

Corporate Governance Research: A Review of Qualitative Literature

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The focus on corporate governance has increased since the past few decades in most countries around the world, especially in the wake of corporate collapses in early 2000s. These corporate collapses have leads to the growing volume of academic and practical research in this area. Although the quantitative literature on corporate governance is diverse and extensive, the qualitative research in this area is rather limited. This paper provides a review of prior qualitative research on the corporate governance to guide future research on corporate governance. Qualitative study method allows the researcher to gather rich information in this area.

1. Introduction

The focus on corporate governance has increased since the past few decades in most countries around the world, especially in the wake of financial crises and economic collapse (Brown & Caylor, 2006). The 1997 Asian financial crisis has highlighted serious weaknesses in the Asian's capital markets framework which include its corporate governance regime, and thus, demonstrated the needs for effective corporate governance (Mitton, 2002). Later, the beginning of the new millennium has seen the discovery of a variety of accounting frauds and scandals in the USA (Enron, Worldcom, Tyco International etc). This trend was not confined to the US only but also to other countries including Europe (Parmalat), UK (Shell), Bre-X and YBM Magnex (Canada), Royal Ahold (Netherlands), Credit Lyonnais and Vivendi (France), Metalgesellschaft (Germany), HIH Insurance Ltd. (Australia), Transmile and Technology Resources Industries Berhad (Malaysia). Following these corporate collapses, corporate governance reforms have become important issue globally. Many countries have issued Codes of Best Practices in Corporate Governance that address the basic governance issues of board effectiveness and accountability to bring greater power balance within the firm. A number of comprehensive reports on the corporate governance have been developed around the world (i.e. the Blue Ribbon Committee, 1999 and Sarbanes Oxley, 2002 in the USA, the Smith Committee, 2003 and Cadbury Committee, 1992 in UK, ASX Corporate Governance Council, 2003 in Australia, Malaysian Code on Corporate Governance, 2000 in Malaysia, Singapore Code of Corporate Governance, 2001 in Singapore, Hong Kong Corporate Governance Code, 2004 in Hong Kong) to strengthen the corporate governance system. Most of the reports have documented that specific institutional features of corporate governance will affect the credibility of the financial reporting. Accordingly, several changes were introduces to reinforce the quality of corporate governance, including board of directors and audit committee effectiveness, internal audit function and external audit practices (FRC, October, 2010b).

Since the corporate collapses, there is a growing volume of academic and practical research in this area. Although the quantitative literature on corporate governance is diverse and extensive, the qualitative research in this area is rather limited. Given the lack of qualitative study in this area, this paper provides a review of prior qualitative research on the corporate governance to guide future research on corporate governance. Qualitative study method allows the researcher to gather rich information and gain deeper understanding of a phenomenon under study. In this study, we have performed a literature review to provide a basis for considering more qualitative studies in corporate governance and its practice implications. The literature review includes major themes from 15 governance-related articles published in 2000-2013. This paper mainly focuses on key actors in corporate governance which are management, board of directors/ audit committee, internal audit function and external audit. The motivation for this study arose from the various calls for alternative research methods (McNulty et al., 2013; Ahrens et al., 2011; Carcello et al., 2011; Beasley et al., 2009; Turley and Zaman, 2004; 2007) to be employed, in addition to the predominantly archival and survey approaches of prior studies.

The rest of this paper is structured as follows. The next section discusses overview on the corporate governance and corporate governance in literature, followed by the method used in this study. The following section describes key insights from the selected 15 qualitative studies on governance. We then discuss practice implications of the findings of the selected studies. The paper ends with a summary with a brief explanation on limitations and suggestion for future research.

1.1 Corporate Governance Overview

Corporate governance has become an important element in identifying company's strengths and functions (Norwani et al, 2011). It provides a structure to monitor the performance of the company. Good corporate governance should provide good information and suggestions to the board of directors and the management to achieve the firm's objectives and facilitate effective control (OECD, 2004). Cadbury Committee (1992) has defined corporate governance as the system by which companies are directed and controlled. Meanwhile, the Organization for Economic Cooperation and Development (OECD) Corporate Governance Principles (2004) defined corporate governance as the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Generally, these definitions highlight the importance of interactions among governance mechanisms and the structure needed for effective governance. Gramling et al. (2004) and Cohen et al. (2004) documented that there are four important mechanisms of corporate governance include management, boards of directors, internal audit functions and external audit. Therefore, the roles play by these key mechanisms is essential to the success of good governance. Good mechanisms such as an independent board of directors, effective audit committees and internal audit function, and others are needed to help management to control their companies.

The board is one of important component of a company whereby it should be efficient and provide maximum transparency of a company's performance. The board of directors also should maintain a sound system of internal control of the organizations. This component of a company needs other groups, such as the audit committee, internal audit function and external audit, to complete their effectiveness (Davidson et al., 1996). A good board of directors will ensure the external auditor performed good audit service in order to improve the financial reporting. In the meantime, the board need effective audit committee and internal audit function in provide insights of the company performance. The current corporate governance around the world has recommended the organizations to have a well-balanced and effective board of directors in order to have a good internal corporate governance system.

As an operating committee for board of directors, audit committees should play their roles to ensure the success of corporate governance by monitoring management's actions, in terms of financial reporting, risk management as well as internal control (DeZoort et al., 2002). The audit committee has responsibilities towards the audit function and it includes the relationship of the organization with its auditors. Since the beginning of 21st century, the audit committee effectiveness has been the center of various researchers' interests, typically on the relationships between audit committee and external audit. This relationship is particularly important in the process of enhancing the quality of corporate governance system (Bishop et al., 2000).

Meanwhile, the internal audit function is in the best position to help other key players to understand the firm's internal control system, the level of compliance with the system and firm's risk management (Suwaidan and Qasim, 2010). Most of the literature documented that the internal audit function can improve corporate governance and there is growing importance and expanded roles of internal audit function in ensuring quality of corporate governance (Gramling et al., 2004). Historically, internal audit function has not been necessarily the focus on responses to the corporate collapses and scandals. However, nowadays, the internal audit function has been considered as one of the key elements in improving the systems of business reporting and internal control (Bailey et al., 2003). Studies have also revealed the ability of internal audit function to contribute towards quality corporate governance through its oversight role, its improvements to the control and monitoring environment (Coram et al., 2008).

External auditors also play a vital role in the governance of organisations. The need for an independent external audit of the financial statements is widely acknowledged to provide assurance to stakeholders of managers' stewardship of the firm's resources (Watts and Zimmerman, 1983). External audits serve a vital economic purpose and play an important role in serving the public interest to reinforce trust and confidence in financial reporting. An external audit provides an independent check on the work of agents and of the information provided by an agent, which helps to maintain confidence and trust. Accordingly, the interests of the shareholders can be protected. Given its important roles, the external audit reporting should consider other governance mechanisms to achieve audit effectiveness and high quality of financial reporting (Cohen et al., 2007).

Eventually, the key mechanisms in governance play important role in improving the governance system as well as quality of financial reporting (Rezaee et al., 2003). Therefore, the interactions among these key mechanisms are particularly vital in improving overall governance system and to ensure that stakeholders receive the highest quality financial reports. Given the importance of these key mechanisms, the prior studies of corporate governance particularly on these key mechanisms are discussed in the following section.

1.2 Corporate Governance in Literature

Since the corporate collapses, the research in corporate governance has growing and evolving. Hundreds of studies in various areas of corporate governance have been published especially after the corporate collapses

events. Carcello et al. (2011) have examined key insights from 12 prior literature reviews or meta-analyses that address some portion of the corporate governance literature in accounting and auditing. From these meta-analyses studies, the authors highlighted the fundamental relation between good governance characteristics and good accounting and auditing outcomes. For example, the analysis reveals that a positive relation between a variety of “good” governance characteristics and a variety of “good” accounting outcomes (fraudulent financial reporting, restatements, earnings management/accruals quality, and accounting conservatism and accounting quality). “Good” governance characteristics refer to the characteristics of the boards of directors and audit committee. The authors further argued that good boards are mainly focus on board independence, whilst good audit committees are mainly focus on audit committee financial expertise and independence. Carcello et al. (2011) has provided detailed insights on the prior study in corporate governance. However, most of the studies discussed in this paper are focused mainly on the quantitative studies conducted in this area. This is further supported by Turley and Zaman (2004) who documented that most of the published articles in governance are using quantitative approach (archival which usually using publicly available data or questionnaires).

The studies using quantitative approach are typically suited for examining the association between governance inputs (board and audit committee characteristics) and various outputs (i.e. firm performance, earnings management etc.). However, using merely archival method cannot be sufficient to analyses the processes in the corporate governance (i.e. the effectiveness of the board and audit committee in performing their roles and responsibilities). Therefore, a qualitative approach incorporating interviews, case study, observation or others are essential in analyzing the processes in the corporate governance (Cohen et al., 2010). The qualitative research is particularly important as it is more open-ended and flexible (Patton, 2002) compared to the quantitative research. Qualitative research also provides a basis for challenging some of the dominant assumptions about how governance processes are actually function (McNulty et al., 2013).

McNulty et al. (2013) recently have explored the qualitative studies conducted in the corporate governance. Using 78 qualitative articles published in 11 journals from 1986 (first included paper) through 2011, the authors analysed some key characteristics of each paper. This would include date of publication, country of the qualitative scholars’ attributed work institution, number of scholars, journal’s title, main topic, discipline and theoretical perspective, number of disciplinary frameworks, theoretical aim, research setting, number of research settings, sources of data, number of sources of data, and level of analysis. The results of the study suggest that the qualitative studies on corporate governance have growing (with dominant focus on the board of directors) but there is still limited qualitative studies published work on corporate governance. This is supported by the study by Bluhm et al. (2011) who documented that the interest in and influence of qualitative research appears to be growing. However, qualitative researchers still face a number of added barriers compared to the quantitative researchers when trying to publish their work. McNulty et al. (2013) also documented that most of the qualitative studies in governance are mostly developed by UK scholars and published in European journals. From their findings, McNulty et al. (2013) call for qualitative studies of corporate governance practice as there is much scope for more qualitative studies which explore the array of interactions and processes involved in corporate governance, across different levels of analysis and contexts. The authors also suggested more qualitative research on the other key mechanisms other than board of directors as the prior qualitative research is most attentive to the study of boards of directors.

From the discussion above, we can see the importance of the qualitative studies on corporate governance. Thus, it is appropriate to discuss the evidence available in the literature concerning the corporate governance practices using qualitative approach as it may provide interesting findings. The following section will first discuss the method use in this study followed by the further discussion on the findings from the selected qualitative studies.

2. Method

In this study, we discuss the qualitative corporate governance literature by discussing the key findings from 15 qualitative governance-related articles published in 2000-2013. To identify the studies using qualitative method, we searched for published papers on the Business EBSCOHOST database, Proquest database, SSRN website, and some other databases (i.e. Springerlink, Science Direct, Emerald). We searched through databases using several keywords such as “audit committee,” “director,” “board,” “internal audit function,” “external audit,” and “governance,” with the combination of these words with “qualitative”. We only searched for published papers in 2000 or after since the corporate governance has been main concern after the high-profile corporate collapses in the new beginning of millennium (Brown & Caylor, 2006). We reviewed over 50 studies, but only discuss some of these studies which we believed have provided interesting new findings. We primarily focus on research that pertains on how the board of directors, audit committee, internal audit function and external audit perform their roles in practice as well as the interactions among them.

3. Fundamental Insights from Literature Review

We analyzed key insights from 15 qualitative studies that address the processes of corporate governance. These papers are O'Higgins (2002), Roberts et al. (2005), Parker (2007), Brundin & Nordqvist (2008), Cohen et al. (2013), Soobaroyen & Mahadeo (2012), Cohen et al. (2002), Gendron et al. (2004), Turley & Zaman (2007), Beasley et al. (2009), Cohen et al. (2010), Salleh & Stewart (2012), Zain & Subramaniam (2007), Sarens et al. (2009) and McCracken et al. (2008). The summary of these studies are presented in Table 1 below. These studies cover different aspects of the corporate governance in literature. These studies focus mainly on the roles and responsibilities of the board of directors, audit committee, internal audit function, external audit and the interactions among these key mechanisms. Overall, these studies show how the qualitative study might present and discuss different outcomes from the quantitative studies. These studies address governance processes (for example, what roles that boards and audit committees actually perform and how they complete it), and not just focus on governance characteristics such as independence, diligence or financial expertise (see for example, Be'dard and Gendron, 2010; Schneider et al., 2009) which usually discussed in the quantitative studies.

O'Higgins (2002), Roberts et al. (2005), Parker (2007), Brundin & Nordqvist (2008), Soobaroyen & Mahadeo (2012) focus mainly on the board of directors. These studies provide deeper, more current insights how the board actually do in performing their roles in the organization as well as improving the governance. Using interviews as a method of the study, O'Higgins (2002) found that the incisive thinking, the ability to make a beneficial contribution to the company inside and outside the boardroom, and practical business experience are the most important characteristics of effective non-executive directors in Ireland. Roberts et al. (2005) who also focus on the non-executive director explore the effectiveness of boards through an examination of the work and relationships of non-executive directors. Whilst other study use the board composition to measure effectiveness, Roberts et al. (2005) argue that the actual conduct of the nonexecutive vis-a`-vis the executive that determines board effectiveness. Through the interviews with 40 company directors, Roberts et al. (2005) find that non-executive's willingness to exercise independence is the key to effective board behavior. The results also suggest that traditional divisions between agency and stewardship theory do not adequately reflect the actual practice of the directors on board. The study concluded that corporate governance reform will be challenged as it not supports the actual effectiveness of boards.

Using a longitudinal complete member researcher (CMR) participant observer methodology, Parker (2007) examines internal governance processes in two nonprofit association boards. In particular, the study offers insider observational studies of boardroom behavior and the effectiveness of board functioning in the selected organization. Overall, the results suggest that boardroom culture is important in the governance process. The analysis suggests that the chairing style by the director influences meeting effectiveness towards being informal and facilitating. Further, informality and humour are particularly important in lubricating directors' interrelationships, communication and cohesion. Meanwhile, Brundin & Nordqvist (2008) conducted a study to explore the role of emotions for board members in perform the board's control and service tasks. This study focuses on how long-term and short-term emotions work as power and status energizers in the boardroom. The results reveal that power and status are important to evoke emotions in interactions between board members. Short-term and long-term emotions are a basis of energy that influences board work, and that they are influential in the board members' task performance.

Finally, Soobaroyen & Mahadeo (2012) conducted 24 in-depth semi-interviews of board members in listed and non-listed companies to examine whether the corporate governance requirements have an impact on how accountability is perceived, understood and practiced by company board members in Mauritius. Generally, the findings of the study suggest that individualizing form of accountability and individualizing governance in companies in Mauritius have been developed since the changes in its corporate governance. This is evidenced by a renewed awareness of director's responsibilities to shareholders and the use of board committees to monitor managerial activities.

Numerous qualitative researches on governance have focused mainly on audit committee effectiveness and how the audit committees do their work. In this paper, we provide a few examples of published work that deepens our understanding and knowledge on the audit committee in practice. Among the study that discussed on the audit committee include Cohen et al. (2002), Gendron et al. (2004), Turley & Zaman (2007), Beasley et al. (2009), Cohen et al. (2010), Salleh & Stewart (2012) and Cohen et al. (2013).

Cohen et al. (2002), studying the influence of various corporate governance on the audit process, including the role played by the audit committee, found that auditors perceived audit committees are weak and ineffective in the post-SOX era. Cohen et al. (2002) can be regarded as the pioneer study which directly captures auditor experiences concerning their interactions with audit committees and boards of directors and the resulting effect on the audit process. Based on their interviews with 36 auditors, the findings indicated that auditors found audit committee members are lacked of expertise, power, and skepticism that would make them effective. Likewise, auditors frequently found audit committees to play a passive role. However, Gendron et al. (2004) who examine the practices in the audit committee meetings concluded that audit committee members have an awareness to

fulfill their responsibilities and they are dependent on the quality of the work performed by the company's internal and external auditors in fulfill their responsibilities. Through their interviews (Chief Executive Officer, Chief Financial Officer, chief internal auditor, partner in charge of the external audit engagement, chairperson of the audit committee, and audit committee members), they found that audit committee members place significant attention on a few matters during meetings (i.e. accuracy of financial statements; appropriateness of the wording used in financial reports; effectiveness of internal controls; and the quality of the work performed by auditors). They also found that the audit committee asking challenging questions and assessing responses provided by managers and auditors during the meetings. In an extension of their earlier study, Gendron and Bedard (2006) carry out additional interviews in year 2004 in order to develop an understanding on how the collapses Enron and Andersen impacted attendee's sense of audit committee effectiveness. From the interviews, they suggested that the attendee's configurations of meaning regarding audit committee effectiveness are constructed through four categories of processes. Among others, the background of audit committee members, ceremonial features of audit committee meetings, reflective interpretations of substantive practices and activities taking place during audit committee meetings and reflective understandings of informal practices taking place outside meetings. They concluded that audit committee members carry out diverse practices, in order to become comfortable with their company's internal controls.

Later, Turley and Zaman (2007) conducted a case study at a UK listed financial services company to examine the conditions and processes affecting the operation and potential effectiveness of audit committees. The findings revealed that audit committee have limited role in internal control matters due to audit committee's lack of detailed knowledge. However, the study provides the evidence on the significance of informal processes around the audit committee through which concerns might be raised. The findings also document the influence of audit committee's power on other governance participants as well as the importance of the relationship between the audit committee with the internal audit functions and external auditors. In support to the Turley and Zaman (2007) suggestion of more qualitative research on the audit committee process, Beasley et al. (2009) used interview as a method to examine the audit committee oversight process in the post-SOX era within 42 US public companies. Through the interviews, the authors found that audit committees have good interactions with internal audit and external audit in assessing the effectiveness of internal control of the organisations. Besides, in some cases, there is evidence of the audit committee performing ceremonial roles. However, overall, audit committee members perceived that audit committees have the requisite financial expertise, meet frequently and for long time periods, and ask probing questions of management.

Additionally, a recent interview with auditors were conducted by Cohen et al. (2010) to gain insights on the audit process and the interactions between auditors and other corporate governance parties in the post-SOX environment. Findings documented that the auditors indicate significant changes in the corporate governance environment. In contrast to the findings in Cohen et al. (2002), the auditors note that audit committees have greater expertise and power as well as more conservative in fulfilling their duties. The audit committee members also play significant roles in overseeing internal controls, focusing on reporting quality, identifying risks, asking challenging questions, and overseeing the whistleblowing process. Similar results have been found by Salleh and Stewart (2012) who conducted the case study in seven public listed companies in Malaysia found that the audit committee provides assistance to resolve the dispute between management and auditor when the issue is very material. The understanding of their responsibilities, awareness of possible issues and the members' accounting and business expertise are the main factors that contribute to the audit committee act as a mediator. More recently, Cohen et al. (2013) extends Cohen et al. (2010) by provides insights on the effectiveness of the Sarbanes-Oxley Act through the interviews with 22 experienced directors from US. In particular, the study examines directors' experiences of the impact of the Sarbanes-Oxley Act on the relationship among audit committee, external auditor and management as well as it impacts on internal audit, financial reporting quality, and corporate risk taking. Based on the interviews, the evidence reveals that the audit committee has assumed the monitoring role required by Sarbanes-Oxley Act. Further, the findings documented that Sarbanes-Oxley Act had positively impacted the quality of financial reporting. This finding is indirectly supported by the decline in major frauds since the establishment of the Act. The Sarbanes-Oxley Act, however, had adversely impacted corporate risk taking.

Two studies (Zain and Subramaniam, 2007 and Sarens et al., 2009) provide deeper and more current insights into the interaction between audit committee and internal audit in organisation. Overall, these studies documented that the interactions between these two mechanisms are important in improving governance and internal control system of an organization. Zain and Subramaniam (2007) conducted in-depth interviews with the heads of the internal audit function in 11 publicly listed companies in Malaysia to provide insights on what the internal audits perceive of their interactions with audit committee. This study is particularly vital as it was conducted in developing country which is recognised as being characterised with a high power distance culture and thus, contributes to the extant literature on the interaction between audit committee with internal audit function. From the interviews, the results indicate that internal audit function having limited informal communications and limited private meetings with audit committee members. The results of the study also have

emphasized on the committee importance of having clear reporting guidelines for internal audit function. It also stressed on the importance of the development of better communication and leadership skills among audit members in order to improve the relationship between internal audit function and audit committee. This study has highlighted some of the findings that contrast with commonly assumed views on the interactions between internal audit functions and audit committees (see for example Gendron and Bedard, 2006 and Sarens et al., 2009).

Focusing on the interactions between audit committee and internal audit functions, Sarens et al. (2009) provides insights on (1) what drives the audit committee to look for the support of the internal audit function; and (2) what makes the internal audit function an expert at providing comfort to the audit committee. From the data gathered through case studies in four Belgian companies, the findings show that audit committees seek comfort with respect to the control environment and internal controls through internal audit function's involvement in improving internal controls. Internal auditors' unique knowledge about risk management and internal control, combined with appropriate inter-personal and behavioural skills, enables them to provide the comfort to the audit committee members. In their study, Sarens et al. (2009) suggested for longitudinal research, to investigate how the needs for comfort on behalf of the audit committee change as the status of the risk management and internal control system and management's approach towards risks and internal controls change over time.

While other studies focus on the board of directors, audit committee and internal audit function, McCracken et al. (2008) has conducted a study to see the interactions and negotiation between the management and external audit. Even though the studies on this interaction are increasing, however it is still understudied, whereby most of these research focusing mainly on the audit partner. In particular, McCracken et al. (2008) focuses on actual chief financial officer- audit dyads (the two main negotiators) in discussing their responsibilities, relationships and the negotiation of a specific issue(s). The authors carried out an interview based field study of chief financial officer-audit partner dyads to analyze how the chief financial officers and their audit partners describe the negotiation of a specific accounting issue. The findings of the study show that audit firms manage the assignment of partners to engagements based on chief financial officer preferences and the chief financial officer remove the partners who are in poor relationships. It also reveals that the audit partner is always performing the roles according to the client's preferences to ensure the client management remains happy. This research provides understanding on how the roles and relationship are negotiated between the auditor and the chief financial officer.

Table 1 Summary of Selected Qualitative Studies

Author	Title	Objective	Research Method	Findings
(2002) (Board of directors)	Non-executive O'Higgins Directors on Boards in Ireland: co- option, characteristics and Contributions	To analyse the selection and characteristics of nonexecutive directors in Ireland	In-depth interviews and repertory grids with 26 prominent non-executive directors and chairmen.	The most important characteristics of effective non-executive directors were: (i) incisive thinking, the ability to size up a complex issue clearly, (ii) the ability to make a beneficial contribution to the company inside and outside the boardroom, and (iii) practical business experience.
Cohen et al. (2002) (Audit committee)	Corporate Governance And The Audit Process	To examine the impact of various CG factors, such as BOD and AC on the audit process	Semi structured interview/ 36 practicing auditors(11 seniors, 12 managers, 13 partners)/ big 5 firms	- Auditors view management as the primary driver of corporate governance - corporate governance factors to be especially important in the client acceptance phase and in an international context. - ACs is typically ineffective and lack sufficient power to be a strong governance mechanisms.

Gendron et al. (2004) (Audit committee)	Getting Inside the Black Box: A Field Study of Practices in "Effective" Audit Committees	To provides insights into practices that audit committee members carry out in meetings, including the part of the meetings where members meet privately with auditors.	Field study in three Canadian public corporation (interviews to gather data on AC activities) 22 individuals (7 in corporation A; 8 in corporation B; 7 in corporation C)	- Key matters that AC members emphasize during meetings, such as: accuracy of FS; appropriateness of the wording used in financial reports; effectiveness of internal controls; & the quality of the work performed by auditors. - Key aspect of the work carried out by AC members consists of asking challenging questions and assessing responses provided by managers and auditors.
Author	Title	Objective	Research Method	Findings
Roberts et al. (2005) (Board of directors)	Beyond Agency Conceptions of the Work of the Non-Executive Director: Creating Accountability in the Boardroom	To examines board effectiveness through an examination of the work and relationships of non-executive directors.	40 in-depth interviews with company directors, commissioned for the Higgs Review	- Traditional theoretical divisions between agency and stewardship theory, and control versus collaboration models of the board do not adequately reflect the lived experience of non-executive directors and other directors on the board. - Developing accountability as a central concept in the explanation of how boards operate effectively enables the paper to both challenge the dominant grip of agency theory on governance research and support the search for theoretical pluralism and greater understanding of board processes and dynamics.
Turley & Zaman (2007) (Audit committee)	Audit committee effectiveness: informal processes and behavioural effects	To investigate the conditions and processes affecting the operation and potential effectiveness of audit committees (ACs), with particular focus on the interaction between the AC, individuals from financial reporting and internal audit functions and the external auditors.	A case study approach - direct engagement with participants in AC activities (AC chair, external auditors, internal auditors, and senior management)	- The importance of informal processes around the AC - Possibility that the AC's impact on governance may be greatest in non-routine situation - Audit committee influence on power relations between organizational participants
Parker (2007) (Board of directors)	Internal Governance in the Nonprofit Boardroom: a participant observer study	- To inductively identify the key characteristics of nonprofit boardroom internal governance processes from two observed cases	Observation on internal governance processes within two non-profit boards (two-year study period took the form of personal involvement	Boardroom culture emerges as a potent ingredient in the governance process

		- To elucidate unique nonprofit patterns of board profile and performance management, agenda and discourse management, the board–CEO relationship and boardroom culture	in and observation of approximately 80 per cent of all routine and special board meetings, and some associated director/management subcommittees)	
Author	Title	Objective	Research Method	Findings
Zain & Subramaniam (2007) (Audit committee and internal audit function)	Internal Auditor Perceptions on Audit Committee Interactions: a qualitative study in Malaysian public Corporations	To provide insights into internal auditors' perceptions of their interactions with AC members in Malaysia.	In-depth interviews of the heads of the internal audit function (HIAFs) from 11 publicly listed companies	<ul style="list-style-type: none"> - Indicate infrequent informal communications and limited private meetings between the HIAFs and ACs, and a need for clear reporting lines - ACs are seen to be held in high esteem for their authority and are expected to take on greater leadership in the inquiry of management's decision-making
Brundin & Nordqvist (2008) (Board of directors)	Beyond Facts and Figures: The Role of Emotions in Boardroom Dynamics	To understand how emotions matter when board members interact to perform their tasks	Observation in a real-time setting over 18 months.	<ul style="list-style-type: none"> - Empirical accounts from board meetings and diary notes from a CEO show in detail how emotions work as power energizers and status energizers in boardroom dynamics. - Short-term as well as long-term emotions are a source of energy that affects board work, and that they are influential in the board members' task performance.
McCracken et al. (2008) (External audit and management)	Auditor–client management relationships and roles in negotiating financial reporting	To examine the assumption that the roles played by CFO and audit partner and the nature of the relationships are similar across negotiations	Interview based field study of chief financial officer (CFO)–audit partner dyads (9 companies)	Audit firms appear to manage the assignment of partners to engagements based on CFO preferences and remove those partners who are in “poor” relationships, irrespective of why the relationship is considered by the CFO to be “poor”.
Beasley et al. (2009) (Audit committee)	The Audit Committee Oversight Process	To provides extensive information about the AC process	In-depth interviews (42 individuals actively serving on US public co AC)/ Feb 2004- Feb 2005	<ul style="list-style-type: none"> - AC members strive to provide effective monitoring of financial reporting and seek to avoid serving on ceremonial AC. - Responses vary with personal and company characteristics, with particularly notable differences related to AC members' accounting expertise and time of appointment to the AC

				(pre-SOX versus post-SOX).
Sarens et al. (2009) (Audit committee and internal audit function)	Internal audit: A comfort provider to the audit committee	- provides insights on (1) what drives the audit committee to look for the support of the internal audit function; and (2) what makes the internal audit function an expert at providing comfort to the audit committee	Four Belgian case studies (interviews with internal auditors and audit committee members)	- Audit committees seek comfort, with respect to the control environment and internal controls, two areas in which they confront considerable discomfort. - internal audit function's traditional assurance role, its involvement in improving internal controls provides a significant level of comfort to the audit committee -Internal auditors' unique knowledge about risk management and internal control, combined with appropriate inter-personal and behavioural skills, enables them to provide this comfort.
Author	Title	Objective	Research Method	Findings
Cohen et al. (2010) (External audit and audit committee)	Corporate Governance in the Post-Sarbanes Oxley Era: Auditors' Experiences	- To capture the experiences of auditors in their interactions with the audit committee, board, and internal auditors in the post-SOX environment - Focus on how such interactions affect the audit process (e.g., risk assessments and resolution of contentious accounting issues) and the audit environment (e.g., appointment and termination of auditors)	Semi-structured interviews with 30 experienced audit partners and managers	- AC are seen as having sufficient expertise and power to fulfill their responsibilities - There is a strong, positive shift post-SOX in the seriousness that AC members bring to their role as monitors of the quality of the financial reporting process
Salleh & Stewart (2012) (Audit committee)	The role of the audit committee in resolving auditor-client disagreements: a Malaysian study	To report the findings of semi-structured interviews with management, external auditors and audit committee members in Malaysia concerning the role of the audit committee in resolving auditor-client disagreements	Exploratory case study (interviews with an audit committee chair/member, the finance manager/CFO and the external auditor)	- When the issue is very material, the audit committee plays a mediating role as a third-party intermediary who provides assistance to resolve the dispute. - The authority of the committee to act as a mediator comes from its oversight responsibilities, its understanding and awareness of possible issues and the members' accounting and business expertise. - Mediation techniques used include controlling the agenda, gathering information, advising and solving problems

Soobaroyen & Mahadeo (2012) (Board of directors)	Do corporate governance codes improve board accountability? Evidence from an emerging economy	To examine whether the expectations and requirements contained within the corporate governance code have an impact on how accountability is perceived, understood and practiced by company board members in an emerging economy (Mauritius).	24 semi-structured interviews of board members in listed and non-listed companies and also analyses the accountability implications present in the local code of corporate governance and relevant reports.	- Substantive change in the type of board accountability but it is one which privileges an individualising form of board interactions. A move to a more empowered “maximalist” board is also noted.
Cohen et al. (2013) (Audit committee)	The Effectiveness of SOX Regulation: An Interview Study of Corporate Directors	Provides insights on the effectiveness of the Sarbanes-Oxley Act (U.S. House of Representatives 2002) in promoting high-quality financial reporting and good governance	Interviews conducted with 22 experienced audit committee directors from U.S. firms	SOX has positively impacted the monitoring role of the audit committee (board), which directors attributed to the financial expertise and internal control requirements and heightened substantive diligence

4. Conclusion

From the literature, the corporate governance has grown rapidly in the past few decades. However, most of these studies are conducted using quantitative approach. Even though the qualitative studies in this area are growing, it is still understudied and there are various scopes that can be explore through qualitative studies. Majority of prior quantitative studies ignore the processes related with the key governance mechanisms activities. Generally, these qualitative studies deal with the impact of board of directors and audit committees (i.e. existence and other observable characteristics) on specific aspects of corporate governance through the several proxies. We observe that there is lack of publicly available data that would facilitate more quantitative research and accordingly, more qualitative research are needed in enhance understanding the impact of governance system. Most of the prior studies call for more qualitative studies on the processes associated within the corporate governance (Turley and Zaman, 2004). The qualitative studies are essential to complements the existing quantitative studies in this area by relying on the data derived from the case study, in-depth interviews, observations and other related methods. In this paper, we summarize some of the selective findings of qualitative studies in the literature.

From the discussions of the studies, these qualitative researches have deepened our understanding of the roles and responsibilities of the key governance mechanisms (i.e. board of directors, audit committee, internal audit function and external audit) and interactions among them. Overall, most of the research discussed in this study reveals an important roles play by the board of directors in the boardroom, audit committees interactions with external audit and internal audit function in improving their effectiveness in governance and how the external auditors maintain their relationship with the management which cannot be explore through the quantitative studies. The findings of these have important implications for practice. On an overall basis, the findings of these studies are supported focus on improved corporate governance which discussed by the regulators.

These 15 studies are generally suggested for more qualitative research on governance, largely motivated by limited qualitative research to date. For example, Turley and Zaman (2007) noted that there is a need for additional qualitative research on the audit committee process to enhance understanding on audit committee activities and its effects in practice. Similarly, Beasley et al. (2009) recommend for more qualitative research on the effects of internal audit oversight on the audit committee effectiveness. Qualitative research is necessary as it will help scholars and practitioners gain a better understanding of corporate governance phenomena. Roberts et al (2005) argue that both governance theory and governance reform need to be informed by primary qualitative research on key governance relationships. This is because through the field studies of governance practice, it enables researchers to verify the actual activities of governance mechanisms. Finally, the future researchers may consider a diversity of methodological options other than quantitative method, and particularly promotes the value of qualitative methods in corporate governance research.

5. References

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