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THE VALUE OF CORPORATE GOVERNANCE, THE PERSPECTIVES AND PREFERENCES OF PROFESSIONALS AROUND THE WORLD

Master thesis

Program: International Business Administration (MBA)

Supervisor: Mike Franz Wahl

Tallinn 2020

DECLARATION

I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

The function of corporate gorvernance is about enforcing, guiding and encouraging appropriate managerial behaviour towards the discharge of their corporate governance outcome. The corporate meltdown in the early 2000s involving Arthur Andersen and Enron, Worldcom, etc ignited interest in corporate governance research and strenghtening of institutions. However, the increased attention in corpporate governance research is tilted towards the more visible aspects such as corporate board composition, ownership structure, etc with the less visible ones such as ethics and values receiving less attention. This study contributes to corporate governance literature by finding the link between individual values and the other elements of corporate governance system. The study also discusses the influences on moral values and its impact on the discharge of corporate governance outcomes. A survey was conducted in 34 countries between June – September 2019 involving 107 participants from diverse professions randomly selected through emails and snow-balling approach to participate in the study. The views obtained were hypothesised and analysed to establish the relationships. The results show a link between the values of individuals and the views of the work environment, the external environment and their knowledge or awareness of corporate governance. The results supported the hypothesis formulated explaining that individuals decisions and actions in an organization are influenced by the other elements of the corporate governance system. The results also call for greater responsibility on businesses, academia, and institutions clothed with the responsibility of promoting good corporate practices to build a triangle of positive influences in shaping the values of society and in upholding the integrity of persons.

Keywords: Moral values, success determinants, corporate governance values, employment considerations, corporate governance systems, manegerial behaviour.

INTRODUCTION

Corporate governance as a research constellation and subject has not received the needed attention and importance over the years. This is seen in the number of research publications available until the corporate meltdown occurred in the early 2000s in the United States of America. According to the ISI web of knowledge (2015), only 80 and 79 scientific papers on corporate governance were published in 2000 and 2001. The number has since increased incrementally year-on-year to 431 in 2011 and 281 in 2014. The increased attention and research on corporate governance is attributed to the Enron and Arther Andersen scandal in 2001 and many other meltdowns in the early 2000s (Cunningham & Harris 2006; Huang & Ho, 2011).

The 2001 scandal involving Enron and Arthur Andersen and many others such as Worldcom, Symbol Technologies, etc in the United States ignited the debate about corporate governance and its responsibilities. The case of Enron and Arthur Andersen, ie, the discovery of the fraudulent operations and the eventual collapse of the company has been the most discussed. The reason as Cunningham & Harris (2006) put it; "Enron was a massive failure, partly because of the size, complexity …." (pp. 47). The collapse resulted in huge job losses, livelihoods affected, investment losses, among others and this indeed calls for a closer and detail look into how these things occur.

The meltdown or collapse of many companies thus ignited the interest in corporate governance research. The intent is to understand why companies like Enron, which at one point was considered the most innovative company (Moncarz et. Al., 2006), could go down in such a manner. While researchers concluded on institutional, structural and systemic breakdown as the possible causes (Cunningham & Harris, 2006; Li, 2010), the narrative suggests weakness in human values in upholding the law rather than an absence or inadequacy of the law. Consequently, the increase in the attention in corporate governance research is skewed. Research focus has largely remained on the more explicit issues such as executive compensation, ownership structure, the board of directors, etc with the more implicit elements such as ethics, values and morals receiving less attention. A cursory look at the various research publications on

corporate governance suggests so. Also, research by Huang & Ho (2011), a bibliometric analysis on the historical research on corporate governance revealed that ethics is ranked among the least 3 keywords of 20 keywords used by researchers from 1992 to 2008. This implies that the issues of ethics or values have not been considered among the top issues that need the necessary attention within the research community.

This study seeks foremost to add to corporate governance literature and more specifically on values in organizations. The success of corporate governance is hinged on consistent values in encouraging appropriate behaviour (Jones & Hill, 2009), since a lack of ethical conduct can be dangerous, destructive and even toxic (Toor & Ofori, 2009). It is important to note that corporate scandals have not in any way curtailed despite the presence of stringent regulations and codes of conduct. Thus, understanding individual values from the context of their views, preferences, decisions and choices in the discharge of their corporate governance mandate and the role of the work environment, external environment and corporate governance awarenes in forming or shaping values a necessity.

The central objective of this study is to find the link between the views and preferences of individuals on the work environment, the external institution and corporate governance values and their individual values towards the discharge of corporate governance outcomes. The question of whether there exists any interrelationships among the various elements of the corporate governance system is examined. This study is important because according to research by Dyck, Morse, and Zingales (2010) on fraud detection and reporting, employees (which are identified in this research as individuals) represented the highest percentage of people who detected and reported corporate crimes. Moreover, the values of individuals, ie what they consider as important and unimportants, is explained by their philosophy (Schwartz, 2012). In understanding the philosophy, ie the views and preferences of employees in the discharge of good corporate governance outcomes and the role of other elements of corporate governance system in influencing the values towards good corporate practice, the study tests the following hypothesis to determine the associated links:

i. An individual value adoption in an organization is influenced by the values (behaviour) of the work environment (management and co-workers), link:(work environment and individual values)

ii. All things being equal, an individual awareness level on corporate governance influences his/her choices on (a.) employment considerations (b.) success determinants: link (corporate governance values and individual choices)

iii. The premium individuals are willing to pay for 'good' corporate governance is determined by the level of complaince in the external environment, link (institutions and individual values)

In summary, the objective of this research is to determine whether the various elements of the corporate governance system are independent of each other or interrelated? It unravel the influencing effects of the work environment, the external institutions and training establishments on individual values (choices and behavior). The research tests empirically various studies by other researchers on what influences behaviours and decision making. These studies are discussed in the proceeding chapters. The research entails 107 participants from 34 countries and diverse backgrounds whose views were solicited on corporate governance, their perspectives and the choices they would make under certain conditions. The questionnaire was done online and was sent via email, messenger, WhatsApp, and in a few cases by snow-ball approach to as many contacts who met the minimum criteria of having a bachelors degree and work experience to participate in the research. In the end, 107 professionals accepted to participate in the study. The analyses were done quantitatively by testing the hypothesis formulated by the author.

The rest of the work is divided into four (4) sections as follows: The first section explores the conceptual background which involves the literature: the system of corporate governance, the actors and examines the value of corporate governance from the lenses of stakeholder and agency views. The chapter also discusses the hypothesis formulated to help in the analysis. The last three (3) sections discuss the methodology, the results both descriptive statistics and regression analysis, and the conclusion which also includes implications and future research.

1. THEORETICAL BACKGROUND

The objective of this research was to find a link between the values of individuals and the other elements of the corporate governance system. It answers the question whether or not the various elements of the corporate governance system are independent of each other or interrelated. It unravel the influencing effect of the other elements of corporate governance system on the values of employees towards the discharge of corporate governance outcomes. This chapter discusses from existing literature on corporate governance the notion that all the elements of the corporate governance system are interrelated and that moral values of individuals is the bedrock of the system design. The researcher argues from the ensuing literature discussion that corporate governance as an opportunity (Ammann et al., 2010) for corporate survival and sustainability requires among all other things the appropriate behaviour and mindset from the actors. Additionally, these mindset and behaviour is influenced by the other elements of corporate governance systems.

1.1 Definition of Corporate Governance

The scope of corporate governance has seen its coverage expanded by way of definition and practice over the years. The first recognizable definition was in 1992 by the Cadbury committee, who defined the subject as the system by which companies are directed and controlled. To bring some more interpretation to the nature of systems that govern the direction and control of companies, Gillan and Starks (1998) defined corporate governance as systems of laws, rules, and factors that control operations in a company. Three years later during the occurrence of the Enron scandal, Tilore (2001) defined corporate governance to include the design of institutions that induce or force management to internalize the welfare of stakeholders. It is from this point that the need for stakeholder involvement in the discussion of corporate governance mechanisms was giving some consideration. Ernstburger et al, (2012) further broadened the definition of the subject to include the systems of rights, obligations, structures and control mechanisms, which includes internal and external institutions that sets up a regulatory framework for proper management. In author's view, the most all involving definition on this subject is what Prof. T. O. Salge of RWTH Aachen University put out on his 2019 lecture material associated to Malik (2008) on the subject as "a consistent system of moral values, external institutions, internal structures and incentive mechanisms designed to facilitate, reward, monitor, and enforce

appropriate managerial behavior in the view of maximizing the commercial viability and long-term survival prospects of the organization".

1.2 Corporate Governance Systems

One thing that clear with all the definitions is the presence of systems, function and purpose. The challenge of corporate governance is having the right system in place that performs the function of guiding and encouraging appropriate behavior for the ultimate purpose of enterprise survival and sustainability - "The basic problem confronting an organization is to engage in sufficient exploitation to ensure its current viability and at the same time, to device enough energy to exploration to ensure its future viability" (Levinthal and March 1993. p. 105). Ammann et al, (2010) argued that the survival and sustainability of firms in hinged on the effective implementation of corporate governance systems and the performance of their required functions. "Our results indicate that better corporate governance practices are reflected in statistically and economically significantly higher market values......consequently, from the companies' perspective, corporate governance should be understood as an opportunity rather than an obligation and pure cost factor". (Ammann et al., 2010 p. 30 & 31)

Throwing light on the systems of corporate governance, Malik (2008, 2012) identified the systems as moral values, internal structures, external institutions and incentive mechanism. Malik (2008, 2012) went further to identify incentive mechanisms as the design of monetary and non-monetary compensation that is offered to executives or agents who work on behalf of the corporation as a reward for the overall health of the organization. He argued that the nature of the compensation or incentive mechanism plays an implicit role in determining the organizational culture, ie. how people behave and approach their work in the organization; how interests of entrepreneurs and employees are aligned and how talents are attracted. It also encourages the appropriate moral and social behaviour among agents. Schein (1984) defined organizational culture as "a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Schein, 1984 p. 3). Malik's argument thus is, the nature of the incentive mechanism guides, in general, the pattern with which people assume and act in the organization.

Postma & Helmes (2003) focused their research on institutions and defined institutions as establishments that "enable, constrain and guide behaviour, and are stable and engaging for that behaviour" (Nooteboom, 2002:15). In other words, institutions comprise of the regulatory authorities, the rating agencies, the media, banks and all other establishments that ensure that corporations are governed well and in accordance with rules and regulations. They (Postma & Helmes) classified institutions as both formal terms (e.g. laws, rules, property rights, guidelines) and informal terms (e.g. conventions, norms, codes of conduct) (Postma & Helmes, 2003). The role of institutions is significant to the enhancement of 'corporate uprightness'. When there is a closer alignment between formal and informal institutions, the result is a general acceptance and formalization of formally written down codes. This reduces uncertainty and extends time horizons of actors dealing with each other, (Postma & Helmes, 2003). Again, the economy-wide level formalization of business processes reduces the cost of doing business, promotes healthier business relationships because of the general level of trust. This general level of trust also transcends the corporate level to the individuals within the said economy. As Rowen (1998:9-10) put it, "costs are increased if there are uncertain or poorly structured property rights, if contracts are weakly protected, if the information is scarce and access to it highly skewed, and if corruption is endemic". Weaker systems lead to fewer transactions, to fewer capital investments and avoidance of long-term agreements (Postma & Helmes, 2003). In short, institutions are important in enforcing appropriate behaviour.

The internal structure of an organization shows the flow of information, command and the division of power and control (OECD, 2015). It separates ownership from management and draws a chain of responsibilities. It shows the founders or shareholders out of which board of directors are selected to supervise the work of the executive. The executive is the managers of the day-to-day running of the corporation. Then there are the procedures, guidelines, codes of conduct, etc that guide how functions, relationships are to be discharged and entered into an organization (OECD, 2015). Power is said to be corrupt, thus the idea of having these structures in place is to check excesses and arbitrariness in the use of power.

1.3 Moral values

Anytime values are mentioned among businessmen, their mind first goes to the monetary value of things unless it is qualified. The premium investors are willing to pay for a firm's stock or assets is mostly considered the value of corporate governance (McKinsey, 2002). However, the concept of values in this specific regard as an element of the governance system is about ethics and decision behaviour of individuals in the discharge of their corporate functions (Fritzsche & Oz, 2007). Values have been defined in several ways by different researchers, eg. Schwartz summarized it as a continuum of related motivations which drives the actions of people (Schwartz, 2012). "A value is a conception, explicit or implicit... of the desirable which influences the selection from available modes, means, and ends of action" (Kiuckhohn, 1951); "A value is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (Rokeach, 1979); and "..as normative beliefs about proper standards of conduct and preferred or desired results" (Nystrom, 1990).

Values are used to characterize cultural groups, societies, and individuals, to trace change over time, and to explain the motivational bases of attitudes and behaviour (Schwartz, 2012). In the context of corporate governance, values explain the motivational bases of attitudes and behavior. Moral values or values for short, is premised on six (6) main features: as a belief, referring to desirable goals, transcending specific actions and situations, serving as a standard or criteria, ordered by importance and relative importance of multiple values guide actions (Schwartz, 1992, 2006a, 2012; Wahl, 2011). Although the nature of values and their structure may be universal, individuals and groups differ substantially in the relative importance they attribute to the values. That is, individuals and groups have different value "priorities" or "hierarchies."

Numerous researchers have suggested that behaviour is a result of values and attitudes. They serve as the basis from which attitudes and behaviours are created (Hilton, 2003; Homer and Kahle, 1988). Values are thus the standard or framework of conduct. Organizations establish a code of conduct to serve as a framework for guiding the behaviour of all people towards the attainment of the right values within an organization. However, Wieland (2009) argues that the practical implementation of corporate governance code cannot be realized by just a compliance program or establishment of codes, its relevance in everyday business is determined by the moral values of the company culture (Wieland, 2009).

Dobson (2003) argues that the orientation of the moral values of individuals is very critical. It is critical because that is what provides the basis for the development of individual attitudes that lead to specific decision-making behaviour (Connor and Becker, 1979; Honmer & Kahle 1988). As William (1968) put it "a person's values serve as the criteria or standards of preference" and "actual selections of behaviour result from concrete motivations in specific situations which are partly determined by prior beliefs and values of the actor" (Williams, 1979). Werner & Webley (2008) also emphasised the need for focus on moral values of individuals entrusted with corporate functions by saying it is not enough to have just codes of conduct – ie. corporate codes are necessary but not sufficient.

1.4 Corporate Governance Values

1.4.1 Shareholder Value

Corporate governance has so many lenses from which it is viewed. The first and foremost theory that emerged was the agency theory that viewed the organization from "the relationship between the principals, such as shareholders and agents such as the company executives and managers" (Alchian and Demsetz,1972; Jensen and Meckling, 1976; Abdullah & Valentine, 2009). This theory is said to be coined from the Berle argument in the famous Dodd – Berle debate about the role and purpose of companies (Andreadakis, 2011). Berle suggested that 'managerial powers are held in trust for stockholders as sole beneficiaries of the corporate enterprise' (Mizruchi, 2004); Andreadakis, 2011). This argument kind of gave the basis for the interpretation that businesses exist for the stakeholders who paid for their stakes in the business, that is 'the shareholders'. Shareholder value theory views the shareholder as the 'only' important stakeholder and the business of the enterprise must be towards shareholder value maximization – there is only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays in the values of the game (Friedman, 1962, Andreadakis, 2011).

Another historical case that is mostly referred to as a validator of the stakeholder theory is the supreme court ruling of the case between Dodge and Ford in the 1920s. The case provided concrete grounds for the shareholder view of corporate governance. Throwing some light on this case, Dodge a shareholder of Ford company, sued the company for denying them dividends

whilst Ford using the profit instead of community and reinvestment projects. Dodge argued that the primary responsibility of a company is towards the interest of its shareholders. The case was ruled in favour of Dodge giving credence to the argument that shareholders are the primary interest of the company. (Hector, 2012; Andreadakis 2013). The agency theory, conventional view or shareholder value theory emphasises the principal position of the owner(s) of the organization. In the events of conflicts or dangers to risk, the focus is to find efficient means of protecting shareholders' or principal's interests and maximizing shareholder value. Such a viewpoint of corporate governance shifts the attention of companies from viewing the interests of other stakeholders as 'relevant' and worthy of equal attention.

1.4.2 Stakeholder value

The stakeholder value theory was an extraction from R Edward Freedman's Strategic Management- A Stakeholder Approach in 1984. The motivation or driving force behind the formulation of the stakeholder management concept was to provide an appropriate response to the concerns of managers who were worried about the unprecedented levels of environmental turbulence and change. The idea of stakeholders, or stakeholder management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes that satisfy all and only those groups who have a stake in the business. The central task in this process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm. A stakeholder approach emphasizes active management of the business environment, relationships and the promotion of shared interests. (Freeman, 1984)

"The propositions of stakeholder analysis advocate a thorough understanding of a firm's stakeholders (in the wide sense) and recognize that there are times when stakeholders must participate in the decision-making process. As stakeholders have begun to exercise more political power and as marketplace decisions become politicized, the need for awareness to grow into responsiveness has become apparent." (Freeman & Reed, 1983, p. 95-96). In this light, it has become imperative for firms to absorb any group or individual who can affect or is affected by the achievement of the organization's objectives in their governance mechanisms (Abdullah & Valentine, 2009). The organization is, therefore, at the centre and interacts directly with all stakeholders to ensure that the network of relationships with many groups positively affects decision making processes and outcomes for mutual benefit (Freeman, 1984, 1999; Abdullah & Valentine, 2009). In that sense, stakeholders must be deserving of management attention

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(Sundaram & Inkpen, 2004) and must have interests of equal or similar intrinsic value (Donaldson & Preston, 1995; Abdullah & Valentine, 2009).

Malik (2008) in emphasizing the importance of the stakeholder view of corporate governance, argued that the conventional view in the agency theory has led to an imbalance in favour of exploitation at the expense of exploration. By exploitation, firms engage in value extraction, resource utilization, efficiency, and stability. Focusing on the interests of shareholders, firms become more inward-looking, short-sighted and for that matter 'sweat' the available scarce resources at their disposal for the attainment of their goals. Exploration, on the other hand, is outward-looking and long term. It is about value creation, resource development, effectiveness and continuous change or sustainability (Malik, 2008). Value creation means that firms do not only depend on the 'strength' of their resources but also look for opportunities available that can be realized. This leads to the development of resources for improved effectiveness and continuous change. This brings about an appetite for innovation and R&D. It also leads to a balance and the concept of consumer value creation, where the needs of consumers are identified and attended to. In that way, firms focus on service delivery as their core mandate with the hope of making profits through the improved or increased appreciation and patronage of the company's service delivered.

It is in this view, that the individual or the employee, who has demonstrated through their contributions to the success of organizations and in fraud detection (Dyck, Morse and Zingales, 2010), ought to be considered highly in the internal system design of an organization's corporate governance structure by taking into consideration the external environment from which the employees come from and the preferences and views they hold about corporate governance.

1.4.3 Enlightened stakeholder value

The stakeholder view failed to hold a lot of grounds due to the 'expensive' nature of the concept which is in contrast with the shareholder view on risk minimization. There was also 'uncertainty' regarding the outcome of the 'indirect' approach towards profit and 'the conflict between shareholders and stakeholders' (Andreadakis, 2013). J. Macey in his convergence of corporate governance paper (1999) opined that no company can sustain the abstract goal of shareholder wealth maximization or the broad stakeholder model. The enlightened stakeholder value started to develop to create either a new improved theory or a compromise between shareholder value and the stakeholder model. Another solution would be to come up with a

refinement of the shareholder value theory as this was the prevailing theory, at least until the wave of scandals at the beginning of the 21st century (Andreadakis, 2013).

Primarily, the enlightened stakeholder value seeks to address the difference in the terms of execution between the stakeholder and shareholder value. Malik (2008) discussed that the shareholder viewpoint leads to short term transactions whilst the stakeholder view ensures that firms are long-term in their orientation. Ideally, finding the 'equilibrium' among all the competing considerations: long-term and short-term notions of gain, direct and indirect concepts of value creation, shareholder representation and stakeholder representation, power and accountability is what the enlightened view envisages.

The advantage with enlightened stakeholder view is that it "retains a director-centric character and gives directors a broad discretion to add stakeholders" interests and other broader factors to the traditional shareholders' interests. It is neither altruistic nor wealth-sacrificing theory; it just places its focus on generating long-term shareholder wealth through investor and management attention to the company's impact on extended stakeholder constituencies. Therefore, the main difference between enlightened stakeholder view and shareholder value is that there is a change of perspective from short-term to long-term shareholder value theory" (Andreadakis, 2013 p. 16). The enlightened shareholder view does not require any changes in the current company law framework. It still maintains the profit maximization objective of the company, but subject to developing relationships of trust with shareholders, as this is the best way to ensure sustainability and secure overall.

In summary, the enlightened shareholder view maintains or encourages companies to make a business case out of stakeholder needs and consider the interests of other stakeholders that in the honest pursuit, promotes or drives the success of the company for the benefit of its members. In simple terms, the enlightened stakeholder view is a matter of a win-win situation for companies.

1.5 Summary to literature review

In view of the above discussion, the author constructs the view that values of individuals in an organization are influenced by the other elements of the corporate governance system. As earlier noted, values in the context of corporate governance are used to explain the motivational bases of attitudes and behaviour. Thus, the actions and behaviour individuals exhibit in the organisation, the decisions or choices they make from competing alternatives and the importance or price tag they place on a desirable outcome can give an indication of their values. As Schwartz (2012) noted, values distinguish one group of people from the other, what creates the distinction among other things is the environment, customs and culture (Schwartz, 2012). Every organization has its environment, conventions and culture. Schein (1984) identified an organization's culture to include the artefacts, the values and the basic assumptions. The basic assumptions are the beliefs about the nature of competition, the role of business in society and interpersonal risks. How these basic assumptions are exhibited and transferred to new members is in the actions, speech and behaviour of managers and older colleagues. These basic assumptions, the level of compliance in the external environment and the corporate governance value that an individual hold influences one's values towards the discharge of their corporate governance function.

2. METHODOLOGY

This chapter discusses the method that was employed in carrying out the study. The purpose was to raise discussion into how the various elements influence each other. Thus, the research methodology identifies the techniques and procedures used in the collection, processing, and analysis of data. Important issues such as research method, questionnaire components, measures used for the analysis are discussed. The method used is coherent and complement the ideas and reflect the research objective and purpose (Henning, 2004).

2.1 Research type and design

This research was purely quantitative. The objective of this research is to determine or establish the existence of interactions among actors at the granular level of corporate governance practice that have the possibility of authoring outcomes. Quantitative research is best for establishing relationships and summarizing characteristics across groups or relationships (Rhodes, 2014). Also, quantitative research quantifies problems by generating numerical data or information that can be transformed into usable statistics (Wyse, 2011) The data includes explanations about approaches applied to collect and analyze data, time frame, location and the source used to obtain the data. (Parahoo, 2014). Hence the research design acted as a guide in acquiring the relevant information related to the research question, making it possible to research a better way.

A survey in the form of a questionnaire was used for the data collection. The data collected, which are the responses received from respondents, were then represented by numbers and captured into Microsoft Excel creating a database for the analysis. The data was measured using a variables named dependent, independent and control variables. These variables are explained in detail under the measures subsection below and were analysed statistically using correlation and regression interpretations. JASP software was used for the analysis.

2.2 Hypothesis

A hypothesis is a tentative generalization, the validity of which remains to be tested (George Lundberg). In the most elementary state, hypotheses may be any hunch, guess the imaginative idea, which becomes the basis for action and investigation (Ruatsanga Pachuau). Hypotheses are always used to help simplify or give direction to the analysis of a proposition. When such

hypotheses are tested and prove significant, then over a while become a theory. The overall objective of this research is to establish relationship among the various elements of the corporate governance system and to determine how they influence each other. Thus, to simplify the tasks under the central objective for this research and provide a clear and coherent presentation of the results, the tasks are converted into hypotheses and formulated as follows.

1.5.1 Work environment and individual (employee) behaviour

The practice of corporate governance takes place first within the organization and then in its relationship with the outside world. As indicated by the World Bank (1999) and Postma (2002), corporate governance contains both internal and external control relationships. The internal control relationships are the formal relationships that exist between shareholders, supervisory board, management team, and workers councils; and the informal relationships that are embedded in the code of conduct, managerial ethos and organizational culture (idea extracted from Postma & Helmes, 2003). Social adaptation theorists have suggested that social cognition of an individual's adaptation process of an environment describes or defines an individual value. (Kahle, 1983; Fritzsche & Oz, 2007). That is to say, the perception that is evident in an environment models the attitudes individuals exhibit. Checking the relationship between one's own behavior and that of the immediate surroundings – ie. behaviour of supervisors or managers, respondents in the Academy of Management research (Akademie fur fuhrungskrafte, 2012; Germany) suggested that even though they sometimes think their managers acted in a morally questionable ways, they have had to act themselves in a way incompatible with their personal values. Schein (1984) definition of organizational culture referenced the role work environment plays on individual's behaviour and perception by noting that the pattern of assumption adopted in a work environment by virtue of their experience is passed on to new members as the valid way of doing things. Dobson (2003) also indicated that individuals become acculturated by the day-to-day behaviour they see around them because they assume such behaviour is what is rational and acceptable in their field. Thus the work environment through acculturation implicitly educates new members into certain moral value systems. Webley & Werner (2008) argued that organizations must have an ethical culture and comprehensive ethics program to drive the code of ethics to function. An ethical culture is created by the organization's leaders who manifest their ethics in their attitudes and behaviour. Contrary to his views (Dobson, 2003) regarding the role of acculturation in the moral value system, he later observed that "to be guided by a code of ethics does not entail sacrificing one's self-interest; rather, it entails correctly defining one's self-interest as a professional. A genuine concern for others, which is the theme of

any sound code of ethics, is a natural human drive" (Dobson, 2005 p.61-62). These views thus bring to bear the need to study the role of the internal control relationships in shaping individual values. The first hypothesis is formulated as follows:

H1: An individual's value adoption in an organization is influenced by values (behaviour) of the work environment (the manager & co-workers)

1.5.2 Awareness, Employment considerations & Success determinants

The knowledge available to people supports the decisions they make about actions that shape themselves, organizations in which they participate, and the world in which they live (Holsapple, 2008). "From a diverse mass of knowledge, the decision-maker strives to identify the specific knowledge that is both relevant and important for the decision at hand" (Holsapple, 2008). The development or evolution of corporate governance theories is likely to leave behind memory cues which informs how actors or players in the corporate governance space respond to issues that emerge during their interaction with corporate governance. An actor could either be shareholder centred, stakeholder centred or 'balancing the interests'. Decisions that people make about their job preference, company preference and/or drivers of motivation in an organization, ie what they focus on as their motivation to perform better may not appear in a vacuum but from the memory cue or knowledge acquired. The awareness they have about what the ideal job or company should be, what the emphasis of an organization should be in their corporate governance outlook, how firms should align interests of stakeholders or how organizations should perceive employees inform their choices on what they should look out for in an employment opportunity and so on. Dobson (2003) argued that the theories people are thought in school or emphasized in the lessons contribute to their values and decision making. He argued that the neoclassical economic rationality – the utilitarian notion of what constitutes rational and thus reasonable behaviour is narrow and drives people to the notion of self-interest. People in their attempt to maximize their utility, conceive the justification for individual behaviour and the endless pursuit of personal material wealth without recourse to the general good of mankind and society. Is it possible for the differences in the corporate governance awareness level to explain the differences in the choices or decisions people make in their corporate governance practices? Can the differences in the theoretical formulation or value propositions of corporate governance explain the differences in the motivation or success factors of individuals in their interaction with corporate issues? Since it is possible to have different answers to the question of what is the

foremost consideration for employment opportunities and what determines 'success' in employee engagement, the proposition is formulated as follows:

H2:   All things being equal, an individuals awareness level on corporate governance influences his/her choices on (a.) employment considerations (b.) success determinants

1.3.3 External Institutions & the Value of Corporate Governance

Corporate governance is at the heart of investors' investment decision making and investors are always willing to pay a premium on their investments for 'good' corporate governance (Mckinsey, 2002). The extent of premium investors are willing to pay to vary from country to country. The trend of the responses from the Global Investors' Opinion Survey (2002) suggests an inverse correlation between the state of corporate governance in a country and the premium investors are willing to pay. An empirical study by Mckinsey in 2003 on global investors, provided a hint to how the role of the external environment influences the behaviour and judgment of investors and business actors. When asked how much premium they would pay for good corporate governance, investors from countries with relatively weaker law enforcement or adherence to corporate governance guidelines, were willing to pay higher than investors from relatively stronger corporate governance practising countries. (Mckinsey / KIOD report, 2003)

The higher the quality of corporate governance mechanism in a country, the lower the premium investors are willing to pay. There is always cost and benefits issue or analysis firms have to make when it comes to adhering to good corporate governance. When allowing firms on their own to decide which way to go, they are mostly not 'desirous' to adhere to good corporate governance because it is the cheaper option. As Chhaochharia & Grinstein observed in their research of US companies, "not all firms are 'desirous' of adhering and maintaining good corporate governance. The cost associated with maintaining good corporate governance and the 'benefits' of less compliance account for these differences" (Chhaochharia & Grinstein, 2007). A strong regulatory framework and system put firms in check and ensures the 'rare' practice of good corporate governance becomes a norm.   The author, therefore, proposes that

H3: The premium individuals are willing to pay for good corporate governance is determined by the level of compliance in the external environment.

2.3 Research Instrument

2.3.1 Questionnaire, Data Collection and Respondents

Data used for this empirical study was collected from a questionnaire that was developed online and presented by the author using google forms. It was sent to respondents via FB groups & messenger, Whatsapp, Instagram and emails to respond. Some of the questions are adopted from similar questions used in other research works (eg. Mckinsey/KIOD, 2003; Academy of Management (Germany) 2012). Attached at the end of this thesis in appendix V headed questionnaire is the specimen used for collecting the data for the analysis. The survey comprises four (4) sections, demographic details, corporate governance awareness, preferences and views, and a case study. Three questions were asked on corporate governance awareness, seven (7) on preferences and views and five (5) on a case study. The questionnaire was quite simple and requires less than five (5) minutes to complete. It is in the views of the authors that the main distinctions in the corporate governance values are the outlook, how conflicting interests among stakeholders are addressed and the role of stakeholders. Thus, the summation of these responses would be enough to define the corporate governance orientation of respondents. The background questions asked were meant to provide the author the necessary information needed to validate the responses and to satisfy the purpose for which the data was been collected.

The data was collected between June and early September 2019. The timing for the data collection was very essential as, in the view of the author, most targeted respondents would be on summer holidays or vacation trips.

The sampling was purposive and the technique for selecting the sample was by snowball. The idea was to get as many respondents as possible that fit the criteria and provide responses that are encompassing and can reflect to an extent a general view of people around the world regarding their awareness of corporate governance, their views and preferences. Secondly, since the respondents must be of certain characteristics, that informed the choice of snowball sampling thus, respondents were chosen based on referrals and recommendation by friends and colleagues. Finally, the questionnaire was 'quite technical' and requires a knowledge base or experience to respond appropriately, in that light the minimum educational level required was a Bachelor's degree. All respondents, therefore, held a minimum of a Bachelor's degree. In the end, a total number of 107 respondents from 34 countries and 5 continents responded.

Tab. 1 below provides the gender, age, education and the regional distribution of the respondents. There was a fair representation from Africa, Asia, and Europe with America and Australia

represented but not as expected. Unsurprisingly, Africa and Europe dominated the respondents with 36% and 34% respectively. The reason is that the respondents were selected from the author's contact list and also from a recommendation from friends. Australia and America were the least represented, but considering the limitations, having respondents from those regions was a great effort. Education-wise, the respondents were largely bachelor and master graduates or students. 74% of respondents are below 35 years giving this data and the findings a 'certain futuristic outlook' in terms of what it represents to academia and industry on the future of corporate governance and the fight against corporate misbehaviour. Gender wise, the data is fairly represented. There was an almost equal share of responses from both genders. Provision was made for 'transgender' on the questionnaire and marked 'other', however, fortunately, or unfortunately, no response from a 'transgender' was received. In terms of employment status, 96% have either previously worked or are currently working.

Table 1: Demographic data

Variable	Number	Per cent (%)
Gender		
Female	49	46
Male	58	54
Age		
19-25	22	21
26-34	56	53
35-44	19	18
Above 45	9	8
Education		
Bachelor	42	39
Masters	57	53
PhD	6	6
Other	2	2
Region		
Africa	39	36
Asia	24	22
Europe	36	34
America	6	6
Australia	2	2
Employment Status		
Never worked	5	4
Previously employed	19	18
Currently Employed	86	78
N	107	100

To have insight into the responsibility or role the respondents play in their respective firms, especially those currently working, information about their job title was requested. Roles ranging from CEO, marketing manager, chief accountant, etc are among the job titles of the respondents. Though the job titles were not used for the analysis, it provided a certain indication

of the 'quality' of the respondents and the data gathered for this research work. The link to the database is provided below in Appendix I, which contains information about the job titles of the respondents.

2.3.2 Measures

The hypotheses are developed to test the relationship among variables, particularly the influence of other variables on individual values. Based on the questions possed respondents, There are four (4) identified elements of the corporate governance system and each of the hypothesis developed in this research was mutually exclusive and therefore, had its dependent variables. However, all the hypotheses put together to respond to the research question. The variables are explained below as follows:

Hypothesis 1:
Dependent Variable
Hypothesis 1 tests the relationship between individual values and the work environment. Two questions were possed to respondents to determine the values they have adopted or will adopt towards the discharge of their corporate governance functions. The two questions are: "Have you ever adopted different sets of values distinct from your personal values for job or business success" and "Would you ever use different values in the future for the sake of business success" respectively. PP_ADOPTION and PP_VALUES represent the values of individuals. There were three options for PP_ADOPTION; 'YES', 'NO' and 'NOT SURE'. These options were captured in the database as '1', '2' and '3' respectively. For PP_VALUES there were five options; '1' was coded to represent responses for 'VERY LIKELY' and 'LIKELY', '2' for 'UNLIKELY' and 'VERY UNLIKELY', whilst '3' for 'NEITHER LIKELY OR UNLIKELY'. PP_ADOPTION measured the effect of the explanatory variable on the past behaviour of the respondent and PP_VALUES, the future behaviour.

Explanatory Variables:
The values of managers and co-workers is considered in this study as the values of the work environment. Respondents were asked the question: "have you ever suspected your boss or any of your colleagues to have taken decisions or acted in a way contradictory to their personal values?". The variable 'PP_SUSPECT' which is the response to the question above is used to represent the work environment. The argument thus is the prevailing perceived behaviour of the

work environment influences the value adopted by individuals in the discharge of their corporate governance mandate. The options are 'YES', coded as '1' in the database, 'NO', coded as '2' and 'NOT REALLY' as '3'.

Hypothesis 2:

Dependent Variable

Hypothesis 2 tests the relationship between individual choices or decisions on the job and their exposure to corporate governance values.   The variables used are 'PP_CONSIDERATION' for hypothesis '2a' and 'PP_DETERMINANT' for '2b'. These are responses to the questions "What would be your foremost consideration for choosing an organization to work with?" and "What helps you most determine your success in an organization?". The responses were similarly represented with numbers according to the options provided, however, options one and two for 'PP_DETERMINANTS' were coded '1' whilst three and four were coded '2'. Other responses were coded '3' respectively. The reason behind the groupings is that options one and two are 'more of financial rewards' and therefore similar whilst options three and four are 'more of non-financial rewards'.

Explanatory Variables:

Here to explain what informs an individual's consideration for a new job and determinant for job success, the variable 'CG_AWARENESS' was used. The 'CG_AWARENESS' variable is categorical. The statistical definition of a categorical variable is a variable that takes on usually fixed number of possible values, assigning each individual or other units of observation to a particular group or nominal category based on some qualitative property. In that case, the responses to the three (3) questions on CG awareness were summed up. The total sum obtained for each respondent was categorized as follows '3 – 5' as '1' and '6 – 7 as '2' and '8 – 9' as '3'. The assumption is that a response sum of between three (3) to five (5) is considered to be more tilted towards a shareholder view and would, therefore, be driven by financial rewards in their choices for job considerations and success determinants. On the other hand, an awareness rating between six (6) and seven (7) is considered to be 'stakeholder centred' and would, therefore, be driven by non-financial rewards whilst responses rating eight (8) and nine (9) is considered to be 'enlightened stakeholder view' which is a blend of both financial and non-financial rewards in accordance with the literature.

Hypothesis 3:

Dependent Variable

Hypothesis 3 tests the relationship between individual value on good corporate governance and the level of compliance in the external environment. The variable used here is 'CS_IPREMIUM', which is the response to the question "Deciding as an investor, how much more are you prepared to pay for the shares of your preferred company?". The responses ranges from "0 – 10, 11 – 20, 21-30, 31-40, 41-50 and above 50%". The responses were coded '1, 2, 3' in that order according to the order of the options.

Explanatory Variables:

The regions or continents the respondents hail from was used to explain the differences in the premium each one as an investor is prepared to pay for their chosen firms. Africa was coded '1', Asia '2', Europe '3', America (both north and south) '4' and Australia '5'. As the level of corporate governance compliance differs from region to region, the variable represented the most appropriate explanation for the dependent variable. It is also to reflect the study by Mckinsey/KIOD, (2003).

Control Variables

Three variables were used as controls for this analysis. 'CNTL_GENDER', CTRL_AGE and 'CNTL_EDU'. They represent the gender of the respondent, their age category and their educational level. The idea was to take into consideration differences in gender, experience, and educational level and the influences they could have on the analysis. By introducing them in the regression analysis, those influences are appropriately catered for or negated, giving the outcome or the results a clearer interpretation.

3 RESULTS

3.1 Descriptive Statistics

Descriptive statistics is a type of statistical presentation that portrays the characteristics of persons, situations, or groups and the frequency with which certain phenomena occur. (Ingham—Broomfield, 2014). Having already provided in Table 1 above the characteristics of the respondent, we present under this segment of the results, the responses to the questions asked respondents and the correlation for the variables used for the analysis are presented and discussed.

3.1.1 Responses

The responses obtained from the survey and used for the analysis are summarized and presented in Appendix II (titled Responses). The three (3) corporate governance awareness questions centred on CG outlook, conflict resolution or interests, and employees recorded 57%, 66% and 34% in favour of equal emphasis. 34% of respondents believe corporate governance outlook should focus on problem-solving whilst 9% were of the view profitability should be the focus. With regards to CG interests, 22% of respondents believed financial contributors or shareholders should be given priority in the event of conflicts in interests whilst 12% voted for other stakeholders ahead of financial contributors. 61% of respondents were of the view employees should be considered a core part of a companies business process whilst 6% suggested employees should just be means or channel of a business process and not a core part.

Under the segment views and preferences, 5 questions of yes or no, agree or disagree questions where asked. The questions on approach and personality, 51% and 53% of respondents either strongly agreed or agreed on the assertion that their profession has changed their personality and thus would approach their work differently from their everyday normal life. 45% and 44% of respondents confessed to having adopted different values to attain business success and will do it again in the future. Respondents were also asked if they have ever suspected their managers or colleagues to have adopted different values on the job from their everyday normal life, 48% responded in affirmative with only 20% stating that their managers and colleagues have been consistent with their value both on and off the job.

The case study segment had somewhat interesting responses. When asked respondents to decide as investors and as employees which among two companies, with different corporate governance outlooks but of the same size and characteristics, they would be interested in investing their money or working with, 74% choose company 'A' as investors and 85% as employees. Company A is more akin to a company with a stakeholder perspective or value. The next question asked respondents is what premium they are willing to pay for good corporate governance, the responses were varying with 25% willing to pay between 0 – 10%, 48% willing to pay between 11 and 30% and the last 26% willing to pay between 31% upwards. The question of whether as employees, they are willing to change their option in favour of higher wages at the forgone company, only 33% decided not to change their mind. The rest were willing to change their minds depending on the percentage wage differential on offer.

3.1.2 Correlation analysis

The first analysis conducted was to establish the existence of a relationship between the variables proposed under each hypothesis. Correlation analysis is generally defined in statistics as a method of statistical evaluation used to study the strength of the relationship between two or more, numerically measured, continuous variables. Provided below in appendix III (correlation table) is the Pearson's correlation output from JASP software for all variables used. The control variables used are exempted.

Testing the variables for H1, PP_ADOPTION and PP_VALUES are highly correlated, returning a significant correlation of 40% between the past and future values of respondents. Testing the relationship with the proposed explanatory variable PP_SUSPECT, both the past and future behaviours ie PP_ADOPTION and PP_VALUES returned significant relationship at approximately 36% and 31% respectively. The correlation for H2 variables also returned significantly. PP_DETERMINANT and PP_CONSIDERATION significantly correlated at 23% with a p-value below 5%, PP_DETERMINANT and CG_AWARENESS tested 21% significant correlation whilst PP_CONSIDERATION and CG_AWARENESS tested 24% significant. The last correlation test was between CS_IPREMIUM and REGION, which are the variables used for H3 analysis. There was a significant inverse relationship between the dependent variable CS_IPREMIUM and the explanatory variable REGION at -32.5%, supporting the hypothesis. The highly known phrase in statistical analysis is that correlation does not mean causality, therefore, despite all the correlation test proving significant, no conclusion was made based on

this, however, this results provided grounds for further analysis and gave proof to the validity and/or appropriateness of the hypotheses and the variables used.

3.2 Regression Analysis

This section provides an analysis of the regression results obtained. The analysis is presented according to the hypotheses formulation.

Hypothesis 1

The dependent variable for this hypothesis was viewed from two perspectives ie the past and future behaviour. The explanatory variable was tested on both perspectives. The first test was to determine if the work environment has any influence on the past and current behaviour of employees at the workplace and second to determine if this influence will have the possibility of determining the future behaviour. The expectation was that respondents who have either suspected their bosses or colleagues to have used different values are likely to do the same. Thus the output of the internal structure of the organization has an influence on the behaviour of individuals.

Table 2: Summary of Regression Results (Details provided in appendix IV)

VARIABLES	PP_ADOPTION (H1)	PP_VALUES (H1)	PP_CONSIDERATION (H2a)	PP_DETERMINANT (H2b)	CS_IPREMIUM (H3)
_cons/intercept	1.348***	1.716***	1.067**	1.066***	3.471***
	(<001)	(<001)	(003)	(001)	(<001)
PP_SUSPECT	0.356***	0.309**			
(coefficient)	(<001)	(<001)			
CG_AWARENESS			0.254***	0.233**	
(coefficient)			(009)	(017)	
REGIONS					-0.319***
(coefficient)					(<001)
Controls	Yes	Yes	Yes	Yes	Yes
Observations	107	107	107	107	107
R-squared	.143	0.114	0.076	0.079	.112
Standard Error	0.070	0.079	0.082	0.076	.132

p-values in parenthesis *p<0.1, **p<0.05, ***p<0.01

NB: All coefficients in the table provided are standardized.

Using JASP software, the dependent variable PP_ADOPTION and PP_VALUES, the explanatory variable PP_SUSPECT with the control variables were regressed. The results from the regression analysis is shown above in Table 2.

The explanatory variable returned a positive significant coefficient for both PP_ADOPTION and PP_VALUES. The result thus supported the hypothesis that the views of respondents on the work environment has a relationship with the values of individuals. One unit increase or decrease in the explanatory variable PP_SUSPECT, increases or decreases the dependent variable PP_ADOPTION by 36% and PP_VALUES by 31%. The individual employee's behaviour is significantly affected by the suspicion of superiors or colleagues adopting 'different values' at the office or workplace. The R-squared, which measures the proportion of the variance of the regression model, returned 14% on the PP_ADOPTION model and 11% on the PP_VALUES model. What it means is that the explanatory variable PP_SUSPECT explains 14% and 11% of the past and future behaviour of individuals respectively at the workplace. That can be considered relatively huge, taking into consideration the numerous events and factors that shape an individual's behaviour. The result thus proved right the concept of 'acculturation' by Dobson (2003). Thus the day-to-day behaviour individuals see around them become the model from which they approach their everyday life rather than what they know or have learnt to be rational and acceptable behaviour. This means that an office where colleagues and superiors are known for not doing the right thing will have a reproduction on new entrants.

Hypothesis 2

Hypothesis 2 proposed that the level of knowledge or awareness individuals have on the thrust of corporate governance affect the choices individuals make in their employment or job consideration and success factors ie, how they approach or interpret success on the job. The correlation analysis already revealed a strong significant relationship between individual choices before entering the job ie. PP_CONSIDERATION and what or how individuals approach or perform their functions on the job PP_DETERMINANT. This relationship presupposes the existence of a common 'linen' or layer of interpretation between them.   Both dependent variables were regressed with the presence of control variables to establish the causality or grounds of commonness in the decisions individuals make regarding employment consideration and job success factors. The results are shown in Table 2 above.

The explanatory variable, CG_AWARENESS was positively significant for both employment consideration and job success determinants. The former was significant at 25% whilst the later significant at 23% standardized coefficient. For both models, the R^2 was approximately 8%

explaining that all things being equal when an individual's age, education, and gender is neutralized, decisions made on employment and job success are 8% determined by their corporate governance awareness level. In simple terms, the knowledge of corporate governance shapes the mindset of an individual before entering the work environment and to that extent how he/she performs his/her job. These results provide a certain need for focus or attention on how the thrust of corporate governance is presented to students at school or in learning materials. The good news is that a look at the responses shows that majority of respondents had an enlightened view on corporate governance, ie, the need for equivalent emphasis on both exploration and exploitation and acknowledged that success on the job is about actual performance and nothing else.

Hypothesis 3

Hypothesis 3 examines the effect of the external environment on the individual's value placed on good corporate governance. Respondents were asked how much premium they are willing to pay for their preferred corporate governance practice. The regression analysis done on the response showed a statistically significant inverse relationship between the premium respondents were willing to pay and the region from which they hail from. Table 2 above shows the regression results. The standardized coefficient was -31.9% with a p-value of less than 0.001 showing a strong inverse relationship between CS_IPREMIUM and REGION. The result is somewhat synonymous to the Mckinsey/KIOD (2003) survey report which showed an uneven spread of premium investors were willing to pay for good corporate governance. To show it graphically for better understanding, Fig. 1 below shows the regional average distribution premium respondents were willing to pay.
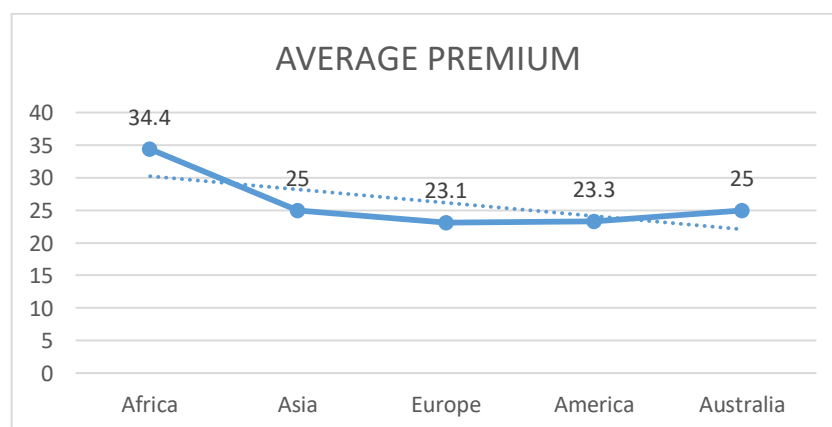

Figure 1: Average premium - regional distribution

Source: Authors creation   Data: Respondents

The graph shows a tilted or semi U shaped curve but the trendline shows a flat downward-sloping curve. It can be argued that the disproportionate distribution of respondents across regions explains the tilted U shaped curve of the premium distribution. It is possible more respondents from America and Australia could have brought down the average premium for those regions. Notwithstanding, since the argument was that the level of external environment enforcement regime influences the value or premium an employee is willing to pay for his preferred corporate governance practice, the downward slopping trendline supports that strongly. The higher the corporate governance regime, the lower the premium. Alternatively, the higher the quality of corporate governance practice in the region from which the respondent hails from, the lower the premium respondents are willing to pay and vice versa. The Mckinsey/KIOD (2003) survey report had a similar outcome where investors from Africa and Asia were willing to pay higher for good corporate governance whilst their counterparts from Europe and America were willing to pay lower. Though no data was provided in this research on the corporate governance ratings in the various sub-regions, the deduction was made from the Mckinsey/KIOD (2003) survey report and publication by GovernanceMetrics International (link: http://bit.ly/2mIkmCU). On average, Africa has the lowest corporate governance index, Asia, Europe, America and Australia in that order from the least to the most. The argument to this is that a high enforcement regime in the external environment makes the adherence to good corporate practice within the internal environment a desirous practice and thus a 'must-do' for all.

3.3 Robustness Analysis

Robustness analysis is always or mostly necessary in quantitative analysis to validate or strengthen the quality of the outcome, however, the nature of the analysis provides the need to explore other opinions of respondents which offers other perspectives in understanding the results.

Choice of Corporate governance Outlook
The questionnaire included a case study to make meaning of or test the 'genuineness' of responses provided by respondents. Figure 2 below provides insight into respondents choices of corporate governance outlook.

Fig. 2 below shows the chart of the responses.
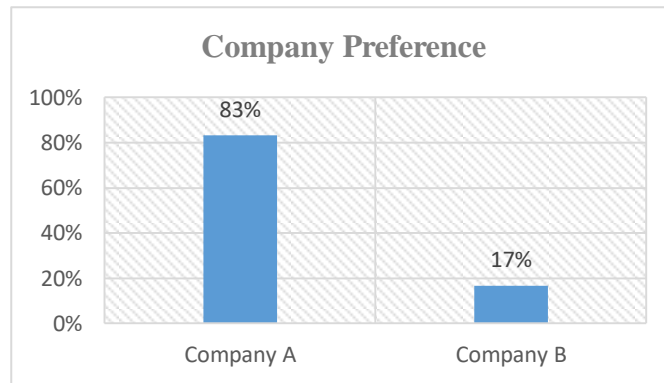
Figure 2: Company Preference of respondents

Respondents were asked to choose from two companies with distinct corporate governance practices – company 'A' tilted more towards stakeholder view and company 'B' towards the shareholder view of corporate governance. Overwhelmingly, 83% of respondents opted, all things being equal, to choose the company with the characteristics of stakeholder view. This implied that a company that is more responsive to the society and driven by the desire to solve the problem rather than merely existing for profit, is likely to attract the majority of these professionals with ease.

The next question was whether respondents are likely to change their mind under conditions of influence, eg. wage differentials, the idea was to test how resolute or determined respondents are at holding on to their 'values' or decisions under varying levels of influence. 33% maintained that they would not change their mind, no matter the level of wage differentials. The next group of respondents, 12% and 14% respectively, would only change their mind if the wage differential is between 30% and 50%

Figure 3: Probability of Influence
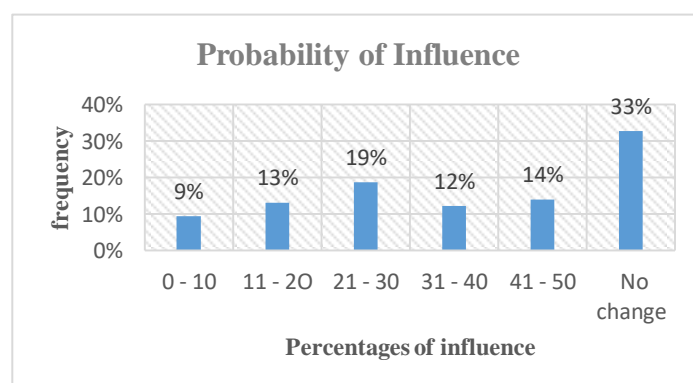
Figure 3: Probability of Influence chart

Fig. 3 above shows the percentages of influence and frequency. The implication is that, under the influence of money or wages, some professionals would change their mind whilst others will maintain or insist on maintaining their choice irrespective of the circumstances.

The implication is that individual choices and decisions on corporate governance outlook are prone to influences particularly from the incentive mechanism on offer. Thus, besides the corporate governance values of individuals influencing their choices and decisions, the incentive mechasim on offer also equally influences choices of individuals.

4. DISCUSSION AND CONCLUSION

Business and management research is quite distinct and requires that the findings must have practical consequences or must contain personal or commercial advantages for managers to have a look in. (Easterby-Smith et al., 2008). In that regard, the objective of this research was to find a link among the elements of corporate governance system and their influence on individual values towards the discharge of their corporate governance mandate. The research was to answer the question whether moral values of individuals have any links with the work environment, the external institutions and the corporate governance outlook of a firm. Research has shown that the success of corporate governance - which has been identified as an opportunity for firm growth (Ammann et al., 2011) – is hinged on the attainment of consistent values among the elements of the corporate governance system (Jones & Hill, 2009). To find the links, the study formulated and tested hypothesis to establish any influences from the work environment, external environment and corporate governance orientation on individual values. The study discussed from literature the importance of values in realising the purpose of corporate governance in organizations. The researcher also constructed the view that individual values are a product of the state and nature of the other elements of corporate governance system. Views of respondents on their work environment, corporate governance orientation, their preference, choices and decisions were obtained through an online questionaire and the responses captured into a database for the analysis. The hypothesis were tested and valuable conclusions drawn.

In the first hypothesis, respondents were asked their view on the work environment – ie. whether or not they have ever suspected the colleagues and superiors to have acted 'awkwardly' or differently, the response, when compared with the past and presend 'behaviour' of respondents, showed a direct relationship. Thus the objective to examine the link and influence of the work environment (ie. behavior of managers and co-workers) on individual values towards corporate practice was realised. There was a significant positive relationship from the regression result which means that the work environment has an influence on individual values. Individuals are acculturated by the day-to-day happenings in the work environment. Positive values emanating from the work environment are adopted by new members, whilst in the same vain, 'negative' influences are adopted by new members as an appropriate way of doing things. The second examination was to determine the influence of corporate governance values of individual on their choices and decisions towards job considerations and success determinants. The decision to accept a job offer and how an individual approach success on the job are two critical functions of

individuals (employees) as part of their corporate governance mandate. The hypothesis proposed an influence of corporate governance values on individual job consideration and success determinant. The results showed a significant positive effect of the explanatory variable CG_AWARENESS on both job considerations and success determinants, supporting the hypothesis. Hypothesis 3 also proposed a link and influence between the level of compliance in the external environment and and the premium individuals are willing to pay for good corporate governance. The results showed an inverse relationship, implying that the higher the compliance level, the lower the premium.

In all the study has provided three (3) angles or directions from which an individual values are influenced; firstly, the work environment; secondly, from his knowledge on corporate governance, and finally, from the external environment, ie country or regional conditions. In the robustness analysis, we checked the influence of incentive mechanism on individual choices and had a mixed outcome. There were also influences from the actual work experience on individual personalities and approach towards work or business we identified from the responses, but that was not hypothesized. These interrelationships either influence positively or negatively in shaping the behaviour of employees, their perception before entering the work environment and what drives them on the job to success.

So to answer the question whether the elements of corporate governance system are dependent or independent on each other, we find the answer to to be yes, they are interrelated. That is to say, moral values of individual actors of corporate governance are influenced by nature and performance of the other elements. A strong compliant external institution will produce disciplined compliant individuals in upholding good practices in the discharge of their corporate governance mandate. An inconsistent work environment which is manifested in managers and senior workers exhibiting values inconsistent with the spirit of the company code of ethics will have a reproduction of same on new entrants thus, creating a culture of insincerity in the organization. Additionally, a corporate governance outlook of an organization which projects profitability or shareholder orientation above service delivery will drive employees to be motivated by 'numbers' ie. salary increases and quantitative results rather than actual performance of the job and qualitative results as a criteria for success.

We can thus conclude that among other things, the work environment, the corporate governance orientation of and the level of compliance in the external environment determines the level of

corporate governance adherence in an individual's value disposition. Thus, the work environment, academia and the external environment form a triangle around which individual values are formed and shaped. Therefore, any differences in purpose or differences in value settings or posture in these establishments have the potential of destabilizing the coherence of values developed and demonstrated by individuals which goes a long way to affect the realization of the ultimate purpose of corporate governance – efficient management, sulvival and sustainability of enterprises.

4.2 Implications of research

The outcome of this research raises some implications for both industry and academia on where the challenge of corporate governance should be situated. The conclusions and recommendations of previous researches have led to the strengthening of the institutions, structures and systems of corporate governance which has gone a long way to improve the fight against corporate crimes. Nevertheless, corporate misdemeanor in various forms still persist. This research bring the attention on the need to look at the challenge of corporate governance from the ethics and values perspective. The need to channel the relationship corporate governance orientation and other system elements have on individual values into positive influences towards the discharge of the desired corporate governance outcomes.

The link identified between the corporate governance orientation and individual values, ie decisions and choices on the job creates a responsibility for academia. The historical data on corporate governance research shows a decline in recent years after an earlier year-on-year increases. Nevertheless, the increases in corporate governance research has not given an equivalent attention to all aspects of the subject. Academia has a big role to play in contributing more to corporate governance research through encouragement and participation to bring to the fore the need to look beyond institutional and systemic dimentions and pay attention to the ethical dimensions of the subject as well. Additionally, the links identified between the work environment, the external environment and the incentive mechanism on one hand and the values of individuals places a responsibility on firms and industry to create the environment needed to influence positive values for the attainment of corporate objectives. Businesses contribute to human development in several ways – on the job training, capacity building and the opportunity or platform offered employees to showcase their talents, skills, and competences in the discharge

of their day to day duties (Bowen, 1953), this research is a further call to businesses, regulatory establishments and industry for closer collaboration in championing the need for right value settings within and without their entities. It is important to appreciate that most companies are investing a lot of resources to provide positive working environment, thus this study encourages such investments.

Lastly, the inverse relationship between the region and the premium respondents were willing to pay point to the role the external institutions play on the views or perception of individuals on good practices in an organization. The individual from the region with relatively higher adherence or regime to good governance, almost values good practice as a 'norm' which can be both positive and negative, positive as in the sense that doing the right thing is a must and an 'expected requirement' from all which must not call for any extraordinary premium or appreciation. The negative implication could be that any lapses in the preservation of this goodwill, such as stringent punishment for abuse, will lead to a sharp deterioration of the 'perceived good normal practice' and usher in the desire to cheat or manoeuvre the system. An example is the findings by Chhaochharia & Grinstein(2007) on US firms. For individuals from regions with relatively less adherence to good practices, perceive doing the 'right' thing as an expensive and rare, thus deserving high premium. Such an individual with the right environment, would either be desirous of doing the right thing to receive the deserving reward or consider it to an 'expensive' enterprise to venture and would, therefore, prefer to perpetuate the already familiar bad practices. This result can also somehow explain the reported better performance of some Africans particularly in Europe and America but relatively poorer or worse outcomes in their homelands.

4.3 Recommendation for future research

We recommend for future research, this study being used as the basis to check the distribution of corporate scandals – regional(country) distribution and/or industry(firm) distribution over the years. The trend that would be identified will help better explain or debunk the notion that the transmission of positive or negative values has a role to play in the outcome of corporate governance. Additionally, future studies could introduce a qualitative dimension to this study to understand better the reason why individuals from different regions were willing to pay different premiums for 'good' corporate practice.

4.4 Limitations

The use of the quantitative measure for the analysis helped in establishing the links the research was meant for. However, quantitative study alone cannot give a comprehensive analysis about intrinsic factors such as values and morals. Hence some qualitative study is needed to further explain. The study also discovered as a limitation, a wide gap in terms of regional distribution of respondents, thus 39 and 36 respondents from Africa and Europe while America (North and South) and Australia had 6 and 2 respondents respectively. Future studies must consider other data collection options to have a more balanced regional distribution. For such research, a higher number of respondents would have provided much more variability to the findings. Nonetheless, with 107 respondents from 34 countries with a minimum of Bachelor's degrees, the findings are valid enough to be considered. Despite the above mentioned limitations, the statistical outcomes and analysis provokes enough practical consequences and concerns for closer interrogation.

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APPENDICES

Appendix I: Responses Database

Link to the database on google drive

https://drive.google.com/file/d/1V_htnEw0iZP1WKTpZbg4e3TamIeQzLmT/view?ths=true

APPENDIX II: Responses

Response distribution

RESPONSE DISTRIBUTION TABLE							
CG_AWARENESS			**VIEWS & PREFERENCES**				
CG Outlook	%		Item	Yes/ S& Agree/ V& Likely	No/ S& Dis agree/ V& Unlikely	N agree & disagree / Unsure	
Profitability	10(9%)		**PP_Approach**	55(51%)	19(18%)	33(31%)	
Problem Solving	36(34%)		**PP_personality**	57(53%)	29(27%)	21(20%)	
Both emphasis	61(57%)		**PP_Adoption**	48(45%)	47(44%)	12(11%)	
Other	0%		**PP_Values**	47(44%)	41(38%)	19(18%)	
			PP_Suspect	51(48%)	19(20%)	35(33%)	
CG Interest							
Shareholders	23(22%)		**PP_Consideration**				
Stakeholders	13(12%)		Salary	31(29%)		**CS_Idecision**	**CS_Edecision**
Middle ground	70(66%)		Job function	70(66%)		Company A	79(74%)	91(85%)
Other	0%		Other	5(5%)		Company B	28(26%)	16(15%)
CG Employees			**PP_Determinant**			**CS_Ipremium**	**CS_EInfluence**
Means	6(6%)		Promotion	14(13%)		0 – 10	27(25%)	10(9%)
Core part	65(61%)		Pay rise	14(13%)		11 – 2O	26(24%)	14(13%)
Both	36(34%)		Reviews	24(22%)		21 – 30	26(24%)	20(19%)
other	0%		Performance	54(47%)		31 – 40	13(12%)	13(12%)
			Other	5(5%)		41 – 50	9(8%)	15(14%)
						Above 50 / No change	6(6%)	35(33%)

Frequency ie. number of respondents outside the box

Correlation Matrix

Pearson Correlations

		PP_ADOPTION	PP_VALUES	PP_SUSPECT	PP_CONSIDERATION	PP_DETERMINANT	CG_AWARENESS	CS_IPREMIUM	REGION
PP_ADOPTION	Pearson's r	—							
	p-value	—							
PP_VALUES	Pearson's r	0.399***	—						
	p-value	<.001	—						
PP_SUSPECT	Pearson's r	0.357***	0.308***	—					
	p-value	<.001	0.001	—					
PP_CONSIDERATION	Pearson's r	0.090	0.055	0.016	—				
	p-value	0.354	0.575	0.874	—				
PP_DETERMINANT	Pearson's r	0.280***	0.215**	0.156*	0.231**	—			
	p-value	0.003	0.026	0.108	0.017	—			
CG_AWARENESS	Pearson's r	0.003	-0.047	0.095	0.241**	0.208**	—		
	p-value	0.979	0.629	0.329	0.013	0.031	—		
CS_IPREMIUM	Pearson's r	-0.224**	-0.115	-0.142	-0.245	-0.096	-0.037	—	
	p-value	0.020	0.237	0.144	0.011	0.326	0.708	—	
REGION	Pearson's r	0.189**	0.158*	0.084	0.162*	0.057	0.091	-0.325***	—
	p-value	0.051	0.103	0.389	0.096	0.561	0.351	<.001	—

p-values in parenthesis *p<0.1, **p<0.05, ***p<0.01

APPENDIX IV: Regression tables

Hypothesis 1: Regression results for PP_ADOPTION and PP_VALUES

PP_ADOPTION

Linear Regression
Model Summary

Model	R	R²	Adjusted R²	RMSE
1	0.378	0.143	0.109	0.634

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	6.844	4	1.711	4.252	0.003
	Residual	41.044	102	0.402		
	Total	47.888	106			

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.348	0.333		4.048	< .001
	PP_SUSPECT	0.270	0.070	0.356	3.877	< .001
	CTRL_GENDER	-0.057	0.124	-0.043	-0.464	0.644
	CTRL_EDU	-0.113	0.095	-0.112	-1.193	0.236
	CTRL_AGE	0.032	0.070	0.042	0.452	0.652

Descriptives

	N	Mean	SD	SE
PP_ADOPTION	107	1.664	0.672	0.065
PP_SUSPECT	107	1.850	0.888	0.086
CTRL_GENDER	107	1.542	0.501	0.048
CTRL_EDU	107	1.701	0.662	0.064
CTRL_AGE	107	3.112	0.894	0.086

p-values in parenthesis *p<0.1, **p<0.05, ***p<0.01

PP_VALUES

Linear Regression

Model Summary

Model	R	R²	Adjusted R²	RMSE
1	0.338	0.114	0.080	0.717

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	6.765	4	1.691	3.294	0.014
	Residual	52.375	102	0.513		
	Total	59.140	106			

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.716	0.376		4.561	< .001
	PP_SUSPECT	0.260	0.079	0.309	3.311	0.001
	CTRL_GENDER	-0.084	0.140	-0.056	-0.601	0.549
	CTRL_EDU	-0.111	0.107	-0.098	-1.032	0.304
	CTRL_AGE	-0.048	0.079	-0.057	-0.605	0.546

Descriptives

	N	Mean	SD	SE
PP_VALUES	107	1.729	0.747	0.072
PP_SUSPECT	107	1.850	0.888	0.086
CTRL_GENDER	107	1.542	0.501	0.048
CTRL_EDU	107	1.701	0.662	0.064
CTRL_AGE	107	3.112	0.894	0.086

p-values in parenthesis *p<0.1, **p<0.05, ***p<0.01

Hypothesis 2: Regression results for PP_CONSIDERATION and PP_DETERMINANT

PP_CONSIDERATION

Linear Regression

Model Summary

Model	R	R²	Adjusted R²	RMSE
1	0.275	0.076	0.039	0.544

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	2.469	4	0.617	2.085	0.088
	Residual	30.204	102	0.296		
	Total	32.673	106			

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.067	0.344		3.098	0.003
	CG_AWARENESS	0.217	0.082	0.254	2.644	0.009
	CTRL_GENDER	0.011	0.106	0.010	0.104	0.917
	CTRL_EDU	-0.061	0.082	-0.072	-0.742	0.460
	CTRL_AGE	0.078	0.061	0.126	1.293	0.199

Descriptives

	N	Mean	SD	SE
PP_CONSIDERATION	107	1.738	0.555	0.054
CG_AWARENESS	107	2.364	0.650	0.063
CTRL_GENDER	107	1.542	0.501	0.048
CTRL_EDU	107	1.701	0.662	0.064
CTRL_AGE	107	3.112	0.894	0.086

PP_DETERMINANT

Linear Regression
Model Summary

Model	R	R²	Adjusted R²	RMSE
1	0.281	0.079	0.043	0.503

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	2.209	4	0.552	2.179	0.077
	Residual	25.847	102	0.253		
	Total	28.056	106			

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	1.066	0.319		3.346	0.001
	CG_AWARENESS	0.185	0.076	0.233	2.431	0.017
	CTRL_GENDER	-0.024	0.098	-0.023	-0.240	0.811
	CTRL_EDU	-0.014	0.076	-0.018	-0.184	0.855
	CTRL_AGE	0.110	0.056	0.191	1.961	0.053

Descriptives

	N	Mean	SD	SE
PP_DETERMINANT	107	1.785	0.514	0.050
CG_AWARENESS	107	2.364	0.650	0.063
CTRL_GENDER	107	1.542	0.501	0.048
CTRL_EDU	107	1.701	0.662	0.064
CTRL_AGE	107	3.112	0.894	0.086

Hypothesis 3: Regression results for CS_IPREMIUM

Linear Regression
Model Summary

Model	R	R²	Adjusted R²	RMSE
1	0.335	0.112	0.078	1.409

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	25.616	4	6.404	3.227	0.015
	Residual	202.403	102	1.984		
	Total	228.019	106			

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
1	(Intercept)	3.471	0.759		4.574	< .001
	REGION	-0.449	0.132	-0.319	-3.397	< .001
	CTRL_GENDER	-0.068	0.275	-0.023	-0.249	0.804
	CTRL_EDU	-0.055	0.211	-0.025	-0.261	0.795
	CTRL_AGE	0.128	0.156	0.078	0.821	0.414

Descriptives

	N	Mean	SD	SE
CS_IPREMIUM	107	2.710	1.467	0.142
REGION	107	2.140	1.041	0.101
CTRL_GENDER	107	1.542	0.501	0.048
CTRL_EDU	107	1.701	0.662	0.064
CTRL_AGE	107	3.112	0.894	0.086

Appendix V. Questionnaire:

Please, I am preparing my master thesis on the values and perspectives of corporate governance. I need your answers, the best way possible, to formulate the right outcomes and discussion for corporate managers and academia.

I will need between 5 to 10 minutes of your time. Thank you for interest and response.

*Required

1. **Please your nationality** *

   _____

2. **Age**
   Mark only one oval.

   ◯ Below 18
   ◯ 18-25
   ◯ 26-34
   ◯ 35-44
   ◯ 45 above

3. **Gender**
   Mark only one oval.

   ◯ Female
   ◯ Male
   ◯ Other: _____

4. **The current level of studies:** *Mark only one oval.*

   ◯ Bachelor
   ◯ Masters
   ◯ PhD
   ◯ Other: _____

5. **Field of studies:**
   Mark only one oval.

   ◯ Business and Economics
   ◯ Engineering
   ◯ Health sciences
   ◯ IT-related discipline
   ◯ Material sciences
   ◯ Humanitarian sciences
   ◯ Other

6. **If other, please specify?**

_____

7. **Employment Status**

Mark only one oval.

( ) Never worked before

( ) Currently unemployed

( ) Currently Employed

( ) Other: _____

8. **Job Title** _____

Corporate Governance Awareness

9. **What in your opinion should be the emphasis of an organization in their corporate governance outlook?**
Mark only one oval.

( ) Profitability

( ) Service delivery or problem-solving

( ) Equal emphasis on both

( ) Other: _____

10. **How should firms align conflicting interests of stakeholders?** *Mark only one oval.*

( ) Satisfy financial contributors or shareholders first

( ) Attend to other stakeholders before financial contributors

( ) Find middle ground for all

( ) Other: _____

11. **How in your opinion should organizations see employees and other stakeholders?** *Mark only one oval.*

( ) As a means of achieving profitability

( ) As a core part of the organization's results

( ) Both as a means and end

( ) Other: _____

Personal preferences

12. **What would be your foremost consideration in choosing an organization to work with?** *Mark only one oval.*

( ) Salary and Job title or position

( ) Job function and work environment

( ) Other: _____

13. **What helps you most determine your success in an organization?** * *Mark only one oval.*

- ( ) Promotions
- ( ) Pay rise
- ( ) Customer and Employer Reviews
- ( ) Performance
- ( ) Other: _____

14. **I need to approach business and work differently from my everyday normal life?** * *Mark only one oval.*

- ( ) Strongly agree
- ( ) Agree
- ( ) Neither agree nor disagree
- ( ) Disagree
- ( ) Strongly disagree

15. **Has your personality in one way or the other been affected or altered by your profession?** *
Mark only one oval.

- ( ) Yes
- ( ) No
- ( ) Not sure

16. **Have you ever adopted different sets of values distinct from your personal values in order to attain 'job or business success'?** *
Mark only one oval.

- ( ) Yes
- ( ) No
- ( ) Not sure

17. **Would you ever use an approach or 'values' different from your personal values in order to succeed at work or business?** *
Mark only one oval.

- ( ) Very likely
- ( ) Likely
- ( ) Neither likely nor unlikely
- ( ) Unlikely
- ( ) Very unlikely

18. **Have you ever suspected your boss or any of your colleagues to have taken decisions or acted in a way contradictory to his/her personal values?** *
Mark only one oval.

- ( ) Yes
- ( ) No
- ( ) Not really

Case Study

Please tell us how you will decide on the case below:

Here are 2 companies with the same characteristics, ie size, work environment, etc except their corporate governance approach. Below are the characteristics

Characteristics/Company	Company 'A'	Company 'B'
Board composition	Stakeholder representation	Shareholders with significant shareholding
Primary focus	Stakeholder satisfaction	Shareholder satisfaction
Social responsibility interest	High	Low
Profitability - margin	Low - medium	High
Rights of information	Equal rights	Preferential, according to share holdings
Relationship with community	Shared interest	Purely economics
Employee Compensation	Team effort(major) Ind. Effort(minor)	Team effort(minor) Ind. Effort(major)
Measure of success	Service delivery	Dividends & Share price

19. **Please if you were to decide as an investor, which of the two companies would you invest in and why?** *

    Mark only one oval.

    ◯ Company 'A'

    ◯ Company 'B'

20. **How much more are you prepared to pay for the shares of your preferred company? (%)** *

    Mark only one oval.

    ◯ 0-10

    ◯ 11-20

    ◯ 21-30

    ◯ 31-40

    ◯ 41-50

    ◯ Above 50

21. **Assuming the share price and the dividend offering of the company you did not choose (above) is higher than your chosen firm, what is the minimum percentage differential that would change your mind?** *

    Mark only one oval.

    ◯ 0-10

    ◯ 11-20

    ◯ 21-30

    ◯ 31-40

    ◯ 41-50

    ◯ I will not change my mind

22. **What if you were to decide as a potential employee, which of these firms would you choose to work with?** *

Tick all that apply.

- [ ] Company 'A'
- [ ] Company 'B'

23. **What if the wage offered is not the same and the ignored company is paying higher, what is the minimum percentage difference that would change your mind?** *

Mark only one oval.

- ◯ 0-10
- ◯ 11-20
- ◯ 21-30
- ◯ 31-40
- ◯ 41-50
- ◯ I will not change my mind

Thank you

I really appreciate your responses.

Powered Google Forms

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