and serve as the support system of the CEO. Outside directors (directors with no affiliation to the company) should validate the decisions made by the board, provide unbiased supervision of top executives, guard shareholders' interests (Worthy and Neuschel, 1984), protect stakeholders (Gupta *et al.*, 2011) and additionally supplement the board with their broad expertise (Epstein and Roy, 2004).

Interlocking directorates have been deemed as a major issue in CG literature (Epstein and Roy, 2004). The formation of an interlocking directorate occurs when a director of a firm sits on the board of another firm and has confidential information from these two entities (Mizruchi, 1996). Epstein and Roy (2004) discourage the practice, as it obscures the impartiality of the interlocked director's judgement. Davis (1996) posits that interlocks aid in the creation of social networks, whereby information and norms are easily disseminated to relevant parties/directors.

Interlocks seem to arise from many factors, including a high ownership concentration by some shareholders, as well as the need by some organizations to have specific directors sitting on multiple boards simultaneously. For example, Claessens and Fan (2002, p. 74) argue that "unlike in companies in the USA and UK, whose shares are diffusely held, in a typical Asian corporation one of several members of a family tightly hold shares". Fan and Wong (2002) support this by stating that high ownership concentration is a feature of PLCs in emerging markets.

4. Theoretical framework – institutional theory

DiMaggio and Powell (1983) proposed three types of isomorphisms in their institutional theory: coercive (forced acceptance of standards), normative (social and/or professional standards that can guide acceptable governance practices) and mimetic (imitated best practices). Judge *et al.* (2006, p. 770) argued that coercive isomorphism originates from "threats to public legitimacy and/or governmental oversight and monitoring". Dufour *et al.* (2013, p. 4) stated that "normative isomorphism originates in the professional practices of the managers in charge of the organizations: the managers receive identical training and propagate the values from this training within organizations". In recognition of DiMaggio and Powell's (1983, p. 150) argument of the influence of "cultural expectations in the society within which organizations function", Scott (2008) highlights the existence of a culture-cognitive pillar – the mechanism providing the multifaceted dimensions of institutional forms. The culture-cognitive element provides a lens for looking at social constructs that may influence the effectiveness of CG in these institutions. There also exists a likelihood that one institution may undermine the effects of another, due to competing schemas and models, divergent authoritative bodies (Scott, 2004) and "embedded agents" (Sharma *et al.*, 2010).

Institutions impact the actual CG framework (Claessens and Yurtoglu, 2013). As CG mechanisms can be perceived as social systems or institutions that guide best-practice, it is expected that effective CG will include institutions (e.g. legislators, auditors, audit committees, stock exchanges and board of directors) that can force organizations into transparent and fair governance practices in promoting stakeholders' interests (Radaelli, 2000). Furthermore, given the nature of Barbados and other developing countries to adopt standards and norms from developed countries and utilize them as best practices, we argue that institutional theory is relevant to any discussion on CG. Close relationships with international partners motivate interests in institutional isomorphism that increases wider legitimacy. However, according to Sharma *et al.* (2010, p. 253), "conformity with environmental arrangements may conflict with technical activities and efficiency demands". It is further argued that accountants, as institutional entrepreneurs, are essential to upholding effective CG practices that reduce institutional contradictions.

Accountants enable the protection of stakeholder interests (ACCA, AccountAbility and KPMG, 2009). Stakeholders are individuals or groups with vested interests in a company (Hall and Soskice, 2001). Integral to a firm's success, is its "mutual interactions with its network of stakeholders" (Post *et al.*, 2002, p. 25). Stakeholder accountability allows the corporation to look after the interest of these individuals or groups, inclusive of investors, suppliers, customers, employees or the local community (Campbell, 2007). Campbell (2007) posits that monitoring of corporations by strong state regulation, industrial self-regulation, national governmental organizations and other independent bodies may encourage more socially responsible corporate actions. Moreover, these actions would be enhanced by a normative institutional environment that supports socially responsible conduct. Hence, institutions can aid CG mechanisms to protect stakeholders' interest.

Rafiee and Sarabdeen (2012, p. 3) argue that individuals' behaviours in society and social environments in emerging markets may be influenced by cultural values. Huntington (1996) suggests that despite the presence of legitimizing pressures forcing convergence towards the Anglo-Saxon model, many institutions or mechanisms are largely shaped by underlying cultural foundations within society. Therefore, it is evident that culture (e.g. rules, customs and beliefs) becomes crystallized in the institutions of a society through interaction and other elements being adopted from their surroundings (Hofstede, 1984; Scott, 2008). Hence, culture may be regarded as a significant factor influencing a country's accounting and other systems (Perera, 1986). For example, culture in Barbados is characterized by acceptance of a hierarchical order, which may be identified with Hofstede's Power Distance dimension (Punnett *et al.*, 2006). Given culture's core functions in institutions and the accounting profession in particular, the cultural factors of a country must be considered when addressing CG practices (Mintz, 2005).

5. Research method

5.1 Research design

This research used a mixed-methods approach (involving three stages). First, a survey questionnaire was administered to members of the profession in Barbados. For ethical purposes, the accompanying cover letter also confirmed participant confidentiality and anonymity. Second, further perspectives were obtained through feedback from discussion at a regional accounting conference. Third, interviews were conducted to further explore major issues emerging from the previous two stages. These stages are further explained.

5.2 Stage 1

5.2.1 Preliminary survey of accounting professionals. Given that all professional and practicing accountants in Barbados are required to be registered with ICAB, our sample was selected from their membership. The sample yielded 82 responses, of which 61 per cent were females and 39 per cent were males (see Table I for demographics). The majority of the respondents (75.6 per cent) were over the age of 40. The sample represented a cross-section of accounting professionals serving diverse stakeholders' interests: regulators (n = 3, 3.7 per cent), accountants in the private sector (n = 20, 24.4 per cent) and the public sector (n = 8, 9.8 per cent), internal auditors (n = 5, 6.1 per cent), external auditors (n = 16, 19.5 per cent), lawyers (n = 4, 4.8 per cent), bankers (n = 6, 7.3 per cent), investors (17, 20.7 per cent) and academics (n = 3, 3.7 per cent). Half of the respondents had gained the ACCA qualification, while 46.4 per cent had achieved the CGA qualification. In terms of the number of years employed in the accounting profession, approximately 26 per cent of the respondents had average years of service between 16 and20 years, while 23.5 per cent had more than 26 years of service.

5.2.2 Procedures. Primary research was used to examine accountants' perceptions of CG in Barbadian PLCs. A survey was sent to members of ICAB using an Internet-based data collection program called "Survey Monkey" during the months of February and March 2013. The survey was sent via the ICAB's secretariat. We obtained 82 completed responses.

Variable	*N*	%
Gender		
Male	32	39.0
Female	50	61.0
Total	82	100.0
Age group		
20-29 years	7	8.5
30-39 years	13	15.9
40-49 years	31	37.8
50-59 years	25	30.5
60 years and over	6	7.3
Total	82	100.0
Job title		
External auditors	16	19.5
Internal auditors	5	6.1
Accountants in private sector	20	24.4
Accountants in public sector	8	9.8
Bankers	6	7.3
Regulators	3	3.7
Lawyers	4	4.8
Academics	3	3.7
Investors	17	20.7
Total	82	100.0
Qualifications		
ACCA	41	50.0
CGA	38	46.4
CPA	2	2.4
CMA	1	1.2
Total	82	100.0

Note: The underlined data is the summation of each variable

Table I.
Descriptive statistics for the sample of accountants ($N = 82$)

5.2.3 Description of the instrument. The study's questionnaire was derived from our understanding of key concepts emerging from our review of the literature (Baker and Owsen, 2002; Ferreira, 2008; Van Der Nest, 2008; Beasley *et al.*, 2009). The questionnaire was made up of 4 parts and 12 questions. The first part dealt with demographic data such as gender, age, professional background (qualifications), years in the profession and current employment (Table I). The second part required respondents to state the degree of importance of CG mechanisms, and specific tasks for enhancing the effectiveness of the board of directors of PLCs in Barbados on a 5-point Likert scale (1 = not at all important to 5 = very important) (Tables II and IV).

The third part of the questionnaire asked open-ended questions pertaining to respondents' perception of:

- criteria for directors holding office;
- interlocking directorates; and

Table II. Importance of mechanisms of corporate governance

Corporate governance mechanisms	Not at all important (%)	Slightly important (%)	Fairly important (%)	Quite important (%)	Very important (%)	Mean[a]	*SD*
External auditors	0.0	4.0	9.3	20.0	66.7	4.49	0.83
Internal auditors	2.7	6.7	8.0	30.7	52.0	4.23	1.03
Audit committees	1.4	5.4	6.8	18.9	67.6	4.46	0.94
Professional accountants in the organisations	0.0	1.3	8.0	29.3	61.3	4.51	0.71
Board of directors	0.0	1.3	9.3	20.0	69.3	4.57	0.72
Regulators (e.g. BSE)	1.4	5.4	8.1	29.7	55.4	4.32	0.94
Organizational rules & codes of ethical conduct	0.0	4.0	13.3	21.3	61.3	4.40	0.87
Encouraging the practice of whistle-blowing	2.7	10.8	8.1	36.5	41.9	4.04	1.09
Directors' role in corporate risk management	0.0	4.1	12.2	25.7	58.1	4.38	0.86

Notes: *SD* = standard deviation; [a] Scale: 1 = not at all important; 2 = slightly important; 3 = fairly important; 4 = quite important; 5 = very important

- quality of CG disclosures in the annual reports of PLCs (Table III).

The final part of the questionnaire asked respondents to state their general observations about CG practices in PLCs in Barbados and to make suggestions to improve CG in Barbados.

5.2.4 Data analysis. Data were examined using the Statistical Package for the Social Sciences (SPSS) software to determine frequencies, means and standard deviations. To analyse the open-ended questions in the survey, we listed the issues frequently raised in the responses made by participants (accountants). Various themes (such as regulatory, cultural and institutional factors) were drawn from these responses (Tsamenyi *et al.*, 2006). We further explored links between the themes to determine any relationships (Tsamenyi *et al.*, 2006; Sharma *et al.*, 2010).

5.2.5 Non-response bias. The employment of a user-friendly web-link (Survey Monkey) and a questionnaire that can be easily completed in a short space of time has the potential to improve response rates (De Villiers and Van Staden, 2010). All responses were anonymous, thus enhancing the response rate (Oppenheim, 1992). We tested for non-response bias of early respondents ($n = 45$) versus late respondents ($n = 37$), using an independent sample t-test for equality of means (two-tailed). No significant differences were found between the two groups, thus suggesting that there is no indication that response bias influenced the validity of the results in this research.

5.3 Stage 2

5.3.1 Feedback from the accounting profession and other stakeholders. After the survey phase, we were invited to lead a discussion at a regional accounting conference in June 2013, at which the survey results were shared and feedback from the members of the accounting profession and other stakeholders subsequently gained. We presented the results from the survey phase in the order of the study's research questions. The panel comprised two researchers from this study, a lawyer, an insolvency practitioner, an internal auditor and the President of one of the major accounting bodies. The panel session was attended by 47 individuals, comprising accountants, auditors, regulators, lawyers, investors, bankers, academics and other stakeholders[2]. The session was audio-taped, thus allowing the researchers the opportunity to transcribe later and analyse the responses. We also used a stenographer who, along with the two researchers, took notes of the discussions. We later compared notes and used thematic analysis based on the research questions to identify emergent themes and patterns.

Options	%
Strongly disagree	8.7
Disagree	42.0
Neutral	23.2
Agree	24.6
Strongly agree	1.4
Total	100

Note: Respondents were asked to respond to the statement: "In Barbados, the quality of corporate governance disclosures in the annual reports of public limited companies is satisfactory for all stakeholders" on a 5-point Likert scale, ranging from 1–strongly disagree to 5–strongly agree

Table III. Accountants' ratings of the quality of corporate governance disclosures in the annual reports of public limited liability companies

5.4 Stage 3

5.4.1 Further exploratory interviews. To obtain further insights into the issues emerging from the previous two stages of data collection (i.e. institutional contradictions arising within the CG framework), we purposively selected five accountants (inclusive of two regulators and an academic) for face-to-face interviews. These respondents did not participate in the data collection process of the first two stages. Each interview focused on three main questions or issues emerging from the prior stages:

(1) Why would CG mechanisms that work elsewhere not work in Barbados?

(2) What are the regulatory, institutional and cultural issues that inhibit effective CG practices in PLCs in Barbados?

(3) What is needed in place of professional accounting standards and practices and regulation to improve CG practices in Barbados?

6. Results

6.1 Ratings of mechanisms, including disclosures, in PLCs

Table II presents the results from accountants' ratings of the degree of importance of certain mechanisms of effective CG, including disclosures, in Barbadian PLCs (*RQ1*). On all factors, the majority of respondents perceived that the mechanisms were quite important to very important. Table II emphasizes the importance of all nine mechanisms regarding their use to facilitate effective CG practices in Barbadian PLCs [the rating averages for all mechanisms were above four (4) on the 5-point scales]. The results show the high degree of importance of external auditors (mean (M) = 4.49), internal auditors (M = 4.23), audit committees (M = 4.46), professional accountants in the organization (M = 4.51), board of directors (M = 4.57), regulators (M = 4.32), organizational rules and codes of ethical conduct (M = 4.40), encouraging the practice of whistle-blowing (M = 4.04) and directors' role in corporate risk management (M = 4.38) to the functioning of effective CG principles. These results are consistent with the literature, which supports the notion that effective CG practices are manifested in stronger board structures and the creation of effective audit committees (Black and Kim, 2012; Chen *et al.*, 2006).

These findings show that accountants rated these mechanisms quite highly. These results are consistent with arguments made by ACCA, AccountAbility and KPMG (2009) and Brown *et al.* (2011) on the importance of these CG mechanisms. Thus, normative isomorphism was instrumental in influencing the beliefs of these individuals who possess the same orientation and disposition of the profession. These institutionalized CG practices were established through mimetic pressures or channels, as Barbadian organizations strive to conform to international best practice.

Table III indicates that 50.7 per cent of the participants disagreed or strongly disagreed that the quality of CG disclosures in the annual reports of PLCs is satisfactory, while 23.2 per cent remained neutral. Only 24.6 per cent agreed on the quality of CG disclosures. An Accounts Manager argued that:

> Some companies take it seriously by encouraging oversight activities and following up on reports issued by regulators, internal and external auditors, etc; while other companies may not have the resources or the inclination to do the same.

Despite the accountants' positive and high perceptions of importance of the CG mechanisms from the quantitative survey phase, respondents in all data collection stages noted major concerns with the disclosures of CG practices of several major companies in the island. For example, these participants proposed a greater need for adequate and meaningful CG disclosures by companies to improve communication and transparency to all stakeholders rather than directing the reports only to shareholders. Participants of the conference further argued that annual reports, as they stand right now, are considered to be rather lengthy and often riddled with technical jargon that most lay-persons (including stakeholders) could not understand. Overall, this finding is of major concern, as accountants are involved in the finalization of the annual reports of PLCs. This finding also suggests that the quality of CG disclosures needs to be improved. Essentially, coercive pressures would facilitate better disclosure behaviour as "corporations in general are unlikely to provide high-quality information if the demand function does not exist or if laws and regulations governing information provision are not enforced" (Haniffa and Cooke, 2002, pp. 326-327).

Whistle-blowing was also considered an important mechanism for unearthing unethical behaviours in an attempt to protect all stakeholders in society. However, it was noted that whistle-blowing is not widely accepted in Barbados, due to the closeness of the small society and the perceived high personal cost of reporting (retaliation, victimization and alienation) associated with the practice. Additionally, there is no whistle-blowing legislation in Barbados that grants legal protection to potential whistle-blowers. However, there exists anti-money laundering legislation and Crime Stoppers hotline, which were designed to facilitate the reporting of actual and suspicious unethical behaviours. These mechanisms seemed to be underutilized in Barbados, due to low levels of trust and confidence. Therefore, the implementation of trusted and serious whistle-blowing mechanisms could benefit the public's interest. These mechanisms could include the establishment of codes of ethical conduct and the creation of organizational climates that recognize the importance of ethics and accept whistle-blowing. For example, high perceived organizational support for whistle-blowing by employees may be a step in the right direction. In addition, external whistle-blowing could be facilitated by the creation of an independent body outside of the organization, and staffed with reputable members of society representing stakeholders' interests.

Members in the panel session also noted the importance of the functions of auditors. One panellist (the internal auditor) stated:

> […] internal audit must be supported by the appropriate mandate and charter to have access to every piece of documentation in the organization to provide that level of assurance to the board and shareholder.

Respondents from the feedback session also believed that the effectiveness of the external audit mechanism enhanced the CG practices of PLCs in Barbados. This result is expected, given that these participants, especially auditors, would report their perceived level of effectiveness, hence promoting self-interest and self-serving biases. However, several respondents raised a number of issues about external auditors and possible negative influences on CG practices in Barbados. First, there are a limited number of audit firms to select from when audit firm rotation is required. Second, many of the external auditors are recruited eventually into key managerial positions of client companies, and hence strong relationships between audit firms and clients are still intact. This may compromise the level of auditor independence. Third, another impediment to independence within the small Barbadian society is the establishment of various cliques that may have been formed through school associations, family ties, religious groupings and social organizations. These relationships are brought into the workplace at various levels and are difficult to eradicate due to the small size of the workforce and population. Overall, these factors can impede effective CG practices, through the likelihood of performing poor and substandard monitoring by the accounting and auditing profession.

6.2 Rating importance of enhancing the effectiveness of the board of directors

Table IV outlines the various tasks that accountants considered essential and the criteria for improving the effectiveness of the board of directors in Barbadian PLCs from the quantitative survey phase (*RQ2*)[3]. Majority of the respondents (94.2 per cent) felt that the selection of more competent and truly independent directors is important in enhancing board of directors' effectiveness (M = 4.64). In addition, 92.6 per cent of participants expressed that CEO duality should be discouraged (M = 4.62), and 95.6 per cent of the sample deemed that the promotion of board room culture that encourages constructive criticism and alternative views was essential to this development (M = 4.65). Moreover, 98.5 per cent of respondents believed that the timely provision of relevant information to the directors was also important (M = 4.72).

The majority of accountants (91.3 per cent) were of the opinion that the provision of educational programmes and the adoption of codes of conduct for directors was quite or very important to this improvement (M = 4.39). Furthermore, 83.8 per cent of persons believed that the formal annual evaluation of the board of directors was very crucial to this process (M = 4.22). Accountants perceived formal evaluation of the CEO by the board (91.2 per cent) (M = 4.49) and better disclosure of board activities and meetings (84.1 per cent) (M = 4.28) as being quite or very important. We observed that the education and training level of board of directors may be critical to the improvement of CG disclosure practices, which is identified by Haniffa and Cooke (2002) as not being a culture-free process. This demonstrates the influence of boardroom culture on disclosure practices. Finally, the provision of independent directors with better compensation packages, while linking this benefit more to the firm's performance (57.9 per cent) was also noted as being quite or very important (M = 3.58). Overall, these respondents believe that these mechanisms are adequate for enhancing the effectiveness of the board of directors.

The quantitative survey phase also revealed that accountants highly rated the boards' effectiveness in Barbados. However, major issues were again noted in the survey and feedback stages with respect to how boards operated in several major companies. From the open-ended questions in the survey instrument, it was generally felt that the board of directors should exert increased focus on the obligations to society. One senior accountant argued that the collapse of the CLICO Group has highlighted the importance for the enhancement of the role and protection of all stakeholder interests. While observing the ineffectiveness of some boards in the island, respondents perceived that:

- weak boards faced resistance from strong and powerful management;
- some boards were only accountable to themselves; and
- the instances where the CEO was also the Chairman of the board created too many conflicts, with the CEO influencing major decisions.

Table IV.
Rating for enhancing the effectiveness of the board of directors of Barbadian public limited companies

Criteria for enhancing effectiveness	Not at all important (%)	Slightly important (%)	Fairly important (%)	Quite important (%)	Very important (%)	Mean[a]	*SD*
The selection of better qualified and truly independent directors	0.0	0.0	5.8	24.6	69.6	4.64	0.59
The separation of the positions of CEO and the Chairman of the board	1.5	1.5	4.4	19.1	73.5	4.62	0.77
The promotion of board room culture that encourages constructive criticism and alternative views	0.0	0.0	4.4	26.5	69.1	4.65	0.57
The timely provision of relevant information to the directors	0.0	0.0	1.4	24.6	73.9	4.72	0.48
The provision of educational programs and the adoption of codes of conduct for directors	0.0	0.0	8.7	43.5	47.8	4.39	0.65
The formal annual evaluation of the board of directors	2.9	4.4	8.8	35.3	48.5	4.22	0.99
The formal CEO evaluation by the board	0.0	2.9	5.9	30.9	60.3	4.49	0.74
Giving independent directors better compensation and making it more linked to firm performance	4.3	13.0	24.6	36.2	21.7	3.58	1.10
Better disclosure of board activities and meetings	0.0	2.9	13.0	37.7	46.4	4.28	0.80

Notes: *SD* = standard deviation; [a]Scale: 1 = not at all important; 2 = slightly important; 3 = fairly important; 4 = quite important; 5 = very important

In addition to transparency, respondents felt that there was a need for more accountability by directors to society for any unethical behaviour.

The majority (91.4 per cent) of participants felt that directors should be required to satisfy certain criteria before holding a position as a director. From the open-ended questions in the survey, participants believed that fit and proper standards should apply to all board members. Specifically, they felt that directors should have adequate training, have a degree or professional designation, demonstrate competence and have knowledge and experience in CG matters. In terms of the level of qualifications, experience and accountability of the directors, one regulator stated:

> This area is now being given the requisite importance. Some inroads have been made but the most important issue of the qualifications and suitability of directors will provide a challenge. We have too many directors being paid to occupy a place at the table.

Generally, respondents were in agreement that despite the fact that the suitable candidate may not hold the appropriate qualification in the nature of the business of which the organization is engaged, relevant experience in other areas would be vital to board decisions. One financial controller commented:

> Not a formal examination. But just as senior management must present independent references, so too should the directors. Unfortunately because Barbados is so small some persons who may have displayed a lack of integrity in business dealings are sometimes the very successful and "public ones" who are only known for their success and therefore deemed a good candidate for a Board. There are some very level headed directors with good business acumen, who may lack a professional qualification and therefore are overlooked.

Overall, our study found that board members should have the requisite qualifications and expertise, which is consistent with the arguments of Epstein and Roy (2004) and Ujunwa (2012).

The feedback session highlighted the need for adequate training of directors, especially those who hold positions in PLCs and have financial or fiduciary dealings or business with the public. It was widely held that the roles of directors were neither well-defined nor clearly understood. Thus, roles and responsibilities needed to be clarified and communicated to take into consideration the interests of the wider society, rather than only shareholders. The feedback session and subsequent interviews (Stages 2 and 3) noted the importance of these mechanisms to board independence.

6.3 Perceptions of interlocking directorates

In terms of *RQ3*, the majority of respondents regarded an interlocking directorate as an unacceptable practice that was prevalent in Barbados and the Caribbean. Indeed, in the Caribbean, as a consequence of the small size of the islands and the existence of few public companies, there is a concentration of interlocking directorships (Caribbean Trade and Investment Report, 2005). Interlocking directorships in PLCs may pose problems in terms of information spill-overs, especially in terms of firms that are competing against each other. An accountant observed:

> One finds that, in some of these situations, even if the criteria are met, yet some directors do not scrutinize the information presented meticulously enough, too many of them sit on boards of companies that are in competition with each other, some are too busy to attend adequately to the affairs of any one company and so they make very little contribution at the meetings.

Most of the participants (60.6 per cent) felt that interlocking directorates should not be permitted, as objectivity and public interest would be compromised in a small business economy. This finding was consistent with Epstein and Roy (2004), who discouraged the practice. However, several respondents attributed this practice to the meagre pool of directors in Barbados.

High share ownership concentration in some of the old established companies was also considered a major cause of the interlocking directorates in the country. This finding is consistent with the work of Fan and Wong (2002) in East Asia, who found that this is a feature of emerging economies. Originating from the island's past colonial plantation economy (where the British landlords ruled the country though their ownership of sugarcane plantations), these established companies were previously family-owned by the ruling White planter class. As these companies later became PLCs, most of the shares are still held by these families, thus preserving Barbados' colonialist structure (Barrow, 2001) and family prioritization (Punnett *et al.*, 2006).

Throughout the business economy of Barbados, these structures and relationships are still in place. However, they may not be as readily or easily discernible, as the founding family also retains control through other informal means. Control within some major Barbadian firms is also reinforced through mechanisms such as dual-class shares and non-voting stock. For example, there are situations where the families with significant shareholdings use ownership of one company to control others within the business group. The independence and quality of directors may be hampered by the practice of selecting board members with familial, collegial and business ties. As a result, decisions are made which may conflict with other stakeholders' interests, and consequently, public interest may be compromised. Overall, these findings are consistent with the literature on CG in emerging markets where poor protection of minority shareholders, lack of transparency, incomplete and distorted CG disclosures and high ownership concentration emanate, despite companies being publicly listed (Claessens and Yurtoglu, 2013; Rafiee and Sarabdeen, 2012; Fan and Wong, 2002). Consequently, the authorities in emerging economies could possibly restrict the number of directorships to be held by any director, and mandate that individual companies provide full disclosures on other directorships held by directors.

6.4 Perceived impact of institutional, regulatory and cultural features

In terms of *RQ4*, we found that poor regulation, inadequate compliance with international CG best practices, voluntary and subjective CG disclosures and cultural factors significantly influenced CG practices in Barbados. Essentially, coercive pressures emanating from the regulatory environment seemed absent or just not strong enough to maintain effective CG practices within PLCs in Barbados. For example, the accounting academic revealed that ineffective CG practices in Barbados may also be attributed to weaknesses in the regulatory institutional structures, including "too few administrative personnel with the requisite competencies to undertake the required workload (such as performing fieldwork and site visits, ensuring compliance, and imposing penalties for infringements)". Thus, there needs to be more institutional strengthening in the form of resources (e.g. financial and human resources) for the regulators to adequately monitor and evaluate CG practices in institutions.

Participants in the feedback session generally agreed that there is a greater need for improved oversight by the regulatory environment (coercive isomorphism). This includes improved CG disclosure requirements, greater transparency, enforcement of judicial rights and protection of stakeholders' interest. These findings acknowledge the increased importance of legal foundations to Barbados' CG framework, as similarly suggested by Claessens and Yurtoglu (2013) in emerging markets.

The pressures from international funding agencies such as IMF and IADB, and the need for global acceptance as a legitimate business arena, have forced Barbadian companies to adopt CG practices from developed countries. However, these CG practices have been adopted with little or no modification to reflect Barbadian culture. In addition, given the voluntaristic approach taken by Barbadian companies, PLCs tend to adopt CG practices that may be conveniently advantageous to them. In addition, the Barbados model is vastly different to the highly researched models of CG found in the USA and UK. It is characterized by more concentrated ownership structures; is not generally market-oriented; does not have strong legal investor protection; and operates in an investment system with dedicated capital, smaller equity markets and lower access of firms to equity finance. Thus, inadequate CG practices may negatively influence public confidence in PLCs in Barbados.

The board of directors is also found to be a critical mechanism in the implementation of CG practices throughout this study. Barbadian boards are typified by male domination with individuals of varying races (but predominantly White) lending to diverse norms within the organization and naturally influencing CG processes. CG practices in Barbadian PLCs are also influenced by the existence of significant control by families who hold large blocks of shares in major PLCs in the island. This family-controlled firm dominance has the potential to create an organizational culture of secrecy, a lack of information sharing and a tendency for decisions to be made in the interest of shareholders (especially the family) rather than all stakeholders.

The island's political economy and socio-cultural factors influence CG practices. The accounting academic in Stage 3 highlighted that Barbados' CG mechanisms have been influenced by "cultural factors such as the political economy, business culture, social and psychological factors, as well as class and race biases that influence corporate governance practices". Therefore, it is recognized that CG mechanisms, which have worked in developed countries, may not work in other emerging economies like Barbados, as CG practices may be culturally sensitive, and consequently need to be adapted to suit the specific needs of Barbados.

It is also recognized that close relationships between PLCs, regulators, political parties and key interest groups in Barbados may help to maintain a concentration of wealth in the privileged class in Barbadian society. These relationships may inhibit institutional improvements necessary for CG reform in the country. Thus, the Barbados CG environment creates the potential for expropriation, nepotism, corruption and fraud. For example, we observed that the persons responsible for CG failures on the island are seldom prosecuted. The cultural dynamics of the Barbadian society (i.e. following traditions, being passive, conservatism and closeness) may play a part in the absence of action against such mismanagement.

The Barbadian society is also characterized by an implementation deficit of mandates and legislation, arising from lengthy bureaucracy and maintenance of the embedded "status quo" (Stoddart, 1995). A predominant feature of the Barbadian society is to be more reactive than proactive when enforcing legislation. Overall, these findings highlight the importance of cultural sensitivity in effective CG practices, as culture-cognitive institutional frameworks (e.g. informal institutions such as relational ties, business groups and family connections) may influence business practices and shape CG mechanisms (Peng and Heath, 1996; Young *et al.*, 2008).

7. Conclusion

The results show that Barbadian accountants generally regard the board of directors, professional accountants and both internal and external auditors as key mechanisms (institutions) for effective CG practices in PLCs. These mechanisms can be termed as both mimetic and normative isomorphisms, given the need to imitate best practices and standards of developed countries, as well as follow professional norms. These results reflect widely held views in the CG literature, and also recognize that institutional theory is a relevant theory to this study, as it focuses on the theory of conformism rather than that of change. This study found little evidence of regulatory persuasion towards CG mechanisms and its reform. In short, while the sample of accountants in the quantitative survey phase reported that CG mechanisms and board effectiveness were very important in Barbados, there were a number of regulatory, institutional and cultural issues that at times inhibited effective CG practices in the interests of stakeholders. These issues came out quite clearly in the feedback and interview phases.

The timely provision of relevant information, board room culture, the independence of directors and the separation of the positions of CEO and the Chairman were found to be matters of high significance in enhancing board effectiveness. Respondents believed that the formation of interlocking directorates should not be encouraged. Therefore, CG reform facilitated by the board of directors shall aid changes in control and power structures, cultural transformation and the enforcement of an effective CG regime in the interest of stakeholders. There was considerable support for whistle-blowing, as a result of its potential significance in safeguarding stakeholder interests.

The majority of Barbadian accountants perceived that directors should fulfil certain criteria prior to assuming their positions. This result suggests that some form of regulation of directors is required and should be mandated. This could be achieved by making adjustments to the existing regulatory environment (e.g. the Barbados Companies Act and the BSE Rules), which could outline the minimum qualifications, expertise and conditions for individuals who wish to be appointed as directors of PLCs in Barbados. Formal training, education and regulation should extend to outlining and reviewing directors' responsibilities to include all stakeholders' interests, and dealing with situations where conflicts of interest occur – especially with the issue of interlocking directorships.

CG mechanisms in Barbados need to be further strengthened to meet the requirements of effective governance, as outlined by the OECD (2004). This should not be addressed in a manner designed to only "tick or check a box", but should be designed to be fully functioning, effective and transparent. One way of ensuring this would be to ensure that all PLCs had audit committees and boards of directors accountable to all stakeholders. For example, audit committees should report on their work on CG practices affecting stakeholders rather than only shareholders, thus ensuring adequate CG disclosures in the annual reports. These measures are vital and appropriate, as results exhibit that most accountants were unsatisfied with the quality of CG disclosures in the annual reports of the public companies. This is a potentially serious issue, given accountants' direct and/or indirect involvement in the preparation and confirmation of such reports.

Findings also suggest that the CG structures implemented by local companies were inadequate and that the oversight mechanisms were not sufficiently active by relevant regulatory bodies, due to the small society and its culture. Thus, there is an important need to further study CG practices *vis-à-vis* countries like Barbados ("the forgotten locations") to understand the reality of CG in culturally dissimilar countries (Thomas *et al.*, 1994). In Barbados, family is a central focus for people (Punnett *et al.*, 2006) and traits of colonialism and the plantation system still exist (Barrow, 2001). In addition, unequal distribution of power is accepted as appropriate (Punnett *et al.*, 2006), maintaining the status quo (e.g. through religious and educational bodies) is reinforced and obedience is encouraged within the Barbadian society (Stoddart, 1995). Consequently, we should not assume that CG mechanisms that have been effective elsewhere would work in Barbados. Thus, this study points to the need for an improved CG framework, together with a research agenda, that addresses the influence and interactions of regulatory, institutional and cultural factors on effective CG practices. The CG framework should be aimed at protecting stakeholders' interests and ensuring socially responsible behaviours. Specifically, the framework could include factors to mitigate any negative effects of high ownership concentration, interlocking directorates and inequalities in society, as well as take into consideration the cultural norms that are shaped by the church and education. Furthermore, the educational system needs to encourage CG values of transparency, accountability and justice.

The cultural factors that form barriers to effective CG practices and efficient regulation must be overcome. This can be achieved through the board of directors setting the tone at the top by investing in and demonstrating strong corporate ethical values and high organizational commitment to effective CG practices. Regulators can also mandate that company directors be qualified and independent, and require that PLCs disclose any conflicts of interest by directors. Effective CG reform can also be achieved through ongoing training and education of all stakeholders to identify and resolve institutional contradictions. Government can also commit to stronger CG codes and transparency, and promote continuous dialogue with stakeholders. In addition, the appointment of an independent individual by the regulator to sit on the board of directors of PLCs may allay the concerns raised about high concentrated ownership and independence on boards. The individual could be selected and remunerated by the regulator. The PLCs could fund this initiative.

This study has several limitations. First, the study achieved a small sample, which may limit the generalization of the findings to the population of accountants in Barbados. Thus, further work should be done involving larger samples. Second, this study did not compare responses from non-accountants who may be directors and other stakeholders. Third, this study only tested for the perceptions of CG practices in PLCs in Barbados. Further work should extend this research by examining CG practices of private limited companies. Finally, the possibility exists that all attendees in the panel feedback session may not have been respondents in the first stage (i.e. the survey phase) of data collection. Hence, this might explain any contradictions or incongruence that may exist in the results in the study.

Notes

1. CLICO allegedly operated both an external ponzi scheme in which the insurance company received investments from policyholders and mutual fund investors, as well as an internal ponzi scheme in which money was diverted or misappropriated away from CLICO to fund other subsidiary group entities with little or no prospect of financial returns (Soverall, 2012). The company closed operations in 2009, with clients seeking the assistance of government and the law courts to recover their investments.
2. An overwhelming majority of these conference panel attendees held accounting qualifications, despite representing stakeholders' groups other than accountants and auditors.
3. In this section, the percentages shown represent a combination of the frequencies for the "quite important" and "very important" categories in Table III. The means (M) are based on the 5-point Likert scale.

References

Abbott, L.J., Parker, S. and Peters, G.F. (2004), "Audit committee characteristics and restatements", *Auditing: A Journal of Practice & Theory*, Vol. 23 No. 1, pp. 69-87.

ACCA, AccountAbility & KPMG (2009), "Corporate governance: sustainability briefing", Paper 4, July, ACCA, London.

Alleyne, P. (2002), "Independence of auditors: in the deep end? A Barbadian analysis", *Journal of Eastern Caribbean Studies*, Vol. 27 No. 2, pp. 55-79.

Alleyne, P., Howard, M. and Greenidge, D. (2006), "The role of audit committees in Barbados", *Corporate Governance*, Vol. 6 No. 5, pp. 567-581.

Baker, R. and Owsen, D. (2002), "Increasing the role of auditing in corporate governance", *Critical Perspectives on Accounting*, Vol. 13 Nos 5/6, pp. 783-795.

Barrow, C. (2001), "Reputation and ranking in a Barbadian society", in Barrow, C. and Reddock, R. (Eds), *Caribbean Sociology: Introductory Readings*, Ian Randle Publishers, Kingston, pp. 201-213.

Beasley, M., Carcello, J., Hermanson, D. and Neal, T. (2009), "The audit committee oversight process", *Contemporary Accounting Research*, Vol. 26 No. 1, pp. 65-122.

Bédard, J. and Gendron, Y. (2010), "Strengthening the financial reporting system: can audit committees deliver?", *International Journal of Auditing*, Vol. 14 No. 2, pp. 174-210.

Berle, A. and Means, G. (1932), *The Modern Corporation and Private Property*, The Macmillan Company, New York, NY.

Bhagat, S. and Black, B. (1999), "The uncertainty relationship between board composition and firm performance", *The Business Lawyer*, Vol. 54 No. 3, pp. 921-963.

Black, B. and Kim, W. (2012), "The effect of board structure on firm value: a multiple identification strategy approach using Korean data", *Journal of Financial Economics*, Vol. 104 No. 1, pp. 203-226.

Brennan, N. and Solomon, J. (2008), "Corporate governance, accountability and mechanisms of accountability: an overview", *Accounting, Auditing & Accountability Journal*, Vol. 21 No. 7, pp. 885-906.

Brown, P., Beekes, W. and Verhoeven, P. (2011), "Corporate governance, accounting and finance: a review", *Accounting and Finance*, Vol. 51 No. 1, pp. 96-172.

Campbell, J. (2007), "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility", *Academy of Management Review*, Vol. 32 No. 3, pp. 946-967.

Carcello, J.V., Hermanson, D.R. and Ye, Z. (2011), "Corporate governance research in accounting and auditing: insights, practice implications, and future research directions", *Auditing: A Journal of Practice & Theory*, Vol. 30 No. 3, pp. 1-31.

Caribbean Trade and Investment Report (2005), "Corporate governance in the Caribbean", Caribbean Community Secretariat, available at: www.caricom.org/jsp/community/regional_issues/CTIR2005/Chapter%20X%20CTIR%202005.pdf (accessed4 July 2013).

Chen, G., Firth, M., Gao, D.N. and Rui, O.M. (2006), "Ownership structure, corporate governance, and fraud: evidence from China", *Journal of Corporate Finance*, Vol. 12 No. 3, pp. 424-448.

Christiansen, H. and Koldertsova, A. (2009), "The role of stock exchanges in corporate governance", *Financial Market Trends, OECD*, Vol. 2009 No. 1, pp. 209-238.

Claessens, S. and Fan, J. (2002), "Corporate governance in Asia: a survey", *International Review of Finance*, Vol. 3 No. 2, pp. 71-103.

Claessens, S. and Yurtoglu, B.B. (2013), "Corporate governance in emerging markets: a survey", *Emerging Markets Review*, Vol. 15, June, pp. 1-33.

Cohen, J., Gaynor, L.M., Krishnamoorthy, G. and Wright, A.M. (2007), "Auditor communications with the audit committee and the board of directors: policy recommendations and opportunities for future research", *Accounting Horizons*, Vol. 21 No. 2, pp. 165-187.

Cohen, J., Krishnamoorthy, G. and Wright, A. (2010), "Corporate governance in the post-Sarbanes-Oxley era: auditors' experiences", *Contemporary Accounting Research*, Vol. 27 No. 3, pp. 751-786.

Dahya, J., McConnell, J.J. and Travlos, N.G. (2002), "The Cadbury committee, corporate performance and top management turnover", *Journal of Finance*, Vol. 57 No. 1, pp. 461-483.

Daily, C., Dalton, D. and Cannella, A. (2003), "Corporate governance: decades of dialogue and data", *Academy of Management Review*, Vol. 28 No. 3, pp. 371-382.

Dalton, D.R., Daily, C.M., Ellstrand, A.E. and Johnson, J.L. (1998), "Meta-analytic review of board composition, leadership, structure and financial performance", *Strategic Management Journal*, Vol. 19 No. 3, pp. 269-290.

Davis, G. (1996), "The significance of board interlocks for corporate governance", *Corporate Governance*, Vol. 4 No. 3, pp. 154-159.

Davis, G. (2005), "New directions in corporate governance", *Annual Review of Sociology*, Vol. 31 No. 1, pp. 143-162.

De Villiers, C. and Van Staden, C. (2006), "Can less environmental disclosure have a legitimacy effect? Evidence from Africa", *Accounting Organizations and Society*, Vol. 31 No. 8, pp. 763-781.

De Villiers, C. and Van Staden, C. (2010), "Shareholders' requirements for corporate environmental disclosures: a cross country comparison", *The British Accounting Review*, Vol. 42 No. 4, pp. 227-240.

DeZoort, F.T., Hermanson, D.R., Archambeault, D.S. and Reed, S.A. (2002), "Audit committee effectiveness: a synthesis of the empirical audit committee literature", *Journal of Accounting Literature*, Vol. 21, pp. 38-75.

DiMaggio, P. and Powell, W. (1983), "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147-160.

Dufour, D., Teller, P. and Luu, P. (2013), "A neo-institutionalist model of the diffusion of IFRS accounting standards", *Computational Economics*, Vol. 44 No. 1, pp. 1-18.

Epstein, M. and Roy, M. (2004), "Improving the performance of corporate boards: identifying and measuring the key drivers of success", *Journal of General Management*, Vol. 29 No. 3, pp. 1-23.

Fama, E. and Jensen, M. (1983), "Separation of ownership and control", *Journal of Law and Economics*, Vol. 26 No. 2, pp. 301-325.

Fan, J. and Wong, T. (2002), "Corporate ownership structure and the informativeness of accounting earnings in East Asia", *Journal of Accounting and Economics*, Vol. 33 No. 3, pp. 401-425.

Ferreira, I. (2008), "The effect of audit committee composition and structure on the performance of audit committees", *Meditari Accountancy Research*, Vol. 16 No. 2, pp. 89-106.

Ferris, S.P., Jagannathan, M. and Pritchard, A.C. (2003), "Too busy to mind the business? Monitoring by directors with multiple board appointments", *Journal of Finance*, Vol. 58 No. 3, pp. 1087-1112.

Goodwin, J. and Seow, J.L. (2002), "The influence of corporate governance mechanisms on the quality of financial reporting and auditing: perceptions of auditors and directors in Singapore", *Accounting and Finance*, Vol. 42 No. 3, pp. 195-223.

Gray, S.J. (1988), "Towards a theory of cultural influence on the development of accounting systems internationally", *Abacus*, Vol. 24 No. 1, pp. 1-15.

Guest, P.M. (2008), "The determinants of board size and composition: evidence from the UK", *Journal of Corporate Finance*, Vol. 14 No. 1, pp. 51-72.

Gupta, M.A., Hothi, D. and Gupta, D.S. (2011), "Corporate: independent directors in the board", *Global Journal of Management and Business Research*, Vol. 11 No. 1, pp. 1-11.

Hall, P. and Soskice, D. (2001), *Varieties of Capitalism*, Oxford University Press, New York, NY.

Haniffa, R. and Cooke, T. (2002), "Culture, corporate governance and disclosure in Malaysian corporations", *Abacus*, Vol. 38 No. 3, pp. 317-349.

Hermalin, B.E. and Weisbach, M.S. (1991), "The effects of board composition and direct incentives on firm performance", *Financial Management*, Vol. 20 No. 4, pp. 101-112.

Hofstede, G. (1984), "Cultural dimensions in management and planning", *Asia Pacific Journal of Management*, Vol. 1 No. 2, pp. 81-99.

Huntington, S.P. (1996), "The west unique, not universal", *Foreign Affairs*, Vol. 75 No. 6, pp. 28-46.

Imhoff, E. (2003), "Accounting quality, auditing and corporate governance", *Accounting Horizons*, Vol. 17, (Supplement), pp. 117-128.

Jensen, M.C. and Meckling, W.J. (1976), "Theory of the firm: managerial behaviour, agency costs and ownership structure", *Journal of Financial Economics*, Vol. 3 No. 4, pp. 305-360.

Judge, W., Douglas, T. and Kutan, A. (2006), "Institutional predictors of corporate governance legitimacy", *Journal of Management*, Vol. 34 No. 4, pp. 765-785.

Kimmel, P.D., Weygandt, J.J. and Kieso, D.E. (2011), *Financial Accounting*, Wiley, New York, NY.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A. and Vishny, R. (2000), "Investor protection and corporate governance", *Journal of Financial Economics*, Vol. 58 No. 1, pp. 3-27.

Leventis, S. and Dimitropoulos, P. (2012), "The role of corporate governance in earnings management: experience from US banks", *Journal of Applied Accounting Research*, Vol. 13 No. 2, pp. 161-177.

Lewis, V., Kay, K., Kelso, C. and Larson, J. (2010), "Was the 2008 financial crisis caused by a lack of corporate ethics?", *Global Journal of Business Research*, Vol. 4 No. 2, pp. 77-84.

Mintz, S. (2005), "Corporate governance in an international context: legal systems, financing patterns and cultural variables", *Corporate Governance: An International Review*, Vol. 13 No. 5, pp. 582-597.

Mizruchi, M.S. (1996), "What do interlocks do? An analysis, critique, and assessment of research on interlocking directorates", *Annual Review of Sociology*, Vol. 22, pp. 271-298.

Northcott, D. and Smith, J. (2011), "Managing performance at the top: a balance scorecard for boards", *Journal of Accounting and Organizational Change*, Vol. 7 No. 1, pp. 33-56.

OECD (2004), *Principles of Corporate Governance, Steering Group on Corporate Governance*, OECD Publishing, Paris.

Oppenheim, A. (1992), *Questionnaire Design, Interviewing and Attitude Measurement*, Pinter Publishers, London.

Peng, M.W. and Heath, P.S. (1996), "The growth of the firm in planned economies in transition: institutions, organizations, and strategic choice", *Academy of Management Review*, Vol. 21 No. 2, pp. 492-528.

Perera, H. (1986), "The cultural relativity of accounting systems", *Vidyodaya Journal of Arts, Science and Letters*, Vol. 14 No. 1, pp. 53-79.

Petra, S.T. (2005), "Do outside independent directors strengthen corporate boards?", *Corporate Governance: International Journal of Business in Society*, Vol. 5 No. 1, pp. 55-64.

Pomeroy, B. (2010), "Audit committee member investigation of significant accounting decisions", *Auditing: A Journal of Practice & Theory*, Vol. 29 No. 1, pp. 173-205.

Post, J.E., Preston, L.E. and Sachs, S. (2002), "Managing the extended enterprise: the new stakeholder view", *California Management Review*, Vol. 45 No. 1, pp. 6-28.

Punnett, B.J., Dick-Forde, E. and Robinson, J. (2006), "Effective management and culture: an analysis of three English-speaking Caribbean countries", *Journal of Eastern Caribbean Studies*, Vol. 31 No. 2, pp. 44-72.

Radaelli, C. (2000), "Policy transfer in the European Union: institutional isomorphism as a source of legitimacy", *Governance: An International Journal of Policy and Administration*, Vol. 13 No. 1, pp. 25-43.

Rafiee, V.B. and Sarabdeen, J. (2012), "Cultural influence in the practice of corporate governance in emerging markets", *Communications of IBIMA*, Vol. 4 No. 1, pp. 1-10.

Rashid, A., De Zoysa, A., Lodh, S. and Rudkin, K. (2010), "Board composition and firm performance: evidence from Bangladesh", *Australasian Accounting Business and Finance Journal*, Vol. 4 No. 1, pp. 76-95.

Rechner, P.L. and Dalton, D.R. (1991), "CEO duality and organisational performance: a longitudinal analysis", *Strategic Management Journal*, Vol. 12 No. 2, pp. 156-160.

Rezaee, Z., Szendi, J., Elmore, R.E. and Zhang, R. (2012), "Corporate governance and ethics education: viewpoints from accounting academicians and practitioner", in Feldmann, D., Rupert, T.J. (Ed), *Advances in Accounting Education: Teaching and Curriculum Innovations (Advances in Accounting Education)*, Emerald Group Publishing Limited, UK, Vol. 13, pp. 127-158.

Scott, R. (2008), "Approaching adulthood: the maturing of institutional theory", *Theory and Society*, Vol. 37 No. 5, pp. 427-442.

Scott, W.R. (2004), "Institutional theory: contributing to a theoretical research program", in Smith, K.G. and Hitt, M.A. (Eds), *Great Minds in Management: The Process of Theory Development*, Oxford University Press, Oxford, pp. 460-484.

Sharma, U. and Davey, H. (2013), "Voluntary disclosure in the annual reports of Fijian companies", *International Journal of Economics and Accounting*, Vol. 4 No. 2, pp. 184-208.

Sharma, U., Lawrence, S. and Lowe, A. (2010), "Institutional contradiction and management control innovation: a field study of total quality management practices in a privatized telecommunication company", *Management Accounting Research*, Vol. 21 No. 4, pp. 251-264.

Solomon, J. (2011), *Corporate Governance and Accountability*, John Wiley and Sons Limited, Sussex.

Soverall, W. (2012), "CLICO's collapse: poor corporate governance", *American International Journal of Contemporary Research*, Vol. 2 No. 2, pp. 166-178.

Stoddart, B. (1995), "Cricket, social formation and cultural continuity in Barbados: a preliminary ethnohistory", in Beckles, H. and Stoddart, B. (Eds), *Liberation Cricket: West Indies Cricket Culture*, Manchester University Press, Manchester, pp. 61-85.

Thomas, A.S., Shenkar, O. and Clarke, L. (1994), "The globalization of our mental maps: evaluating the geographic scope of JIBS coverage", *Journal of International Business Studies*, Vol. 25 No. 4, pp. 675-686.

Tsamenyi, M., Cullen, J. and Gonzalez, J. (2006), "Changes in accounting and financial information system in a Spanish electricity company: a new institutional theory analysis", *Management Accounting Research*, Vol. 17 No. 4, pp. 409-432.

Turley, S. and Zaman, M. (2007), "Audit committee effectiveness: informal processes and behavioural effects", *Accounting, Auditing & Accountability Journal*, Vol. 20 No. 5, pp. 765-788.

Ujunwa, A. (2012), "Board characteristics and the financial performance of Nigerian quoted firms", *Corporate Governance*, Vol. 12 No. 5, pp. 656-674.

Van der Nest, D.P. (2008), "The perceived effectiveness of audit committees in the South African public service", *Meditari Accountancy Research*, Vol. 16 No. 2, pp. 175-188.

Worthy, J. and Neuschel, R. (1984), *Emerging Issues in Corporate Governance*, Northwestern University Press, IL.

Young, M.N., Peng, M.W., Ahlstrom, D., Bruton, G.D. and Jiang, Y. (2008), "Corporate governance in emerging economies: a review of the principal–principal perspective", *Journal of Management Studies*, Vol. 45 No. 1, pp. 196-220.

Further reading

Christopher, J., Sarens, G. and Leung, P. (2009), "A critical analysis of the independence of the internal audit function: evidence from Australia", *Accounting, Auditing & Accountability Journal*, Vol. 22 No. 2, pp. 200-220.

Corresponding author
Philmore Alleyne can be contacted at: philmore.alleyne@cavehill.uwi.edu