



Evaluating the corporate governance disclosure practices in the annual reports of BRICS banks

MR Sekgobela

 **orcid.org/0000-0002-8218-395X**

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Promoter: Prof AM Smit

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Declaration

I, **SEKGOBELA MOKANNA RODNEY**, hereby declare that this study, “Evaluating the corporate governance disclosure practices in the annual reports of Brazil, Russia, India, China, and South Africa (BRICS) banks”, is my original work and that all the sources I have used or cited have been appropriately indicated and acknowledged using complete references.

Acknowledgement

Firstly, I would like to take a moment to honour and dedicate my PhD to my dear mother, the most important person in my life. Sadly, she passed away on April 5th, 2024, leaving me with a deep sense of loss and longing. My mother was my rock and my inspiration, and it was my greatest desire to have her witness this significant achievement. Although she is no longer with me, I know that she would be proud of me and my dedication to my academic pursuits.

Secondly, I would like to express my heartfelt thanks and appreciation to the individuals who helped me to finish my PhD thesis. Their continuous support, insightful advice, and never-ending patience have made a big difference to the outcome of this project. My thesis advisors (Prof. A M Smit and Prof. M.J Botha), whose knowledge and direction were crucial in determining the course of my studies, have my sincere gratitude. In addition, I want to thank my friends for all their courage and advice along this journey.

My children were the primary beneficiaries of my thesis, for whom I had to make time sacrifices. During my academic journey, I had to miss social gatherings, school-related events, and priceless moments with my children to concentrate on my studies and research. It was challenging to achieve the right balance, but I am confident that my commitment to their future will serve as an inspiration and ultimately benefit everyone. Also, I want to express my gratitude towards all the friends and family members who have been supportive throughout my journey.

Abstract

This study evaluated the disclosure of corporate governance practices in the annual reports of the top five banks listed in the BRICS countries between the year 2021-2022. The study aimed to evaluate corporate governance disclosure practices in the annual reports of BRICS banks, and the first objective compared corporate governance disclosure practices among BRICS banks within each construct. Four constructs were identified as part of the measuring instrument, the second objective compared the relationship between the BRICS countries on the disclosure of corporate governance practices. The exploratory mixed method design was used to evaluate and understand how BRICS-listed banks disclosed their corporate governance practices. The study relied on secondary data in the banks' annual or sustainability reports for 2021 to 2022. A criterion of purposeful sampling was used to select the top 5 banks from the BRICS countries listed on their respective stock exchanges. Five banks were selected from each BRICS country, except for Russia, which had two banks represented. The selection of banks was based on their market capitalisation. The Statistical Package for Social Sciences (SPSS) software analysed the data. Descriptive statistics were used to comprehend and analyse the variables used in the study. To compare means, ANOVA was employed. The study findings revealed that there is good disclosure of corporate governance practices by BRICS banks. However, the study also found that certain areas of corporate governance disclosure practices need improvement, particularly in the qualifications and biographical information of directors, the amount charged by external auditors, and policies on whistleblowing, which could potentially hinder users' decision-making in the annual reports of BRICS's top 5 listed banks. To the researcher's knowledge, this was the first study to examine the disclosure practices related to corporate governance in the annual reports of BRICS banks. As a result of the literature review, the research produced a CGDI checklist for the banking sector. The developed framework could potentially be utilised in the banking sector. It is recommended that those countries that still have voluntary disclosures move towards more strict regulations. It is recommended that this information should be disclosed more because shareholders and investors rely on qualifications and biographical information for informed investment decisions. It is recommended that the amount charged by external auditors be disclosed in the annual report. In addition, the number of cases submitted, the number of cases investigated, and the number of cases unresolved and concluded are provided in the bank's annual reports.

Keywords: *Integrated report (IR), Global Reporting Initiative (GRI), annual report, sustainability report, BRICS banks, corporate governance, and disclosure.*

Abbreviations

Bank for International Settlement	
BIS	52
Basel Committee on Banking Supervision	
BCBS	41
Brazil, Russia, India, China, and South Africa	
BRICS	5
Brazilian Institute of Corporate Governance	
IBGC	61
Brazilian Institute of Corporate Governance	
IBCG	54
Brazilian Securities and Exchange Commission	
BSEC	54
Brazilian Stock Exchange	
BSE	54
Chief Executive Officer	
CEO	35
Chinese Securities Regulatory Commission	
CSRC	57
Committee of the International Securities Commissions	
IOSCO	48
Computer-Aided Qualitative Data Analysis Software	
CAQDAS	8
Confederation of Indian Sectors	
CIS	55
corporate governance disclosure	
CGD	27
corporate governance disclosure index	
CGDI	11
corporate social responsibility	
CSR	16
European Union	
EU	25
European Union, Sustainability Accounting Standards Board	
SASB	4
German Accounting Standard 5	
GAS-5	40
Germany's German Accounting Standard Board	
GASB	40
Global Corporate Governance Forum	
GCGF	33
Global Reporting Initiative	
GRI	4
Institute of Chartered Accountants of India	
ICAI	56
integrated reporting	
IR18	
International Finance Corporation	
IFC	33
International Financial Reporting Standards	
IFRS	40
International Integrated Reporting Council	
IIRC	18
Johannesburg Stock Exchange	
JSE	24
Joint Stock Companies	
JSC	54
Non-Government Organization	
NGO	18
Organization for Economic Cooperation and Development	
OECD	17
Partial Compliance	
PC	9
Russian Federal Securities Commission	
RFSC	55
Securities and Exchange Board of India	
SEBI	56
Securities and Exchange Commission	
SEC	41
State Bank of India	
SBI	60
Sustainability Accounting Standards Board	
SASB	21
sustainable development goals	
SDG	34
United Kingdom	
UK	40
United Nations	
UN	34
United Nations Conference on Trade and Development	
UNCTAD	25
United States of America	
USA	40
World Economic Forum	

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CHAPTER ONE: INTRODUCTION

1.1 Background

Many scholars have researched the concept of corporate governance for decades. However, corporate governance disclosure in the banking sector in both developing and developed countries has received limited attention. This study focused on corporate governance disclosure, particularly in the banking sector. In simple terms, corporate governance is a set of processes, practices, policies, regulations, and institutions that influence how a corporation is directed, administered, or controlled (Raju & Bagrecha, 2017:63). Corporate disclosure is one mechanism for shareholders to understand about the financial and non-financial practices of a corporation (Nelwan, 2017:201). Corporate governance reporting attempts to provide accurate and valuable information regarding entity operations within a corporation. This information is included in some traditional and most corporations' all-in-one-integrated annual reports (Odoemelum & Okafor, 2018:26).

In recent years, corporate governance has been on the centre stage of the public sphere because of various corporate failures (Platonova, Asutay, Dixon, & Mohammed, 2018:451). Corporate governance failures tarnished many entities, including the banking sector (Imeokparia, 2013:1083). Since the emergence of institutional failures and corporate governance scandals in 2001 (Kabir & Hartini, 2013:2), corporate governance disclosure has attracted interest from the research field, investors, and stakeholders due to its significant effect on the growth and development of entities (Hashim, Nawawi, & Salin, 2014:548).

Reporting provides greater transparency and improves shareholder confidence (Al-Maghzon, Hussaing, & Aly, 2016:145). Businesses and shareholders depend upon the provision of high-quality, value-relevant information from entities to ensure the efficient and effective allocation of resources to encourage a vibrant climate for investment and to facilitate transparent, ethical, and sustainable business practices (Zhou, Simnett & Green, 2017:94). The disclosure of quality information is a determining factor in reducing the information gaps between entities and stakeholders who are interested in both quantitative and qualitative data (Ventureli, Caputo,

Leopizzi, & Pzzi, 2019:410). The disclosure of information by entities improves an entity's internal controls and management integrity (Chen, Keung, & Lin, 2019:2). The disclosure of information by entities is essential for the adequate functioning of an entity's corporate governance structures. Many countries consider this the most critical factor in protecting institutional investors (Cunha & Rodrigues, 2018:339).

Currently, the banking sector stakeholders demand financial information and non-financial information, such as reports on company environmental impacts and social responsibility (Zabawa, 2018:112). The disclosure of non-financial information in the financial sector has received much attention lately because of the influence it has in society and environment (Sofian & Dumitru, 2017:2). The disclosure of non-financial information by entities is supported by various institutions such as the European Union, Sustainability Accounting Standards Board (SASB) and, Global Reporting Initiative (GRI) (Sofian and Dumitru, 2017:2). Entities have recently become interested in the application of sustainability in their daily operation and disclosure of information to their stakeholders through sustainability reports (SR) (Batista & Francisco, 2018:3). The corporate governance disclosure of information is often referred to as "non-financial disclosure" Cordazzo, Bini, & Marzo (2022:3471), and this study is investigating the practices of corporate governance disclosures as it needs to be explored more due to the many advantages, but also due to the disadvantages of poor or no disclosures and corporate failures.

1.2 Problem statement

Corporate governance disclosure practices play a vital role in ensuring transparency and accountability within organisations, especially in the banking sector. However, despite the significance of disclosure practices, several challenges and issues need to be addressed to enhance the efficacy of corporate governance in the banking sector (Cosma, Principale, & Venturelli, 2022:5). One of the primary hindrances in corporate governance disclosure practices in the banking sector is the lack of uniformity and standardisation in reporting. In the context of corporate governance disclosure practices in the banking sector, one of the most pressing issues is that of selective disclosure (Gowry, Soobaroyen, & Agathee, 2023:7). Additionally, there is a lack of independent oversight and enforcement mechanisms to ensure compliance with

corporate governance disclosure practices, which further exacerbates the issue. The absence of effective monitoring and enforcement may lead banks to eschew adherence to best practices in disclosure, ultimately undermining the integrity of the financial system and exposing stakeholders to potential risks (Saha & Kabra, 2022:130). Therefore, good disclosure practices and governance were underpinned as part of the solution to the problems (Chalmers & van den Broek, 2019: 240).

Previous studies have emphasised that more focus must be on improving corporate governance in the financial sector. As researchers demonstrated, theoretically and empirically, corporate governance plays an instrumental role in shaping an organisation's performance (Sylvia, Liu, & Mariana, 2018:487). Corporate governance in developing countries is weak and problematic because of stakeholder engagement, family-controlled businesses, lack of the rule of law, less corruption control, political interference, weak institutional environment, and lack of knowledgeable individuals (Bae, Masud, & Kim, 2018:1). Research on corporate governance disclosure in some Brazil, Russia, India, China, and South Africa (BRICS) countries, such as China and South Africa, has been documented. However, studies still need to report the cross-country examination of BRICS countries on corporate governance disclosure for the banking sector (Bae, Masud, & Kim, 2018:1).

Cross-country studies have shown some evidence that corporate governance disclosure practices vary between countries (Adnan, Van Staden, & Hay, 2009: 5). In one of the BRICS countries, such as Brazil, entities are not compelled to release their corporate governance reports, as there is no legislation. However, there has been an increase in the number of entities that voluntarily prepare and release their reports according to GRI guidelines (Batista & Francisco, 2018: 3). In 2017, South Africa was one of the few countries globally which mandated its companies to publish their integrated reports, which can include corporate governance disclosures, as compared to the more voluntary disclosure practices by the rest of the world.

Though South African companies are mandated to disclose their integrated reports as part of corporate governance disclosure practices, the companies in the financial sector do not meet the G4 guidelines of the GRI in such detail, as opposed to the companies involved in the chemical sector (Sofian & Dumitru, 2017:5). Hsueh (2018:

549) mentioned that though some entities may choose what information to disclose, should the stakeholders doubt the reports, the report is nullified. In a study conducted by Sherif, Khaled, Mohamed, and Hussein (2018:22) on the disclosure of accountability for 117 Islamic Banks globally, it was found that there were high variations in disclosure practices regarding Islamic accountabilities. The study showed that the average disclosure score was 28% for social practices and the highest score of 50% for financial accountability disclosure.

Reporting multiplicities by entities have broadened the choice of methodologies for the disclosure of information. This broadness might mislead stakeholders who are the target group for that specific audience. Therefore, the need for standardisation of reporting, especially on corporate governance, is imminent. Reporting schemes such as standards, frameworks and or guidelines guide entities through the reporting process and provide readers with some assurance about the quality of a report. Standardizing sustainability reporting can simplify access to information for investors, auditors and analysts and enable comparison across countries (Zickiene & Juozaitiene, 2013:24). Hsueh (2018:550) indicated that the lack of appropriate reporting monitoring systems such as governance structures, potential agency problems could arise and undermine the transparency regarding the trustworthiness of the disclosure.

The current gap in the literature provides an opportunity to conduct the study. An improved common framework for disclosure of corporate governance issues in the banking sector within BRICS countries could add value to the disclosure process. The study contributes to the literature by filling in these gaps by developing a framework for disclosure of corporate governance. Therefore, the study seeks to investigate the reporting methods used by banks listed on the stock exchanges of BRICS countries on the disclosure of corporate governance practices.

Research on corporate governance disclosure has been documented in several developed countries, such as the United States of America, Australia, Spain, and England and some other developing countries, such as India and South Africa. However, no study was documented in a cross-country investigation of banks within BRICS countries on the issues of corporate governance disclosures (Bae, Masud &

Kim, 2018:1). According to the findings of the previous research, several gaps were identified. These include the requirement for consistent and comparable practices among BRICS banks, mandatory disclosure of corporate governance, and a uniform reporting framework for corporate governance disclosure by BRICS banks. In light of the present disclosure of corporate governance practices observed in the banking sector, it has come to the fore that certain gaps necessitate further examination. The observed non-compliance among some banks with the Code of Corporate Governance issued by regulatory bodies highlights the exigency of an in-depth investigation. Furthermore, the weak board oversight prevalent in some banks has resulted in a lack of accountability and transparency, thereby necessitating a more comprehensive regulatory framework that ensures compliance with corporate governance standards. This underscores the need for more stringent regulatory measures and enforcement to ensure that banks adhere to the stipulated corporate governance standards.

To address the current issues surrounding corporate governance disclosure practices in the banking sector, the study looks at how regulatory authorities established clearly defined guidelines and reporting standards. This ensures that the disclosure practices are consistent and comparable across different banks especially within BRICS countries, promoting transparency and accountability within the sector. Based on the literature review and previous studies, the study first sought to develop a corporate governance disclosure framework for banks within the BRICS countries and later evaluated the corporate governance disclosure practices within the BRICS banks.

1.3 Research design

Research design is a general approach to solving research problems and includes the overall structure of research procedures, data collection, and data analysis methods. (Leedy & Ormrod, 2014: 76). The primary purpose of this study was to evaluate the corporate governance disclosure practices of listed banks within BRICS countries. The study applies a mixed-method approach, integrating quantitative and qualitative methods to collect and analyse data in a single study. The combination of quantitative and qualitative approaches complements each other, maximises the complementary strengths, and minimises the weaknesses of these approaches when used alone

(Creswell, Fetter, & Ivankova, 2004: 58; Punch, Creed, & Hyde, 2006: 77). Qualitative research involves examining characteristics and qualities that cannot be measured solely by numerical values. By taking a qualitative approach, one can explore the many nuances and complexities of the phenomenon being studied. On the other hand, a quantitative research approach aims to establish, confirm, or validate relationships between different variables, such as the bank's annual reports. This assists in the evaluation of corporate governance disclosure practices for BRICS banks for contribution to existing theories (Leedy & Ormrod, 2014: 97).

The study employed a content analysis method as it allows the researcher to analyse secondary data and draw meaning from the manifest as well as latent content (Lock & Seele, 2015:27). The study utilised secondary data, which was already available in the banks' integrated, and annual reports for the year 2021-2022.

The corporate governance data was extracted from the banks' websites' annual or corporate governance/ integrated reports. The yearly or corporate governance reports are strategically chosen because it is generally accepted as the most comprehensive channel and have the potential to make information easily and routinely available in a single document and because the managers of entities commonly signal the important elements in the report (Lee, 2010:41).

The population of this study comprised 25 listed banks of BRICS countries. The study uses the top 5 banks from each BRICS country listed on their respective stock exchanges. The participating bank must be in the country's top five banks as listed on the stock exchange, must be in operation for more than five years, the bank's annual report must be easily accessible on the bank's website in a PDF format, must have consistently produced a yearly report for five years without absconding and, must have been listed in the country's stock exchange for more than five years.

For this study, the data collected and analysed was specifically about the banks' disclosure of corporate governance practices. The qualitative and quantitative data from the banks' annual reports on corporate governance disclosure were analysed through content analysis. The data analysis in this study was conducted using the Statistical Package for Social Sciences (SPSS) software. To understand the entire

database, Mio *et al.*, (2016:208) stated that the researcher would re-read the transcript and code any data from word, phrase, sentence, and paragraph levels to provide a precise description of the data.

1.4 Measuring Instrument

Based on the literature review, a corporate governance disclosure index specifically for BRICS banks was developed (Chapters 2 and 3). The empirical study utilized the newly developed corporate governance disclosure index to measure the corporate governance disclosure practices of the BRICS banks.

1.4.1 Formulation of Disclosing Index

According to a study conducted by Rahman, Bashir, Choudhury, and Rabby (2014:22), there are two methods used to establish the disclosure index, namely, the dichotomous and partial compliance (PC) approaches. These methods can be weighted or unweighted. In the weighted approach, all disclosure values are assigned a weight by the researcher, while all unweighted items are considered equally important. In this study, an unweighted approach was used, as all disclosure values were deemed to have equal significance. Additionally, the PC approach was found to produce more accurate results than the dichotomous approach, hence the use of the Partial Compliance Approach. The total disclosure score for each bank was calculated as follows:

$$D = \sum_{i=1}^m DJ_i$$

Where DJ_i is 1 if an item is disclosed and 0 if not, and m is the number of voluntary items disclosed in the annual reports, the coding guideline and instructions are as follows: A positive score of 1 is given to any bank when it discloses the statement in question (from the corporate governance disclosure index); if it fails to disclose, the bank is given a score of 0. The study utilised common and similar corporate governance disclosure elements such as the Board of directors, Board Size, Board

structure/ diversity, Board of meetings, notifications and timely disclosure of information that has been previously used in corporate governance works of literature (Pahuja, 2011: 11).

1.5. Objectives of the study

The overall goal of this study is to evaluate corporate governance disclosure practices in the annual reports of BRICS banks. To achieve this objective, the researcher developed a corporate governance disclosure index based on a comprehensive literature review. After applying the first measuring index, the collected information was analysed. The disclosure levels among the BRICS countries could enhance the quality of disclosures, and promote transparency, efficiency, and consistency with the law. Additionally, it could explain the responsibilities among different supervisors, serve regulatory purposes, and enforce authority.

- Examine the prevailing reporting and disclosure practices regarding corporate governance in banks across BRICS countries.
- Evaluate the disclosure practices employed by banks in BRICS countries in relation to corporate governance.
- Assess the extent of relationship among BRICS nations in terms of corporate governance disclosure practices within the banking sector.

For the study to achieve its objectives, the researcher must clarify their paradigmatic assumptions, research philosophy, theories, contextual framework, and research design.

1.6 Research questions

Based on the evidence from previous studies and current information, the following research questions were raised.

- What are the current reporting and disclosure practices on corporate governance in the banks within the BRICS countries?

- What are the disclosure practices related to corporate governance that are followed by the banks of BRICS countries?
- What is the level of relationship among BRICS countries concerning corporate governance disclosure practices?

1.7 Contribution to the study

The study is aimed to contribute to the study in a theoretical and practical way.

1.7.1 Theoretical contributions

Based on the current studies, the researcher has yet to come across a study that evaluated the cross-country corporate governance disclosure in the banking sector, specifically for BRICS countries. The study compared the reporting practices of the banking sector within BRICS countries concerning corporate governance disclosure. The study addressed a fundamental element in the banking sector: corporate governance disclosures. Considering the importance of governance within the banking sector, this study contributes to disclosing relevant and valuable information to the BRICS banking sector.

1.7.2 Practical contribution

Based on the literature review, the corporate governance disclosure index for the BRICS banks was developed. All relevant information from various sources, including GRI and the corporate governance disclosure index (CGDI), were consulted in the development of the disclosure index. The disclosure index was used to analyse the current CG disclosure practices in the banking sector of BRICS countries. This new disclosure index could apply to the banks within BRICS countries, which could be utilised for future reporting frameworks.

1.8 Overview and structure of the study

The study is structured into several chapters: Chapter 1, the introduction, explains the purpose and objectives of the study. Chapter 2 is a literature review that discusses corporate governance and its impact on banks' sustainable performance. Chapter 3 covers CGD in the BRICS banks and relevant regulations. Chapter 4 focuses on the theoretical frameworks applied in the study. Chapter 5 provides information on the research methodology, including research design, sample population, limitations of the study, and data analysis and collection. Chapter 6 presents the results and interpretations of the study findings. Finally, Chapter 7 concludes the study and provides recommendations. The study's overview is presented in **Table 1.1**.

Table 1. 1: Overview and description of the chapters

Chapter	Description
Chapter One: Introduction	The chapter presents the research topic, research problem and provides the objectives set to address the problem statement of the study.
Chapter Two: Literature review	This chapter presents a review of relevant literature under the following sections: disclosure of information; corporate governance and disclosure in the banks; regulations; elements and mechanisms of corporate governance; corporate governance in BRICS countries and their disclosures; corporate governance disclosure in BRICS banks.
Chapter Three: corporate governance in the banking sector	This chapter begins with a history of the banking sector, followed by a discussion of corporate governance issues within the banking sector and BRICS banks in relation to corporate governance disclosures. Also included is a regulation utilised by several banks in BRICS countries.
Chapter Four: Theoretical framework	This chapter presents several regulatory frameworks in relation to corporate governance.
Chapter Five: Research methodology	This chapter describes the type of methodology employed by the study and how relevant it is to the study's objectives. This chapter further describes the methodology that was applied in executing the research and justifies the use of both qualitative and quantitative methods to analyse the secondary data obtained from the listed banks of BRICS countries.
Chapter Six: Results and Interpretation	This chapter presents the results of the study. The disclosure practices of banks within the BRICS countries are presented. This chapter outlines the research findings derived from the self-constructed disclosure index employed to answer the research questions of this study.
Chapter Seven: Conclusion and recommendations	This chapter covers the summary of each chapter and findings of the study, conclusions derived based on the study, and suggestions for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of corporate governance, particularly emphasising governance disclosure in BRICS banks. The chapter starts by providing an overview of corporate governance and its various definitions, factors affecting good corporate governance, and qualitative characteristics of good corporate governance disclosure, followed by types of reporting approaches, elements, and mechanisms of corporate governance, both internal and external. Lastly, the chapter concluded with the corporate governance models worldwide, the best practices of good corporate governance as required by UNCTAD, and previous studies on corporate governance disclosures.

2.2 Disclosure of information in annual reports

Disclosure is seen as a way of managing the information needs of stakeholders, structure of social actions, and incorporation of ethical, social, and environmental values in the decision-making processes (Diez & Sotorrio, 2017:6). Additionally, disclosure can be viewed as an essential instrument for influencing the behaviour of companies and protection of shareholders as well as potential investors. In this regard, disclosure aims to communicate and disseminate information about the company's performance and governance to outside potential investors (Chizea & Isukul 2018: 92).

For best practices, every listed company is mandated to disclose corporate governance practices annually in its annual reports (Gitahi, 2019:274). The annual report of a company is regarded as the primary instrument for conveying comprehensive financial and non-financial information and effectively conveys a particular corporate image or message (Darmadi, 2013:6). Disclosure of information in the annual reports of companies is inevitably linked to transparency if the company makes information available and accessible (Diez & Sotorrio, 2017:6). The disclosure and transparency of information are critical attributes to the corporate governance framework (Ikpefan, 2013:45) as most companies' poor reputation results from lack of

transparency and inadequate disclosure of information to their stakeholders (Deiz & Sotorrio, 2018:6). Greuning and Bratanovic (2009:341) defined transparency as “ability to create conducive environment where information on existing conditions, decisions, and actions is made accessible, visible, and understandable to all market participants”; Accountability “is the need for market participants, including the relevant authorities, to justify their actions and policies and accept responsibility for both decisions and results”, and disclosure as “the process and methodology of providing the information and of making policy decisions known through timely dissemination and openness”.

Information disclosure is often associated with high expectations. It may set in motion internal processes within the organization, and help to identify special needs for governmental regulation or improve the functioning of markets. Transparency is also considered an empowering tool for information users to exert influence on the disclosures. The disclosed information is expected to enable stakeholders to make informed decisions, confront disclosures through shareholder motions, or organize collectively against them if necessary. In short, transparency is expected to become a tool for holding powerful directors accountable (Dingwerth & Eichinger, 2010: 76).

Disclosure of information assists in managing the information needs of various stakeholders and incorporating ethical, social, and environmental values in the decision-making processes. Disclosure of information originated as a means of mitigating directors' preference for secrecy in many companies (Deiz and Sotorrio, 2018:8).

2.3 The attributes of quality information

In the era of globalisation, companies must engage more with the communities and societies where they operate and provide more information to organisations through disclosure (Andania & Yadnya, 2020:60). Information disclosure is considered an essential element that is needed for the effective operation of financial and security markets. Presently, regulators are increasingly disturbed about the quality of both financial and non-financial information disclosure of firms in both developed and developing countries (Isukul & Chizea, 2016:2). The assessment of quality disclosure

is not an easy aspect, despite the availability of assurance procedures such as provided by GRI (Ventureli et al., 2019:412). The quality of information disclosed is evaluated using a quality indicative index, an instrument designed to measure several indicators, in which the indicators are summed up to reveal the level of specific information disclosed. The quality indicative index is a practical and research-based instrument, and it is applied based on indicators that are presented in the disclosure (Gitahi, 2019:279). However, the quality of non-financial disclosure is determined by the extensiveness of the reporting standards from where the non-financial information is prepared and reported (Bhasin, 2014:106).

Ching and Gerab (2017:90) highlighted that quality is one distinguishing characteristic that refers “to the underlying, unobservable ability of the signaler to fulfil the needs of a receiver observing the signal”. The quality of information disclosure must be regulated through regulated disclosure quality, which measures the effectiveness of the disclosure regulations in enhancing the quality of reports. This regulated disclosure quality comprises disclosure timelines and disclosure of the credibility of the reports. Disclosure timelines could measure the degree to which bank disclosure is close to the decision time point of potential information users. It focuses on the frequency at which information becomes available to the users (Nobanee & Ellili, 2014:718).

Meanwhile, during disclosure credibility, the disclosure generated by the bank is subject to verification by an external audit that is independent, professional, and rigorous. Disclosure credibility focuses more on whether the external audit is compulsory or whether the scope of the external audit is mandatory (Tadesse, 2006:12). Transparency requires information to be accessible to everyone, timely and relevant (Ikpefan, 2013: 46). It must further be reliable (Hossain, Khan, & Haque, 2018: 332). The disclosed information can either be done in a voluntary or mandatory manner.

2.4 Sustainability report

A sustainability report is a general transparency instrument with many names, such as non-financial reporting, corporate social responsibility (CSR) reporting, environmental, social, and governance (ESG) reporting, and triple-bottom-line reporting. In addition,

sustainability reporting involves a corporation's disclosure of information to its stakeholders that is not typically included in a corporation's financial reports, such as corporate governance practices (Hess, 2019:19). Sustainability reporting is a fundamental tool in helping organisations set goals of measuring progress and managing sustainability (Akhter & Dey, 2017: 63). Globally, several institutions apply some various frameworks and guidelines. Guidelines by the Organization for Economic Cooperation and Development (OECD) and International Integrated Reporting Council (IIRC) framework are currently used by various institutions globally (Cernic, 2008:71). Entities use corporate reports (Hsueh, 2018:547) such as sustainability reports through which entities disclose their information to the society. A sustainability report "is published by an entity about the economic, environmental, and social effects of its everyday practices". According to Hsueh (2018:550), sustainability reports contain governance structures that represent whether the owners and managers are monitored through voluntary reporting and if the entity is incentivised to disclose sustainability information voluntarily. Sustainability disclosure conveys an entity's short- and long-term goals and strategies to the stakeholders. Zickiene and Juozaitiene (2013:25) cited that entities that disclose their information, such as ethical practices and governance structures, have the potential to create value for society. A sustainability report focuses more on measuring, disclosing, and being accountable to internal and external stakeholders.

Sustainability reporting has been noted to be of a poor standard in developing countries. The poor standard comes because of under-researched sustainability reports in developing countries (Mahmood et al., 2019: 2). This perpetuated a need for and importance of organisational disclosure and accountability in developing countries through sustainability reporting (Laskar & Maji, 2016: 626). However, since 2005, the number of sustainability reports has quadrupled in emerging and developing countries. In a study conducted in the Asia Pacific, 71% of companies are now publicising their sustainability reports. Despite the tremendous growth of sustainability in developing countries, there is little research available as compared to developed countries (Mahmood et al., 2019:2). Sustainability reporting provides a broader view of a company's performance than financial disclosure alone (Islam, 2020: 36). Through sustainability reports, companies can demonstrate their social responsibility and improve stakeholder communication by enhancing transparency and

accountability of non-financial information (Manes-Rossi et al., 2018:3). Sustainability reporting is sometimes called non-financial reporting, triple bottom line reporting and it forms an integral part of integrated reporting (IR) which combines both financial and non-financial reporting (Goyal and Singhania, 2016:5). IR can close the gaps that are currently not covered by stand-alone sustainability reports, such as failure to account for all sources of value creation, complex interconnections between sustainability and financial performance (Camilleri, 2018:3).

2.4 Integrated Reporting

IR originated in 2013 when the International Integrated Reporting Council (IIRC), investors, companies, accounting professionals, and NGPs released a Consultation Draft on the first Integrated Reporting Framework. The consultation draft aimed to ensure that the IR becomes a concise communication about how the organisation's strategy, governance, and performance in the context of the external environment led to the creation of value over the short, medium, and long term (Sampong, Song, Boahene, & Wadie, 2018: 5).

As there is an increase in non-financial reporting and disclosure of information globally, this reporting may not necessarily report and disclose the whole picture of the company. This has since led to the development of the Integrated Reporting guidelines (Camilleri, 2018:2). According to Reimsbach & Hahn (2015), the disclosure of adverse incidents by an entity has no significant effect on the share price estimates or investment decisions compared to judgments based on the disclosure of financial information only. However, any disclosure of adverse incidents in Non-Government Organizations (NGOs) significantly negatively affects investment judgment. Potter, Singh & York (2013) suggested four critical benefits to entities for integrated reporting: better management decisions, lower reputational risk, most profound engagement with the broad stakeholder community and greater clarity about the relationship between financial and non-financial key performance indicators. However, difficulties in integrated reporting are finding relevant information to be included in the report and information about how the risks were taken by the entity when creating value for the shareholders (Eccles & Saltzman, 2011).

2.6 Types of Information Disclosure

Companies may be mandated or voluntarily disclose corporate governance information. It's important to distinguish between these two types of information disclosures, as voluntary reporting brings a variety of other aspects, as with any additional non-financial information (de Villiers and Dimes, 2021:14).

2.6.1 Mandatory Corporate Governance Disclosure

Most countries have corporate governance codes that govern corporate governance procedures and their disclosure (de Villiers and Dimes, 2021:14). Mandatory disclosure is related to information required by various laws and regulatory bodies (Hossain et al., 2018: 332). Given the importance of corporate governance to a company's operations, different types of mandatory disclosures may result in the explicit or implicit disclosure to shareholders of additional corporate governance information (de Villiers and Dimes, 2021:14). The mandatory disclosure of information ensures that there is equal access to essential information. However, the information must be supplemented by the company's voluntary disclosures (Simon and Wong, 2001:140).

2.6.2 Voluntarily corporate governance disclosure

Models of voluntary disclosure are discretionary and can be investigated using two associated hypotheses: a disclosure timing hypothesis and a quality of information hypothesis (Herbert & Agwor, 2021: 18). Voluntary disclosure is the excess of legal requirements that managers can freely choose which information to disclose in the annual reports (Hossain et al., 2018: 332). It depends on the company's discretion (Chizea & Isukul 2018: 92). The voluntary disclosure of information sometimes comes with market incentives, and the disclosure by managers depends on the costs and benefits involved (Simon and Wong, 2001:140). A company's size, sector reputation, and international presence may influence its propensity to voluntarily disclose corporate governance information (de Villiers and Dimes, 2021:14). However, voluntary disclosure by the banks would mean that the information provided by the

banks is not necessarily obliged to reveal under some rules or regulations (Hossain et al., 2018:332).

2.7 Corporate governance guidelines

Corporate governance guidelines such as GRI and King Reports were their first standards for sustainability reporting and serve as a set of codes for many organisations (Rahman et al., 2014:17 & Sampong et al., 2018:6). The use of sustainability reporting as a global practice by most companies has motivated many companies to adopt the GRI based sustainability reporting framework (Goyal and Singhania, 2016:5). Batista and Francisco (2018:3) mentioned that following the GRI guidelines, entities have increased participation in the release of sustainability reports. Akhter and Dey (2017:63) cited that GRI is a widely used standard on sustainability as it enables businesses to make better decisions based on the disclosures on the organisational sustainable development initiatives and processes.

The GRI has been at the forefront of sustainability reporting since the late 1990s and continues to lead today. The GRI Standards for Sustainability Reporting are trusted by most companies globally (Goyal and Singhania, 2016:5). GRI guidelines are the commonly known triple-bottom-line reporting model used globally for the analysis, presentation, and reporting of sustainability factors of both developed and developing countries (Masud & Hossain, 2016: 3). The purpose of the GRI is to avail report formats to account for sustainability, promotion of comparable corporate sustainability reports, stimulation of benchmarking and verifiable evaluation of sustainability performance, and facilitation of stakeholder engagement (Hartman and Painter-Morland, 2007: 3).

The GRI Sustainability Reporting Standards, globally accepted standards, provide a common language and credible set of company disclosures. Companies can utilise GRI Sustainability Reporting Standards to improve the quality and comparability of the information they disclose to the public (Islam, 2020: 36). The GRI is an independent NGO established in 2002 to develop and promote a coherent framework for non-financial reporting. The previous reporting framework was the G3, referring to the third generation of Sustainability Reporting Guidelines. (Dingwerth & Eichinger, 2010: 76).

In 2012, the number of sustainability reports filled with GRI information increased dramatically, with countries such as the United States of America, Japan, Spain, China, and South Africa boasting the highest number of GRI reports. This came because the IIRC and GRI had reached a consensus that even non-financial information, such as disclosure of governance, should be included in the sustainability report (Marcia, Maroun, & Callaghan, 2015: 500). The reporting of an entity's financials alone is not sufficient when evaluating the entity's performance on creating a sustainable value in the short, medium, and long term (Carels, Maroun, & Padia, 2013: 947). Transparency systems such as the GRI are most likely to fulfil their empowerment promises when the disclosed information is valuable, accessible, comprehensible, and comparable (Dingwerth & Eichinger, 2010: 75).

The international non-financial disclosure of information is supported by the European Union and other organisations such as the GRI and Sustainability Accounting Standards Board (SASB). The GRI is the only organisation through its sectoral supplements and the SASB through its sector classification that emphasises the industrial classification of firms such as banks, which are discussed in the following chapter (Sofian and Dumitru, 2017:2). Banks have the option to publish their reports following the international standard of GRI. Still, none except a few abide by these rules (Islam, 2020: 35). In October 2016, GRI published a new version known as GRI Standards (GRI-G4), which was only effective after June 2018. The GRI-G4 performance disclosure indicators focused on the following areas: Economic: Disclosures on economic value generated and distributed, revenues, and infrastructure investments; Environmental: Disclosures on impact on water, emissions, effluents, waste, biodiversity, and compliance with environmental laws; and Social: Disclosures on human rights, labour practices, benefits, training, education, health, safety, diversity, equal opportunity, procurement practices about anti-corruption and antitrust practice, product responsibility, customer privacy and satisfaction (Islam, 2020:37).

The guidelines provided by GRI are globally applicable to all sectors and most widely used standard on sustainability for organisations to make better decisions (Akhter & Dey, 2017: 63). Outside the United States, the uptake of GRI has been particularly extensive in Spain, the Netherlands, Brazil, and South Africa (Levy, Brown, & Jong,

2010: 8). Although GRI competes with other standards, it has not resulted in the generation of data that are easily comparable across companies. The GRI has had little influence in shifting the balance of power in corporate governance toward civil society (Levy, Brown, & Jong, 2010: 7). The primary purpose of the GRI is to develop and promote a coherent framework for non-financial reporting guidelines such as sustainability reporting and Kings Report (Dingwerth, & Eichinger, 2010:76). There is a total of 17 guiding principles in King IV with 215 recommended codes of practice; three of these are assigned to ethical considerations (IoDSA, 2016:35).

Through introducing corporate governance standards, tremendous progress has been made in correcting corporate governance inadequacies. In general, certain African countries have adopted a code of best practices for corporate governance based on international principles, such as the Commonwealth Secretariat Code, the UK Combined Code, the OECD Code, and the South African King Report (Abor and Fiador, 2013:203). South Africa was the first developing country to develop a corporate governance code of best practices because of the King Report 1994. The King Committee's corporate governance framework was primarily influenced by the Cadbury Committee of the United Kingdom, which was established in 1992 (Mangena & Chamisa, 2008: 29). Since then, the King Committee on Corporate Governance has released four King reports. The four King reports released are King I (1994), King II (2002), King III (2009) and the recent King IV (2016). These King Reports on Corporate Governance are guidelines on companies' governance principles, structures, methods, and operations (Robinson, Sun, and Arrigoni, 2020:113).

The King I Report on Corporate Governance advocates a more comprehensive approach to Corporate Governance than the Cadbury report. King I Report addressed issues such as financial reporting and accountability, the roles of directors and auditors, and governance requirements (Chauke, 2018:261). On the other hand, the King II Report endorsed the 'inclusive' Corporate Governance approach. The 'inclusive' CG disclosure approach required companies to expressly publish more accessible information on board practices, such as having the most independent non-executive directors, risk management, internal audit, and dividing the responsibilities of company chairman and CEO. In general, King II aimed to safeguard the interests of shareholders (Ntim, Opong, & Danbolt, 2012: 90).

The King III Report Code of Corporate Governance was published in September 2009, and South African companies started applying it in March 2010. Unlike King I and King II Reports, the King III Report applies to all entities: public, private, and non-profit organisations such as NGOs (Afolabi, 2015: 15) and focuses on three pillars: leadership, sustainability, and corporate citizenship (Gstraunthaler, 2010:148). The King III Report moved from a comply or explained approach to a principle-based apply or explained procedure. These principal mandates that organisations are expected to clarify through disclosure how the principles have been applied or have not been applied (IoDSA, 2016). These principal directors must act in good faith in that they must be honest, work in the company's best interests, not receive secret profits and promote the purpose for which the company was established (Afolabi, 2015: 15).

King III Report introduced global emerging governance trends, alternative dispute resolution, risk-based internal audit, shareholders' approval of non-executive director's remuneration and evaluation of board and directors' performance (IoDSA, 2016). King III is based on apply or explain principle, and King IV report is based on 'apply and explain' the principle (Gachie & Govender, 2017:68). The objective of the King IV Report is to make corporate governance more recognisable by making it easy to understand and applicable to a wide variety of sectors. This Code is intended for use by all organisations. Under each of the King IV Code's principles, there are recommendations for how to disclose information, serve as a source of guidance and a starting point for disclosure on principles (IoDSA, 2016:38). To ensure excellent governance, the King IV report on corporate governance recommends that the governing body should promote the six ethical characteristics of which are: Integrity, Competence, Responsibility, Accountability, Fairness, and Transparency (Chauke, 2018:602). Furthermore, King IV's report highlights the need for firms to move from siloed reporting to integrated reporting. Since the advent of integrated reporting in 2011, Johannesburg Stock Exchange (JSE) listed firms have been encouraged to disclose pertinent non-financial information alongside traditional financial statements (Johnson, 2022: 2).

In the year 1999, the Organization for Economic Cooperation and Development (OECD) developed principles of corporate governance, which were again updated in

2015. The Basel Committee internationally recognizes these principles, the Financial Stability Board, and the World Bank Group (Celik, 2019:908). The Cadbury Committee established in 1992 advocated first disclosure as a mechanism for accountability, emphasising the need to raise disclosure standards to prevent the threat of poor governance (Bhasin & Bamahros, 2016:196). The OECD guidelines are recommendations addressed to institutions' operation in OECD countries (Cernic, 2008:71). The OECD's guidelines outline the responsibilities of the board of directors, public disclosure, and transparency and ensure that the basis for a practical corporate governance framework (Celik, 2019: 908). Meanwhile, the IIRC framework has attracted global leading organisations into its business network. The IIRC aims to enhance accountability and stewardship with the organisations to promote sustainability reporting (Corvino, Doni, & Martini, 2020:1). The United Nations Conference on Trade and Development (UNCTAD) (2003) (2016), the World Economic Forum (WEF) (2003), the UN Global Compact (UNGC) (2009), (Herbert & Agwor, 2021:15), and the Cadbury Committee recommendations for the European Union (EU) corporations are "best known" for the development of norms and standards to deal with the emergence of corporate governance scandals across the globe (Bhasin & Bamahros, 2016:196).

2.8 Corporate Governance

Corporate governance emerged in the 1980s which was described as "the general principles by which business and management of companies were directed and controlled" (Peters & Bagshaw, 2014: 106) as corporate reputation was an asset for many companies (Johnson, Ashoori, & Lee, 2018: 1). Corporate governance can be defined as an adherence to principles of good governance such as the role and practices of the board of directors and management, disclosure of information and transparency, internal control, audit and risk management and protection of shareholders' rights (Vernikov, 2007:6). Corporate governance is viewed as a central and dynamic aspect of any business and has been practised since the establishment of corporate entities (Dibra, 2018: 69).

"Corporate governance was defined as the system by which business corporations are directed and controlled. The corporate governance structure specifies the

distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and other stakeholders. It spells out the rules and procedures for making decisions on corporate affairs. Doing this also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance" (Razzaq & Niazi, 2004: 208).

Though there are broad definitions of corporate governance, this study utilises the definition by the Basel Committee on Banking Supervision's 2006 guidance, which states that from a banking sector perspective:

"Corporate governance involves how the business and affairs of banks are governed by the board of directors and senior management which, among other things, affects how they: (1) set corporate objectives; (2) operate the bank's business on a day-to-day basis; (3) meet the obligation of accountability to their shareholders and take into account the interests of other recognised stakeholders (including, among other things, supervisors, governments and depositors); (4) align corporate practices and behaviour with the expectation that banks operate safely and soundly and compliance with applicable laws and regulations; and (5) protect the interests of depositors" (Leventis, Dimitropoulos, & Owusu-Ansah, 2013:265).

Companies implement corporate governance systems not to meet environmental and community needs but to apply a system that assists in structuring, operating, and controlling a company with an understanding to achieve long-term strategic goals to satisfy shareholders, creditors, regulatory bodies, customers, and suppliers (Amba, 2014:2). Aldaas, Mohannad and Abuhashesh (2019: 697) cited six weaknesses that are associated with the implementation of corporate governance in the developing countries; regulatory frameworks appeared to be weak, lack of corporate governance culture, concentration of individual investors, inadequate control of institutions, lack of foreign investors and weak transparency. Historically, El-Masry, Abdelfattah and Elbahar (2016:8) much of the corporate governance literature has been focused more on developed countries and much less on developing countries.

2.8.1 Historic overview of corporate governance

The debate about corporate governance responsibilities and accountability within the corporation dates to the 1920s and 1930s (Monciardini, 2012: 5). Corporate governance became a topic of interest in the 1970s in the United States. Within its 25 years of existence, it has become the most debated subject globally by researchers, regulators, investors, and executives. In addition, corporate failures around the world have led to an increase in research in the field of corporate governance, mostly in developed countries (Saha & Ghosh, 2019: 50). Corporate failures were witnessed in corporations such as Enron, World, attracted the attention of regulatory bodies (Uchida, Ahmed, & Aabed, 2011: 108).

Currently, corporate governance is a burning issue in the business world. Effective and good corporate governance is the most crucial condition for the success of a nation and economy. This makes good corporate governance a prerequisite for maintaining sustainable business development (Deb, Sarker, & Siddique, 2017: 51). Though various researchers and organisations have identified different elements to describe good corporate governance, no universally accepted corporate governance model exists. However, elements such as transparent ownership, meeting notification, the board size, independence of directors, guidelines for board members, board committees, and timely disclosure, to name a few, were mentioned as principles of good corporate governance (Pahuja, 2011: 11).

2.8.2 Corporate Governance Disclosure

To ensure that corporate governance practices are within the confinements of the law in terms of transparency and accountability, corporate governance disclosure (CGD) must be initiated. This can only be achieved if companies listed in the stock markets disclose their information in an adequate and timely manner. The disclosure of information on corporate governance is viewed as an integral ingredient and an instrument that is important for companies to operate efficiently. The disclosure of corporate governance practices in companies can be seen as a strategic goal that mitigates information asymmetries of techniques such as risk management, board diversity, internal controls, and remuneration of directors (Isukul & Chizea, 2017:51).

The increased disclosure of corporate governance information came because of global business complexity (Mohammad, 2019:147). Disclosure must be at the centre stage for good and effective corporate governance. A good and effective corporate governance system is seen as a tool for promoting adequate disclosure of information for proper decision-making. The disclosure of the information is both voluntary and mandatory information disclosure (Adewole, Mang, Ayeni, Otubor, & Kairo, 2015:101). Companies must disclose all the material matters about the governance and performance of the institutions. This must be done by applying high-quality standards of accounting, disclosure, and auditing. The disclosure should at least cover the following: financial and operating results of the company, company objectives; majority share ownership and voting rights; members of the board and key executives and their remuneration; and governance structure and policy information should be prepared, audited, and disclosed in accordance with high quality standards (Akingunola & Olusegun, 2013:96). Corporate governance disclosure transgressions include a wide range of principal-agent problems, such as: (i) false disclosures; (ii) misstatements in financial statements; (iii) internal control failures; (iv) market abuses; (v) corporate governance lapses, such as poor board oversight, irregular approval of directors' remuneration, unjustified disbursements to directors and management of the company, related party transactions not conducted at arm's length, and (vi) delinquent tax compliance, including non-remittance of deductions at source to appropriate tax authorities; (vii) complexity and opacity of the company's operations and lack of clarity in the company's structure; and (viii) perpetual lateness in filing annual returns (Herbert & Agwor, 2021 :16).

According to Kilic and Kuzey (2017:145), company size is one of the most frequently used factors to understand the disclosure behaviour of companies. Larger companies are compelled to disclose their practices due to their high public visibility. This is supported by agency theory, which suggests that larger companies have high agency costs due to higher information asymmetry between managers and shareholders. Therefore, to avoid agency costs, large companies must present more information by publishing stand-alone sustainability reports. In addition, large companies are more prone to disclose more information since they have stronger financial, organisational, and human resources that enable the ability to collect, analyse, and report data at minimal costs.

2.8.3 Previous studies on corporate governance disclosures

In developing countries, corporate governance disclosure is negatively affected by several systematic issues, such as weak legal and regulatory mechanisms, lower disclosure standards, ineffective enforcement capabilities, political interference, and sometimes even weak and ineffective boards (Isukul & Chizea, 2017:52). European Union mandate non-financial reporting to include the disclosure of material information related to environmental, social and governance. This disclosure of information is done on the “comply or explain” principle (Camilleri, 2018:11). Isukul and Chizea (2017: 57) mentioned that research on disclosure of the board size, ownership structure, return on asset, and independence of directors found mixed reactions in which some research indicated that board size, ownership structure, and return on investment can have some influence on the levels of disclosure.

A study conducted by Othman (2012) in Lipunga (2014:120) on corporate governance disclosure about the African continent based on Anglophone and Francophone focused on the impact of the board structure and the process disclosure level on corporate performance. The study found that countries with historical links with Great Britain (Anglophone) showed improved board structure and process disclosure scored higher than those with historical links with France (Francophone). One of the studies conducted by Agyei-Mensah (2012) in Isukul and Chizea (2017:60) investigated the compliance of disclosure practices in developing countries compared to international standards and voluntary corporate governance disclosure. The study revealed that there needs to be better corporate governance disclosure in developing countries as compared to developed countries.

A study by Mohammad (2019:147) found that companies ignored non-financial disclosures to minimise their financial capital and profit. Since then, corporate governance disclosure has grown exponentially over the last two decades and has taken centre stage for regulators and researchers. Kilic and Kuzey (2017:144) reported that corporate governance structures can provide high levels of voluntary disclosures. However, weak corporate governance structures can collapse a

company's disclosure because of management failures to disclose relevant important information to the stakeholders.

2.8.4 The importance of corporate governance disclosures

Good corporate governance is generally expected to positively impact sustainability performance and disclosure. Corporations these days are increasingly under pressure for good governance and sustainability. Corporate governance has emerged out of the need to strengthen mechanisms for corporate control (Mahmood, Kouser, Ali, Ahmad, & Salman, 2018: 2). Corporate governance has attracted a fair deal of public interest because of its great importance for the financial and economic health of corporations and society in general (Imeokparia, 2013:1085). Corporate governance is more interested in effective and ethical leadership to ensure that stakeholders' interests are delivered as promised. Therefore, without ethical leadership, entities' success or survival is at risk (Nwagbara, 2012:140).

Nwagbara (2012: 139) cited that business ethics is a controversial issue and ethical practice goes hand in glove with positive corporate governance. Companies can succeed when they operate in such a manner that most of the stakeholders believe that there is an appreciable amount of trust and ethical behaviour in a company. Dominguez, Alvarez, and Sanchez (2009:188) defined ethical codes as "written documents through which companies anticipate employee behaviour and produce change by making explicit statements as to desired behaviour". Though business ethics has been there for a long, recently, many companies have decided to adopt ethical codes of conduct as part of business principles. Adopting an ethical code might be seen as a formal way of encouraging and guiding responsible behaviour among employees and organisations. Salin and Ismail (2015: 3) indicated that companies with good ethical practices are trusted by their customers and display good reputations. A company's code of ethics leads to legitimacy in front of the public eye and helps the company to survive in the business world. Good ethical practices of companies would satisfy their stakeholders, affecting their performance.

The world is currently experiencing a socio-economic crisis beyond the financial crisis, and failure to manage it negatively impacts the economy (van Zyl, 2013). Globally,

several studies have noted that there needs to be uniformity in the practice of corporate governance and the disclosure thereof. This is because every country is observed to be adopting its own unique set of corporate governance procedures that are based on the country's financial system, corporate ownership, and economic circumstances (Mulili and Wong, 2011:16). Entities are dealing with highly complicated financial, natural, and human resources; therefore, the investors need to be presented with accurate information when making financial and non-financial information. These must include a reporting framework, measurements, auditing standards, laws, and internal controls.

The GRI standard disclosure index on corporate governance requires that entities report on the following guidelines: a description of the organisation's values, principles, standards, and norms of behaviour (GRI, 2016:17). A description of internal and external mechanisms for seeking advice about ethical and lawful behaviour, and organisational integrity, reporting concerns about unethical or unlawful conduct, and organisational integrity. The banks should further report on the governance structure of the organisation, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics (GRI, 2016:17). The elements of corporate governance are viewed as an entity's checks and balance system because strategic policy regarding sustainability disclosure is imperative for management. Research has found that, in developing countries, corporate governance is relatively weak and experiences challenges because of a lack of stakeholder engagement, family controlling business, lack of rule of law and the absence of knowledgeable people (Bae et. al. 2018:2).

2.8.5 Corporate Governance Mechanisms

The mechanisms of corporate governance are more about the tools, instruments and techniques through which accountability is ensured. Several studies have found a positive relationship between corporate governance variables and bank efficiency. Meaning that board size, board composition, board committees, board diversity, and board independence have a positive impact on banks' performance (Shungu, Ngiranda & Ndlovu, 2014: 95). The banking sector is compelled by its nature of business to have many stakeholders which sometimes create more challenges than

non-financial institutions. The mechanism of corporate governance in the banks should include depositors and shareholders. Depositors need to be assured of safety when depositing their money in the banks, and the complexity of the banks' operations makes it very costly for depositors to control managers (Zerban & Ateia, 2016: 37).

Board committees are an important tool for corporate governance as they monitor corporate practices and protect shareholders' value. Many countries require all listed banks to have an internal control and risk (audit) committee, remuneration committees and nomination committees. Board committees serve as the cornerstone for the better functioning of banks. The committee should display strong independence and transparency from the board and communicate the risk strategy to all employees (Shungu et al., 2014: 95).

The agency theory principle of separating the monitoring and execution functions is established to monitor the execution functions of audit, remuneration and nomination. The committee should be composed of independent non-executive directors to strengthen the internal control systems of firms (Peters & Bagshaw, 2014: 109).

Companies establish independent board committees to decentralise power and responsibilities to reduce agency conflicts. Some of the established committees may be tasked to increase the company's reputation and legitimacy (Musad, 2018: 12). In countries like India, the management of companies is controlled by majority share ownership, and family-nominated independent directors continue to be seen as independent from their decision makings. Also, independent directors are usually appointed not on merit or expertise but instead on personal and family connections and political and bureaucratic affiliation (Masud et al., 2018:10).

In every company, the role of independent directors is to monitor, control, supervise management, and provide suggestions and advice to the management concerning environmental performance. Some studies suggest that the presence of higher independent directors on the board could monitor, control, and disclose environmental issues and reduce the powers of top management. Some studies found that there is a positive relationship between the independence of the board and social and environmental disclosures (Musad, 2018: 11).

Effective corporate governance practices are one of the key prerequisites to achieving and maintaining public trust and in a broader sense, confidence in the banking system (Greuning & Bratanovic, 2009:42). Greuning and Bratanovic (2009:42) outlined key elements of sound corporate governance framework in a bank include the following (**Table 2.1**):

- A well-articulated corporate strategy against which individuals' overall success and contribution can be measured.
- Setting and enforcing clear assignment of responsibilities, decision-making authority, and accountabilities appropriate for the bank's selected risk profile.
- Strong financial risk management function (independent of business lines), adequate internal control systems (including internal and external audit functions), and functional process design with the necessary checks and balances.
- Adequate corporate values, codes of conduct, and other standards of appropriate behaviour and effective systems are used to ensure compliance.
- Financial and managerial incentives are offered to the board, management, and employees to encourage appropriate behaviour, including compensation, promotion, and recognition, and
- Transparency is important for maintaining trust and credibility. This involves disclosing relevant information to both internal parties and the public.

In 2004, the Organisation for Economic Co-operation and Development (OECD) identified seven critical elements of good corporate governance. These elements include the rights and obligations of shareholders, equitable treatment of shareholders, the role of stakeholders in corporate governance, transparency, disclosure of information and audit, the board of directors, non-executive members of the board, and executive management compensation and performance (OECD,2004).

Table 2. 1: Elements of Good Corporate Governance

Good Board Practices	Control Environment
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• Clearly defined roles and authorities • Duties and responsibilities of directors understood. • The board is well structured. • Appropriate composition and mix of skills. • Appropriate board procedures • Director remuneration in line with best practice • Board self – evaluation and training conducted	• An independent audit committee established. • Risk management framework present • Internal control procedures • Internal audit function • Independent external auditor conducts audits. • Management information system established. • Compliance function established.
Transparent Disclosure	Well Defined Shareholder Rights
• Financial information disclosed. • Non-financial information disclosed. • Financials prepared according to IFRS High quality annual report published. • Web based disclosures	• Minority shareholders' rights are formalized. • Well organized general assembly conducted. • Policy on related party transactions • Policy on extraordinary transactions • Clearly defined and explicit dividend policy
Board Commitment	
• The board discusses corporate governance issues and has created corporate governance committee. • The company has a corporate governance champion. • A corporate governance improvement plan has been created. • Appropriate resources are committed. • Policies and procedures have been formalized and distributed to relevant staff. • A corporate governance code has been developed. • The company is publicly recognised as a corporate governance leader	

Source: Introduction to Corporate Governance, Corporate Governance Board Leadership Training Resources Kit (2008), Global Corporate Governance Forum (GCGF) and International Finance Corporation (IFC), p. 16.

The elements of corporate governance have a weaker presence in South Asia including India. This is because most companies in India are controlled by family members. Moreover, these companies lack effective regulations and the absence of transparency and are heavily dependent on international grants and loans. In countries like India, there is little external pressure from NGOs or the international community (Masud, Nurunnabi, & Bae, 2018: 3). However, a few studies mentioned by Masud et al, (2018:3) noted major changes in the corporate governance structure lie in board characteristics such as independent of the board of directors, the inclusion of female directors, and CSR committees.

UNCTAD (2016) corporate governance disclosures can significantly contribute to achieving sustainable development goals by encouraging financial stability, promoting good governance, and socially and environmentally responsible practices that are of high quality and internationally comparable (Bhasin & Bamahros, 2016:196). The guidelines on best practice of corporate governance disclosure as provided by the UNCTAD are shown in Table 1.2 below, as well as an essential content of corporate governance practices to be adopted and disclosed. The United Nations (UN) guideline is composed of five groups of corporate governance disclosure practices (Financial transparency; Board and management structure and process; Ownership structure and exercise of control rights; Corporate responsibility and compliance; and Auditing) and 52 disclosure items among them, which reflect the recommendations of the UN (UNCTAD, 2011:). The best practices on CG required by UNCTAD (2011) are presented in **Table 2.2**.

Table 2. 2: The best practices on CG required by UNCTAD.

No.	Disclosure Item
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Ownership Structure and Exercise of Control Rights	
1.	Ownership structure
2.	Process for holding annual general meetings
3.	Changes in shareholdings
4.	Control structure
5.	Control and corresponding equity stake
6.	Availability and accessibility of meeting agenda
7.	Control rights
8.	Rules and procedures governing the acquisition of corporate control in capital markets.
9.	Anti-takeover measures
Financial Transparency	
10.	Financial and operating results
11.	Critical accounting estimates
12.	Nature, type, and elements of related-party transactions
13.	Company objectives
14.	Impact of alternative accounting decisions
15.	The decision-making process for approving transactions with related parties
16.	Rules and procedures governing extraordinary transactions
17.	Boards responsibilities regarding financial communications
Auditing	
18.	Process of interaction with internal auditors
19.	The process of interacting with external auditors
20.	Process for appointment of external auditors
21.	Process for appointment of internal auditors/scope of work and responsibilities
22.	Board confidence in independence and integrity of external auditors
23.	Internal control systems
24.	Duration of current auditors
25.	Rotation of audit partners
26.	Auditors` involvement in non-audit work and the fees paid to the auditors
Corporate Responsibility and Compliance	
27.	Policy and performance in connection with environmental and social responsibility
28.	Impact of environmental and social responsibility policies on the firm's sustainability
29.	A code of ethics for the board and waivers of the ethics code

30	A code of ethics for all company employees
31	Policy on whistleblower protection for all employees
32	Mechanisms protecting the rights of other stakeholders in business
33	The role of employees in corporate governance
Board and Management Structure and Process	
34	Governance structures, such as committees and other mechanisms to prevent conflict of interest
35	Checks and balances mechanisms
36	Composition of board of directors (executives and non-executives)
37	Composition and function of governance committee structures
38	Role and functions of the board of directors
39	Risk management objectives, system, and activities
40	Qualifications and biographical information on board members
41	Types and duties of outside board and management positions
42	Material interests of members of the board and management
43	Existence of plan of succession
44	Duration of directors' contracts
45	Compensation policy for senior executives departing the firm because of a merger or acquisition
46	Determination and composition of directors' remuneration
47	Independence of the board of directors
48	Number of outside board and management position directorships held by the directors
49	Existence of procedure(s) for addressing conflicts of interest among board members
50	Professional development and training activities
51	Availability and use of advisorship facility during reporting period
52	Performance evaluation process

List of disclosure items in the UNCTAD benchmark (UNCTAD, 2011:34)

UNCTAD's corporate governance reviews provide a useful picture of what enterprises are disclosing, it is also important to improve the understanding of the requirements placed on companies by regulators and stock exchanges, and how these requirements might vary from country to country, and therefore influence the firm-level disclosure of corporate information (UNCTAD, 2011:19).

2.8.6 The elements of corporate governance disclosure

Cooray, Gunarathne, and Senaratne (2020:29) highlighted that agency theory has been used to examine the relationship between corporate governance characteristics such as board size, board independence, chief executive officer (CEO) duality, gender diversity, audit committee independence, compliance, ownership structure, risk management committee, and reporting quality. A study by Barros (2013:574) highlighted that voluntary disclosure increases with higher management ownership, board independence, frequency of board meetings, independence of audit committees, and quality of external audits. It decreases with lower board diligence and audit committee meeting frequency and diligence. As a result of their complicated organisational structure and the greater number of committees, including lending and credit risk committees, banks are expected to have larger boards than boards in other sectors due to their unique operating environment (Grove, Patelli, Victoravich & Xu, 2011: 421). Therefore, the following elements of good corporate governance disclosure are considered in this study.

2.8.6.1 Corporate governance disclosure of the board of directors

- **Role of the board**

The primary responsibility of a board is management oversight. A board must have experience and a broad understanding to monitor effectively and must be independent of a company's management to effectively oversee operations (de Villiers and Dimes, 2021:14). The company's board of directors is the key principle in solving the company's problems and must operate in the best interest of all shareholders (Adewole, Mang, Ayeni, Otubor & Kairo, 2015:99). The board of directors' corporate governance disclosures describe board procedures, including composition and structure, to improve stakeholder accountability and is responsible for corporate governance, strategic policies and plans, accountability, performance, and disclosure (Herbert and Agwor, 2021:21). Agency theory believes that separating the CEO and board chairman responsibilities can reduce agency expenses. As board leader, the chairman oversees the CEO's appointment, firing, evaluation, and compensation. Therefore, combining two leadership responsibilities would limit the chairman's ability to monitor effectively and objectively, fostering CEO entrenchment and agency conflicts (Grove et al., 2011: 421). The board of directors is the company's most

fundamental governance mechanism, and its gender, age, nationality, and professionalism determine its performance (Naciti, Cesaroni, and Pulejo, 2021:66).

- **Board composition**

Board composition is the total number of directors brought from outside the company to sit on the board divided by the board size on a given period. Non-executive and independent directors are considered one of the most important mechanisms for ensuring corporate accountability and firm growth (Shungu et al, 2014: 95). The board must have a sufficient number of non-executive and executive directors to ensure their views are significant in decision making. At least two non-executive directors should be included (Jayendrika, Priyadarshanie & Samarakoon, 2020: 40). A board with a relevant mix of non-executive directors can contribute more to performance than boards which is predominantly with internal directors (Sanda, Garba, & Mikailu, 2008:6) and board members serving on numerous boards are more likely to be exposed to the variety of reporting processes of different organisations, resulting in a greater number of disclosures (Ong & Djajadikerta, 2018:6). Board composition is supported by both agency and stewardship theory. A board dominated by non-executive directors is largely based on agency theory, while a board dominated by executive directors is based on stewardship theory (Peters & Bagshaw, 2014:109). These processes of appointing the board of directors should be formal and transparent. A nomination committee should be established to make recommendations to the board on all new board appointments (Jayendrika, Priyadarshanie & Samarakoon, 2020: 40).

- **Board diversity**

Gender diversity is argued to have a good effect on the quality of voluntary disclosures, especially environmental disclosures, and corporate governance disclosure (de Villiers and Dimes, 2021:14). Board diversity is the mixture of men and women, persons from different age brackets, persons with different ethnic groups and racial background. For the board to be effective, there is a need for diverse perspectives. There is a limited number of women on the board of directors (Shungu et al, 2014: 95).

Gender diversity in the workplace has been at the forefront of political debate and academic research (Titova, 2016:660) Studies have suggested that female directors have a positive association with financial performance and social disclosure and the participation of female directors in the board may increase the board's effectiveness and competitiveness. In addition, Ong & and Djajadikerta (2018:7) highlighted that companies with more than three women directors on their boards disclose more information than those with fewer than three women directors.

However, a study conducted in Bangladesh, found that there is no positive relationship between female directors and the CSR reporting in the banks listed within the country's stock exchange. This may be the result of the fact that women in South Asian countries are less empowered economically and socially than those in Western countries. Also, women are afforded few opportunities to participate in corporate management as the space is male-dominated and lacks education (Musad, 2018: 12).

- **Board size**

It can be argued that larger boards may contribute to higher efficiency through additional expertise which explains why the banks have more boards of directors than non-financial firms (Titova, 2016:658). The number and quality of directors in a company influence how the board functions. However, empirical researchers globally concerning the banking sector found that there is no significant relationship between board size and banks' performance (Shungu et al, 2014: 95; Ado, Shafie, & Goni, 2017: 13). Other views state that larger boards are less effective and are easier for the Chief Executive Office to control and smaller boards may reduce the possibility of free riding and increase the accountability of individual directors (Balaputhiran and Nimalathashan, 2013: 95).

Many board members might represent managerial capabilities and skills, which should improve the quality of information disclosure (de Villiers and Dimes, 2021:14). The number of non-executive directors can characterise board independence as the presumption that they can minimise executive director dominance in decision-making (de Villiers and Dimes, 2021:14) and the higher shareholder and stakeholder

protection, the lower requirement for CSR information and company behaviour data (Tibiletti, Marchini, Furlotti, and Mediolì, 2020:904).

The board of directors changes every three years, and its characteristics could impact corporate governance in a company (Tibiletti et al., 2020:904). The agency theory addresses the conflict of interests between the shareholders and the managers by requesting the managers to disclose information about their investment to the shareholders of the company (Tabash, 2019:27). The disclosure of both mandatory and voluntary information by the managers reduces agency costs and increase trust in the board of directors and shareholders (Khanifah, 2022:43). However, large boards may experience organisational problems that impact their ability to improve voluntary social, environmental and governance reporting and the ability to engage stakeholders (Tibiletti et al., 2020:904), and hampers the board's efficacy as well as the effectiveness of corporate governance mechanisms (Grove et al., 2011:421). In addition, a study by Uwuigbe et al., (2018:19) concluded that larger boards are likely to become more incompetent because they tend to aggravate poor decision-making and delay the decision-making process. Smaller boards are often more effective in decision-making, and governance regulations sometimes require that boards will not be overly significant to promote better decision-making (Brown, Beekes, & Verhoeven, 2011:112).

2.8.6.2 Corporate governance disclosure of audit committee

Audit committee monitoring is not only about the financial reporting process but also extends to the reporting of non-financial information, such as corporate governance information disclosure (Harun, Hussainey, Kharuddin, & Farooque, 2020:4). Audit committees, which are required by law in certain jurisdictions, take an active role in enhancing corporate disclosures by emphasising internal controls and high-quality reporting procedures (Ibrahim et al., 2019:96). The independence of an audit committee is believed to improve the quality of information disclosure (de Villiers and Dimes, 2021:14); however, the effectiveness of audit committee depends on various factors including frequency of meetings, independence of the audit committee, financial experts on audit committee (Ashfaq and Rui, 2018:9; Khanifah, 2022:44) and the number of non-executive directors (Brown et al., 2011:113). A disciplined

governance system, as outlined by Luo (2009:33), requires both internal and external audits of a company's operations. The ineffectiveness of the audit function was a major factor in the downfall of Maxwell, Barings, and Enron. King II (2002) stresses that the annual audit is one of the pillars of corporate governance.

The number of committee members determines the size of the audit committee. Most countries require that two-thirds of the audit committee members are independent directors (Khanifah, 2022:44). According to the ASX corporate governance council (2010), an audit committee should include at least three members with accounting and legal experience (Jahid, Ur Rashid, Hossain, Haryono, & Jatmiko, 2020:64). In a study by Miras-Rodríguez, Martínez-Martínez, and Escobar-Pérez, (2019:6) suggest that based on agency theory, a larger audit committee increases board-monitoring capabilities and Khanifah (2022:44) added that banks with larger audit committee experience the higher quality of accounting processes which result in a higher level of transparency. Additionally, larger audit firms are more inclined to provide high-quality services to preserve their reputation capital and avoid losing customers in case of misreporting (Barros, 2013:564).

Companies audited by sizable international auditing firms are likely to offer more relevant and reliable corporate disclosures Orazalin (2019: 498). This is because large auditing firms provide high-quality assurance services, and they are exposed to higher litigation risks, which makes them more diligent and conservative in offering their services (Ibrahim et al., 2019:98). Greater participation in board (audit committee) meetings enables directors to provide helpful advice, exchange viewpoints, and benefit from each other's experience, reduces the information asymmetry between them, and promotes more efficient board and committee functioning. However, busy directors are less likely to question managerial proposals and decisions and are consequently fewer effective monitors (Barros, 2013:564).

2.8.6.3 Corporate governance disclosure of risk management

A company's success can no longer depend solely on profit maximisation. Still, it must include how it manages its risks that arise from the social, environmental and governance practices as the disclosure of risk management improves the company's evaluation processes and produces positive effects on market value (Manes-Rossi Tiron-Tudor, Nicolò and Zanellato, 2018:6). Risk management safeguards a company's value and long-term sustainability and identifying possible consequences that represent a risk to a company. Risk management is the application of policies and processes to discover, analyse, and evaluate risks, thereby deciding the level of risk exposure that a company can tolerate (Karwowski and Raulinajtys-Grzybek, 2021:1272). Corporate governance risk disclosure refers to any information, whether quantitative or qualitative, that pertains to an organization's uncertainties or potential risks. Such risks may include financial risks, such as interest rates and exchange rates; operational risks, such as customer dissatisfaction; and integrity risks, such as unlawful conduct (Ibrahim, Habbash, & Hussainey, 2019: 90).

The United States of America (USA), United Kingdom (UK), Germany and Canada were the first countries to issue specialised regulations regarding risk disclosures after the financial scandals and economic crises. Germany's German Accounting Standard Board (GASB) issued German Accounting Standard 5 (GAS-5) which mandated listed firms to provide information about different risks they face (Dobler, Lajili, and Zeghal, 2011:4). The separation of the risk management committee from other committees is regarded as a crucial aspect, especially for the dissemination of high-quality risk-related information disclosure (de Villiers and Dimes, 2021:14). The International Financial Reporting Standards (IFRS) mandate companies to disclose their financial and non-financial information relating to their risk information (Tabash, 2019:27).

Additionally, the Securities and Exchange Commission (SEC) issued a Financial Reporting Release (FRR No. 48) which mandated companies to disclose information on market risks associated with their practices and the most significant risk factors facing companies (Lin, Owens, and Owers, 2010:35). In the banking sector, the pillar 3 of Basel 2 of Basel Committee has accorded 'market discipline' to organise risk disclosures in the banks. Pillar 3 of the Basel 2 accord is an international issuance concerned with different risks that banks face. Therefore, the Basel Committee on

Banking Supervision (BCBS 239) introduced Basel III to help banks evaluate and disclose risks and strengthen the banking sector's regulation, supervision, and risk management (Pervez, Mansour, & Bansal, 2022:142).

2.8.6.4 Corporate governance disclosure of company compliance and responsibility.

The Board of directors' responsibility extends beyond simply maximising profits for the company's shareholders; it also includes taking an ethical position toward the company's stakeholders (Naciti, Cesaroni, and Pulejo, 2021:66). The lack of compliance within BRICS countries is not due to the weak legislation system for corporate governance compliance but low law enforcement (Ceglia et al., 2016:924). Clause 49 of the Code of Conduct, Including Information and Affirmation of Compliance, states that "the board of a company is required to establish a code of conduct for all board members and senior management" (Bhasin, 2010: 156). To strengthen compliance, the national and global governments, including the UN, have adopted whistleblowing as a policy strategy to combat fraud and corruption (Herbert and Agwor, 2021:22). Additionally, UNCTAD (2011:5) the RFSC proposed that corporations disclose information in their annual reports regarding their compliance or noncompliance with the Code.

2.8.6.5 Corporate governance disclosure of ownership structure

The ownership structure of an organization can be influenced by several variables such as managerial ownership (the percentage of shares held by executives and managers), foreign ownership (the percentage of shares held by foreign investors), and state ownership (the percentage of shares held by the government). These variables can have a significant impact on the ownership of an organization (Orazalin, 2019: 498). According to Agency theory, the company ownership structure affects the level of corporate governance disclosure (Harun, 2020:10; da Silva and Leal, 2005:6)), and external stakeholders such as foreign ownership do have an influence on corporate governance disclosure (Sani, 2018:60). According to da Silva and Leal (2005:7), the concentration of voting rights and the separation of voting from cash flow rights have a detrimental effect on a company's valuation due to the expropriation of

minority shareholders. According to researchers and practitioners, the distinction between ownership and control generates most manager-owner conflicts. When firm owners (principals) appoint a manager (agent) with different objectives, agency issues arise. Greater managerial ownership increases the likelihood that managers prioritise shareholders' interests. They might divulge more information to reduce shareholder monitoring expenses and avoid agency issues (Barros, 2013:563).

Since the ownership by the government represent the public, it is believed that government ownership has positive influence on corporate governance disclosure (Ashfaq and Rui, 2018:9) and improves the quality of the disclosure by promoting and applying good government regulations that are related to transparency and disclosure (Ibrahim et al., 2019:97). In a study by Tomar and Bino (2012:369) indicated that banks with a majority institutional ownership and linked board members have superior performance and a lower risk profile compared to all other sample groups. However, in countries like Russia, corporate governance disclosure is scarce and unclear on ownership structure even when collected by the Federal Commission on Security Market Disclosure (Ceglia et al., 2016:929).

2.9 Corporate governance models around the world

There are many models of corporate governance globally. However, the two most dominant corporate governance models are the "Anglo-America" and the "Germany-Japan" model. These models differ as per the variety of capitalism in which they are located (Sarker, 2018: 6; Kwame, 2017: 19).

2.9.1 The Anglo-American model

The Anglo-American corporate governance model promotes radical innovation and cost competitive, and the German-Japanese corporate governance model advocates incremental innovation and quality competition. However, both models have unique competitive advantages in their respective ways (Sarker, 2018: 6; Kwame, 2017: 19). This model has four pillars: the board is exclusively elected by shareholders,

depending on financial markets for financing, low reliance on banks and less interaction with government agencies. Most developing countries adopt the Anglo-American corporate governance model because of other systems' failure or limited success and the influence of the World Bank and International Monetary Fund, which dictate policy conditions (Uchida, Ahmed, & Aabed, 2011: 109).

The Anglo-American model is recognised as a “market-based” corporate governance system. The Anglo-American model is mostly used in countries like the United States, United Kingdom, Canada, and New Zealand and is distinguished by the prevailing legal and regulatory environment. Under this model, the board of directors is dominated by independent directors. Share ownership is widely dispersed in this model, and explicit contracts protect shareholders, meanwhile, managers are monitored by an external market for corporate control (Sarker, 2018: 6).

2.9.2 The German-Japan model

The “German-Japan” is also known as the “bank-centered, relationship model” of corporate governance as “control-oriented” financing. The German-Japan model is mostly used in Europe and East Asia and focuses more on the long-term relationship between firms and investors. Companies that use this model keep a close relationship with the banks. This model is applicable primarily in developing countries as banks are typically the important source of external financing, and banks are in an excellent position to monitor corporations and governance (Sarker, 2018: 6).

2.10 Summary

In this chapter, a thorough analysis and discussion were presented on various corporate governance issues and practices disclosed by different sectors, especially the banking sector. The chapter extensively investigated corporate governance mechanisms and elements at a global level and within BRICS countries, including the regulatory frameworks that guide the disclosure of corporate governance practices by the banks.

The chapter highlighted the importance of corporate governance practices to ensure the accountability, transparency, and ethics of corporations. It also examined the

implications of corporate governance failures and misconduct, especially in the banking sector, and how such failures can lead to financial crises and economic instability. Additionally, the chapter discussed the disclosure of corporate governance practices by the BRICS banks in light of different regulations such as the code of corporate conduct. It further explored the similarities and differences in corporate governance practices among the BRICS banks and how these practices are influenced by cultural and institutional factors.

Overall, the chapter provided a comprehensive understanding of corporate governance practices and their implications for the banking sector, and how effective corporate governance practices can enhance the performance and sustainability of corporations. The next chapter discusses corporate governance in the banking sector globally and in BRICS countries.

CHAPTER THREE: CORPORATE GOVERNANCE IN THE BANKING SECTOR

3.1 Introduction

To boost operational efficiency, it is essential to implement successful corporate governance by ensuring risk minimisation, creating value, and improving public accountability within the banking sector (Rashid, Ur, Zobair, Chowdhury, Iqbal, & Islam, 2020:616). The history of the banking sector, as well as corporate governance issues within the banking sector and BRICS banks in connection with corporate governance disclosure, are covered in this chapter. Also included are a regulation applied by various banks within the BRICS countries.

3.2 Background of the banking sector

The word “Bank” is said to be derived from the French word “Bancus”, which means bench. It is believed that the ancient bankers, the Jews of Lombardy, transacted their business on benches in the marketplace. Others think that it was derived from the German word “Back”, meaning a joint stock fund. However, the modern banking system began with the opening of the Bank of England in 1694 (Panchasara, 2017:17). Globally, several studies have been conducted on corporate governance in the financial sector of developed nations. However, this is not the case in developing countries, as there is a lack of studies on the role played by corporate governance in the banking sector of developing nations (Aldaas, Mohammad & Abuhashesh, 2019: 696). Corporate governance in the banking sector is most important as compared to other sectors because the banking sector plays an integral financial part in any economy (Adnan, Htay, Rashid, & Meera, 2011: 1). Titova (2016: 656) indicated that, though there are much research conducted in the non-financial sector, corporate governance is less researched in the financial sector, especially in the banking sector.

In the banking sector, corporate governance focuses on how banks conduct daily practices to give a fair deal to all stakeholders, such as shareholders, bank customers, regulatory authorities, community, and employees. Therefore, this resulted in the importance of corporate governance for the banks to perform and remain relevant in this era of liberalisation and globalization (Devi, 2015:87). The effectiveness of

corporate governance practices in the banking sector is one of the critical prerequisites to achieve and maintain public trust and in a broader sense, confidence (Ikpefan, 2013:45). Good governance in the banking sector implies quality management which includes six performance areas such as capital adequacy, asset quality, management earnings, liquidity, and sensitivity risk (Afolabi & Dare, 2017:74). However, poor governance has been identified as the common factor for banking unsoundness (Ikpefan, 2013:45). Additionally, the asymmetry of information in the banking sector is endangering the stability of the banking system (Tadesse, 2006: 5).

3.3 The importance of corporate governance disclosures in the banking sector

Corporate governance in the banking sector has occupied a centre stage in the literature because of its role in the banks. Corporate governance comprises procedures, mechanisms, policies, practices, rules, and processes by which companies are managed and controlled (Baldavoo & Nomlala, 2019: 232). “Corporate Governance for Banks” was defined by the Basel Committee on Banking Supervision (BCBS) as the “set of relationships between a company’s management, its board, its shareholders and other stakeholders which provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance” (Ado, Shafie & Goni, 2017: 3).

The banking sector serves as a source of capital for entities and thus plays an instrumental role in economic development. By the nature of their business, banks are required to disclose information to the community more than any other business (Kilic, 2016:20) and display exemplary CG practices in the reports, including transparency and compliance as per section 47 of CG rules (Devi, 2015: 88). The lack of transparency within the banking sector undermines good corporate governance. Therefore, transparency and disclosure provide all stakeholders with appropriate information for better decision-making about their interests within the bank (Ikpefan, 2013: 45). This can be done through the publication of the annual reports through websites or a considerable number of resources available to the society (Kilic, 2016:20). The bank’s annual report should disclose financial information, such as accounting ratios relating to loans, advances, investments, borrowings, and deposits (Devi, 2015:88). For banks to ensure appropriate checks and balances, oversight

should be performed in their organisational structure. Firstly, managed by the board of directors; second, oversight by individuals not involved in the day-to-day running of the bank; thirdly, direct line supervision of different business areas; and finally, independent risk management and audit function, the key personnel must be fit and proper for the job (Devi, 2015:89).

Globally, there is considerable interest in implementing corporate governance in the banking sector, especially after the global financial crisis. These crises have led to requiring boards and management of companies to be transparent and accountable in their business conduct (Akingunola & Olusegun, 2013:90). It has been globally noticeable that the quality of corporate governance plays an instrumental role in the soundness and unsoundness of banks. For corporate governance practice to be effective, it must include transparency, openness, accurate reporting, and compliance with statutory regulations. The unsoundness of banks may result in a lack of inadequate practice of good corporate governance (Akingunola & Olusegun, 2013:90). Effective corporate governance structures are essential to achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and the economy (Leventis, Dimitropoulos, & Owusu-Ansah, 2013:265). Due to the nature of their business, banking legislation traditionally composes banks to disclose information. This was made possible by establishing International Financial Reporting Standards and Minimum Disclosure Requirements. By applying these requirements, the quality of disclosed information to the public is achieved. The public disclosure of information can be done through annual reports. Therefore, the public must be educated on interpreting the disclosed information (Greuning & Bratanovic, 2009:340).

For banks to be transparent, there must be specific information from the bank that is available to the economic agents outside the bank and must reflect the quality of disclosure, the degree of private acquisition of information, and the degree of information dissemination (Tadesse, 2006:12). The application of corporate governance within the banking sector is to improve the quality of life of the banks, and to understand changes and movements of the banking systems. These corporate governances are practised by the board of directors, management, internal and external auditors, supervisors, and board committees. In principles, there can only be

good and effective corporate governance if the board is transparent, practising accountability, internal and external control, protecting shareholders, and disclosing information by the banks (**Table 3.1**) (Maradi & Dasar, 2015: 43).

Table 3. 1: Features of corporate governance in the bank's

Factors	Clause 49
Number of directorships for independent directors	Maximum 7 listed companies as an independent director except where such person is WTD; the limit is up to 3 directorships.
Tenure of independent director	The maximum tenure of an independent director is capped at 10 years. However, if a person who has already served as an independent director for 5 years or more on 1 Oct. 2014, will be eligible for appointment for a term of 5 years only.
Constitution of Audit Committee	Two-thirds of the members of the AC shall be independent directors. The chairman of the AC is to be an independent director.
Related Party Transactions	All material related party transactions shall require approval of the shareholders through special resolution and the related party shall abstain from voting on such resolutions.
Risk Management Committee	The revised clause 49 inserts a new requirement (for only top 100 listed companies by market capitalization as at the end of the immediate previous financial year) that a company shall also constitute a risk management committee.
Separation of offices of chairman and chief executive officer	No explicit provision earlier. Introduced as a non-mandatory provision.

Source: Sarker (2018:7)

Though the banking sector is regarded as the most complex one, the banks should not compromise the qualitative standards of risk management, board composition, internal controls, and disclosure standards (Maradi & Dasar, 2015: 52). Bidabad & Sherafati (2019:2), the "Basel Committee on Banking Supervision (BCBS)" and the "Technical Committee of the International Securities Commissions (IOSCO)" in 1999 provided some recommendations regarding the disclosure of information, transparency of trading practices, and the derivative tools of banks and securities firms

to achieve transparency in the banking sector. Included in the recommendations were the following:

- Transparency of business practices and derivatives results on the stability of the banking institutions and the derivatives providers.
- Institutions must publish the qualitative and quantitative details of the identified risks as well as the method of their management.
- The disclosure must comply with the risk assessment procedures and performance measurement systems.
- Disclosure of qualitative data and allowing the access of others to quantitative financial statements and qualitative information are both necessary.
- The method and amount of using commercial and non-commercial derivatives, the exchange and over-the-counter (OTC) trading transactions, and any major change in business strategies and risk-taking approaches, must be revealed.
- The prospect of non-commercial derivative practices related to operational strategies, and the method of applying securities in preventing different risks associated with the banking practices must be revealed.
- The method of managing and controlling the market, credit, liquidity, legal, operational, and contingency risks, including the current and potential gross risks, must be disclosed.
- The methods, utilized for accounting purposes and for calculating the revenue of commercial/non-commercial practices, need to be revealed.
- The disclosed information on the accounting policies must be understandable to general users.
- The accounting procedures and operations for computing the profit or loss, the performance and the anticipated revenue, and the balance of assets and liabilities arising from derivative transactions, must be unveiled.
- In the adjustment of the documents or securities' values to determine the value of commercial and non-commercial derivatives, the nature and justifications of savings, the methods and assumptions used in estimating the market value for derivatives that have no market price, and, the adjusting and reporting methods of the deferred, overdue, and undue receivables as well as their credit losses, must be explained.

- Significant changes in accounting policies must be disclosed. If a bank or a company intends to establish a new accounting method in the future, it is required to reveal the new procedure and its potential influences on the financial statements.
- The comparability of the internal and external information helps to achieve information disclosure and transparency goals.
- Disclosure of information must be commensurate with the size and nature of the bank's and the company's practices.

3.4 Previous studies of corporate governance disclosures in the banking sector

Good corporate governance is required in the banking sector to achieve good corporate governance to promote market confidence, help attract additional capital and foster market discipline through better disclosure and transparency. It further helps to ensure that companies consider the interest not only of a group of people but also of the communities within which they operate (Kajananthan, 2012: 16). Hasan, Sharmeen, and Sultana (2017: 27) in a study conducted in Ghana found that, the level of corporate governance disclosure in the banking sector was generally low and there was a significant effect on corporate governance disclosure by the ownership structures and the company size. However, a study conducted by Sereh, Enofe, and Isiavwe (2012) found that Nigerian banks maintained a high standard of information disclosure on corporate governance practices. The study further indicated that board size, board independence, and financial experience had a significant influence on the disclosure of information in the annual reports.

A study conducted by Maingot and Zeghal (2008) in Isukul and Chizea (2017: 57) investigated the disclosure of corporate governance in Canadian banks on board independence, board structure, financial information, and corporate social responsibility. They found that the size of the bank plays the most instrumental part as large banks disclosed more information than smaller banks. Isukul and Chizea (2016:11) indicated that there is a poor level of voluntary corporate governance disclosure by South African banks. Aryani and Prabowo (2011:20) conducted a study on corporate governance disclosure for listed banks in Indonesia. The study found that the size of the board of directors, independent directors and ownership structures do

not influence information disclosure. However, this finding might be because of the poor implementation of corporate governance in Indonesia.

3.5 Corporate governance in the BRICS countries

In the year 1990s, the Indian government started to reform its corporate governance practices. This reform was later modified and intensified in the year 2000 to ensure comparable performance between state-owned entities and the private sector (Locke & Duppati, 2014:9).

Between the years 1962 and 1994, South Africa was isolated from the economic practices of the rest of the world because of the apartheid regime. After the collapse of the apartheid regime in the year 1994, South Africa was brought back to participate in the economic practices with the rest of the world. The inclusion of South Africa participating in international economic practices necessitated the need for sound corporate governance (Afolabi, 2015: 11). This saw South Africa as the first developing country to develop a corporate governance code best practices through the King Report of 1994, which was drawn from the United Kingdom's Cadbury committee of 1992. The King Report was revised in 2002 and again in 2009 to reflect the changing trends of South Africa and the international community (Waweru, 2014: 557). The code was recently revised in 2016. The King IV Code of Corporate Governance recommended that the board of directors be comprised of an appropriate balance of knowledge, diversity, and more independent directors. The code further recommended that companies "apply and explain" any disclosed information (Dzingai & Fakoya, 2017: 2).

Corporate governance and corporate law originate in South Africa from the United Kingdom. Meanwhile, the framework of South African Company law has its foundations in English law, which is found in Companies Act 61 of 1973 (Botha, 2009: 704). A study by Waweru (2014:568) found that South Africa has high-quality corporate governance practices due to the availability of investment opportunities and the number of large companies.

According to Aryani and Prabowo (2011:2), for banks to increase their performance, protect their shareholders, and comply with regulations that apply to the banking sector, each bank must manage its practices based on good corporate governance rules and regulations. In the year 2016, IoDSA updated its code of corporate governance. The King IV Report applies to all organisations, regardless of incorporation type. The primary purpose of The King IV Report is to strengthen corporate governance across sectors and types of organisations. Each King IV Code principle has specific disclosure recommendations that provide guidance and a starting point for disclosure on the specific principle (IoDSA, 2016:6).

3.6 Rules and regulations related to corporate governance in the BRICS countries.

The regulators have identified some low levels of compliance in managerial positions in the banking sectors; as a result, tighter regulations for the bank's corporate governance were since established (Mohamed, Basuony, & Al-Baidhani, 2013:2). The rules and norms on corporate governance practices, laws for investor protection, ownership structure and social welfare building, among others, may differ significantly across the countries because of differences in legal origins (Oliveira, Ceglia & Filho, 2016: 923).

The Securities and Exchange Commission regulations of 2012 require that at least one-fifth of the total number of directors on a company's board be independent. The chairman of the board and CEO shall be different persons since their functions differ (Deb, Saker, & Siddique, 2017: 54). The Basel Committee on Banking Supervision established regulations regarding the capital requirement for banks based on the Bank for International Settlement of (BIS) 1988. These regulations were later adopted by almost all banks in different countries (Panchasara, 2012: 40). In September 1999, the Basel Committee published a paper on corporate governance in the banking sector. The committee indicated that it was the responsibility of banking supervisors to ensure the presence of effective corporate governance in the banking sector (Panchasara, 2012: 40). The Basel Committee on Banking Supervision emphasises that corporate governance structure must be composed of a board of directors and senior management (Andres & Valledado, 2008: 2570). The Basel Committee's clause 49 on

corporate governance disclosure requires every corporation, including the banking sector, to disclose all corporate governance practices in their annual reports transparently. Clause 49 contents include board composition, board size, audit committee, board diversity, risk management committee, and board independence (Rajpara & Mistry, 2017: 74). In both developed and developing countries, the banking sector has already adopted the Basel II to enhance their corporate governance codes (Mohamed, Basuony, & Al-Baidhani, 2013:2).

The unsoundness and poor governance has led to the establishment of the Basel Committee. The Basel Committee on Banking Supervision has in 1999 published a guideline to assist banking supervisors in promoting the adoption of sound corporate governance practices. Implementing these guidelines should be proportionate to the bank's size, complexity, structure, economic significance, and risk profile. However, applying corporate governance standards depends on relevant laws, regulations, codes, and supervisory expectations (Ikpefan, 2013:46).

In the banking sector, the principles of corporate governance are determined by the Banking Regulations and Supervision (Gündoğdu, 2015: 90). The Basel Committee on Banking Supervision (Basel Committee) in 1999 published a guideline to assist banking supervisors in promoting the adoption of sound corporate governance practices (Ikpefan, 2013:46). The Basel Committee on Banking Supervision has since introduced Basel III which its philosophy is to take on the same corporate governance principle as Basel II, however, two new standards were added on the Basel III (Zaky, & Soliman, 2017:167). The new standards promulgated by the Basel Committee on Banking Supervision (Basel III) can significantly further corporate governance objectives, especially those of non-shareholder stakeholders. These corporate governance objectives are advanced in two primary methods. First, to increase financial institutions' capital adequacy requirements and second, to increase transparency. This is achieved by giving shareholders a clearer image of the risk management capabilities of potential investors, reducing agency costs by discouraging management's high-profit, high-risk, short-term profit-maximising decision-making, and protecting consumers and borrowers' unforeseen catastrophes (Howard, 2014: 42).

In 2015, the Basel Committee on Banking Supervision issued a revised version of authoritative Guidelines on Corporate governance principles for banks in the Basel III. While underlining the jurisdictional differences and the necessity of proportionality and differences in governance approaches, the Guidelines set out 13 significant principles regarding banks' corporate governance. They concern (1) The overall responsibilities of boards, (2) Board qualification and composition, (3) The structure and practices of boards, (4) Senior management, (5) Governance and group structures, (6) Risk management functions, (7) Risk identification, monitoring and control, (8) Risk communication, (9) Compliance, (10) Internal audits, (11) Compensation, (12) Disclosure and transparency and (13) The role of supervisors (Hopt, 2021:15).

For the first time in global banking regulatory standards, Basel III introduced a macroprudential policy, the countercyclical capital buffer, which mitigates systemic stability issues. This is to control the credit cycle and minimise severe contractions during cyclical downswings, which can be detrimental to the actual economy (Kasekende, Bagyenda, & Brownbridge, 2012:8). Basel III reforms strive to ensure that the capital base of every internationally active bank is supported by a high-quality buffer capable of absorbing losses during economic recessions (King & Tarbert, 2011:3).

3.6.1 Rules and Regulations in Brazil

In the past 15 years in Brazil, relevant changes were made by mandatory mechanisms and disclosure regulations on specific laws and regulations were issued by the Brazilian Securities and Exchange Commission (BSEC) and Brazilian Stock Exchange (BSE) for all listed companies for corporate governance consolidation (Oliveira et al., 2016: 925). In 1999, the Brazilian Institute of Corporate Governance (BICG) issued its first voluntary code of best practices, which has since been updated three times. The IBGS's code, as it is voluntary, recommends that the disclosure of corporate governance practices be adopted, and failure to do so must be an explanation (Oliveira et al., 2016: 925).

Since 2000, Brazil's formal corporate governance structures, such as BSE, BICG and BSEC, have improved. The disclosure of information in Brazilian companies came

from enforced regulations and laws (Estrin & Prevezer, 2010: 59). A study identified board independence as a challenge as most Brazilian private companies are managed and controlled by family members. Many companies have no independent directors (Black, Carvalho & Gorga, 2009: 37).

3.6.2 Rules and Regulations in Russia

In the year 1995, the Russian Federation established a corporate governance framework, in which the legal and regulatory framework was provided by the Joint Stock Companies (JSC) and the Code of Corporate Conduct. The JSC was adopted in 1995, and since 2001 it was amended every year. The key mandate of JSC is to regulate the corporate governance practices of Russian companies. Meanwhile, the Code of Conduct of Corporate Governance in Russia was introduced in 2002 by the Russian Federal Securities Commission (RFSC) to improve voluntary disclosure of governance processes and practices by Russian companies (Kostyleva & Lehuedé, 2012:15).

The Code of Corporate Governance consists of 79 items covering all important points of the Code of Corporate Governance. The Code of Corporate Governance was developed, as well as Resolution no 03-849/r of 2003, which requires companies to disclose if they comply with the Code or to explain their non-compliance. Even though Russian companies follow a mandatory disclosure approach, voluntary disclosure levels remain relatively low (Polovnikova & Zavertiaeva, 2018: 5).

3.6.3 Rules and Regulations in India

The practices of corporate governance of India's listed companies are based on "a control-based model", which is controlling shareholders through concentrated ownership (Whatley, 2014: 2). In India, corporate governance practices were led by the private sector to make Indian business more competitive and respectable in the global market. By 1998, a voluntary corporate governance code was launched by the Confederation of Indian Sectors (CII) (Simon and Wong, 2001:140). India has the best corporate governance laws but with poor implementation. The challenge with India's corporate governance is that the dominant shareholder conducts the management of

corporate governance and protects the minority shareholders. Regulators feel that correcting the corporate governance issues might be seen as micro-management of the business decisions in the institutions from their side, which is beyond their mandate (Sharma & Rathi, 2014:18). Immediately after the Asian financial crisis in 1997, the CII established a committee to evaluate corporate governance issues. The committee recommended a voluntary code for best corporate governance practices in India, called 'Desirable Corporate Governance' and later updated in 2009. Establishing the New Companies Act in 2013 and the Securities and Exchange Board of India (SEBI) was seen as a step in the right direction for the future of corporate governance in India. India is the only BRICS country which has been influenced by and adopted the Anglo-Saxon model of capitalism (Oliveira et al., 2016: 926). In 1992, India established SEBI to regulate and monitor stock trading. SEBI's code of corporate governance under clause 49 featured the following (Sharma & Rathi, 2014:18):

- Composition of the board of directors.
- Governance and disclosures regarding subsidiary companies.
- Disclosures by the companies.
- The composition and functioning of the audit committee.
- CEO/CFO certification of financial results.
- Report on corporate governance as part of the annual reports and.
- Certification of compliance of a company with the provisions of clause 49.

The SEBI regulatory body requires that all listed companies comply with accounting standards promulgated by the Institute of Chartered Accountants of India (ICAI) and other Indian regulatory reporting. However, SEBI reporting rules are only for companies listed on the stock exchanges within India (Bhasin & Bamahros, 2016:80), as indicated in **Table 3.2**.

Table 3. 2: SEBI's clause 49 on good corporate governance practices.

Factors	Clause 49
Number of directorships for independent directors	Maximum 7 listed companies as an independent director except where such person is WTD; the limit is up to 3 directorships.
Tenure of independent director	The maximum tenure of an independent director is capped at 10 years. However, if a person who has already served as an independent director for 5 years or more on 1 Oct. 2014, will be eligible for appointment for a term of 5 years only.
Constitution of Audit Committee	Two-thirds of the members of the AC shall be independent directors. The chairman of the AC is to be an independent director.
Related Party Transactions	All material related party transactions shall require approval of the shareholders through special resolution and the related party shall abstain from voting on such resolutions.
Risk Management Committee	The revised clause 49 inserts a new requirement (for only top 100 listed companies by market capitalization as at the end of the immediate previous financial year) that a company shall also constitute a risk management committee.
Separation of offices of chairman and chief executive officer	No explicit provision earlier. Introduced as a non-mandatory provision.

Source: Bhasin and Bamahros (2016:80)

The SEBI issued a revised clause 49, which came into effect on the 1st of October 2014. The aim was to ensure that Indian companies provide the best CG practices and to make CG norms more effective. The introduction of Clause 49 saw the inclusion of women on the boards to bring in gender diversity (Bhasin and Bamahros, 2016:80). According to Sharma and Rathi (2014:23), full and true disclosure of the information in India is mandatory and must be included in the annual reports.

3.6.4 Rules and Regulations in China

In 1998, China issued a Securities Law on the protection mechanisms of investors, as well as other 581 legal regulations issued between 1994 and 2007. Despite the presence of the Chinese Securities Regulatory Commission (CSRC) and the

Securities Law of 1998, Chinese companies' implementation of corporate governance remains challenging due to a lack of transparency. This might be added because China's legal framework and structure of corporate governance is a mix of voluntary and mandatory approaches (Oliveira et al., 2016: 926). The CSRC issued a Code of Corporate Governance for all companies listed on China's stock market. The code aimed to protect the investor's interests and rights, rules, and moral standards for directors, supervisors, managers, and executives (Oliveira et al., 2016: 926) and protect minority shareholders (Liu, 2006: 416).

The Code monitors and evaluates whether the listed companies are applying sound corporate governance. The CSRC is mandated to compel listed companies with unsound corporate governance to apply sound corporate governance according to the prescribed Code. Furthermore, in 2007, China established information disclosure regulations requiring all listed companies to publish periodic reports, ad-hoc reports, circulars, information disclosure management, supervision, and legal liability (Organisation for Economic Cooperation & Development, 2011: 18).

3.6.5 Rules and Regulations in South Africa

The South African corporate and economic landscape is shaped and influenced by the Government of Code of Practice, known as King Reports. Currently, there are four types of these reports: the first was introduced in 1994 (King I), the second (King II), which was introduced in 2002, the third (King III) which was introduced in 2009, and finally, the most recent which was produced in 2016 (King IV) (Sampong et al., 2018: 5).

After the democratic election of 1994, the Institute of Directors in Southern Africa issued the King Report on Corporate Governance, which was amended in 2002 to King Report II. The amendments in the King II Report included the stakeholder interest adopted from the Anglo-American corporate governance model. The Anglo-American model has long dominated the space of South Africa on corporate governance practices, with companies serving only the interests of their shareholders. This has changed since the introduction of the Anglo-Saxon model, and South Africa is now using a hybrid model (Oliveira et al., 2016: 926). South Africa has undertaken CG

disclosure policy reforms in the form of the King Reports, which require corporations to disclose a set of suggested good CG practices to shareholders and stakeholders (Ntim, Opong, & Danbolt, 2012:2). Several government legislations influence the South African corporate governance: the Companies Act, the Public Finance Management Act, and the Securities Act. In addition, corporate governance in South Africa was strengthened by introducing and publishing corporate governance guidelines and codes of practice with the King Report I, King Report II, King Report III, and King Report IV (Isukul & Chizea, 2016: 2).

However, in 2009, King III's report on the code of corporate governance disclosure was introduced, which suggested that companies should "comply or explain" like all 56 countries in the commonwealth (IoDSA, 2009). This was again amended in 2016 when the IoDSA issued the King IV report, and all companies are now requested to comply and explain any information disclosed on corporate governance issues (IoDSA, 2016). According to the King III report, to undo the effects of apartheid in South Africa, "Social reform and reparation are essential and must be a part of the greater transition to sustainability." Therefore, the transformation of the board of directors must be evaluated based on the number of black and female directors in each company (Gachie & Govender, 2017:69). The King report on the code of corporate governance stipulates that the board shall have a "balance of power" with most independent non-executive directors (Gstraunthaler, 2010:148). There are 17 guiding principles in King IV with 215 recommended codes of practice; three of these are assigned to the ethical considerations. The three ethical principles deal with ethical leadership, ethical culture in the organisation, and the ethical responsibilities of organisations to the environment and society in which they operate (IoDSA, 2016:35).

3.7 The banking sector in the BRICS countries

The banking sector and its unique business nature are seen in developed and developing countries. This uniqueness required a broad view of corporate governance to be adopted by banks, which encapsulates both shareholders and depositors. Banking always requires the government's intervention to restrain the behaviour of bank management (Panchasara, 2012: 43). Generally, the banking sector is observed

to be less transparent than non-financial institutions as their transparency is assumed to affect both shareholders and rivals. This makes the banking sector display information asymmetry during information disclosure processes. The lack of adequate transparency within the banking sector results in weak competition (Gündoğdu, 2015: 90). This information asymmetry can be solved through regulated disclosure by creating minimum disclosure requirements which reduce the information gap between the “informed” and “uninformed” agents in the economy (Tadesse, 2006: 5).

Chukwuma (2019:2) reported that the increased number of mismanagements in the banking sector has raised concerns among investors and stakeholders, resulting in the establishment of corporate governance procedures. According to Lipunga (2014:5), several studies were conducted on corporate governance practices globally by measuring the amount and quality of corporate governance disclosure and factors influencing the levels of disclosure about the banks. Meanwhile, others were conducted about the relevance of disclosing good corporate governance practices on shareholders versus stakeholders in South Africa. Lipunga (2014:5) found that disclosing shareholder corporate governance practices contributes significantly more to a company’s value than stakeholders.

Cross countries on corporate governance, especially in BRICS (Brazil, Russia, India, China, and South Africa) countries, realised how their values and laws could be influenced based on origin. The comparison of issues of corporate governance practices and disclosures in BRICS countries has received limited attention (Oliveira, Ceglia & Filho, 2016: 924). In 2011, the UNCTAD launched a Guidance on Good Practice in Corporate Governance Disclosure, which has since been adopted and used globally, including in BRICS countries. Oliveira et al., (2016: 924) state that corporate governance in BRICS countries is still complex due to the legal and adoption of relevant normative frameworks and disclosure of corporate governance practices. In a study conducted by Chilumuri (2013:18) on corporate governance disclosure in the State Bank of India (SBI), it was found that the bank was implementing all the provisioning of corporate governance disclosures. However, the bank’s internal control systems, risk management, customer services, and investment policies received limited disclosure. Furthermore, a study by Katrodia (2012:38) found that Indian banks were far behind their foreign counterparts in the disclosure of corporate governance.

Between 1999 and 2003, twenty-two banks exited the South African banking system because of liquidity pressure and poor corporate governance practices. Since then, South Africa reformed its corporate governance practices in the banking sector, which was praised by the International Monetary Fund in 2010 as fundamentally sound and substantially compliant with international standards (Dzomira, 2014:75). South Africa has a total of 31 registered banks of which 17 of them are South African Banks, 14 foreign banks and three mutual banks. These banks have sophisticated structures that are highly competitive locally and internationally (Isukul and Chizea, 2016: 5).

3.8 Corporate governance disclosures in the banking sector of BRICS countries

Banks must disclose their corporate governance practices about the constitution of the board of directors, transparency, policy formulation, internal controls, and committees of the board (Devi, 2015). The significance of corporate governance in the banking sector's perspective is based on the way business and affairs of banks are governed by their boards of directors and senior management which affect how:

- Corporate governance is set.
- Operate the bank's business on a day-to-day basis.
- How to meet the obligation of accountability of their shareholders and consider the interest of other recognized stakeholders.
- On how to align corporate practices and behaviour with the expectation that the bank operates safely and soundly and complies with applicable laws and regulations.
- How to protect the interest of the depositors (Huq & Bhuiyan, 2012: 17).

3.8.1 Corporate Governance Disclosures in Brazil

To have a code of best practices for corporate governance in Brazil, the Brazilian Institute of Corporate Governance (IBGC) was introduced, which suggests that all companies must have a formal evaluation process of the performance of the boards, individual directors, and chief executive officer (Bhasin & Bamahros, 2016: 2231). In Brazil, the disclosure and practice of corporate governance are based on two sources:

government and private entities. Government entities can disclose their information mandatorily, while private entities can do so voluntarily. Additionally, disclosing information may be mandatory in general or not required at all (Oliveira, Celiga, Lima & Ponte, 2017: 8).

3.8.2 Corporate Governance Disclosures in Russia

Russia was once hit by weak and poor corporate governance practices, which occurred because of communist ideologies and a lack of knowledge on issues related to ownership and shareholder rights. However, this has changed and improved after the economic crisis of the 1990s. Russian companies started to show improved disclosure and transparency in their corporate governance practices (Oliveira et al., 2016: 926).

The improvement of corporate governance practice resulted in many researchers and practitioners having an interest in corporate governance in Russian banks between 2004 and 2007. Vernikov (2007:6) states that the Russian banks present and share similar practices when it comes to corporate governance issues. This kind of practice in the Russian banks is assessed by the rating agency “Standard & Poor”. Though the level of CG in the Russian banks is applauded, it is imperfect. Because Russian banks are not integrated into the multinational firm structure. The corporate legislation in Russia provides institutions with a code of corporate conduct, mechanisms of protection for minority shareholders and investors, and financial and other information disclosure, including elements of corporate governance (Vernikov, 2007:7).

3.8.3 Corporate Governance Disclosures in India

The question of corporate governance in Indian banks is important since India has liberalised its banking systems through privatisation, disinvestments, reduction of economic regulation, the attainment of greater autonomy by managers, and independence obtained by the banks (Panchasara, 2012: 40). India’s banking system is significantly different from the rest of the Asian countries because of India’s unique geographic, social, and economic traits. Also, India has a population of more than 1.3 billion people and a diverse culture (Panchasara, 2012: 20). India’s banking sector has

experienced unprecedented growth over the past ten years due to estate development and the surge of capitalism throughout the country. This has prompted an increased interest in corporate governance within the banking sector (Sharma & Rathi, 2014:18).

A study conducted by Panchasara (2017:212) found that corporate governance disclosure in the Indian banking sector is significantly influenced by bank size, directors' independence, and financial performance. However, the board size does not significantly impact corporate governance disclosure in the Indian banking sector.

3.8.4 Corporate Governance Disclosures in China

Corporate governance disclosure was a challenging factor for China's top banks. However, this has entirely changed after introducing guidelines about the board of directors' structure, where at least one-third of the board of directors should be independent directors. The guidelines further help determine the number of directors in a bank and diversity (Devi, 2015:36).

Corporate governance practice in China's listed companies is based on a "control-based model" in which many of the shareholders are the state. This means that the state controls the banking system in China. Historically, almost all the independent directors on China's banking sector boards were male politicians. However, this has since changed after the reform of the corporate governance practices in China's banking sector. The reform has seen board diversity, with an average of three females on the boards of China's banking sector (Whately, 2014: 2).

3.8.5 Corporate Governance Disclosures in South Africa

The South African banks are seen to be complying with the King Reports regarding the disclosure of the qualifications of the board of directors, the number of years on the board, and photographs of the board members. In addition, South African banks follow local and international guidelines in the disclosure of financial and corporate information (Isukul & Chizea, 2016: 12). In a study by Isukul and Chizea (2018:57) on corporate governance disclosure of listed banks in South Africa, found that there is a high level of mandatory disclosure for South African banks. However, there is a poor

level of voluntary disclosure in South African banks. Nevertheless, South African banks appear to have a significant link between disclosure and their overall business strategy compared to their African counterparts, such as Nigerian and Ghanaian banks. In BRICS countries, Brazil, Russia, and South Africa are more focused on the demands of international investors. Their corporate governance codes are recognised internationally as the United Nations recommends (Oliveira et al., 2016: 926).

3.9 Summary

This chapter presents a detailed discussion of the elements and mechanisms of corporate governance disclosures within the banking sectors. The focus of the discussion was primarily on how banks in BRICS countries implement regulations and rules related to corporate governance disclosures. The chapter covers a range of topics, including the roles and responsibilities of boards of directors, the disclosure of financial information, and the management of risk. Moreover, the chapter delves into the different regulations and rules employed by various banks in BRICS countries concerning corporate governance disclosures. It also examines the challenges faced by banks in implementing these regulations and rules, and how they can overcome them. The chapter also highlights the good corporate governance practices recommended by internationally recognised accounting committees and organizations. The practices discussed include transparency, accountability, fairness, and responsibility.

Finally, the following chapter presents and examines the theoretical framework of this study, which is based on the principles of corporate governance and its role in promoting sustainable growth and development in the banking sector.

CHAPTER FOUR: THEORIES AND CONTEXTUAL FRAMEWORK

4.1 Introduction

A theory is a statement of concepts that illustrates the interrelationships between beliefs and explains how and why such a relationship exists. A comprehensive theoretical framework should use a multi-theoretical approach to understand disclosure decisions better. This approach integrates agency, stakeholder, signalling, and legitimacy theories, as explained by Sharma (2013:186).

Corporate disclosure research has been dominated by four main approaches: agency theory, stakeholder theory, legitimacy theory, institutional theory, and signalling theory. These social and political theories offer better insights and explanations of disclosure practices than economic-based models (Herbert & Agwor, 2021: 18). This chapter presents and discusses various regulatory frameworks for corporate governance disclosures.

4.2 Different theories

The emergence of different theories such as agency theory, stakeholder theory, institutional theory, signalling theory, and legitimacy theory have been developed to address the factors that influence corporate governance practices. These theories focus on variables such as the board of directors' composition, the audit committee, independent directors, and the role of top management in an organization (Ado & Goni, 2017:5) and these theories are the key ideas behind corporate governance practices, as stated in Idan et al., (2021:2785). Afolabi and Dare (2015:73) emphasize that any corporate governance theory applied in the banking sector must consider regulatory requirements and supervision to fully comprehend the agency problems specific to banks. Therefore, the theory of corporate governance in the banking sector must take into account the following:

- Regulation is an external governance force and distinct from the market.
- Regulations of the market itself as a distinct dimension of decision-making within the bank;

- Regulation as constituting the presence of an additional interest external to and separate from the firm's interest and;
- Regulation constitutes an external party in a risk-sharing relationship with the individual bank firm.

Several theories need to be combined to interpret the factors of information disclosure. Scientific literature analysis has proven that these include agency, signalling, stakeholder, legitimacy, stakeholder, and institutional theories (Kundeliene and Stepanauskaite, 2018: 457). Odoemelam and Okafor (2018:27) referred to legitimacy theory, stakeholder theory, and agency theory as the "trinity theory," which explains the origins of corporate governance issues concerning the environment and the level of corporate governance disclosure. However, this study explores the framework of legitimacy, signal, institutions, stakeholder, and agency theories and later adopts the most suitable theories for the research.

4.2.1 Agency Theory

The emergence of agency theory has led to the establishment of governance institutions (Harun et al., 2020:4). The corporate governance research has been using the agency theory for decades to investigate corporate governance disclosure (Isukul and Chizea, 2017:4). Agency theory pertains to the relationship between the principals, such as shareholders, and the agents, such as the company executives and managers. The shareholders, who are the company owners, employ agents (managers) to carry out operations, and entrust the business operations directors or managers, who serve as the shareholders' agents (Ado & Goni, 2017:5). The shareholders and managers' interests should not conflict, according to agency theory, because this results in agency costs. Furthermore, the shareholders and managers must share risk tolerance (Najm-UI-Sehar & Tufail, 2013:181).

The contractual agreement between the several parties (stakeholders) in a company always exists. Challenges may probably arise, which is commonly referred to as the agency problem, due to the various interests and asymmetry of information (Sihombing & Pangaribuan, 2017:155). The demand for corporate governance

disclosure triggers the asymmetry of information and agency conflicts between management and external shareholders and the demand for corporate transparency (Nelwan, 2017:201). Therefore, the agency theory promotes developing a legal contract between shareholders and managers to monitor the institution's governance structure. In this context, the agency theory suggests strengthening the proportion of the non-executive board of directors, enhancing the board's independence. This can also contribute to more efficient monitoring of agency concerns (Idan et al. 2021:2786). The agency problem occurs frequently in the management "empire building," which refers to the inclination of managers to operate the organisation beyond their optimal authority or to exploit resources to expand their private utilities, power, remuneration, and reputation (Sihombing & Pangaribuan, 2017:155). The agency model suggests that effective CG practices strengthen the accountability of organisations to their shareholders and other stakeholders and reduce managers' opportunistic behaviour, resulting in lower agency costs (Idan et al. 2021:2786).

This theory investigates how board composition and leadership/CEO/chairman duality affect corporate performance and further argues that a higher number of executive directors on the board adds more knowledge and competence than outside directors, resulting in higher corporate governance performance (Rahman & Kabir, 2019: 29). From the perspective of agency theory, a larger board enables effective governance by decreasing the CEO's authority through the active participation of other board of directors. However, if too many board members and certain directors are free riders, the agency's problems may escalate. Therefore, the number of board members should be limited to seven or eight, as any greater number would be impossible for the CEO to manage (Ganesan *et al.*, 2018:360). The study utilized agency theory to look into the principal-agent relationship and explore ways to mitigate conflicting goals to achieve desired outcomes. In the analysis of the agency problem that arises when principal and agent goals clash. Furthermore, the theory was used to investigate how the differing disclosure of the banks towards risk can impact their decision-making process and risk sharing. Ultimately, the research provided a comprehensive understanding of the factors that influence behaviour in the disclosures, with a specific focus on corporate governance (Brew et al., 2017).

The agency theory permits shareholders and managers to disclose mandatory and voluntary information through corporate disclosures because the board of directors and shareholders do not monitor operational decisions and regular operations. The disclosure contributes to the reduction of agency costs. It strengthens shareholder and board confidence (Khanifah et al. 2020:43). Agency theory believes that agency problems are managed effectively and easily by larger boards because of the presence of larger board members evaluating and observing management decisions of the organisation (Uwuigbe et al. 2018:14). In addition, agency theory increases monitoring and bonding expenses, which can be decreased by disclosing financial and non-financial information (Bae et al., 2018:4). The principles of agency theory imply that agents (management) may be reluctant to impose strict and mandatory regulations of corporate governance that may limit the agent's ability to act in their own best interest (Ibrahim & Abubakar, 2019: 186). Therefore, the agency theory suggests that independent non-executive directors should be involved in the monitoring of any self-interested actions by managers to minimise agency costs (Deb et al., 2017: 54). Additionally, Securities and Exchange Commission rules (2012) suggest that at least one-fifth of the total number of directors on the company's board shall be independent directors.

4.2.2 Stakeholder theory

Stakeholder theory requires entities to focus beyond the perspective of profit maximisation of the shareholders (Prasad, 2018: 294). Stakeholder theory believes companies may adopt an ethical code of conduct to satisfy their stakeholders. This theory also believes that companies are not only responsible to shareholders (customers, employees, investors, suppliers, and the local community) but to all people interested in a specific company. The codes of ethics create and maintain a good corporate reputation and stakeholder trust. These codes are created by several theories (Dominguez, Alvarez, and Sanchez, 2009:191). First, the stakeholder theory emphasises that stakeholders must be provided with access to relevant information to enable them to participate actively in the governance process (Akingunola & Adekunle, 2013:95). Secondly, the actions of the employee should be aimed at maximising shareholder value without breaking any law. This would compel companies to adopt a code of ethics to satisfy their shareholders (Dominguez et al., 2009:191).

Dominguez et al. (2009:191) believe that to achieve good ethical behaviour, companies must apply the stakeholder theory. The stakeholder hypothesis proposes that corporate organisations have connections with numerous groups of people and can promote, support, and preserve the interests of these groups by balancing and considering their needs and desires (Isukul & Chizea, 2017:4). By incorporating stakeholder theory into the corporate governance literature, banks can better understand what is crucial when creating governance information for stakeholders. The stakeholder theory provides transparency and accountability in corporate governance practices (Odoemelam, & Okafor, 2018:27). Stakeholder theory argues that corporate roles should be redefined and that businesses do have moral, ethical, and social responsibilities that they must fulfil and that a company is not an entity that operates solely for its advantage; it must also create benefits for its shareholders (Suhardianto *et al.*, 2018:23). Furthermore, Khan (2010:89) argued that the subject of board diversity fits into the structure of stakeholder theory accurately.

4.2.3 Legitimacy theory

Burlea and Papa (2013:1579) defined legitimacy theory “as a system that supports entities in implementing and developing voluntary social and environmental disclosures to fulfil their social contract that enables the recognition of their objectives and the survival in an unstable and difficult environment”. The legitimacy theory is one of the concepts that may be utilised to obtain insight into an organisation’s mission for voluntarily disclosing corporate governance information and to motivate management to implement and report social practices (Khan, 2010:86). Legitimacy theory “stresses that an organisation must be accountable for their actions” such as the disclosure of corporate governance practices (Odoemelam, & Okafor, 2018:27).

According to Setia, Abhayawansa, Joshi, and Huynh (2015: 406), legitimacy theory enables an organisation to attract resources and gain the continued support of stakeholders. Dominguez et al., (2009:191) mentioned that the legitimacy theory on ethics, believes that companies continue to attempt to ensure that their operations live up to the standards of the societies where they do business by ensuring that a code of ethics is appropriate in legitimising corporate behaviour. In legitimacy theory, the

company must report its practices and concerns about ethics to the public as outside people control it.

4.2.4 Signalling theory

According to the signalling theory, integrated reports are part of companies' signals to the public. Disclosure of corporate governance practices is anticipated to send a positive signal to investors as a symbol of legitimacy for companies concerned with governance (Yondrichs *et al.*, 2021:1505). When signalling theory is applied to the practice of corporate disclosure, it is generally helpful for companies to express good corporate governance standards and develop a favourable corporate image in the market (Nasution, 2019:2). Bae *et al.*, (2018:1) stated that signalling theory focuses on management's intention to share information and receive signals from the market, stakeholders, and society. Based on the signalling approach, the accuracy of management's profit predictions can be viewed as an indication of the managers' credibility, transparency, and commitment to the company's best interests (Hlel *et al.*, 2020:329). In signalling theory, experienced institutional shareholders first evaluate and analyse manager signals. Because managers often manipulate earnings management to fulfil shareholders' profit expectations (Parinduri *et al.*, 2019:27).

The asymmetry of information causes potential conflicts between management and agents in the organisational environment. Therefore, signal theory reduces the gap by sending relevant and quality information to the parties involved (Sharma, 2013:186).

The signalling theory comprises four elements: signaler, signals, receiver, and feedback. The management of an entity operates as a signaler, while the signals are the flow of information (stock price news, & CSR investment). Meanwhile, the receivers are outsiders unaware of the insider information (individuals, investors, and employees). In the signalling process, the signaler and the receiver are the critical actors, while the signals convey positive or negative information to improve information asymmetry. Furthermore, the theory justifies the signals' reliability as a means of signalling honesty and indicating management's willingness and commitment to society and stakeholders (Bae *et al.*, 2018:2).

4.2.5 Institutional theory

Researchers have utilised institutional theory for a long time to account for environmental influences on entrepreneurship in general and start-up rates and legitimising strategies (Su *et al.*, 2017:2). The main purpose of institutional theory is to clarify how organisations respond to their operating environments Mohammad, (2019:148) and to clarify the voluntary disclosure of recommendations (Hlel *et al.*, (2020:329), by exploring the broader context and environmental influences that can influence corporate governance practices, such as weak investor protection, poor enforcement of contracts, high levels of corruption in the private and public sectors, a lax regulatory environment, and unstable political institutions (Isukul & Chizea, 2017:4). However, according to Sharma (2013:192) institutional theory is more applicable to institutions that apply mandated disclosure of corporate governance practices that promote taxation and auditing. Nevertheless, organisations must follow institutional rules to acquire legitimacy, access to resources, and stability (Vadasi *et al.*, 2020:157). Organisations must adhere to their operating environment's prevalent institutional norms and rules. Consequently, their adherence to the formal regulations guarantees them legitimacy among key stakeholders (Mohammad, 2019:148; Vadasi *et al.*, 2020:157). In addition, institutional theorists believe that organisations strive to be similar to their peers to obtain legitimacy and avoid performance penalties associated with noncompliance with established norms, expectations, and practices (Zhao *et al.*, 2017:83).

4.3 Conceptual models

Conceptual modelling is the formal description of physical and social components of everything in existence for comprehension and communication (Gemino & Wand, 2004:248). The agency, stakeholder, and legitimacy theories support the link between corporate governance and disclosure conduct. Agency theory examines the conflict between shareholders and managers when shareholders delegate decision-making authority to managers. Corporate governance mechanisms are implemented to control the agency problem and assure shareholders that managers strive to achieve results that are in their best interests. Meanwhile, stakeholder theory and legitimacy theory emphasise the relevance of information and disclosure in the company's relationships

with other societal actors (Scholtz & Smit, 2015:30). About the objectives of this study, legitimacy, agency, signalling, and stakeholder theories are applied. Stakeholder theory can explain and guide the banks' corporate governance structures and operations (Russo & Perrini, 2010: 209). Meanwhile, legitimacy theory focuses more on non-financial information and applies ethical codes appropriate for legitimising corporate behaviour (Zijl *et al.*, 2017:74; Setia *et al.*, 2015:406). The signalling theory justifies the signals' reliability as a means of signalling honesty and indicating management's willingness and commitment to society and stakeholders (Bae *et al.*, 2018:2).

4.4 Summary

This chapter delves into a comprehensive analysis of four distinct theories relevant to corporate governance disclosure. The researcher conducted a detailed study of these theories and found that all four of them hold significant importance. However, upon closer examination, it was determined that only three theories are relevant to the present study. Consequently, the analysis focused on the agency, stakeholder, and legitimacy theories, which were deemed most appropriate for the research purpose.

Chapter five outlines the research methodology, including sample selection, data sources, period selection, measurement criteria for all variables, and the specified statistical models for multivariate analysis.

CHAPTER FIVE: RESEARCH METHODOLOGY

5.1 Introduction

Research methodology refers to a systematic plan of action that outlines the processes and methods used in a study. It is concerned with the why, what, from where, when, and how data is collected and analyzed. Research methodology involves the use of methods that include various techniques and procedures for data collection and analysis (Scotland, 2012: 9).

This chapter discusses research processes from the ontological, epistemological, and methodological standpoints of view. This chapter also aims to provide an overview of various research approaches based on ontology and epistemology assumptions. In addition, a mixed method approach, which combines quantitative and qualitative research methodologies, was also explored. Furthermore, the researcher chooses the research approach based on philosophical concerns relating to the ontology and epistemology of the study's objective. In conclusion, the chapter informs the reader of the selected research approaches and their ontological, epistemological, and methodological differences.

5.2 Research process

To arrive at reliable solutions to the research questions, researchers follow a planned and systematic approach that involves collecting, analyzing, and interpreting data (Don-Solomon & Eke, 2018:1). For this study, various methods have been outlined to evaluate corporate governance disclosure practices by banks. To better understand the key concepts of research processes and their place within the methodology, the Honeycomb type of research methodology is applied. According to Wilson (2014:30), the honeycomb research methodology is comprised of six primary components, as illustrated in **Figure 5.1**.

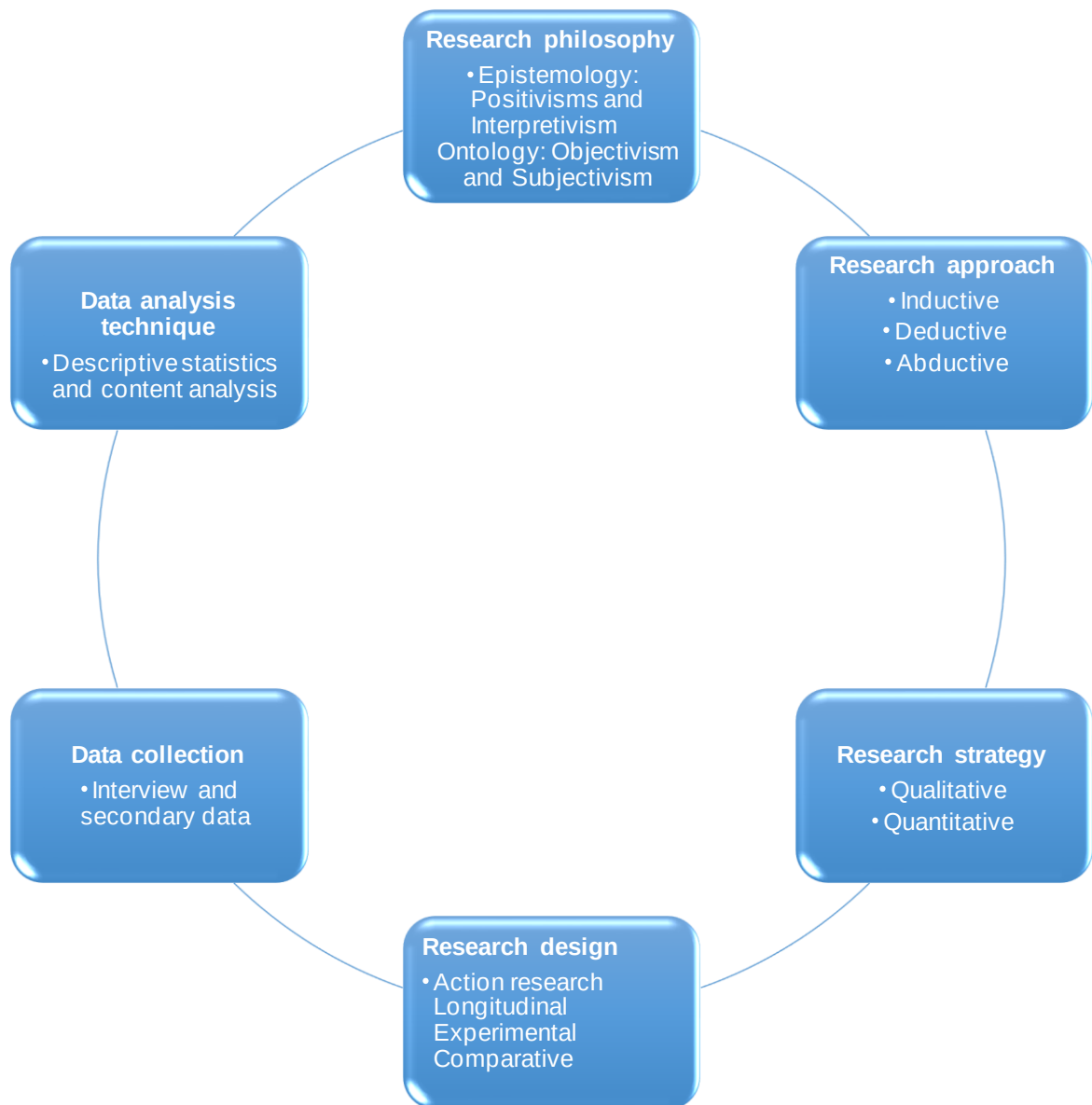


Figure 5. 1: The Honeycomb of Research Methodology by Wilson (2014:32).

The research follows a multi-stage to undertake and complete the research project (Saunders et al., 2009:10). This study is guided by the honeycomb type of research methodology (Figure 5.1), which entails six components. The six components include research philosophy, research approach, research strategy, research design, data collection and data analysis, which are discussed in detail below.

5.2.1 Research philosophy

Research philosophy is an essential component given that it helps to select which research design is used and why, as well as guiding a researcher's thoughts on the development of knowledge (Al-Ababneh, 2020:7). This is defined by Kirongo and Odoyo (2020:36) as a collection of beliefs regarding the nature of the researched reality, and the selection of the type of research philosophy to be used in a particular field of research, depends on the knowledge being investigated. Wilson (2014:32) provided three reasons why understanding philosophical concepts is important. First, it can assist in understanding study designs. This involves considering the type of evidence and its collection and interpretation. Second, knowledge of philosophy can assist the researcher in identifying the most effective designs. Lastly, identifying and adapting study strategies to the limits of various subject or knowledge frameworks.

Paradigms are still important in management research, and paradigmatic debate can help to explain strategy's conceptual roots, it highlights incommensurability and the lack of a single disciplinary matrix (Rabetino *et al.*, 2020:153). When addressing the paradigmatic discussion, previous research tends to ignore the debate on philosophical meta-theoretical assumptions (ontological, epistemological, & and methodological) and favour 'normal science' approaches, which underestimate the contributions of specific less traditional, that is, non-positivist streams of research (Rabetino *et al.*, 2020:153). Paradigms explain processes whereby the relationship between ontology, epistemology, and methodology was explored (Scotland, 2012: 9), which allows scientists to experiment with the details and discover something new or provides a fundamental explanation for the world or phenomenon in question (Morrison & Naude, 2018:46). Paradigms are usually based on their own ontological and epistemological assumptions. The theoretical implications of ontology and epistemology as underlying philosophies of business research and theory building are far-reaching; however, through greater awareness of the ontological and epistemological stances, researchers are now better able to iteratively reflect upon and define how best to engage with their research exercise (Don-Solomon & Eke, 2018:3).

Academic and scientific research is mostly based on two assumptions; the epistemological dimension which focuses on positivism or interpretivism and the ontological dimension which focuses on objectivism or subjectivism (Wilson, 2014:32). In this discussion, the researcher investigates three major ways of thinking about research philosophy that is considered for this study: ontology, epistemology, and axiology which are shown in **Table 5.1** below.

Table 5. 1: Comparison of the Research Paradigm and Philosophy

Concept	Positivism	Interpretivism	Realism	Pragmatism
Ontology (Nature of reality)	External, objective, and independent of social actors.	Socially constructed, subjective, may change, multiple.	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	External, multiple, view, chosen to best enable answering of research question.
Epistemology (knowledge)	Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements.	Subjective meanings and social phenomena. Focus upon the details of the situation, a reality details, and subjective meanings motivating action.	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism).	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question.
Axiology	Research is undertaken in a value- free way, the researcher is independent of the data and maintains an objective stance.	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective.	Research is value laden; the researcher is biased world views, cultural experiences, and upbringing. These	Values play a large role in interpreting results, the researcher adopting both objective and

			will impact on the research.	subjective points of view.
Data Collection Techniques	Highly structured, large samples, measurement, quantitative, but can use qualitative.	Small samples, in-depth investigations, qualitative.	Methods chosen must fit the subject matter, quantitative or qualitative.	Mixed or multiple method designs, quantitative and qualitative.

Source: Adopted from Saunders et al., (2009:119).

As shown in **Table 5.1**, Saunders *et al.*, (2009:119) the three research assumptions for this study are discussed in detail below.

5.2.1.1 Ontological assumptions

Ontology is defined by Cass and Andrule (2018: 128) ‘as the inquiry into the nature of being’. However, Günes and Günes (2018: 93) argued that ontological assumptions are seen as “tools of resistance against heterogeneity that cannot be completely objective, turn into data” and are used to create incompleteness in the representation of the entirety of being. On the other hand, Smith (2012:155) indicated that ontology seeks to provide a definitive classification of entities needed for a complete description and explanation. Objectivist ontology maintains that social phenomena and their meanings exist independently of social actors while positivist ontology holds that the world is external and that any scientific phenomenon has a single objective reality, regardless of the researcher's perspective or belief (Don-Solomon & Eke, 2018:2).

Ontology has two categories (Jepsen, 2009:24) transcendent and immanent ontologies. Transcendent ontologies are perceived to be authoritative and are defined externally by the application that uses them. In this study, an example of transcendent ontologies would be GRI guidelines that are determined by IIRC and used internationally by various entities. The GRI guidelines can rarely be altered. Meanwhile, immanent ontology’ structures are defined by the domain’s knowledge content. An example of an immanent ontology is anything that changes daily (if the GRI guidelines were about to change daily they would be considered an immanent ontology).

Ontological assumption is viewed by Smith (2012:155) to provide definitive classifications that are needed by the banks. In this study, ontological assumption is applied to classify the characteristics of the banks based on their corporate governance disclosure practices in an objective manner. The four constructs (board composition, audit committee, risk management, and complaint and responsibility) identified for this study are an example of ontological assumption.

5.2.1.2 Epistemological assumptions

“Epistemology can be understood as the science of analysing how human beings comprehend knowledge about what is perceived to exist” (Becker & Niehaves, 2007: 201). Epistemological assumptions are concerned with how knowledge can be created, acquired, and communicated, “What it means to know” (Scotland, 2012: 9). Scotland (2012:10) further explained different assumptions (positivism & objectivism: quantitative research method and interpretivism & subjectivism: qualitative research methods). Positivism focuses on explaining relationships and seeks to identify causes that influence outcomes. Positivist epistemology is one of objectivism, which believes in exploring the world to discover knowledge about an objective reality. Scotland (2012: 11) indicated that deduction from empirical generalisation is rarely explanatory, as positivistic generalisation ignores the individual's intentionality; therefore, actions are not clearly understood.

5.2.1.3 Axiology

Axiology includes a philosophy's values, ethics, and belief systems as part of its research philosophy. It is a branch of philosophy that investigates value judgements (Saunders, Lewis & Thomhill, 2009:458). Axiology is concerned with the researcher's assumptions regarding the significance of the knowledge (Dona et.al. 2007:161). Researchers' values affect what they do and how they decide what research they are conducting. Axiology allows researchers to communicate their values and use them to make decisions about research that affect the credibility of the research results (Ebinaso & Ukwunna, 2022:16).

Based on the philosophical approaches distinguished above, the ontological approach was the most applicable approach to this study because of its objectivism and ability to view the world as external. Applying the ontological approach to the disclosure of corporate governance practices emphasises realism, objectivism, and external understanding of the research question. Ontology believes that interpretivism is relativism, and relativism seeks to explain that reality is subjective and differs from person to person. Meanwhile, interpretive epistemology falls within subjectivism, which focuses on real-world phenomena (Scotland, 2012: 11). The study continues to explain other philosophical approaches that interlink to the ontological and epistemological approaches.

5.2.1.4 Different Philosophical approaches

Traditionally, two paradigms are fundamentally opposed to one another: positivism and interpretivism (Ganiyu et al., 2021:5). However, Saunders et al., (2009:109) classify four types of philosophical approaches based on ontological and epistemological assumptions. The paradigms are a). Positivism b). Interpretivism c). Realism, and d). Pragmatism. This study employed CGDI to find the level and quality of disclosure within the annual reports of BRICS-listed banks. In achieving the research objectives, this research used the research methodology as outlined in “Research Onion” exhibited in **Figure 5.2** below.

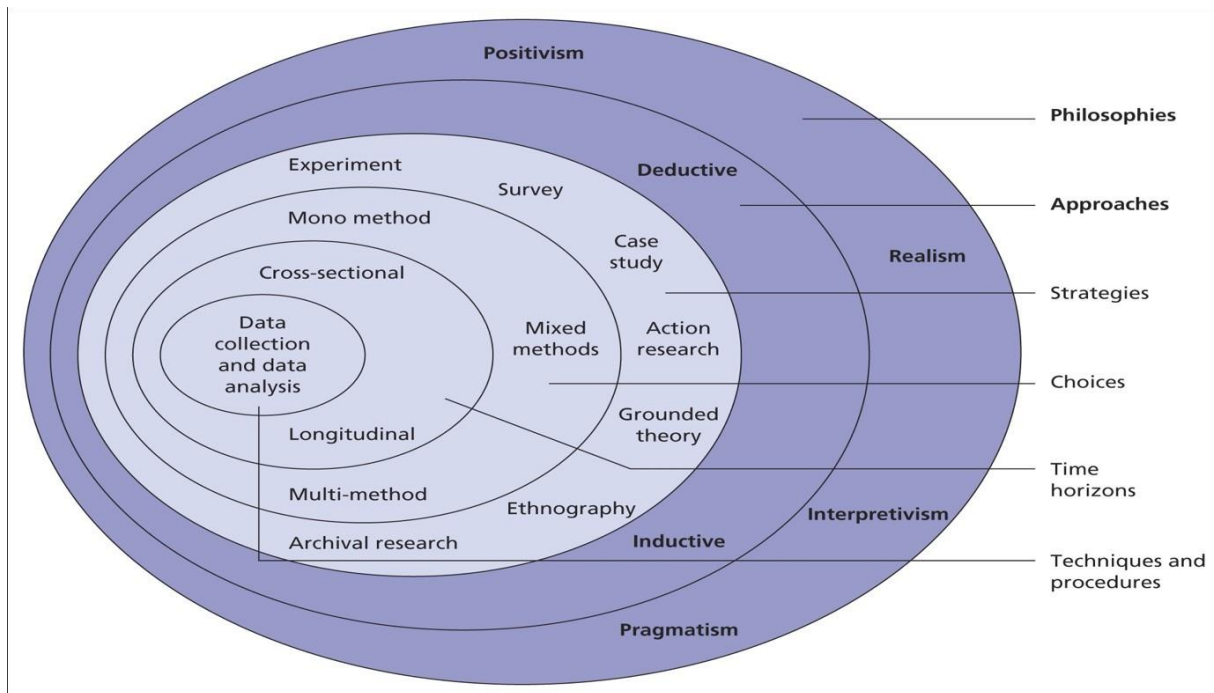


Figure 5. 2: The Research Onion by Saunders et al. (2019).

The research onion framework as shown in **Figure 5.2** outlines and categorises the techniques employed in this study, beginning with a philosophical viewpoint, and proceeding for the collection of data methods. Each layer of the research onion consists of a different phase of the research process. These layers are discussed in detail in **subsections (a) – (d)** below.

a) Positivism

Positivists hold the view that there is only one reality and that the "scientific" method is the sole way to establish truth and objective reality. It is the prevailing paradigm in business and management study, in which organisations are viewed as 'machines,' 'organisms,' or 'brains' (Ganiyu et.al. 2021:5). The philosophy of positivism is that of the natural scientist. Thus, positivists work with observable social reality, and the result of their research can be law-like generalisations comparable to those produced by physical and natural scientists (Saunders et.al. 2009:116). Positivists generally employ quantitative research methods because they are objective and produce outcomes that are generalisable and reproducible (Don-Solomon & Eke, 2018:2) and believe in exploring the world to discover knowledge about an objective reality (Scotland, 2012: 10).

b) Interpretivism

Interpretivism is a significant philosophical theory that claims that the researcher and the research in question are mutually interdependent (Don-Solomon & Eke, 2018:3). Interpretive epistemology falls within subjectivism that focuses on real-world phenomena (Scotland, 2012: 11). Interpretivists seek to understand the phenomenon from the individual's perspective by investigating the relationship among individuals as well as the historical and cultural context that people inhabit (Scotland, 2012: 12). This means that an interpretive believes that reality can never be objectively observed from the outside; it must be experienced directly by the people. It is opposed to studying social sciences, which are socially and culturally dispersed, in the same way that we study natural sciences. It seeks to investigate the underlying meanings of reality rather than just explain them (Ganiyu et.al., 2021:5).

c) Realism

As a philosophical assumption, realism is based on the idea that reality is independent of the human mind, and questions what knowledge is and how it relates to our understanding (Ganiyu et.al., 2021:7). Similar to positivism, realism is a branch of epistemology that emphasises a scientific approach to the development of knowledge. This assumption underpins both the collection and interpretation of data (Saunders et.al. 2009:141).

d) Pragmatism

According to pragmatism, knowledge can never accurately describe reality. As far as pragmatism is concerned, the research question is the primary determinant of research philosophy (Ganiyu et.al., 2021:7). In addition, if the study question does not imply unequivocally that a positivist or interpretivism philosophy is embraced, this validates the pragmatist's position that it is completely acceptable to deal with differences in your epistemology, ontology, and axiology (Saunders et.al. 2009:109). Since the research paradigms were covered, the next step is to investigate the study can now outline the research approach.

5.2.2 Research Approaches

In studies that generate new theories, theory and literature play a different role than they do in confirmatory studies. The purpose of theory generation for the researcher is to uncover new phenomena, variables, and relationships. Theory is essential, but it evolves, and researchers follow a specific research approach to answer research questions (Dubois & Gadde, 2002:558). The research approach entails organizing research practices and executing data collection in a manner most likely to achieve research objectives (Don et al., 2007:161). Hurley *et al.*, (2021:67) mentioned that all approaches to logical reasoning can be classified into three categories; deductive, inductive, and abductive.

5.2.2.1 Deductive research approach

A deductive research approach is one in which a researcher attempts to shape the qualitative research process and elements of data analysis through the application of current theory (Saunders et al., 2009:543). According to Pearse (2019:143), the deductive approach is more applicable to explanatory case studies. However, only a small portion of qualitative research has embraced a deductive approach. The design of qualitative research necessitates that the researcher acknowledges the deductive approach and chooses an appropriate methodology to direct the research project (Saunders et al., 2009:543). Deductive qualitative research can be distinguished from other qualitative approaches in that it begins with theoretical propositions generated from a literature review and applies them to the data collection and analysis processes (Pearse, 2019:143).

5.2.2.2 Inductive research approach

The objective of an inductive research approach is to develop a theory that is appropriately rooted in several relevant cases and formulate a theory based on observation of empirical evidence (Saunders et al., 2009:458). The inductive approach does draw on the work of other researchers, thereby compromising attempts to develop a body of knowledge that is distinctive to qualitative leadership research

(Pearse, 2019:143). The inductive approach applies to a new research topic, with limited literature (Saunders et al., 2003:127).

5.2.2.3 Abductive research approach

The application of the abductive approach has received minimal consideration in co-design and social marketing research. Abductive approaches combine inductive and deductive approaches (i.e., expert and user perspectives) and allow for the use of theory in user-centred design (Hurley *et al.*, 2021:67). The abductive approach is concerned with the particulars of specific situations that depart from the general structure of such situations, and it assists in determining which features of a situation are generalisable and which are unique to the given situation (Kovács, & Spens, 2005:138). Dubois and Gadde (2002:559) highlighted that, if the purpose of the study is to uncover previously unknown information, such as new variables or relationships, an abductive strategy is useful.

In terms of logic, generalization, data utilization, and theory, **Table 5.2** demonstrates the key distinctions between deductive, inductive, and abductive research approaches.

Table 5. 2: Comparative approaches

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true.	In an inductive inference, known premises are used to generate untested conclusions.	In an abductive inference, known premises are used to generate testable conclusions.
From/To	Generalise from the general to the specific.	Generalise from the specific to the general.	Generalise from the interactions between the specific and the general.
The use of data	Data collected is used to evaluate propositions or	Data collected is used to explore a phenomenon, identify themes and patterns,	Data collected is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual

	hypotheses related to an existing theory	and create a conceptual framework	framework and test this through the subsequent data collection and so forth
Theory	Theory falsification or verification.	Theory generation and building.	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify the existing theory.

Source: Adopted from Mitchell (2018:103)

By adopting a pragmatic perspective, as shown in **Table 5.2**, the abductive approach addresses some of the weaknesses traditionally associated with the deductive and inductive approaches. Abduction is used to explore corporate governance data, identify a pattern, and propose a plausible hypothesis using the appropriate categories (elements of banks' corporate governance disclosures) (Mitchell, 2018:106). This study employs an abductive systematic combining approach based on an abductive logic. The abductive approach improves existing theories as opposed to developing new ones. This is achieved by combining existing theory with new data (Dubois & Gadde, 2002:5558). Abductive reasoning plays a significant role in facilitating discoveries that support the theory-building process (Hurley et al., 2021:69); consequently, the abduction approach aids in the development of a more effective framework for corporate governance disclosure in the banking sector.

5.2.2.4 Paradigms and application to the study

As discussed in Chapter 1 of this research, this research study developed a corporate governance disclosure index to evaluate the corporate governance disclosure practices within the annual reports of BRICS banks. Furthermore, the relationships between the banks and countries regarding CGD practices were compared. A descriptive examination of an inductive qualitative content analysis was used to present the findings. This thesis is intended to "systematically describe the meaning" of corporate governance disclosure practices using an inductive qualitative content analysis approach by extracting categories of data concerning perceived strengths

and weaknesses of the CGDI framework and the general concept of corporate governance disclosure practices. After the narrative of an inductive qualitative content analysis, the findings were then communicated in numbers in the form of quantitative content analysis.

This research falls under the category of positivism since the literature review was used to gather knowledge about the evaluation of corporate governance disclosure practices within the banking sectors. The positivist approach was chosen because the researcher is independent of the data and maintains objectivity.

The methodological assumption involves how research must be assumed, as well as the theoretical and philosophical background and its implications for the methodology selected (Saunders et al., 2009: 656). The inductive approach was used to a greater extent in this study to evaluate corporate governance disclosure practices in the annual reports of BRICS-listed banks. Furthermore, corporate governance disclosure theories such as agency, stakeholder, signalling, institutional, and legitimacy were examined to a lesser extent using the deductive procedure. After identifying and discussing the research approach, the next step is to examine the research strategies.

5.2.3 Research strategy

Research strategy's main objective is to assist in creating a theory that shows what is important in the area under investigation (Kurbanoğlu, 2018:547), and the choice of research strategy is guided by research question(s) and objective(s), availability of existing information, and philosophical principles (Saunders et al., 2009:141).

5.2.3.1. Background and contextualisation of research strategies

The "mixed methods" approach is often used in a pragmatic paradigm and combines positivist and constructivist approaches. The positivist approach is associated with quantitative data, while the constructivist approach is associated with qualitative data because it focuses on how reality is socially constructed (Kurbanoğlu, 2018:351). However, combining and integrating quantitative and qualitative data in the same study presents significant obstacles, and attempts have been undertaken in

recent years to unwind this Gordian Knot through what has been termed "dialectic pluralism" (Anguera *et al.*, 2018:2758). Nevertheless, this obstacle was clarified by Creswell, Fetters, and Ivankova (2004); and Punch, Creed, and Hyde (2006) that the combination of both quantitative and qualitative approaches complements each other, maximizes the complementary strengths and minimizes the weaknesses of these approaches when used alone. In addition, the application of pragmatism, critical realism, or dialectic pluralism philosophies in mixed methods research is well documented, and the researcher's decision is based on the extent to which their understanding of each of these philosophies resonates most strongly with the mixed method study (Creswell, 2014:17). Antwi and Hamza (2015:222) indicated the differences between quantitative and qualitative research approaches based on their philosophical assumptions (**Table 5.3**).

Table 5. 3: Differences between Quantitative and Qualitative research approaches

Assumptions	Quantitative	Qualitative
Epistemological assumptions	Positivism/Realism	Interpretivism or Idealism
Ontological assumption	Objectivism	Subjectivism
Methodology	Experimental/Manipulative	Hermeneutical/Dialectical
Research method	Empirical examination Measurement Hypothesis Questionnaires	Case studies Narrative research Interviews Observations
Scientific method	Deductive approach, testing of theory	Inductive approach, generation of theory

Source: Adopted from Antwi & Hamza (2015:222).

Qualitative research involves looking at characteristics, or qualities that cannot be entirely reduced to numerical values (Leedy & Ormrod, 2014:97) and examines the many nuances and deep overview of a phenomenon through data collection (Naderifar, Goli, & Ghaljaie, 2017:1). The quantitative research approach is applied to establish, confirm, or validate relationships between the bank's annual reports which assisted in the development of an improved framework that contributed in the existing theories (Leedy & Ormrod, 2014: 97). Quantitative method intends to achieve a

breadth of understanding while qualitative method intends to achieve the depth of understanding of the phenomenon (Etikan, Musa, & Alkassim, 2016:3). Creswell (2014:5) explained that, to make most of the mixed method approach a researcher needs to understand the advantages and disadvantages of qualitative and quantitative research approaches as indicated in **Table 5.4**.

Table 5. 4: Advantages and limitations of qualitative and quantitative research

Advantages of qualitative research	Advantages of quantitative research
• Provides detailed perspectives of a few people. • Captures the voices of the participants. • Allows participants' experiences to be understood in context. • Is based on the views of participants, not of the researcher. • Appeals to people's enjoyment of stories.	• Draws conclusions for large numbers of people. • Analyses data efficiently • Investigates relationships within data. • Examines probable causes and effects. • Controls bias • Appeals to people's preference for numbers.
Disadvantages of qualitative research	Disadvantages quantitative research
• Has limited generalisability. • Provides only soft data (not hard data, such as numbers) • Studies few people • Is highly subjective. • Minimizes use of the researcher's expertise due to reliance on participants.	• Is impersonal, dry. • Does not record the words of participants. • Provides limited understanding of the context of participants. • Is largely researcher driven.

Source: Adopted from Creswell (2014:5).

Pure quantitative research is dependent on the gathering of quantitative data (numerically) and pure qualitative research relies on qualitative data collecting (non-numerical). Additionally, the quantitative method primarily adheres to the confirmation scientific process because its emphasis is on testing hypotheses and theories and qualitative research is conducted when little is known about a topic or phenomenon and more information is desired as indicated in **Table 5.4** (Gihar, 2022:3). Tu (2018:3) highlighted that, the combination of both the quantitative and the qualitative approach

by researchers is seen as a positive value to any scientific research and complements the shortcomings of each one and synchronizes the merits of each method. The combination of both qualitative and quantitative research methods is known as the mixed method approach.

5.2.3.2 Content analysis

Content analysis is an established social science methodology concerned broadly with “the objective, systematic, and quantitative description of the content of communication” (Hunsinger et al., 2010: 233). The benefit of content analysis is the ability to investigate both what is said (e.g., context) and what is not (e.g., form) in successive stages of the research. The use of content analysis assists in examining patterns in the data (Wilson, 2014:295). This means that the practice of corporate governance data disclosed by the banks is examined successfully when using content analysis.

Content analysis is “a research technique for drawing reliable and replicable inferences from texts and other significant material in the contexts of their use” (Boettger & Palmer, 2010:346). The content analysis methodology seeks to examine the data to make sure that the description of the communication content is objective, systematic, and quantitative. Content analysis is used to analyse interviews and obtain quantitative information from qualitative data (Ceci & Lubatti, 2012:566). Content analysis is an empirical method with fixed characteristics that make it more valid and reliable and could be used in both quantitative and qualitative ways (Boettger & Palmer, 2010:346). Therefore, it can be concluded that content analysis classifies and quantifies corporate governance disclosure practices conducted by the banks.

5.2.3.3 Qualitative content analysis versus quantitative content analysis

Qualitative content analysis methods strive to classify written or oral materials into identified categories of similar meanings (Gao *et al.*, 2020:4) by focusing on the content and underlying themes and meanings that emerge in a text (Biggs et al., 2021:250). On the other hand, quantitative content analysis enables the reduction of vast amounts of textual data to numbers and frequencies suitable for statistical study

(Gao et al., 2020:4). Quantitative content analysis derives from the positivist research tradition and employs a deductive approach (White & Marsh, 2006:30). However, in qualitative content analysis, the category systems are either built up from the actual statistics or put together individually for each study by using deduction (Mayring, 2014:13). The fundamental elements of qualitative content analysis include coding, meaning examination, and the provision of a description of social reality through the creation of theme (Vaismoradi *et al.*, 2016:101).

Quantitative content analysis is "the systematic and replicable examination of symbols of communication that have been assigned numeric values according to valid measurement rules, and the analysis of relationships involving those values using statistical methods, to describe the communication, draw inferences about its meaning, or infer from the communication to its production and consumption contexts" (Lock & Seele, 2015:34). Quantitative content analysis allows for a more extensive examination of texts over a more extended period, which is sometimes impractical by qualitative content analysis (Boettger, & Palmer, 2010:346). Quantitative content analysis is considered a selected analysis of subjects or attributes of the text, and it formulates an inductive (bottom-up) and deductible (top-down) technique (Mayring, 2014:13). Boettger and Palmer (2010:347) indicated that quantitative content analysis could be used to:

- Evaluate transcripts from usability studies to identify standard mental models held by users.
- Reveal differences in communication strategies for intercultural audiences.
- Codify the images used in marketing communications.
- Locate intent in the annual corporate reports and identify and deconstruct the rhetorical strategies from successfully funded proposals.

The application of both quantitative and qualitative content analysis means that the researcher uses objective and systematic counting and recording procedures to produce a quantitative description of the symbolic content in a text and qualitative or interpretative versions of content analysis. Quantitative content analysis can conform to the scientific method and produce reliable findings. Meanwhile, qualitative content analysis is difficult and impossible to do with scientific reliability. However, qualitative

analysis of texts is necessary to understand their deeper meanings and likely interpretations by any person. Therefore, applying both methods seems to be the ideal approach (Macnamara, 2005: 4).

The use of content analysis in this study enables the researcher to evaluate large amounts of data logically. Content analysis is a reliable and robust data reduction approach that is used to evaluate trends and patterns in documents (Krippendorff, 2004:1-440). On the other hand, different approaches to content analysis are utilised in various types of research.

5.2.3.4 Different approaches to content analysis

When attempting to establish a connection between theory and research, researchers face the conundrum of choosing the most appropriate method to employ (Awuzie & McDermott, 2017:356). Good ideas and approaches should be economical. Parsimony is how the researcher selects the items, counts the number of occurrences, and has several case descriptions written down. The singling out of these descriptors/items in the banks' annual/corporate governance reports is necessary for obtaining parsimony (Dubois & Gadde, 2002:559). **Section 5.2.2** discussed three content analysis methods: deduction, induction, and abduction approach. Induction relies on evidence which lacks the certainty of deductive conclusions, whereas abduction offers speculative but plausible explanations to explain some unexpected phenomena (Harley et al., 2021:68). The deductive approach is more theory-driven (testing the existing theory). Meanwhile, the inductive approach is more data-driven (McIver et al., 2018:6). On the other hand, the abductive approach focuses on developing a “new” theory or extends on the previous theories (Spens, 2005:135). When it comes to methodological approaches, while applying content analysis, inductive, deductive, or abductive approaches should be explored (Krippendorff, 2013:42). The inductive approach, also known as the data-driven or text-driven approach, is distinguished by the search for patterns (Schreier, 2012:25). In quantitative research, data collecting categories are created from the theory or prior study, which is known as a concept-driven or deductive approach (Schreier, 2012:85).

Therefore, this study utilises both word counting and meaning-orientated approaches to analyse the extent of corporate governance disclosure in the banks of BRICS countries. The analysis of the CGD of twenty-two BRICS banks involved the codification of qualitative information into pre-defined categories to derive patterns in the presentation and reporting of information (Bhasin & Bamahros, 2016: 2239). The coding process involved reading the annual report of each bank and coding the information according to the CGDI practices. Though content analysis is widely used, it has its limitations.

5.2.3.5 Limitations of Content Analysis

A major limitation of content analysis in general is that it is inevitably subjective. Most studies that apply content analysis only focus on the quantity of information about other variables (van Oorschot, 2010:35). Despite its claim to generality, content analysis has further limitations such as the statistically significant findings require many units of analysis amounts to a commitment to be quantitative. Computer content analysis favours the use of data in a context that entails stable and unambiguous interpretations and leaves little room for those meanings to evolve in the process of communication (Krippendorff, 1989:407). Additionally, content analysis does not tell us about causal connections between variables under study and it is still used as a technique to supplement the findings of mainstream research designs such as survey research (Prasad, 2008:190).

5.2.3.6 Mixed method approach

Many researchers in the field of mixed methods research dislike this word since it stresses the use of multiple approaches but not their integration. On the other hand, multimethod research is preferred since it combines multiple quantitative approaches (such as experimental and survey research methods) multiple qualitative approaches (such as ethnographic and narrative research methods) or both quantitative and qualitative approaches (Anguera *et al.*, 2018:2763). However, this confusion was clarified by Creswell (2014:3) by describing that the mixed method approach is an approach to research in the social, behavioural, and health sciences in which the researcher collects both quantitative (closed-ended) and qualitative (open-ended)

data, integrates the two, and then draws conclusions based on the combined strengths of both sets of data to understand research problems.

The primary rationale for employing a mixed method approach in this study is that the use of either quantitative or qualitative research alone is insufficient to collect the necessary data needed to achieve the primary objective of corporate governance disclosures in the banking sector. Using the mixed methods research approach, researchers can design a single study to answer questions about the nature of a phenomenon from the participant's perspective and the relationship between measurable variables (Mitchell, 2018:103). Since research methods have both strengths and weaknesses, the combination of both strengths provides good justification for the application of the mixed method approach (Creswell, 2014:15). In addition, mixed methodology researchers can overcome paradigmatic challenges by using strengths from both data collection methods to mitigate their weaknesses. Mixed methods are extremely like the pragmatic paradigm, which allows researchers to employ any study methodology (Nugrahanti, 2018:44).

Mixed-method research involves conducting qualitative and quantitative studies simultaneously or sequentially. Once quantitative and qualitative methods are applied in a research project, a study may no longer be considered a monomethod design; it is either a fully mixed design or a partially mixed design. Fully mixed methods combine quantitative and qualitative techniques within one or more stages of the research process or across these stages, whereas partially mixed methods conduct both quantitative and qualitative elements either concurrently or sequentially before mixing at the data interpretation stage (Leech, & Onwuegbuzie, 2009:267). This type of mixing of research methods is illustrated in a typology of mixed method research design in **Figure 5.2**.

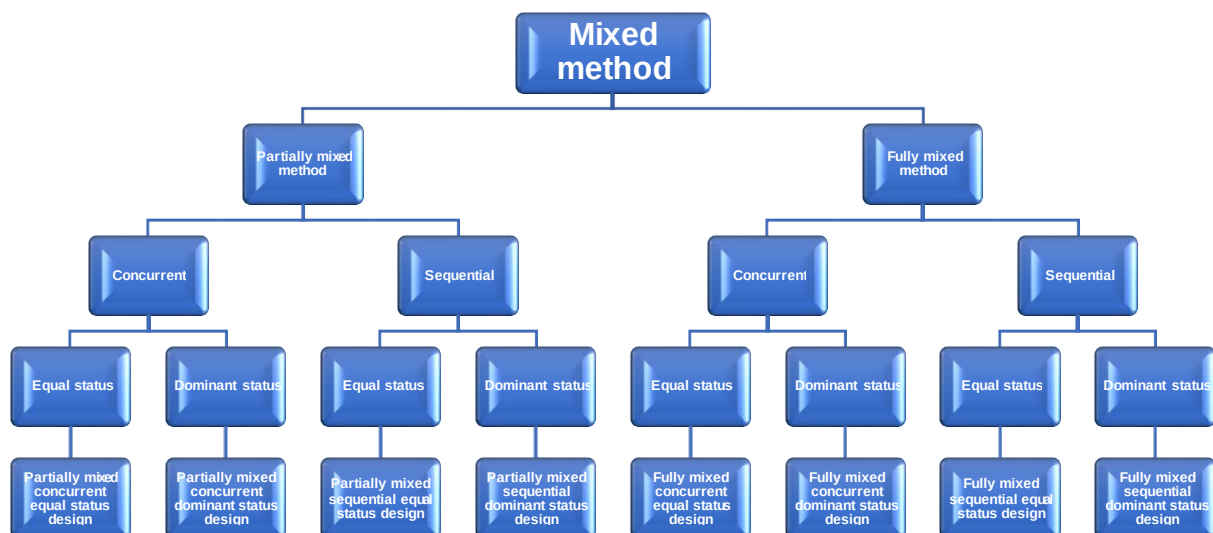


Figure 5. 3: A typology of mixed method research design adopted from Leech and Onwuegbuzie (2009:269)

A typology of mixed-method designs (**Figure 5.2**) is based on the time orientation dimension. Time orientation refers to whether the qualitative and quantitative phases of the study occur at roughly the same point in time such that they are independent of one another (i.e., concurrent) or whether these phases occur one after the other such that the quantitative phase is dependent on the qualitative phase (i.e., sequential) (Onwuegbuzie, & Collins, 2007:290 and Tu, 2018:7). Creswell (2014:6) explained three basic types of mixed methods designs that assist in the understanding of where and how to integrate the database.

a) Convergence design

A convergence design is an approach in which the objective of the research is to gather both quantitative and qualitative data, analyse both datasets and then combine the results of the two sets of data analyses to compare the findings (Creswell, 2014:6). Convergent design occurs when a researcher implements both quantitative and qualitative strands at the same time, equally prioritising methodologies, maintaining

independence throughout the analysis, and integrating data during overall interpretation to provide a thorough research process (Creswell 2014:71).

b) Explanatory sequential design

The objective of an explanatory sequential design is to employ quantitative approaches first and then qualitative methods to assist in explaining the quantitative results in greater detail (Creswell, 2014:6). The explanatory sequential design was explained by Creswell (2014:71) in three phases. In the first phase, the collection and analysis of quantitative data are conducted to address the research questions. In the second phase, the qualitative data is collected and analysed, following the quantitative results. In the final phase, the researcher interprets how the qualitative results help explain the initial quantitative results.

c) Exploratory sequential design

An exploratory sequential design in which qualitative approaches are used to investigate a phenomenon because the question may be unknown, the population may be understudied or little understood, or the site may be inaccessible. After this initial investigation, the researcher builds the second quantitative part of the project using the qualitative findings. This step involves the creation of an instrument to measure variables in the study, the development of practices for an experimental intervention, or the creation of a typology that is measured using an existing instrument (Creswell, 2014:6). The exploratory sequential design was preferred in this study as it prioritised qualitative data collection and analysis in the first phase. In the second phase, the quantitative data was tested or generalised to the initial findings. In the final phase, the researcher interpreted how the quantitative results were built on the initial qualitative results, contrasting with the explanatory design (Creswell, 2014:71).

In applying the mixed method approach to this study, the researcher believes that the research question would best be answered via a multi-method design that fully interrelates the findings from the various components (Stahl, Lampi, & King, 2019:28). The rationale for employing this design is discussed further below. Firstly, both quantitative and qualitative methods are used to evaluate the corporate governance

disclosure practices of BRICS-listed banks. Secondly, the research design explicitly specifies the sequencing and priority given the quantitative and qualitative elements of data collection and analysis. Finally, the mixed-methods approach regards pragmatism as the investigation's philosophy and foundation (Stahl et al., 2019:29).

The mixed-methods approach was used in this study in three stages. Firstly, the researcher started with the abductive qualitative content method on annual reports from BRICS-listed banks regarding corporate governance disclosure practices **(Section 5.2.6.4)**. Taking the resulting categories as variables, the researcher used the developed CGDI to assess the overall disclosure of these variables for several banks of BRICS countries. Secondly, the sequential explanatory design (QUAN QUAL) follows a qualitative study to explain the results of the quantitative study **(Section 5.2.3.2)**. For example, a researcher collected qualitative data from the annual reports of the BRICS banks, the data was organised into themes and a thematic analysis was used. The researcher used descriptive statistics, ANOVA, and correlation methods to analyse the data. After finding significant differences between the banks on the disclosure of corporate governance practices, the researcher would conduct qualitative investigations to explain the differences. Thirdly, the concurrent design (QUAN + QUAL) was applied for mutual complementation or validation of results (Kaiser 2016:185).

5.2.4 Research design

Research design is an essential aspect of every study, as it encompasses integrating research questions into projects. Research design assists in determining the research procedures and components, including research methodologies and samples (Al-Ababneh, 2020:85). There are four different categories of research designs (an exploratory study, a descriptive study, and an explanatory study), and each is best suited to a different set of research questions (Saunders et al., 2009:133). According to Robson (2002:59), an exploratory study is a valuable method for determining what is happening, seeking new insights, posing questions, and evaluating phenomena in a new light. There are three primary approaches to conducting exploratory research, namely: a search of the literature; interviewing 'experts' on the subject; and conducting focus group interviews. An exploratory study is conducted when no information is

available or little is known about how similar research has been conducted in the past (Al-Ababneh, 2020:84).

The objective of the descriptive study is to give researchers a profile or description of elements of the phenomenon being studied at several levels, including individual, organisation, sector-focused, and other perspectives (Al-Ababneh, 2020:85). Meanwhile, explanatory studies attempt an explanation of a studied condition or problem that is not necessarily based on a causal relationship, as well as an explanation of patterns related to the phenomenon being investigated. This study's design may be flexible and/or fixed (Al-Ababneh, 2020:85). This means that explanatory research attempts to explain the links between different variables (Saunders et al., 2009:134).

Action research is classified into two categories: participatory and practical action research (Nzembayie, Buckley, and Cooney, 2019:106). Participatory action research focuses on the significance of participants being a part of the community being investigated, empowering people who will be directly affected by the research's findings. Participants are effectively co-researchers in this approach, with their lived experiences considered crucial to the research process. Practical action research is primarily concerned with how research is carried out and is intended to address and resolve specific challenges (Lake and Wendland, 2018: 13). Both types of action research are more concerned with developing future practitioners' capacity and competence than with adding to a theoretical body of knowledge (Jacobs, 2018:44).

A comparative research design is a study approach in which researchers compare multiple variables (groups, individuals, countries, etc.) to learn about their similarities and differences. This study approach is frequently employed in many fields, including the social sciences, humanities, education, and healthcare (Iranifard, and Latifnejad, 2022:3317).

A comparative research design makes it possible to identify similarities as well as differences between companies or countries. Additionally, it assists in clarifying the causal relationships between countries. Furthermore, for this, the comparative

research design provided insights into the generalizability of the BRICS country's findings. There are several types of comparative research designs. For this study, only longitudinal and cross-sectional were explored under comparative research design.

- A longitudinal study is a type of research strategy that incorporates repeated observations of the same variables across time. Researchers can use this sort of study to follow changes in variables over time and analyse the causal linkages between variables (Saunders et al., 2009:144). Longitudinal studies provide information on the natural history of the condition, assist in the identification of causal linkages between factors, and can be used to assess the success of treatments (Saunders et al., 2009:155). Longitudinal studies, on the other hand, may be costly and time-consuming to execute. Participants may drop out of the research over time, which might be a concern. It can be difficult to account for environmental changes that may alter the study's outcomes.
- A cross-sectional research design compares two or more groups at a single point in time. Cross-sectional research might be descriptive or analytical. Descriptive studies often seek to offer estimates of illness prevalence, features such as smoking behaviour, people's attitudes, knowledge, or health behaviour, whereas analytical studies seek to analyse connections between various parameters (Kesmodel, 2018:389). Cross-sectional studies are often quick and affordable to carry out. They are appropriate for hypothesis generation and may give information on the prevalence of outcomes and exposures that may be used to influence other study designs (Wang and Cheng, 2020:66). Therefore, a cross-sectional research design was applied.

Since the method of research design has been determined, the researcher proceeded with the development of the measuring instrument for the BRICS banks.

5.2.4.5 Development of the measuring instrument

Most checklists are inadequately comprehensive, and disclosure requirements vary based on jurisdiction and regulations. To ensure that their corporate governance disclosures comply with local laws and industry norms, banks should work closely with

their legal and compliance sections UNCTAD (2011). As a result, the checklist for this study incorporates elements from all the BRICS countries as well as GRI guidelines and the Basel Committee on Banking Supervision regulations of 2006. Conducting content analysis research necessitates a precise and explicit explanation of the phenomenon under investigation. This involves the explicit identification of the major categories of corporate governance disclosure as well as the important factual elements within each of these categories, all of which must be included in what is known as a checklist. The disclosure checklists are comprehensive listings of specific elements that may be mentioned in annual reports.

While specific checklist components may vary depending on the regulatory context, industry, and size of the organisation, for these reasons, a checklist for this study consists of two phases. Phase one (**Appendix A**) of the checklist provides general information on corporate governance disclosure practices. The checklist from Phase one was used as guidance to construct Phase Two (**Appendix B**), which focused on industry-specific (banking sector). The major sources for developing phase two of CGDI for BRICS banks were: the Securities and Exchange Commission regulations of 2012; the Basel Committee on Banking Supervision regulations of 2006 regarding the capital requirement for banks based on the Bank for International Settlement (BIS) and the Brazilian Securities and Exchange Commission (BSEC) and Brazilian Stock Exchange (BSE) (Oliveira et al., 2016: 925). Furthermore, the voluntary corporate governance code was launched by the Confederation of Indian Sectors (CII) (Simon and Wong, 2001:140). In addition, the Securities and Exchange Board of India (SEBI) clause 49 on good corporate governance practices; and the King report on the code of corporate governance stipulates that the board shall have a "balance of power" with most independent non-executive directors (IoDSA, 2016). The framework sources for constructing the checklist were agency, stakeholder, and legitimacy theories. Moreover, as discussed in chapters two and three, the CGDI was further guided by the OECD Principles of Corporate Governance, the best practices on CG required by UNCTAD (2011), GRI, and IR frameworks as part of the literature review.

A checklist of CGDI was organised by disclosure categories, which were developed to capture corporate governance disclosure practices in the annual reports of BRICS banks. The checklist is divided into four parts that indicate categories into which each

corporate governance disclosure information falls. The four categories include the following: (i) **board composition** (242 elements); (ii) **audit committee** (132 elements); (iii) **risk management** (132 elements); and (iv) **compliance and responsibility** (132 elements) (**Appendix B**) that have been developed using corporate governance literature. The total number of elements required to be disclosed from the CGDI for BRICS banks is 638. Because various themes or emphasis areas have a variable number of dimensions, not all CGDI for BRICS banks categories have the same number of questions in the checklist. The self-constructed CGDI was developed to measure the extent to which banks disclose their corporate governance practices in the banking sector specifically BRICS banks **Table 5.5**.

Table 5. 5: Developed Corporate Governance Disclosure Index

No	Item and description
1	Board composition 1. The bank provides board diversity; board size; board committees and, number of executive and non-executive directors. 2. The bank indicates qualifications and biographical information of board members. 3. The bank mentions the roles and functions of the board of directors 4. The bank indicate number of boards of directors holding outside directorship positions. 5. The bank has subcommittees that deal with management of conflicts of interest. 6. The bank makes a determination and composition of directors` remuneration. 7. The bank indicates the maximum tenure of its independent director. 8. The bank shows a succession plan for sustainability. 9. The bank indicate the types of duties the board and management engaged with outside the bank. 10. The bank provides professional training to its employees. 11. The bank outline all the processes and measures used to evaluate the performance of the employees.
2	Audit committee 12. The bank discloses how external auditors are appointed. 13. The bank supports external auditors and implement recommendations provided by the external auditors. 14. The amount charged by the external auditors is disclosed. 15. The bank has independent audit committees.

	16. The bank has a clear policy on the appointment and rotation of audit committees. 17. The bank indicate the duration of external auditors
3	Risk management 18. Risk management and governance form part of the bank's daily operations. 19. The risk policy of the bank is approved by the directors. 20. The bank has a risk management committee. 21. Type of information the risk committee has access to and limitations 22. The bank conducts risk assessment. 23. The bank provide functions of risk committee.
4	Compliance and responsibility 24. The bank outlines a code of ethics for the board members 25. The bank outlines a code of ethics for all the employees 26. The bank's strategic objectives and corporate values are communicated throughout the organization. 27. Banks disclose policies and performance relating to business ethics, the environment, and social responsibility. 28. Policy on "whistle blower" protection for all employees 29. Impact of environmental and social responsibility policies on the firm's sustainability
5	Ownership and shareholder's right 30. The bank has ownership structure 31. The bank provides notice for holding annual general meetings 32. Availability and accessibility of meeting agenda and minutes 33. The bank has control rights and structure

Compiled by the researcher.

Initially, the index consisted of five categories and 33 disclosure items regarding non-financial information from **Phase One**. Since phase one consisted of general information about corporate governance disclosures, the checklist was tailored for industry-specific information in **phase two**. During the final development of the checklist phase two, the constructed checklist resulted in four categories with 29 required disclosure items for 22 BRICS-listed banks. The categories of ownership and shareholder's rights were excluded from the study after conducting the criterion validity and reliability analysis. After the development of the CGDI, the reliability and validity of the instrument were put to the test.

5.2.4.6 Reliability and validity of the developed CGDI

Minimising the likelihood of obtaining an incorrect answer necessitates a focus on the reliability and validity of the research methodology. Validity describes the connection between a construct and its indications (Wilson, 2014:148). Reliability is the degree to which the data collection and processing approaches produce consistent results (Saunders et al. 2009:156). Reliability is concerned with the extent to which a measurement of a phenomenon yields reliable, consistent, and repeatable results. For instance, a scale or test is considered dependable if repeated measurements under constant conditions yield the same result (Wilson, 2014:145). According to Heale and Twycross (2015:67), there are three conventional means of evaluating the reliability of the corporate governance disclosure checklist (**Table 5.6**) i) Internal consistency, ii), stability and iii) equivalence.

Table 5. 6: Attributes of reliability

Attributes	Description
Internal consistency	The extent to which all the items on a scale measure one construct
Stability	The consistency of results using an instrument with repeated testing
Equivalence	Consistency among responses of multiple users of an instrument, or among alternate forms of an instrument

Source: Adopted from Heale, and Twycross (2015:67).

Stability is determined by using test–retest and parallel or form reliability testing. Test–retest reliability was used to examine the developmental instrument which was administered to the same individuals under similar conditions more than once (BRICS banks as per their market capitalisation). Equivalence is determined by using inter-rater reliability. This test contains a method for determining qualitatively the level of agreement between two or more witnesses. Internal consistency is assessed using item-to-total correlation split-half reliability (Heale, & Twycross, 2015:67). **Table 5.6** indicates reliability attributes. Therefore, the stability of the CGDI of the BRICS banks is considered stable if it can repeatedly be used by the same investigator over time.

After the development of the CGDI for the BRICS banks, to maintain the consistency of the evaluating instrument or index, the test-retest reliability was applied. Furthermore, an internal consistency technique was also used to enhance the reliability of the constructed CGDI (Sekaran, 2003:464).

Three phases were pursued to ensure the reliability of the recording while using the test-retest approach. Before beginning the coding procedure, the complete contents of each BRICS bank's annual reports from 2021–2022 were reviewed. This helped in identifying relevant and irrelevant information in the BRICS bank's annual reports (Omar & Simon, 2011:166). Secondly, for each sampled bank, information for the period between 2021 and 2022 was coded. This approach enabled the yearly reports to be read repeatedly and accurately. Thirdly, after scoring the annual reports of each sampled bank, re-reading the annual reports ensured that all relevant corporate governance information was considered (Omar & Simon, 2011:166).

In this study, the developed CGDI, test-retest, and internal consistency approaches were used to enhance the reliability of the CGDI. Because this study was conducted by a single researcher, inter-coder reliability was not employed. On the other hand, validity was applied to determine whether the findings were truly about what they appeared to be (Saunders *et al.*, (2009:156). Validity test is mainly divided into four types i) content validity, ii) face validity, iii) construct validity, and iv) criterion-related validity (**Table 5.7**).

Table 5. 7: Types of validity

Type of validity	Description
Content validity	The extent to which a research instrument accurately measures all aspects of a construct
Construct validity	The extent to which a research instrument (or tool) measures the intended construct
Criterion validity	The extent to which a research instrument is related to other instruments that measure the same variables
Face validity	To examine the face validity, the dichotomous scale can be used with categorical option of “Yes” and “No” which indicate a favourable and unfavourable item respectively.

Source: Adopted from Heale and Twycross (2015:66).

Face validity is the degree to which non-experts, such as test takers and legal representatives, perceive a measure to be associated with a given notion (Taherdoost, 2016:29). Content validity examines whether the instrument adequately covers all the content that should be covered concerning the variable. Construct validity refers to the ability to conclude test scores relevant to the investigated topic (Heale and Twycross, 2015:66). Criterion validity is the extent to which a measure is related to an outcome. Criterion validity is an alternate viewpoint that lessens test scores' conceptual significance or interpretation (Taherdoost, 2016:32).

Three techniques were employed in this study to improve the validity of the CGDI. Firstly, rather than relying on analysts' ratings, the CGDI was developed by the researcher. This improved the content validity of the developed index. Secondly, the disclosure index was developed to strengthen its validity by concentrating on the corporate governance disclosure practices required by the banking sector. This is substantiated by several corporate governance reporting studies (Albassam, 2014:119; Osama, 2013:142). Thirdly, the CGDI measuring instrument was improved by modifying the instrument's phase one before finalisation phase two to improve criteria and content validity. The improvements were performed in two phases: (i) **Phase one** included principles of the OECD of 2004; Basel Committee Guidance on Corporate Governance for Banks; and regulations from relevant BRICS countries on financial and non-financial information. During **Phase Two** of the development of the CGDI, only disclosures of non-financial information were considered. To construct Phase Two of the CGDI for BRICS banks (**the final phase, Appendix B**), only non-financial information was extracted from Phase One since it included country-specific regulations, OECD 2004 principles, and Basel Committee Guidance on Corporate Governance for the Banks. This study did not require an expert in corporate governance practices to validate the requirements for CGDI because the information was already available but not industry-specific. Since the instrument to collect data has been developed and validated, data collection processes have been initiated.

5.2.5 Data collection

The process of data collection is of the most importance for research as the data is meant to contribute to a better understanding of a theoretical framework (Etikan et al.,

2016:2). The data collection for this study is based on the information provided by the bank's official websites in their annual reports on corporate governance practices. The database from the bank's official website is the primary source of data for this research. There are four steps for data collection (**Figure 5.3**). The first step in the data collection process which determining the source and type of data that are needed for this study, its administration, and lastly the codification of the collected data.

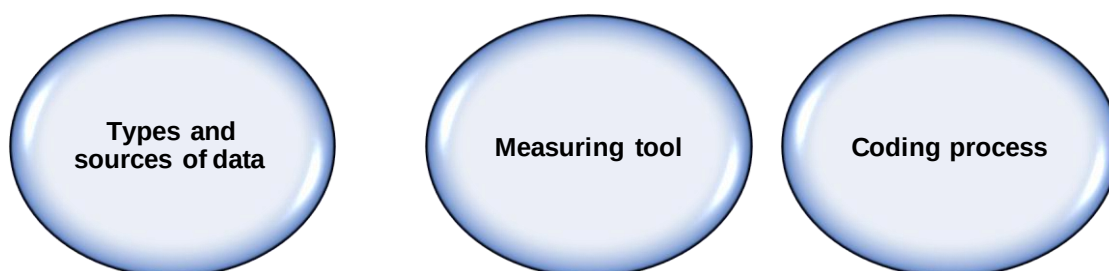


Figure 5. 4: Steps of data collection processes

5.2.5.1 Types and sources of data

The study utilised secondary data, which was already available in the banks' annual/ sustainability reports for the year 2021/2022. The corporate governance data was extracted from the banks' websites. The annual reports were strategically chosen because it is generally accepted as the most comprehensive channel of information and has the potential to make information easily and routinely available in a single document. Annual reports are highly useful sources of information because the information disclosed relates to the prospects of the company's concern about the economic, social and environmental impacts arising from the company's practices. (Listyaningsih, Dewi, & Baiti, 2018:280). The type of data used in the measuring tool was non-financial information such as board composition, risk management, audit committee, and control structures. To extract accurate and pertinent information from the annual reports of the banks, the researcher developed the corporate governance disclosure index as a measuring tool.

5.2.5.2 Coding process

Coding is the process of assigning a word or phrase to data segments that are disclosed by banks concerning corporate governance practices, as described in detail

in the section on data collection. The selected code summarises or encapsulates the substance of the data segment. There are several techniques for coding qualitative data, whether by hand or with computer software. In-vivo coding is appropriate for this study. In vivo, coding focuses on the banks' exact language to construct codes and is favoured by numerous qualitative researchers since it prioritises and preserves participants' language (Leavy, 2017:151).

Codes are symbols, typically numbers used to identify certain responses in questionnaires and similar instruments (Wilson, 2014:180). All data types, with few exceptions, are represented by numerical codes. This allowed the researcher to enter the data efficiently without errors (Saunders et.al., 2007:443). There are three steps of coding in research. The open, axial, and selective coding. The first step is open coding which expresses data and phenomena in the form of concepts through classification of expressions (single words, short sequences of words) to attach annotations and concepts. The second step is Axial coding, which identifies emergent themes, refines, aligns, and categorizes the themes. The final one is selective coding which enables the researcher to select and integrate categories of organized data from axial coding in cohesive and meaning-filled expressions (Williams & Moser, 2019:46). The advantage of coding is that it ultimately makes the analysis easier and less confusing. Moreover, it is essential for most statistical software packages. Not all the data collected is the same, therefore, the researcher selects appropriate methods for analysing the data. Ordinal type of data is applied in this study. The types of analysis suitable for ordinal data include frequency counts and percentages from a set of ranked data (Wilson, 2014:243).

Both selective and axial coding was used in this study. Selective coding was applied to identify, refine, and organise fundamental themes or categories that emerged from qualitative data analysis. The qualitative data revealed the following categories: board composition, audit committee, risk management, and compliance and responsibility. These categories were critical in the development of the theoretical framework (Williams & Moser, 2019:46). Selective coding was followed by axial coding, which was added to establish connections between the identified categories in the qualitative data analysis. The use of axial coding ensured that corporate governance disclosure

practices were investigated in terms of their linkages, causal relationships, and interactions with other elements of disclosure (Vollstedt, & Rezat, 2019:88).

After considering the significance of coding, **Appendix A** was the initial development of the corporate governance disclosure index which was later improved for **Appendix B**. **Appendix B** was employed as a measuring tool for the BRICS banks' corporate governance disclosure.

5.2.5.3 Scoring of the Corporate Governance Disclosure Index

According to Devalle et al (2016:7), researchers can use two approaches for scoring disclosure items in the disclosure index used to determine the level of corporate governance disclosures. The unweighted and weighted approaches. The unweighted approach assumes that each piece of information is of equal weight to the investor. Furthermore, all the information found in the annual reports is of equal importance. The weighted approach believes that the information found in the annual report does not have equal importance, and, consequently, researchers assign a subjective weight to the different types of information.

This research adopts the use of the unweighted method, as this method is better suited to address the issue of subjectivity bias that results from the usage of the weighted disclosed method. A dichotomous scoring approach was employed to evaluate the corporate governance disclosure practices of BRICS banks. A value of 1 was assigned when a particular bank disclosed information on the constructed corporate governance disclosure index, and a value of zero was assigned for non-disclosure. In calculating the disclosure score, the number of items disclosed by the banks in their annual report is divided by the total number of items in the disclosure list. The following formula calculates the total disclosure score for each bank:

$$D = \sum_{i=1}^m dj,$$

Table 5. 8: Measuring scale

Scale	Description
0	When an item is not disclosed in the bank's annual report
1	When an item is disclosed in the bank's annual reports

Table 5.8 indicates that **m** represents the total number of elements/items expected to be disclosed by the banks. The coding guideline and instructions are as follows: A positive score of 1 was given to any bank that disclosed the statement in question (**Appendix B**) and, should the statement in question not be disclosed, the bank was given a score of 0. **Appendix B** provides the corporate governance disclosure index to analyse various reports provided by the banks.

5.2.6 Research sample

Sampling is an elementary concept involving the selection of a few elements from a representative population sample (Hamdan et al., 2021:59). This technique investigated whether the size of the participants was justifiable, and the method of sampling used (Adams et al., 2014). Sampling provides a variety of techniques for reducing the amount of data that must be collected by focusing on data from a subgroup rather than all possible cases or elements (Saunders et al., 2009:210). This section begins by describing the series of stages involved in the sampling process applied in this study. The sampling process starts by defining the target population, determining the sampling frame, and selecting the sampling methods. Then continue by determining the sampling size and concluding with the sampling plan (Wilson, 2014:221). **Figure 5.4** illustrates the stages of the sampling processes.

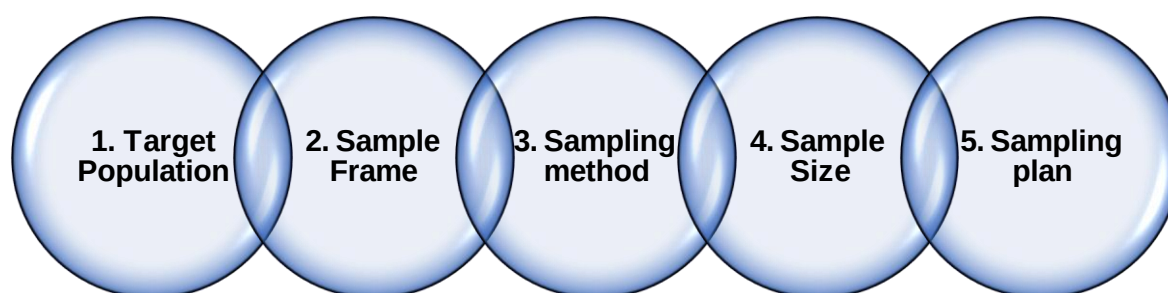


Figure 5. 5: Stages of sampling processes by Wilson (2014:222)

Figure 5.4 depicts the steps involved in collecting the research sample. These steps are discussed in detail below.

5.2.6.1 Target population

The population refers to the whole set of instances from which a sample is selected (Saunders et al., 2009:212). The population is often linked to the count of people residing in a country (Wilson, 2014:221). Additionally, the population may be defined as the whole set, including individuals, events, or objects of interest that are selected for research purposes (Hamdan et al., 2021:82). Therefore, the target population consists of all banks listed under BRICS. An overview of the target population is shown in **Table 5.9**.

Table 5. 9: Summary of target population Source: Researcher's compilation

Dimension	Description
Elements	All top five listed Banks within BRICS countries
Sampling unit	Only companies that are within the banking sector
Extent	Only countries that comprise BRICS
Period	Annual reports of between 2021-2022

The sample frame used in this research included all banks from the BRICS countries that were listed on their respective stock markets. As of 2021–2022, the BRICS countries together include a total of 129 banks that are listed. The sample frame for this research was defined by a selection of 22 banks. Within this sample frame, there were five banks chosen from each BRICS country, except for Russia, which had two banks represented.

5.2.6.2 Sample frame

A sampling frame is a list of the real cases from which the researcher draws the sample. The sample frame must accurately represent the population. The most important aspect to consider is how persons or organisations might be located as components of the sample frame (Wilson, 2014:223). Sampling of sufficient participants is important to ensure adequate and depth of information in every research study (Luciani, Campbell, Tschirhart, Ausili, & Jack, 2019:79). The sampling frame for this study was the listed banks of BRICS countries.

5.2.6.3 Sampling method

The significance of the sampling technique in research studies is well recognised by researchers, as it constitutes a crucial and detailed step of the research process and serves as a fundamental element of research design (Luciani et al., 2019: 158). The use of a sampling strategy enables researchers to draw a broad conclusion based on the perceptions of the complete population (Hamdan et al., 2021:59). In general, the sampling technique is often categorised into two main approaches, namely probability and non-probability sampling methods (Naderifar et al., 2017:1). **Figure 5.5** outlines the sampling method.

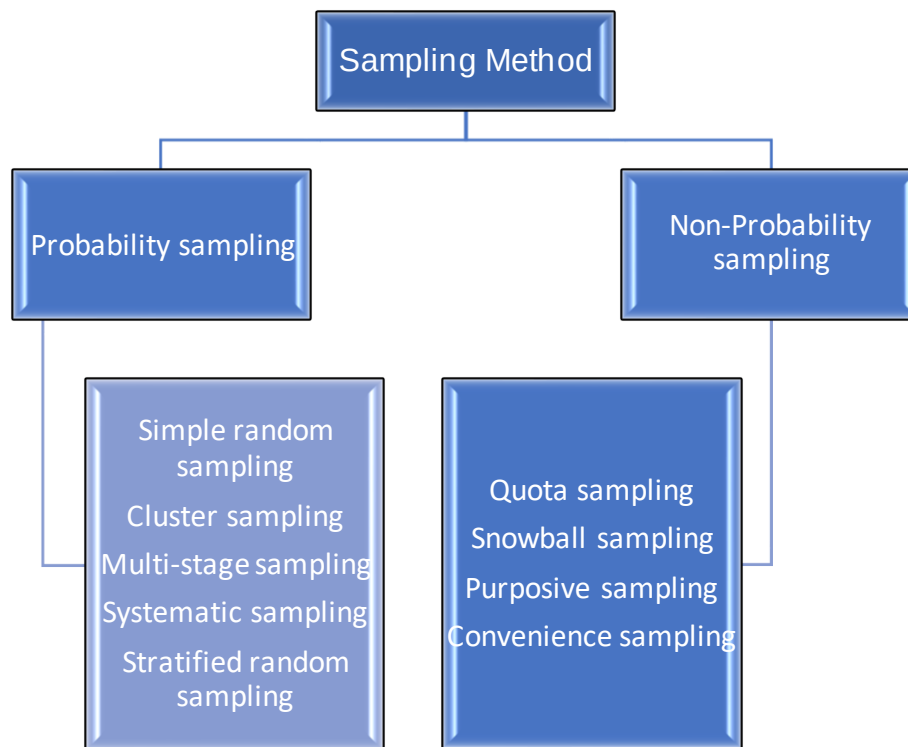


Figure 5. 6: Sampling method adapted from Wilson (2014:225)

- **Probability sampling**

In probability sampling, the probability of each case's selection from the population is known and is typically the same for all cases. This indicates that it is possible to answer research questions and attain objectives that involve statistical estimation of the population's characteristics from the sample (Saunders et al., 2019:213). In the probabilistic method, each item has a chance of being selected, as the researcher's opinion does not influence the selection of samples. The selected samples are representative of the entire population, and the researcher can generalise the results of the study (Naderifar, Goli, & Ghaljaie, 2017:1). There are different types of probability sampling, namely, simple sampling, cluster sampling, multi-stage sampling, systematic sampling, and stratified sampling.

Simple random sampling indicates that each member of the population has an equal chance of being included in the sample (Wilson, 2014:229). Systematic sampling is the selection of every n^{th} person (for example, a researcher may decide to select every 5th person from the sample) after a random start, and when there is considerable variation within a population, stratified sampling is commonly employed (Sharma,

2017:750). The goal of multi-stage sampling is to guarantee that each stratum is sufficiently represented, and it incorporates various procedures for selecting sample units (Martnez-Mesa *et al.*, 2016:329).

- **Non-probability sampling**

In the non-probability method, the researcher uses a sample that is already available; not everyone has a chance of being selected, and the results cannot be generalised to the entire population (Naderifar, Goli, & Ghaljaie, 2017:1). There are different types of non-probabilistic sampling, namely, purposive sampling, convenience sampling, quota sampling, and snowball sampling.

For purposeful sampling, information-rich cases are selected as per their nature and substance (Bungay, Oliffe, & Atchison, 2015:2). The focus is more on the development of idiographic knowledge of generalisations and individual cases (Sandelowski, 2000:248). On the other hand, in convenience sampling, participants are selected based on their accessibility, and for quota sampling, the population is categorised by factors such as gender and age (Etikan *et al.*, 2016:2). Hence, sample units are chosen to fulfil each quota (Martnez-Mesa *et al.*, 2016:328). Meanwhile, snowball sampling (Wilson, 2014:229; Etikan *et al.*, 2016:55) is a non-random sampling technique that uses a small number of cases to entice additional instances to participate in the study, hence expanding the sample size.

Based on what has been said and what has been learned, this type of study uses purposeful sampling, which is a non-probability method that focuses more on the characteristics of the participants, as shown in the selection criteria below (Adams, Khan, & Raeside, 2014). The participants are selected purposefully to represent a wide spectrum of views on corporate governance disclosure practices in the banking sector (Meadows, 2003).

Several types of purposeful sampling strategies are appropriate to the study question and design. Such sampling strategies are criteria, typical cases, maximum variation, extreme cases, and theoretical. Due to the nature of this study, criteria-purposeful

sampling is used, as participants are selected based on predetermined inclusion or exclusion criteria (Luciani et al., 2019:158).

A criterion of purposeful sampling was applied to select the top 5 banks from the BRICS countries that are listed on their respective stock exchanges. Criterion purposeful sampling determines inclusion and exclusion criteria in defining the study population. Inclusion criteria are characteristics that a researcher sets for the participant to be eligible to take part in the study, while exclusion criteria are characteristics that make the participant ineligible to take part in the study (Luciani et al., 2019: 157). The BRICS banks were purposefully selected because of the BRICS development bank and economic relationships among the BRICS countries. The researcher purposefully selected the participating banks based on the following selection criteria:

- The participating banks form part of their country's banks, as listed on their respective stock exchange,
- The top five banks were selected based on their market capitalization,
- The participating banks have been in operation for more than five years,
- The bank's annual report was easily accessible on the bank's website in a PDF format,
- The bank has consistently produced annual reports for five years without absconding and,
- The bank must have been listed on the country's stock exchange for more than five years.

The selection criteria were crucial in determining the sample size for the study.

5.2.6.4 Determine the sample size

The nature of the research philosophy determines the sample size. Typically, determining the sample size involves probability sampling and quantitative analysis. Choosing the sample size for a qualitative study may appear straightforward because generalisations is not required. However, it is in some ways more challenging because there are no rules governing sample selection. In certain regards, the final sample size

is practically always a matter of judgment as opposed to calculating (Wilson, 2014:232). The target population was refined to include the top five BRICS-listed banks. The participants were selected based on their market capitalisation. In Russia, only the top two banks were accessible because of the Russia-Ukraine war. The rest of the BRICS countries' top 5 banks were selected. **Table 5.10** presents the sample banks and, consequently, the sample size.

Table 5. 10: Sample banks

Brazilian banks	Russian banks	Indian banks	Chinese banks	SA banks
Itaú Unibanco Holdings	Sberbank of Russia	HDFC Bank Ltd	Industrial and Commercial Bank of China Ltd.	First Rand Limited
Banco Bradesco SA	Credit Bank of Moscow	ICICI Bank Ltd	China Construction Bank Corp.	Standard Bank Group
Banco Santander Brasil SA	-	State Bank of India (SBI)	Agricultural Bank of China Ltd.	Capitec Bank Holdings
Banco do Brasil SA	-	Kotak Mahindra Bank Ltd	China Merchants Bank Co. Ltd.	ABSA Group Limited
Itaúsa-Investments Itaú SA	-	Axis Bank Ltd	Bank of China Ltd.	Nedbank Group Limited
5	2	5	5	5
Total 22				

Source: Researcher's compilation

The population was sampled to a size of 22 banks using non-probability and purposive sampling, and the sample size was determined by the following selection criteria.

5.2.6.5 Sampling plan

Table 5. 11: Sample plan for the study

Description	Empirical application
Target population	All the BRICS banks that are listed in their respective stock exchange.
Sampling method	Non-probability, purposive sampling
Sample size	22 BRICS banks

Source: Researcher's compilation

Once the measuring instrument has been developed and the target sample has been identified, it becomes crucial to carefully outline how the data are analysed.

5.2.7 Data Analysis Method

Data analysis involves “working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what to tell others” (Leavy, 2017:150). Each level of data analysis comprises data reduction and interpretation as the researcher assigns meaning and insight into the words and actions of the study's participants (Wilson, 2014:287). The process of data analysis and interpretation plays a vital role in assisting the researcher in answering the question of corporate governance disclosure in BRICS banks. Leavy (2017:150) outlined general phases of analysis and interpretation which include the following: data preparation and organization, initial immersion, categorizing, theming, and interpretation which is helpful in the analysis of corporate governance disclosures.

- **Data preparation and organization**

The data should be structured in a repository backup of all files for simple access. Each bank's annual report on corporate governance disclosure includes a separate file for data analysis.

- **Initial immersion**

Before commencing a systematic analysis process, Leavy (2017:150) it is essential to have a general understanding of the data collected concerning the corporate governance practices of the banks. Immersion enables the researcher to "feel" the pulse of the data, facilitates the development of the initial ideas, and initial exploration assists the researcher in data reduction. The researcher printed the annual reports on corporate governance practices (hard copies) and circled, underlined, or highlighted words or phrases (disclosed items from the bank).

- **Categorizing and theming**

When the data from the banks on corporate governance practices have been encoded, then it is followed by the categorisation. The process of categorising the corporate governance disclosure practices is conducted through the grouping of comparable or seemingly related codes (disclosed items).

- **Interpretation**

To get the meaning from coded data, the researcher uses memo notes, searches for patterns across data, takes note of abnormal data, and searches for connections between various categories, concepts, and/or themes of corporate governance practices. This assists the researcher in making a clear interpretation of the data based on the research question (Leavy, 2017:152).

Two branches of statistics are used to analyse quantitative data on the disclosure of corporate governance practices: descriptive statistics and inferential statistics. Most descriptive statistical techniques are based on univariate data. In contrast, inferential statistics often involve bivariate or multivariate data (Wilson, 2014:245). Since this study focuses on the disclosure of corporate governance disclosure practices by BRICS countries, the descriptive type of statistics is applied in the analysis of the collected data (Saunders et al., 2009:516). The data analysis in this study was conducted using the Statistical Package for Social Sciences (SPSS) software. SPSS allows the researcher to calculate a wide range of descriptive statistics such as the mode, median and mean of corporate governance disclosure practices (Wilson, 2014:277). The data analysis approach included descriptive statistical analysis.

5.2.7.1 Descriptive statistics

Descriptive statistical analysis is a set of statistical techniques used to offer a comprehensive description or summary of the subject under investigation based on sample or population data in its original form. Descriptive statistics provide a comprehensive summary of a dataset, including key measures such as the mean,

standard deviation, minimum, and maximum values (Pandiangan et al., 2022:3493). The purpose of descriptive statistics is to improve the understanding of the variables used in the study (Wilson, 2014:245). The descriptive results are used to indicate the frequencies of disclosure as per the different constructs of corporate governance identified in the disclosure index developed to measure the level of corporate governance disclosure within BRICS banks, namely: 1). Board of directors **(BD)**, 2). Auditee Committee **(AC)**, 3). Risk management **(RM)**, and 4). Compliance responsibility **(CR)**. The disclosure index includes **four constructs** and **29 elements**. The results of the corporate governance disclosure practices in BRICS countries are presented in the form of frequency tables and figures. **Table 5.12** shows descriptive statistics that apply to all the results of the study.

Table 5. 12: Descriptive statistics

Construct Country		N	Mean	Std. Dev.	Min	Max	Cohen's d effect size			
							Russia with	India with	Brazil with	China with
Board Composition	Russia	2	0,773	0,321	0	1				
	India	5	0,927	0,076	0	1	0,48			
	Brazil	5	0,709	0,119	0	1	0,20	1,84		
	China	5	0,982	0,041	0	1	0,65	0,72	2,30	
	SA	5	0,945	0,081	0	1	0,54	0,22	1,99	0,45
	Total	22	0,880	0,149						
Audit Committee	Russia	2	0,800	0,283	0	1				
	India	5	0,920	0,110	0	1	0,42			
	Brazil	5	0,840	0,089	0	1	0,14	0,73		
	China	5	0,920	0,110	0	1	0,42	0,00	0,73	
	SA	5	0,680	0,268	0	1	0,42	0,89	0,60	0,89
	Total	22	0,836	0,181						
Risk Management	Russia	2	0,917	0,118	0	1				
	India	5	1,000	0,000	0	1	0,71			
	Brazil	5	1,000	0,000	0	1	0,71	0,00		
	China	5	1,000	0,000	0	1	0,71	0,00	0,00	

	SA	5	1,000	0,000	0	1	0,71	0,00	0,00	0,00
	Total	22	0,992	0,036						
Compliance and Responsibility	Russia	2	1,000	0,000	0	1				
	India	5	1,000	0,000	0	1	0,00			
	Brazil	5	0,967	0,075	0	1	0,45	0,45		
	China	5	0,700	0,342	0	1	0,88	0,88	0,78	
	SA	5	0,900	0,091	0	1	1,10	1,10	0,73	0,59
	Total	22	0,902	0,197						

Source: Researcher's compilation

Table 5.12 provides an overview of the corporate governance disclosure index constructs and elements examined. The analysis includes the number of banks and their scores, from minimum (0) to maximum (1). An ordinal scale was used to accurately evaluate the level of disclosure quality. It is important to highlight that a quality evaluation scale was created to accurately categorise each element in the corporate governance disclosure index (see Appendix B). The research also includes the standard deviation and mean percentage, which are used as measures for a more comprehensive representation of disclosure quality. Leavy (2017:11) mentioned three kinds of descriptive statistics:

- **Frequencies:** Count the number of occurrences of a category. Frequencies are generally reported as percentages. For example, in a sample of 25 bank respondents, the researcher counts the number of banks that disclosed their corporate governance practices (on each item required to be disclosed) based on the developed index. For each disclosure item, the bank receives 1 and 0 for non-disclosure.
- **Measures of central tendency:** Use a single value to represent the sample.
 - a. Mean** the average.
 - b. Median:** the “middle” value
 - c. Mode:** the most frequent value of the sample
- **Measures of dispersion:** Illustrate how spread out the individual banks' scores are and how they differ from other banks.

a. The standard deviation: The most used measure of dispersion that allows the researcher to see “how individual banks scores relate to all scores within the distribution”.

The study uses frequency tables, graphs, charts, measures of central tendencies, and measures of dispersion in the analysis and illustration of the results of corporate governance disclosure practices by the BRICS countries.

5.2.7.2 Means analysis

Mean represents a normally distributed continuous variable, and parametric methods like ANOVA and T-tests were used to compare means between groups, ensuring an accurate representation of the data.

- **ANOVA**

ANOVA is a statistical method used to compare means between groups, with a significant p-value indicating a statistically significant difference between at least one pair. Multiple comparisons are used to identify these significant pairs (Mishra, Singh, Pandey, Mishra, & Pandey, 2019:409). A multiple comparison test (Tukey) is utilised to determine whether a significant mean difference exists between each pair of groups (Elliott & Reisch, 2006:204).

One one-way ANOVA test was applied to compare the means of two or more groups to determine whether there is a significant difference among the BRICS banks. ANOVA assist stakeholders, researchers, and policymakers in understanding the influence of different groups or factors. ANOVA test was first applied to each bank of the BRICS country. Then, the ANOVA test multiple comparison was utilised for BRICS countries. To explore how significant the disclosure difference is between each BRICS bank across the corporate governance reporting index categories. With the help of descriptive statistics, we can better understand our data and make informed decisions based on the insights gained from the analysis. Since the study has now explained the method of data analysis, the methodological rigour is explained in the next section.

5.2.7.3 Relationship analysis

Correlation and crosstabulation were used to analyse the relationship between the countries in this study. Correlation and crosstabulation evaluate the strength of relationships between variables.

5.2.7.3.1 Correlation analysis

Correlation analysis was used to analyse the relationship between corporate governance characteristics of various selected BRICS countries. In this study, correlation analysis is used to describe the relationship or association between BRICS countries regarding Board composition, Audit committee, Risk management, and Compliance & responsibility. This approach is dependent on the assumption that the quantitative variables have a straight-line connection (Gogtay, & Thatte, 2017:78). The effect size between the constructs is analysed. Effect size measurements provide a standardised measure of the actual impact of treatments on the dependent variable (Ahad & Yahaya, 2014:890). Cohen (1988:20) defined effect size as the population prevalence of the phenomenon or the degree to which the null hypothesis is rejected. In many cases, it is important to know whether a relationship between two variables is practically significant; in this case, it is among the BRICS countries. This helps in understanding whether the relationship between the countries is large enough to be practically important. The application of Cohen's d effect size of this study measures the effect of the size of the difference between the countries.

Cohen (1988:20) suggested the following guidelines for. A small effect is established from the value, meaning that R^2 is approximately also 0.02. This means that only 2% of the criterion variance is explained. Further is taken as a medium effect because a value of 0.13 for explaining 13% of the criterion variance gives a f^2 -value of 0.15. Finally, it can be taken as a large effect, meaning the R^2 is roughly 0.25. A quarter of the proportion criterion variance is due to the regression. Given the above reasoning, it can agree with the outline in **Table 5.13**. Cohen (1988:20) gives the following guidelines for the interpretation of it in the current study: (a) **small effect: = 0.1 -0.29**, (b) **medium effect: = 0.30-0.49**, (c) **large effect: = 0.5-1.0**. A relationship of above **0.5** is considered practically significant.

Table 5. 13: Summary of effect size

Effect size (f^2)	Effect	Values of R^2	Conclusions on R^2
Smaller than 0.29	Small	Smaller than 0.13	Non-significant
0.20-0.35	Medium	0.13-0.25	Significant
Larger than 0.35	Large	Larger than 0.25	Practically important

The effect size of **0.1- 0.29** is considered small, suggesting that the relationship between two or more groups is non-significant. On the other hand, the effect size of **0.30-0.49** is considered medium, suggesting that the relationship between two or more groups is significant. The effect size of above **0.5-1.0** would suggest a large effect, which means that the relationship between two or more groups/ countries is large enough to be considered practically important.

5.3 Methodological rigour

Research methodology is evaluated for rigour and strength depending on a study's validity and reliability (Bell et al., 2017:538). In quantitative research, validity is the amount to which a measuring instrument measures what it is designed to measure. Still, in qualitative research, a researcher employs specific procedures to verify the validity of the research findings (Mohajan, 2017:72).

Alternative criteria for demonstrating rigour within qualitative research are truth value, consistency and neutrality, and applicability. **Table 5.14** outlines the differences in terminology and criteria used to evaluate qualitative research.

Table 5. 14: Terminology and criteria used to evaluate the credibility of research findings.

Terminology	Description
-------------	-------------

Validity and reliability	In this study, the principles of validity and reliability were used to ensure that the information shared by the BRICS countries is accurate, consistent, and transparent. By doing so, the banks can enhance their credibility, build trust with stakeholders, and ultimately drive long-term success and sustainability. BRICS banks must prioritize these principles in their disclosure practices to uphold their commitment to accountability and transparency in their operations.
Generalisability: The transferability of the findings to other settings and applied in other contexts.	Neutrality (or confirmability): Achieved when truth value, consistency and applicability have been addressed. Centres on acknowledging the complexity of prolonged engagement with participants and that the methods undertaken, and findings are intrinsically linked to the researchers' philosophical position, experiences, and perspectives. These should be accounted for and differentiated from participants' accounts.
	Applicability: Consideration is given to whether the findings can be applied to other contexts, settings, or groups.

Source: Adopted from Noble and Smith (2015:36).

Validity and reliability enhance transparency and reduce the likelihood of researcher biases. A complete review of the reliability and validity of all secondary data includes evaluating the procedures employed to obtain the data (Mohajan, 2017:60).

5.4 Research ethics

Ethics is a system of principles, norms, and standards of conduct regulating an individual. Sometimes, the terms "ethics" and "social responsibility" are used interchangeably. Nonetheless, social responsibility refers to the public's expectations that businesses perform socially responsibly, whereas ethics is more concerned with morality than society's interests (Wilson, 2014:109). Research ethics pertains to questions regarding how researchers develop and clarify research topics, design research, get access, collect data, process, and store data, analyse data, and write up research findings in an ethical and accountable manner. This implies that the design

of the research must be both methodologically and morally sound (Saunders *et.al.*, 2009;184). The conduct of this research is further guided by the North-West University's Institutional Research Ethics Regulatory Committee (IRERC). A code of ethics assists with a statement of principles and procedures for the conduct of the research highlighting what is and what is not considered ethical. Before the data collection, the North-West University's Economic and Management Sciences Research Ethics Committee (EMS-REC) approved **28/10/2022**, (ethical clearance) for the study to be conducted with ethics number **N W U - 0 1 8 6 1 - 2 2 - A 4** of study title ***“Evaluating disclosure of corporate governance disclosure practices in the annual reports of BRICS banks”***. The study was approved for the commencement date: of **31/10/2022** and Expiry date: **31/10/2023** with **Low Risk**. Since the study participants were involved in the annual reports/ corporate governance reports of BRICS banks, the study required no consent form.

5.5 Summary

The methodology that was employed in this study on the evaluation of corporate governance disclosure practices of BRICS-listed banks from 2021 to 2022 is discussed in this chapter. The study employs a qualitative content analysis approach with quantitative indicators. To discover empirical findings, a mixed-methods study approach was used. Annual reports were scored using a constructed index, which determined overall corporate governance disclosure practices. The variable measurement's validity and reliability were also taken into account. The study also identified factors that were used to clarify firm-specific characteristics and performance. The approach of the study is interpretivism social inquiry. The study used a constructed index to evaluate annual reports on corporate governance disclosure practices, taking the validity and reliability of variable measurements into account. It also created variables that were used to clarify firm-specific characteristics and performance. The following chapter, 6, presents the results of the empirical research. The chapter compares the banks' corporate governance disclosure practices.

CHAPTER SIX: RESULTS AND DISCUSSIONS

6.1 Introduction

This chapter presents the descriptive statistics used to evaluate the level of corporate governance disclosure practices in the annual reports of Brazil, Russia, India, China, and South Africa (BRICS) banks. It discusses the Tukey test to reveal a significant relationship between the corporate governance disclosures within and between BRICS banks. In addition, Cohen's d effect was applied to measure the effect of the size of the difference between countries and whether the effect size is essential. Furthermore, Cross-tabulation (crosstab) analysis was used to determine the level of relationship between the BRICS banks. Finally, a robustness test was used to test the instrument's sensitivity. The chapter comprises six sections:

- **Section 6.2:** Provide the definitions and measurements of corporate governance disclosure.
- **Section 6.3:** Present the description of the study sample.
- **Section 6.4:** Answers the main objective of the study by presenting the countries' overall performance on corporate governance disclosure practices in the annual reports of BRICS countries using Canadian Geospatial Data Infrastructure (CGDI).
- **Section 6.5:** Answers the study's first objective by evaluating and comparing the corporate governance disclosure practices between the banks within each construct.
- **Section 6.6:** Answers the second objective of the study by presenting a comparison between the countries.
- **Section 6.7:** Since a CGDI instrument was used for the evaluation, a robustness test was applied to investigate whether the results were sensitive to the instruments used.
- **Section 6.8:** Provide the overall summary of the results.

6.2 Definitions and measurements for corporate governance disclosure practices

A summary of corporate governance disclosures for BRICS banks can be seen in **Tables 6.1-6.4**. The coding sheet was divided into four constructs. **Table 6.1** presents the **first construct (board composition), which consists of 11 variables**. **The construct provides** information that relates to the board of directors. For example, the number of directors, qualifications of the directors, number of years on the board, and biography of the directors; board independence and board committees related to, aspects such as the disclosure involving separating the roles of the chairperson and chief executive officer (CEO), independence of the board committees, and duties of the various committees.

Table 6. 1: Board composition - Variable definition and measurement

Element	Definition	Measurement
BDSN	Board Diversity; Size; Number	The bank provides board diversity; board size; board committees and the number of executive and non-executive directors.
QBI	Qualifications and Biographical Information	The bank indicates qualifications and biographical information of board members.
RF	Roles and Functions	The bank mentions the roles and functions of the board of directors.
DHODP	Directors Holding Outside Directorship Positions	The bank indicates the number of boards of directors holding outside directorship positions.
MCI	Management of Conflicts of Interests	The bank has subcommittees that deal with the management of conflicts of interest.
DR	Directors' Remuneration	The bank makes the determination and composition of directors' remuneration.
TID	Tenure of Independent Directors	The bank indicates the maximum tenure of its independent director.

SPS	Succession Plan for Sustainability	The bank shows a succession plan for sustainability
DDOB	Duties of Directors Outside the Bank	The bank indicates the type of duties the board and management engaged with outside the bank.
PTE	Professional Training for Employees	The bank provides professional training to its employees.
PEE	Processes of Evaluating Employees	The bank outlines all the processes and measures used to evaluate the performance of the employees.

Table 6.2 presents the second construct (Audit committee) which consists of six variables. The variables include External auditors' appointment, the amount charged, independent audit committee, and statement disclosure relating to the rotation and duration of an external auditor.

Table 6. 2: Audit committee - Variable definition and measurement

Variable	Definition	Measurement
EAA	Appointment of External Auditors	The bank discloses how external auditors are appointed.
SEA	Support of External Auditors	The bank supports external auditors and implements recommendations provided by the external auditors.
ACEA	Amount Charged by External Auditors	The amount charged by the external auditors is disclosed.
IAC	Independent Audit Committee	The bank has independent audit committees.
RAC	Rotation of Audit Committee	The bank has a clear policy on the appointment and rotation of audit committees.
DEA	Duration of External Auditors	The bank indicates the duration of external auditors

Table 6.3 presents the third construct (risk management) **comprised** of six variables. This construct deals with whether the bank has a risk management committee and conducts risk assessments as well as if the banks indicate the availability of a risk policy.

Table 6. 3: Risk management- Variable definition and measurement

Variable	Definition	Measurement
RMO	Risk Management as Part of Operation	Risk management and governance form part of the bank's daily operations.
RPAD	Risk Policy Approved by Directors	The directors approve the risk policy of the bank.
BRMC	Bank has Risk Management Committee	The bank has risk management committee.
AIRC	Access to Information by Risk Committee	Type of information the risk committee has access to and limitations
BCRA	Bank Conduct Risk Assessment	The bank conducts risk assessment.
FRC	Functions of Risk Committee	The bank provides functions of the risk committee.

Table 6.4 presents the fourth construct (Compliance and Responsibility) which consists of six variables. This construct deals with the disclosure of the code of ethics and whistleblowing policy.

Table 6. 4: Compliance and responsibility- Variable definition and measurement

Variable	Definition	Measurement
CEBM	Code of Ethics for Board Members	The bank outlines a code of ethics for the board members
CEE	Code of Ethics for Employees	The bank outlines a code of ethics for all employees
CSVO	Communication of Strategies and Values of the Organisation	The bank's strategic objectives and corporate values are communicated throughout the organization.

PBEESR	Policies on Business Ethics; Environment; Social Responsibility	Banks disclose policies and performance relating to business ethics, the environment, and social responsibility.
PWB	Policy on Whistle Blowers	Policy on whistleblower protection for all employees
PIESR	Policy on Impact of Environmental and Social Responsibility	Impact of environmental and social responsibility policies on the firm's sustainability.

Four constructs of corporate governance disclosure, along with their associated variables, definitions of the variables, and measurements used in the analysis of the data, were identified as part of the disclosure index. The description of the study sample is the main focus of the following section.

6.3 Description of the study sample

This section presents a sample of BRICS banks in the years 2021-2022. The researcher was unsuccessful in retrieving annual reports from three Russian banks from the original sample of 25 BRICS banks due to the Ukraine-Russian conflict. Thus, the results were examined without the presence of three Russian banks, leading to a sample size of 22 instead of 25. The three Russian banks that are absent account for 12% of the research and 60% of the Russian results. This resulted in a negative impact on the Russian findings. The descriptive statistics are presented in the form of tables. Tables have been created for each category, encompassing a total of 22 listed banks and 29 observations per country for the period 2021-2022, as shown in Table 6.5. The total number of possible observations is 638.

Table 6. 5: Sample of BRICS banks (n=22)

Country	Bank Name	Downloaded Reports (2021-2022)
Brazil	Itaú Unibanco Holdings	1
	Banco Bradesco SA	1
	Banco Santander Brasil SA	1
	Banco do Brasil SA	1

	Itausa-Investments Itaú SA	1
Russia	Sberbank of Russia	1
	Credit Bank of Moscow	1
	VTB Bank	0
	Rosbank	0
	Avangard Bank	0
India	HDFC Bank Ltd	1
	ICICI Bank Ltd	1
	State Bank of India (SBI)	1
	Kotak Mahindra Bank Ltd	1
	Axis Bank Ltd	1
China	Industrial and Commercial Bank of China Ltd.	1
	China Construction Bank Corp.	1
	Agricultural Bank of China Ltd.	1
	China Merchants Bank Co. Ltd.	1
	Bank of China Ltd.	1
South Africa	First Rand Limited	1
	Standard Bank Group	1
	Capitec Bank Holdings	1
	ABSA Group Limited	1
	Nedbank Group Limited	1
Total	25	22

Table 6.5 above reflects the breakdown of annual reports downloaded from the top-five listed Brazilian, Russian, Indian, Chinese, and South African (BRICS) banks' websites. The findings of this research were analysed, and the data is presented in the following sections. In the first place in **section 6.4**, a summary of the overall corporate governance disclosure practices (CGDP) is presented.

6.4 Overall performance on corporate disclosures

This section focuses on answering the study's primary objective by presenting the overall performance of BRICS banks regarding corporate governance disclosure

practices in the annual reports. Four tables were used to describe the overall performance of BRICS banks: **Table 6.6** overall performance per construct; **Table 6.7** provides overall performance per country; **Table 6.8** comparisons of the group of banks with the CGDI and **Table 6.9** Post-Hoc Test results.

Descriptive statistics were used to extract, organise, and summarise the essential information contained within each construct. **Table 6.6** shows the descriptive statistics of the four corporate governance constructs. To have reliable and credible statistics, the mean and standard deviation are described. In statistics, the mean represents the central tendency of a probability distribution along the median and mode. The standard deviation, s , (and variance, s^2), on the other hand, is a relatively stable measure of dispersion across multiple samples derived from the same population. Therefore, it is a powerful statistic that is widely employed in statistical analysis (Wegner, 2012:80).

As indicated in **Table 6.6**, the composition of the board consists of **11** elements, resulting in a total of **242** possible variables that may be disclosed. The banks disclosed 213 variables on this construct, with an average disclosure score of **88%**. The second construct pertains to the audit committee, which has six elements and **132** possible variables to be disclosed. The banks obtained a score of **110**, with an average disclosure score of **83%**. In addition, the risk management construct achieved a maximum score of **130** out of **132**. Concerning this construct, an average score of **98%** was achieved. The compliance and responsibility construct had six elements, with **132** possible variable disclosures. A total score of **120** was recorded, with an average score of **91%**. **Table 6.6** presents the overall disclosure of all the banks per construct. The elements within each construct are discussed later in the results.

Table 6. 6: Overall performance per construct

Construct	Number of possible variables per construct	Number of possible variables for total sample	Number of elements disclosed per construct	% of all disclosed elements per construct	Mean	Std. Dev.
Board composition	11	242	213	88%	0.867	0.149
Audit committee	6	132	109	83%	0.832	0.181
Risk management	6	132	131	99%	0.983	0.036
Compliance and responsibility	6	132	119	90%	0.913	0.197
Total	29	638	572	90%	0.900	0.197

Note: Std means standard deviation

As shown above, all the BRICS banks disclosed **572** variables out of a possible **638**; on average, the banks achieved **90%**. This result answers the study's main objective and states that the overall disclosure by the BRICS banks on corporate governance matters is high. On the construct that deals with risk management, the highest disclosure rate of **99%** was achieved, followed by the construct of compliance and responsibility, with **90%**. Disclosures related to the composition of the board were in 3rd. Position with **88%** and the least reported construct was the audit committee with **83%**.

The next step was to distinguish between the reporting rates of the different countries. According to **Table 6.7**, Indian banks came in first with **96%** and China in second place with **90%** for corporate governance disclosure practices. South African banks ranked third with a score of **88%**, and Brazilian banks ranked fourth with a score of **88%**. The lowest scores in corporate governance disclosure practices were obtained by Russian banks with an average of **87%**. **Table 6.7** provides the results of the disclosure performances of the BRICS countries.

Table 6. 7: Overall disclosure performance per country

Country	N	% of score per country
Brazil	5	88
Russia	2	87
SA	5	88
China	5	90
India	5	96
Average overall performance		Average of 90%

The BRICS countries achieved a weighted average of **90%** on corporate governance disclosure practices, as shown in **Table 6.7**.

Zulfikar et al., (2020: 122) explained that the statistical technique of Analysis of Variance (ANOVA) can explain the differences between the groups. **Table 6.8** presents the results where the sum of squares (SS) explains the total distribution between the groups. The more significant the difference between sample means (SS between groups), the greater the likelihood that the population means will also differ. The SS within groups represents, in essence, the entire quantity of dispersion within the groupings. Upon combining all the data, the test statistic F could be calculated by dividing the squares of the two means. A large F value indicates that the means of the groups differ significantly and is used to determine if the test is statistically significant (p-value or sig value). The significant association is identified at the confidence level of 95%.

Table 6. 8: Comparison of the group of banks with the CGDI $p \leq 0,05^*$

ANOVA					
Total	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	31.718	4	7.930	1.472	0.254
Within Groups	91.600	17	5.388		
Total	123.318	21			

Table 6.8 presents a p-value of **0.254**, indicating non-significant differences between the groups and a small F-value that indicates no significant difference between the means of the groups. These findings suggest that corporate governance disclosure

among the BRICS countries does not differ significantly, exceeding the 5% threshold that is considered practically significant for the study.

After finding practically significant results from the ANOVA p-value, a post hoc test, Tukey's Honestly Significant Difference (HSD), was conducted to determine the groups that differed. Tukey's HSD is a statistical test applied in the ANOVA context to discover significant differences between the construct since the p-value is above 0.005. **Table 6.9** provides information about the constructs of corporate governance disclosure practices. The adopted significance level was at 5%. Therefore, there is a 95% chance that the findings are accurate. As shown in **Table 6.9**, the p-values for the audit committee and compliance responsibility are both above 0.05: **0.203** and **0.093**, respectively. This implies statistically significant differences within each construct. The p-values for board composition and risk management are below 0.05, with values of **0.008** and **0.021**, respectively. This suggests no significant differences exist between the constructs of board composition and risk management disclosures.

Table 6. 9: Post-Hoc Test results

Construct	Description	Sum of Squares	df	Mean Square	F	Sig.
Board composition	Between Groups	0.253	4	0,063	4.995	0.008
	Within Groups	0.216	17	0.013		
	Total	0.469	21			
Audit committee	Between Groups	0.195	4	0.049	1.670	0.203
	Within Groups	0.496	17	0.029		
	Total	0.691	21			
Risk Management	Between Groups	0.013	4	0.003	3.864	0.021
	Within Groups	0.014	17	0.001		
	Total	0.027	21			

Compliance responsibility	Between Groups	0.292	4	0.073	2.378	0.093
	Within Groups	0.522	17	0.031		
	Total	0.814	21			

p≤0,05*

The results from **Table 6.9** revealed no significant differences in board composition and risk management between the groups within each construct. On the other hand, both audit committees and compliance and responsibility implied significant differences. Therefore, the following section investigates how elements of each construct were disclosed.

6.5 Analysis per construct

This section provides a descriptive analysis of each construct in the CGDI to evaluate and compare each construct's corporate governance disclosure practices.

6.5.1 Corporate governance disclosure on board composition

The board of directors oversees a company's internal control system and offers strategic guidance to the Chief Executive Officer (CEO). The concept of board composition encompasses several factors, including the size of the board, the level of independence, the presence of CEO duality, the degree of gender diversity, the average age of board members, their educational background, and their level of engagement in board practices (Moses, 2019:38). According to Chebbi and Ammer (2022:24), the size of a board has a significant role in influencing its performance. Specifically, a bigger board size has been shown to enhance the level of openness about non-financial information.

Additionally, the presence of diversity among board members is indicative of possible variations within the board. Within this construct, banks are required to provide information on approximately eleven important elements. These include board diversity, board size, board committees, and the composition of executive and non-

executive directors (referred to as **BDSN**). Additionally, they must disclose the qualifications and biographical details of board members (**QBI**), as well as outline the roles and functions of the board of directors (**RF**). Additionally, the bank needs to disclose the number of board members who hold roles outside directorship positions (**DHODP**), as well as the existence of the subcommittees responsible for managing conflicts of interest (**MCI**) and the process and the makeup of the director's remuneration (**DR**). Furthermore, the bank needs to specify the maximum duration of service for its independent director (**TID**), provide a succession plan for ensuring its long-term sustainability (**SPS**), and disclose the nature of duties undertaken by the board and management outside the scope of the bank (**DDOB**). In conclusion, banks need to provide comprehensive professional training to their employees (**PTE**) while also clearly outlining the many procedures and measures used to evaluate their performance (**PEE**). **Table 6.10** presents the average percentages achieved for each element of board composition.

Table 6. 10: Average score for board composition

Element	No disclosed	Avg. %
BDSN : Board diversity; size; number	22	100%
QBI : Qualifications and biographical information	13	59%
RF : Roles and functions	22	100%
DHODP : Directors holding outside directorship positions	16	73%
MCI : Management of Conflicts of Interest	21	95%
DR : Directors Remuneration	21	95%
TID : Tenure of Independent Directors	18	82%
SPS : Succession Plan for Sustainability	21	95%
DDOB : Duties of Directors Outside the Bank	17	77%
PTE : Professional training for employees	22	100%
PEE : Processes for evaluating employees	20	91%
Total	213	88%

Based on the data shown in **Table 6.10** the disclosure rate about board composition, regarding board diversity, directors' roles, and functions, as well as professional development of employees were all determined to be **100% (light green)** is supported by stakeholder theory which believes that board composition should have a diversified

board (Khan, 2010:89). On the disclosure related to the management of conflicts of interest, a **95% (purple)** score was achieved. Meanwhile, the remuneration of directors and the disclosure for the succession plan which is designed to ensure long-term viability saw a disclosure of **95%** each. In addition, the extent to which transparency is included in the evaluation procedures about employee performance was found to be **91% (purple)**. The degree of openness regarding the tenure of independent directors in the board composition was disclosed to be **82% (blue)**. The agency theory suggests that independent non-executive directors should be involved in the monitoring of any self-interested actions by managers to minimise agency costs (Deb et al., 2017: 54). In addition, the stakeholder theory also emphasises the significance of having independent board members as they preserve the investors' interests (Odoemelam, & Okafor, 2018:27).

The disclosure rate about the duties of directors outside the banking sector was seen to be **77% (blue)** and directors who hold positions outside the board of directors of the banks were achieved at **73% (blue)**. However, the rate of disclosure about the qualifications and biographical information of directors of the banks was disclosed at **59% (red)**. The **59%** disclosure by the banks illustrates that banks disclose less of their qualifications and biographical information of their board of directors.

Even though not all the elements were disclosed completely, an average of **88%** was disclosed. The **88%** disclosure of the elements on board composition construct is in line with a study by Herbert and Agwor (2021:21) which believes that the disclosure of corporate governance on the board of directors offers valuable insights into the practices of the board, encompassing its composition and structure. These disclosures serve to enable the monitoring of stakeholders and influence their attitudes regarding a company's governance. The most suitable number of board members was investigated in a study conducted by Ganesan et al., (2018:360). The findings of the research indicate that the ideal range for the number of board members falls within the range of seven to eight. The assertions presented in this statement are supported by agency theory. This theoretical framework suggests that larger boards are better equipped to handle and resolve agency problems because they consist of board members who possess greater size and capability to evaluate and supervise managerial actions within an organisation (Uwuigbe et al., 2018:14).

According to Odoemelam and Okafor (2018:27), the presence of independent board members in an organisation holds considerable importance. Furthermore, in support of these findings, de Villiers and Dimes (2021:14) reported that: *“gender diversity has a positive effect on the quality of voluntary disclosures, especially corporate governance disclosures. In addition, research by Agyemang et al., (2020:3) further indicated that gender diversity positively impacts information disclosure, and board members with professional qualifications and experience demonstrating expertise in various sectors also independent directors increase voluntary disclosure of company information”*.

The results show that the disclosure of information about the professional training of employees achieved a score of **100%**. These results are supported by Shanikat and Abbadi (2011:100) by indicating that organisations must disclose information in their annual reports about the staff structure and other employee-related topics, such as hiring practices and training programs for employees. In addition, the investigations offer empirical evidence that strengthens the current study since they disclose that all banks examined in their analysis consistently disclosed all aspects of board membership. The disclosure of board diversity, size, and number conforms to the CGDI's regulations regarding the board composition for each bank, with a complete disclosure rate of **100%**. In supporting the results of this construct on board composition, agency theory suggests that a larger board allows effective governance by reducing CEO authority. However, excessive board members and free riders can escalate issues, so limiting board members to seven or eight is recommended (Ganesan *et al.*, 2018:360). In addition, the agency theory ensures that managers disclose mandatory and voluntary information through corporate governance disclosure practices because the board of directors and shareholders do not monitor operational decisions and regular operations (Khanifah *et al.* 2020:43).

The disclosure of management of conflicts of interest (**MCI**) accounts for **95%** of disclosures. The above-mentioned disclosure has been supported by agency theory. This theoretical framework suggests that mandatory and voluntary information disclosure mitigates agency costs and fosters confidence among the board of directors and shareholders (Khanifah, 2022:43).

The study's findings indicate that **73%** of the elements about board members' involvement in outside directorship positions were disclosed. The findings shown here are consistent with the findings by Ong and Djajadikerta (2018:32), which suggest that board members serving on multiple boards are more likely to be exposed to diverse reporting procedures, resulting in a higher frequency of disclosures. In addition, Rupley et al., (2012: 620) confirm these findings by stating that having more directors with multiple directorships on the board composition provides the board with a greater understanding and experience with corporate governance disclosure practices, enhancing the disclosure level.

In relation to the component concerning the disclosure of qualifications and biographical information, it was observed that an average of **59%** was disclosed. This finding contradicts the stakeholder theory, which asserts that stakeholders should be furnished with appropriate data, such as the qualifications of board members, to facilitate their active involvement in the governance process (Akingunola and Adekunle, 2013:95).

6.5.2 Audit Committee

Audit committees are important for enhancing communication, decreasing information asymmetry, and improving disclosure quality. In addition, they can serve as regulators to encourage corporate disclosure and transparency. Further, audit committees serve as a link between directors internal and external auditors (Qaderi, Almoud, & Ghaleb, 2020:227). To fully understand what elements, need to be disclosed by the banks regarding the audit committee, the banks were expected to disclose how external auditors are appointed (**EAA**) and if they support external auditors and implement recommendations provided by the external auditors (**SEA**). In addition, whether the amount charged by the external auditors is disclosed (**ACEA**) and the banks have independent audit committees (**IAC**). Finally, if the banks have a clear policy on the appointment and rotation of audit committees (**RAC**) and whether the banks have indicated the duration of external auditors (**DEA**). **Table 6.11** presents the average score of each element in the audit committee construct.

Table 6. 11: Average score for audit committee

Element	No Disclosed	Avg. %
EAA: External auditor's appointment	21	95%
SEA: Support of external auditors	21	95%
ACEA: Amount Charged by External Auditors	8	36%
IAC: Independent audit committee	22	100%
RAC: Rotation of the audit committee	17	77%
DEA: Duration of external auditors	20	91%
Total	109	83%

Table 6.11 displays the results of the disclosure of each element in the construct of the audit committee. All **22** banks included in the study achieved a **100%** disclosure rate for their independent audit committees. The disclosure rates about the appointment of external auditors by banks and the support that was offered to these auditors were both reported at a rate of **95%**. Furthermore, it was noted that a significant proportion of banks, specifically **91%**, provided disclosure regarding the duration of the external auditors. A disclosure rate of **77%** was observed about the rotation of audit committees. However, it can be noted that the banks did not perform well on the disclosure of the amount charged by external auditors as the disclosure rate was only **36%**. On average, the construct on audit committees achieved a disclosure rate of **83%** of the elements within this construct.

The disclosure of **100%** on the element of the independence of the audit committee is supported by Al-Matari et al., (2012:242) who noted that the independence of directors can reduce the agency problem, which means that, if the banks operate with independent audit committees it can also reduce the agency problems.

In a study by Alqatamin (2018:51), it was mentioned that the number of audit committee meetings held between the board and external auditors serves as a better support for external auditors. Because audit committees that meet more frequently are better informed about the company's audit committee practices. This supports the recorded results on the support provided to external auditors as disclosure of **95%** was obtained.

The rotation of the audit committee and duration of external auditors saw a disclosure with a score of **77%%** and **91% respectively**. A study by Gold et al., (2018:71) highlighted that the prolonged tenure of the external auditors may likely reduce the independence of the auditors and audit quality because of excessive familiarity with the company being audited. Therefore, the rotation of audit committees is essential for any organisation. Furthermore, the attention to detail might be compromised by pleasing the client or management for the tenure to be extended. In addition, the mandatory rotation of audit committee tenure must be predefined. For example, in Europe, companies are required to rotate the tenure of external auditors after a maximum of ten years (Gold et al., 2018:71).

Studies demonstrate that larger audit committees are more effective because of increased board expertise and voluntary disclosure, resulting in enhanced decision-making and efficiency (Adegboye et al., 2020:470). However, a study by Fahad and Rahman (2020:163) and Zulfikar et al., (2020:15), explored the impact of corporate governance on corporate social responsibility disclosure. The study found the size of the audit committee to be insignificant in determining corporate governance disclosure.

In a study by Larasati et al., (2019:4), it was highlighted that an audit committee has the authority to recommend the appointment of the external auditor, including the agreement on the amount charged by external auditors. In addition, it was mentioned that the external auditor is directly influenced by the audit committee, and the amount charged by the external auditors would likely be influenced by the audit committee. These reasons might be the factors behind the low level of disclosure of the amount charged by the external auditors, which showed a score of **36%**. Researchers have used the amount charged by external auditors as an indicator of quality and found a positive association between the level of audit fees and the existence of an audit committee (Rani, 2018:36).

6.5.3 Risk management

Elamer and Ntim (2020:916) highlighted that risk management is essential for a bank's long-term financial sustainability and annual reporting, especially following the 2007–2008 global banking crisis. Therefore, the disclosure of risk information improves a company's image with investors and reduces the information asymmetry with stakeholders, thereby enhancing decision-making and optimising risk management (Salem, Ayadi, & Hussainey, 2019:37). Concerning the risk management component, the CGDI measured if the BRICS banks reported on risk management and governance as part of the bank's daily operations (**RMO**), if the risk policy of the bank is approved by the directors (**RPAD**), and if the bank has a risk management committee (**BRMC**). Furthermore, the type of information the risk committee has access to and its limitations (**AIRC**), the bank's risk assessment (**BCRA**), and whether the bank provides functions for the risk committee (**FRC**). **Table 6.12** presents average scores for each element in the risk management construct.

Table 6. 12: Average score for risk management

Element	No disclosed	Average. %
RMO: Risk management as part of operation	22	100%
RPAD: Risk policy approved by directors	22	100%
BRMC: Bank has a risk management committee	22	100%
AIRC: Access to information by the risk committee	21	95%
BCRA: Bank conducts risk assessment	22	100%
FRC: Functions of the risk committee	22	100%
Average %	131	99%

According to the findings presented in **Table 6.12**, it was observed that the banks achieved a disclosure rate of 100% of the element of risk management in their operational practices. Furthermore, the risk policies approved by the directors and the risk management committees of the banks were also disclosed in their entirety, with a disclosure rate of **100%**. In addition, it should be noted that the extent to which banks do risk assessments revealed a complete disclosure rate of **100%**. Furthermore, it is noteworthy to mention that all banks provided complete disclosure of the functions of

their risk management committees. Nevertheless, the risk management committee within the banking sector has achieved a disclosure rate of **95%** regarding access to information. The level of disclosure about the elements included in the construct of risk management was found to be **99%** on average.

On the other elements of risk management, the reported **100%** is supported by the Security Exchange Commission (2011) which suggests that banks adopt effective risk management practices to safeguard shareholder value. This includes risk prevention, detection, deterrence, and disclosure strategies. This was done through the introduction of the Corporate Governance Disclosure Risk Management Framework (Herbert & Agwor, 2021:28) which seeks to: *“Promote risk awareness, operational decision-making, internal control, board commitment, management support, and employee support for risk assessment, response, and control, while mitigating regulatory scrutiny and costs”*.

Furthermore, the **100%** disclosure in almost all the elements is supported by a study by Nahar, Azim, and Hossain (2020:604), which mentioned that increasing the number of risk management disclosures may improve the extent of risk disclosure, making the bank more accountable and transparent to stakeholders. The disclosure of **95%** of access to information by risk management committee might be due to the reasons that were explained by the Security Exchange Commission in 2011 that, sometimes banks can manipulate information, complicate content, make it costly, or create uncertainty which later affect decision-usefulness by risk management committees and stakeholders. Good disclosure on risk management is encouraged by the legitimacy theory which “stresses that an organisation must be accountable for their actions” such as the disclosure of corporate governance practices (Odoemelam, & Okafor, 2018:27).

6.5.4 Compliance and Responsibility

The following elements are expected to be closed by the banks about compliance and responsibility: the code of ethics for the board members (**CEBM**) and the code of ethics for all the employees (**CEE**). In addition, if the bank’s strategic objectives and corporate values are communicated throughout the organisation (**CSVO**) and disclose

policies and performance relating to business ethics, the environment, and social responsibility (**PBEESR**). The banks are also expected to disclose policies on "whistle-blower" protection for all the employees (**PWB**) and further the impact of environmental and social responsibility policies on the firm's sustainability (**PIESR**). **Table 6.13** presents the average results for each element in the compliance and responsibility construct.

Table 6. 13: Average score for compliance and responsibility

Element	No disclosed	Avg. %
CEBM : Code of Ethics for Board Members	20	91%
CEE : Code of Ethics for Employees	20	91%
CSVO : Communication of Strategies and Values of the Organisation	22	100%
PBEESR : Policies on Business Ethics, Environment and Social Responsibility	20	91%
PWB : Policy on Whistle-blowers	15	68%
PIESR : Policy on the Impact of Environmental and Social Responsibility	22	100%
Total	119	90%

According to **Table 6.13**, the disclosure of the compliance and responsibility elements reveals that the disclosure of communication strategies and values used by the banks was **100%**. Simultaneously, **100%** disclosure of the banks' policies on the impact of environmental and social responsibilities was provided on the construct of the audit committee. The disclosure of the code of ethics for both board members and employees has been disclosed at a rate of **91%**. Moreover, with regards to the level of disclosure on the banks' policies on business ethics, the environment, and social responsibility was found to be **91%**. The lowest score in this construct was **68%**, where the banks must provide information on their whistle-blower policies. The compliance and responsibility construct achieved an average disclosure rate of **90%**. These results are supported by the legitimacy theory, that an organisation must report its practices and concerns about ethics to the public as outside people control it (Setia et al., 2015: 406).

Table 6.13 reported that **91% of elements** of the code of ethics for both boards of directors and employees were disclosed or recorded. These results are supported by Adelstein and Clegg (2016:64) that, the disclosure of a code of ethics in an organisation serves as a stratified vehicle for compliance, and employees and the board of directors must comply with rules and regulations, irrespective of their age, personal moral compass, or ethical preferences, as the primary objective of the law is to promote employee wellbeing. Furthermore, organisations necessitate the establishment of various codes of conduct and governance that are independent of legal compliance to uphold moral and ethical values. Therefore, the **91%** disclosure can be regarded as good compliance. The results of **91%** on the policy of business ethics and social responsibility are in line with a study by Jenkins and Yakovleva (2006:275) which reported that the extent of corporate social and environmental disclosure demonstrates variations within countries because of several factors, such as accounting regulations, governmental measures, socioeconomic conditions, pressure group dynamics, and the severity of social and environmental issues. The good disclosure of the code of ethics is supported by the stakeholder theory which believes that companies may adopt an ethical code of conduct to satisfy their stakeholders. Since the codes of ethics create and maintain a good corporate reputation and stakeholder trust (Dominguez et al., 2009:191).

The **68%** disclosure of the policy on the whistle-blowers was also highlighted by other studies which showed disparities in internal whistle-blowing systems across companies and countries. The results indicated that employees disclose more wrongdoings when companies have strong ethical policies in place. Stronger ethical environments and better corporate governance increase the likelihood of firms disclosing more whistle-blowing policies (Lee, & Fargher, 2013:275).

In a comparison of the four constructs, the findings and discussions indicate the significant amount of emphasis that was placed on the elements within the risk management construct, as an average disclosure rate of **99%**, was evident. Followed by compliance and responsibility which received significant consideration, with an average disclosure rate of **90%**. The board composition demonstrated an average disclosure rate of **88%** of the relevant elements. The audit committee had a lower disclosure rate, with an average of **82%**. These findings suggest that there are non-

significant differences in the disclosure of elements within each construct, with a noticeable average score of **90%**. Since there are insignificant differences between the constructs as per the above findings, an investigation into the relationships between the countries on corporate governance disclosure practices (CGDP) was conducted by calculating the effect size of the relationships using Cohen's d effect size.

6.6 Comparison between countries

This section used Cohen's d effect to determine the practical importance of the relationships between the countries. Effect size measurements provide a standardised measure of the actual impact of treatments on the dependent variable (Ahad & Yahaya, 2014:890). Cohen (1988:20) defined effect size as the population prevalence of the phenomenon or the degree to which the null hypothesis is rejected. In many cases, it is important to know whether a relationship between two variables is practically significant; in this case, it is among the countries. This helps in understanding if the relationship between the countries is large enough to be almost important. The application of Cohen's d effect size of this study measures the effect of the size of the difference between the countries. This effect size is calculated as the proportion of the variation accounted for by the regression line relative to the

proportion not accounted for

$$f^2 = \frac{R^2}{1 - R^2}.$$

Cohen (1988:20) suggested the following guidelines for f^2 . For the value $f^2 = 0.02$ a small effect is established, which means that R^2 is approximately also 0.02. This means that only 2% of the criterion variance is explained. Further $f^2 = 0.15$ is taken as a medium effect, because a value of 0.13 for R^2 , explaining 13% of the criterion variance, gives a f^2 -value of 0.15. Finally, $f^2 = 0.35$ can be taken as a large effect, which means that R^2 is roughly 0.25. Here, a quarter of the proportion criterion variance is due to the regression. In light of the above-mentioned reasoning, it can agree upon the outline in **Table 6.14**. Cohen (1988:20) gives the following guidelines for the interpretation of it in the current study: (a) **small effect: = 0.1 -0.29**, (b) **medium**

effect: = 0.30-0.49, (c) large effect: = 0.5-1.0. A relationship of above **0.5** is considered practically significant.

Table 6. 14: Summary of effect size

Effect size (f^2)	Effect	Values of R^2	Conclusions on R^2
Smaller than 0.29	Small	Smaller than 0.13	Non-significant
0.29-0.35	Medium	0.13-0.25	Significant
Larger than 0.35	Large	Larger than 0.25	Practically important

Non-significant means that for all practical purposes does not differ from zero. "Significant" means deviation from zero, while "practically important" means that the R^2 not only differs from zero but is also large enough so that a linear relation exists between that is of practical importance (Cohen, 1988:20). The comparison of countries based on the disclosure of each construct (**Board composition, audit committee, risk management, and compliance and responsibility**) and their significant elements are examined below by looking at the effect size of the countries from large to small using Cohen's d effect size.

6.6.1 Comparison between countries: Board composition

The comparisons between the countries on the disclosure of board composition are provided in **Table 6.15**. On average, the BRICS countries disclosed **87%** of this construct of board composition. The details of descriptive statistics are provided in **Table 6.15**.

Table 6. 15: Descriptive comparison between countries on board composition

Elements	Brazil	China	India	Russia	S. A	Avg. %
BDSN: Board diversity; size; number	100%	100%	100%	100%	100%	100%
QBI: Qualifications and biographical information	0%	100%	60%	50%	80%	59%
RF: Roles and functions	100%	100%	100%	100%	100%	100%

DHODP: Directors holding outside directorship positions	40%	100%	60%	100%	80%	73%
MCI: Management of Conflicts of Interest	100%	80%	100%	100%	100%	95%
DR: Directors Remuneration	100%	100%	100%	50%	100%	95%
TID: Tenure of Independent Directors	40%	100%	100%	50%	100%	82%
SPS: Succession Plan for Sustainability	100%	100%	100%	50%	100%	95%
DDOB: Duties of Directors Outside the Bank	20%	100%	100%	50%	100%	77%
PTE: Professional training for employees	100%	100%	100%	100%	100%	100%
PEE: Processes for evaluating employees	80%	100%	100%	100%	80%	91%
Average %	71%	98.2%	93%	77.3%	94.5%	88%

As per descriptive statistics provided above, China had the highest disclosure of board composition with **98.2%**, followed by the SA and India with **94.5% and 93%**, respectively. Russia came forth with an average of **77.3%**, while Brazil had the lowest average of **71%** for board composition disclosure. At that point, Brazil received a **zero** on the disclosure of board members' qualifications and biographical information, whereas Russia and India disclosed **50% and 60%**, respectively, on the same element. Another substantial discrepancy was seen in Brazil and India, which disclosed **40% and 60%** of the directors holding outside directorship positions respectively.

Russia, on the other hand, disclosed **50%** in each of the following categories: director's remuneration disclosure, tenure of independent directors, succession plan for sustainability, and duties of directors outside the bank. Brazil achieved the lowest on the disclosure of directors holding outside directorship positions and tenure of independent directors with **40%** each as compared to the rest of the countries which scored **100%**. Another low disclosure was recorded in Brazil on the disclosure of the

duties of directors outside the bank with a score of **20%** as compared to Russia with a score of **50%**. **Table 6.16** further provides a comparison between countries on the disclosure of board composition using Cohen's d effect size.

Table 6. 16: Comparison between countries on board composition

Board composition								
	N	Mean %	Std. Dev.	p-value	Cohen's d effect size		Brazil with	China with
					Russia with	India with		
Russia	2	77.3%	0,321					
India	5	93%	0.076		0.5			
Brazil	5	71%	0.119		0.2	1.8		
China	5	98.2%	0.041		0.6	0.7	2.3	
SA	5	94.5%	0.081		0.5	0.2	2	0.45
Total	22	88%	0.149					

Table 6.16 indicates that India versus Brazil, Brazil versus China, and Brazil versus South Africa have an effect size of above 0.5, which is large. These findings suggest that the above-mentioned countries have a large number of differences in the disclosure of board composition and their relationships in the disclosure of board compositions are practically important. Furthermore, India versus China, Russia versus China, Russia versus South Africa, and Russia versus India also had an effect size of above **d=0.5** which suggests a large effect size. These findings also indicate that there is a large number of differences between the countries on the disclosure of board composition and their relationships on the disclosure of board composition are regarded to be practically important.

China versus South Africa had an effect size of **0.45** which is medium and suggests that there is a medium number of differences between the two countries on the disclosure of board composition. The relationship between the two countries on the disclosure of board composition is significant. On the other hand, Russia versus Brazil, and India versus South Africa all have an effect size of less than **d=0.29** which small effect. This means that there is a small number of differences between the

above-mentioned countries on the disclosure of board composition and their relationship on the disclosure of board composition is non-significant.

In summary, as shown in **Table 6.16**, the countries reported exceptionally well, with Brazil versus India, China versus Brazil, and S.A versus Brazil, India versus Russia, China versus Russia, S.A versus Russia, indicating a large number of differences between the countries on the disclosure of board composition, which suggests practically importance.

6.6.2 Comparison between countries: Audit Committee

The descriptive statistics of comparison between the countries on the disclosure of the audit committee construct, where an average of 83% has been disclosed is outlined in **Table 6.17**.

Table 6. 17: Descriptive comparison between countries on the audit committee.

Element	Brazil	Russia	India	China	S. A	Avg. %
EAA: External auditors' appointment	100%	100%	100 %	100%	80%	95.5%
SEA: Support of external auditors	100%	100%	100 %	100%	80%	95.5%
ACEA: Amount Charged by External Auditors	20%	50%	60%	60%	0%	36.4%
IAC: Independent audit committee	100%	100%	100 %	100%	100 %	100%
RAC: Rotation of the audit committee	80%	100%	40%	80%	100 %	77.3%
DEA: Duration of external auditors	100%	50%	100 %	100%	80%	91%
Average %	83.3%	80%	92%	92%	68%	83%

In this construct of the audit committee, S.A. disclosed less, with **68%**; meanwhile, India and China disclosed more than the rest of the countries, with **92%** each. S.A. and Brazil disclosed less regarding the amount charged by external auditors, with **zero**

and 20%, respectively. Furthermore, India had the lowest disclosure on the audit committee rotation, with a disclosure of 40%, compared to Brazil and China, which disclosed 80%. **Table 6.18** compares countries on the audit committee disclosure using Cohen's d effect size.

Table 6. 18: Comparison between countries on the audit committee.

Audit Committee								
	N	Mean%	Std. Deviation	p-value	Cohen's d effect size			
					Russia with	India with	Brazil with	China with
Russia	2	80%	0.283					
India	5	92%	0.110		0.4			
Brazil	5	83.3%	0.089		0.1	0.7		
China	5	92%	0.110		0.4	0.0	0.7	
SA	5	68%	0.268		0.4	0.9	0.6	0.9
Total	22	83%	0.181					

As can be reflected in **Table 6.18**, India versus Brazil, India versus South Africa, China versus South Africa, Brazil versus China, and Brazil versus South Africa have an effect size $d = 0.9$, which is a large effect. On the other hand, India versus Brazil have an effect size $d = 0.7$. These results suggest that there are a large number of differences between the countries in the disclosure of audit committees and the relationship is practically important.

On the other hand, Russia versus India, Russia versus China, and Russia versus SA, have achieved an effect size of less than $d=0.4$ which is the medium effect. These findings suggest a medium number of differences in the disclosure of audit committees and the relationship is therefore considered to be significant.

In summary, BRICS countries reported exceptionally well on information about the audit committees, with India and Russia reporting a small effect which suggested a small number of differences in the disclosure of the audit committee and a non-significant relationship. A medium number of differences were reported between

Russia versus India, Russia versus China, and Russia versus SA which suggests the relationship to be significant. On the other hand, India versus Brazil, India versus South Africa, China versus South Africa, Brazil versus China, and Brazil versus South Africa reported many differences in the disclosure of audit committee which suggests practical importance.

6.6.3 Comparison between countries: risk management

The disclosure of risk management between the countries is discussed in this part where comparisons are made. According to **Table 6.19**, the average level of disclosure on the risk management construct across countries was **99%**. The descriptive statistics between the countries on risk management are outlined in **Table 6.19** below.

Table 6. 19: Descriptive comparison between the countries on risk management

Element	Brazil	Russia	India	China	S. A	Avg. %
RMO: Risk management as part of operation	100%	100%	100%	100%	100%	100%
RPAD: Risk policy approved by directors	100%	100%	100%	100%	100%	100%
BRMC: Bank has a risk management committee	100%	100%	100%	100%	100%	100%
AIRC: Access to information from the risk committee	100%	50%	100%	100%	100%	96%
BCRA: Bank conducts risk assessment	100%	100%	100%	100%	100%	100%
FRC: Functions of the risk committee	100%	100%	100%	100%	100%	100%
Average %	100%	92%	100%	100%	100%	99%

Based on the above results, Russia is the only country that disclosed **92%** of the elements on average, while the rest of the countries disclosed **100%**. Furthermore, Russia is the only country that disclosed **50%** of the bank's access to information from the risk committee, whereas the other countries disclosed **100%** of the same element.

The comparison between the countries continues to be analysed with a Cohen's d effect size in **Table 6.20**.

Table 6. 20: Comparison between countries on risk management

Risk Management								
	N	Mean %	Std. Deviation	p-value	Cohen's d effect size		Brazil with	China with
					Russia with	India with		
Russia	2	92%	0.118					
India	5	100%	0.000		0.71			
Brazil	5	100%	0.000		0.71	0.00		
China	5	100%	0.000		0.71	0.00	0.00	
SA	5	100%	0.000		0.71	0.00	0.00	0.00
Total	22	99%	0.036					

Table 6.20 indicates that only Russia versus the rest of the BRICS countries achieved a **d=0.71** which is a large effect. These findings suggest that there is a large amount of differences between Russia and the rest of the BRICS countries on the disclosure of risk management. This result suggests that the relationship between Russia and the rest of the BRICS countries on the disclosure of risk management is significant.

In summary, the findings shown in **Table 6.20** demonstrate that Russia is the only country that exhibits a practically significant relationship with the other countries included in the analysis with a large number of differences. In contrast, the relationship between the other countries is non-significant in the disclosure of risk management.

6.6.4 Comparison between countries: Compliance and responsibility

The BRICS countries' disclosure of compliance and responsibility is quite high, with an average of **90%**. A details comparison between the countries is provided in **Table 6.21**.

Table 6. 21: Descriptive comparison between the countries on compliance and responsibility.

Element	Brazil	Russia	India	China	SA	Avg. %
CEBM: Code of Ethics for Board Members,	100%	100%	100%	60%	100%	91%
CEE: Code of Ethics for Employees	100%	100%	100%	60%	100%	91%
CSVO: Communication of Strategies and Values of the Organisation	100%	100%	100%	100%	100%	100%
PBEESR: Policies on Business Ethics, Environment and Social Responsibility	100%	100%	100%	60%	100%	91%
PWB: Policy on Whistle-blowers	80%	100%	100%	40%	40%	68%
PIESR: Policy on the Impact of Environmental and Social Responsibility.	100%	100%	100%	100%	100%	100%
Average %	97%	100%	100%	70%	90%	90%

Even though there is a high disclosure rate on compliance and responsibility among countries as indicated in **Table 6.21**, China disclosed less, with **70%** as compared to Russia and China disclosed **100%** each, followed by Brazil and S.A with **97%** and **90%** respectively as demonstrated in **Table 6.21**. Furthermore, China disclosed **60%** of the code of ethics for board members and employees, as well as policies on business ethics, the environment, and social responsibility as compared to the other countries, which disclosed **100%** of the same elements, displayed in **Table 6.21**. Additionally, with **40%** each, China and SA disclosed less on whistle-blower policy. The effect size between the countries was calculated using Cohen's d effect size as outlined in **Table 6.22**.

Table 6. 22: Comparison between countries on compliance and responsibility.

Compliance and Responsibility								
	N	Mean	Std. Deviation	p-value	Cohen's d effect size		Brazil with	China with
					Russia with	India with		
Russia	2	100%	0.000					
India	5	100%	0.000		0.0			
Brazil	5	97%	0.075		0.4	0.4		
China	5	70%	0.342		0.9	0.9	0.8	
S. A	5	90%	0.091		1.1	1.1	0.7	0.6
Total	22	90%	0.197					

Table 6.22 indicated India versus South Africa, Russia versus South Africa, Russia versus China, India versus China, Brazil versus South Africa, and China versus South Africa with an effect size of above **0.5**. Furthermore, Brazil versus China achieved an effect size **d = 0.8**. The above-mentioned countries achieved an effect size **d** greater than **0.5**, which suggests a large effect. The results suggest that there is a large amount of differences between the mentioned countries in the disclosure of compliance and responsibility and the relationship between the countries is practically important.

On the other hand, Russia versus Brazil, and India versus Brazil had a **d = 0.4**, which is the medium effect. These findings suggest that there is a medium amount of differences between the countries on the disclosure of compliance and responsibility and their relationship is significant. The last score was Russia versus India with the effect size **d= 0.00**, which is a very small effect. These findings indicate that there is a small amount of differences in the disclosure of compliance and responsibility and the relationship between these countries on the disclosure of compliance and responsibility is non-significant.

The summary of Cohen's **d** effect indicates that the relationship between Russia versus India, Russia versus Brazil, and India versus Brazil, have a small amount of differences in the disclosure of compliance and responsibility and is non-significant.

Meanwhile, the relationship between Brazil versus S.A, and China versus S.A suggest a medium amount of differences in the disclosure of compliance and responsibility, and their relationship is significant. On the other hand, in the relationship between Russia versus China, Russia versus S.A, India versus China, India versus S.A, and Brazil versus China, there are many differences in the disclosure of compliance and responsibility, which suggests that the relationship is practically important. **Table 6.23** illustrates an overview of the comparison between the country's overall disclosure of corporate governance practices.

Table 6. 23: Summary of comparison between the countries.

Country	N				
		Russia with	India with	Brazil with	China with
Russia	2				
India	5	0,39			
Brazil	5	0,21	1,49		
China	5	0,21	0,42	1,01	
S. A	5	0,07	0,99	0,70	0,34

Table 6.23 summarises the comparison between the countries on the disclosure of corporate governance practices using Cohen's d effect size. The results indicate that, in the comparison between Russia versus Brazil, China and S.A. their effect size is less than $d = 0.29$, which is a small effect. The results suggest that the differences in the level of disclosure between these countries are small and considered non-significant.

However, in the comparison between Brazil and S.A., a medium effect size was achieved on the disclosure of corporate governance practices. The size of corporate governance disclosure between Russia versus India, India versus Brazil, and China versus S.A. is medium and significant. Meanwhile, the effect size between India versus Brazil, India versus S.A., Brazil versus China, and Brazil versus S.A. on corporate governance disclosure practices has shown a large effect size, which suggests that the relationship is practically important.

As a result of practically significant differences between the countries, these results were subjected to a robustness test that evaluated the effect of significance between the countries.

6.7 Robustness test

The robustness is evaluated by a robustness test, which is a statistical experimental design applied to simultaneously examine the effect variation in different method variables (Heyden et al., 1999:145). Therefore, following Larcker and Rusticus (2008), an investigation was carried out to determine whether the results were sensitive to the instruments used (**Appendix B**). However, robust tests of equality of means could not be performed for risk management, compliance, and responsibility because at least one group has zero variance, as indicated in **Table 6.24**.

Both Welch's t-test and the Brown Forsythe test were carried out to perform the robust test. Welch's t-test determines whether the means of the BRICS countries are equivalent. This test is typically applied when there is a significant difference between the variances of two or more groups (Ahad & Yahaya, 2014:890). If the p-value is inferior to or equal to the significance level of 0.05, a conclusion can be drawn that the mean values of the groups are significantly different. Welch's t-test believes that the data for each group should be approximately normally distributed.

On the other hand, the Brown-Forsythe test evaluates the equality of variances for two or more groups. The Brown-Forsythe test is more dependent on the ANOVA test. If the p-value is less than 0.05, a conclusion can be drawn that the data does not meet the assumption of variance homogeneity (Elamir, 2022:3). **Table 6.24** outlines the results of robust tests of equality of means.

Table 6. 24: Robust test results.

Robust Tests of Equality of Means^{b,c}					
		Statistic ^a	df1	df2	Sig.
Board composition	Welch	4.418	4	5.002	0.067
	Brown-Forsythe	2.192	4	1.509	0.387
Audit committee	Welch	0.943	4	5.151	0.508
	Brown-Forsythe	1.273	4	3.832	0.414
Risk Management	Welch				
	Brown-Forsythe				
Compliance responsibility	Welch				
	Brown-Forsythe				
<i>a. Asymptotically F distributed.</i>					
<i>b. Robust tests of equality of means cannot be performed for Risk Management because at least one group has 0 variance.</i>					
<i>c. Robust tests of equality of means cannot be performed for Compliance responsibility because at least one group has 0 variance.</i>					

In **Table 24**, Welch's t-test results indicate a *p-value of 0.067* for board composition and a *p-value of 0.508* for the audit committee. These results indicate that the differences in means are not statistically significant at the level of p-value of less than 0.05. The Brown-Forsythe test results indicate that variances are not significantly different for board composition as per a p-value of less than 0.05 and for the audit committee as per $p = 0.41$ among the countries. As the group variances on the disclosure of board composition and the audit committee are not different and the p values are above 0.05, the homogeneity of variance assumption for the one-way ANOVA test is valid, and a conclusion can be made that the data meets the variance homogeneity assumption.

In summary, the sensitivity analyses show general consistency with the overall findings. The decision to change the statistical tests in the determination of corporate governance disclosure for BRICS banks does not alter the main inferences drawn from the reported findings. This confirms the reliability of the results and supports the generalisation of these results.

6.8 Summary of the results

In this chapter, the results of corporate governance disclosure practices by BRICS countries were presented in the form of tables, figures, and descriptions. The empirical work aimed to quantitatively investigate the relationship between and within BRICS countries about corporate governance disclosure practices. A variety of statistical tests and analyses, including ANOVA and Cohen's d effect analysis were undertaken to measure the extent and trend in corporate governance disclosure practices. Finally, a sensitivity analysis was conducted to determine the robustness of the analysis made through various tests. The results were discussed and analysed in terms of the adopted theoretical framework, and statistical findings were used to conclude.

Descriptive statistics showed that countries had a high level of corporate governance disclosure, with risk management, compliance, and responsibility, being high on the list. The board composition and audit committee constructs received slightly less disclosure as compared to the rest of the constructs. In addition, the results of crosstabulation revealed some variations. Consequently, these results were subjected to a robustness test that evaluated the effect variation across various method variables.

In conclusion, corporate governance practices serve as a determination of how organisations mitigate agency problems and respond to the requirements and interests of diverse stakeholder groups. The non-significant differences in the disclosure of corporate governance practices between BRICS countries are an indication of the appropriate application of disclosure practices. However, the significant differences in the disclosure of corporate governance practices between BRICS countries suggest that the principles of the corporate governance code or their application require revision and enforcement of some of the regulations. Consequently, robust systems of corporate governance serve as monitoring and accountability mechanisms, controlling managers' manipulation and making corporations responsive to the rights and needs of stakeholders, thereby reducing information asymmetry. The next chapter provides a conclusion and recommendations based on the findings and discussions of this study.

CHAPTER SEVEN: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

In this chapter, the conclusion, and recommendations of this study regarding the findings on the disclosure of corporate governance practices of BRICS countries are highlighted. The conclusion discusses the research's key features and significant outcomes, highlighting its importance to the readers. It serves as a summary of the research and ensures it aligns with the aims and objectives of the study as outlined in **Chapter 1, section 1.5. Chapter 7** discusses the research problem statement from **Chapter 1**, summarising the literature review and empirical evidence, drawing conclusions, and making recommendations for improving corporate governance disclosure in BRICS banks' annual reports. It also discusses potential areas for further research.

7.2 Overview of the study

The literature review in **Chapters 1 to 4** is summarised, with each chapter's conclusions in **section 7.3**. This section provides a context for the research objectives, recommendations, and conclusions presented in **section 7.3**. The main objective of this research study was to evaluate whether the top 5 BRICS banks disclosed corporate governance practices in their annual reports. The recommendations and regulations by GRI, King IV report (IoDSA 2002) were considered when addressing this objective.

Chapter 2 discusses corporate governance issues and practices disclosed by various sectors, including banks, as a means of managing stakeholder information needs and incorporating ethical, social, and environmental values in decision-making processes. It investigates corporate governance mechanisms within BRICS countries, discussing the disclosure of practices by BRICS banks and regulations like the code of corporate governance. The chapter concludes with elements of good corporate governance disclosures and models of corporate governance, Cooray, Gunaratne, and Senaratne (2020:29) highlighted that agency theory examines the relationship between corporate governance characteristics like board size, board independence,

CEO duality, gender diversity, audit committee independence, compliance, ownership structure, risk management committee, and reporting quality.

Chapter 3 examined the corporate governance practices in the banking sector and within BRICS banks. The Bidabad & Sherafati (2019:2), the "Basel Committee on Banking Supervision (BCBS)" and the "Technical Committee of the International Securities Commissions (IOSCO)" in 1999 provided some recommendations regarding the disclosure of information, transparency of trading practices, and the derivative tools of banks and securities firms to achieve transparency in the banking sector. Furthermore, the chapter revealed that the Basel Committee's clause 49 on corporate governance disclosure requires every corporation, including the banking sector, to disclose all corporate governance practices in their annual reports transparently. In addition, the chapter emphasises how the Basel Committee on Banking Supervision issued a revised version of authoritative Guidelines on Corporate governance principles for banks in the Basel III (Hopt, 2021:15).

Chapter 3 further highlighted the rules and regulations that govern the corporate governance disclosures within each BRICS country. The chapter revealed that, in Brazil, formal corporate governance structures such as BSE, BICG and BSEC have improved and the disclosure of information increased because of enforced regulations and laws (Estrin & Prevezer, 2010: 59). On Russian regulations, the chapter highlighted that, the Code of Corporate Governance as well as Resolution no 03-849/r of 2003 requires companies to disclose if they comply with the Code or to explain their non-compliance corporate governance disclosure practices in the banking sector (Polovnikova & Zavertiaeva, 2018: 5). The chapter concludes that India's rules, including the New Companies Act of 2013 and SEBI, mandate the full and accurate disclosure of non-financial information in annual reports (Sharma & Rathi, 2014:23). In relation to China, the CSRC has a Code of Corporate Governance for all listed companies in China's stock market, tasked with monitoring and evaluating their compliance with sound corporate governance, and compel those with unsound governance to comply (Oliveira et al., 2016: 926).

Lastly, South Africa has several regulations that govern CGD practices: the Companies Act, the Public Finance Management Act, and the Securities Act. In

addition to these, corporate governance in South Africa is strengthened by the introduction and publication of corporate governance guidelines and codes of practice with the King Report I, King Report II, King Report III, and King Report IV (Isukul & Chizea, 2016: 2).

Chapter 4 discusses the theories utilised to support the theoretical approach to conducting the research. The researcher discovered that while four theories were discussed in Chapter 4, only three are relevant to this study: agency, stakeholder, and legitimacy theories. The chapter revealed that the agency theory allows shareholders and managers to disclose both mandatory and voluntary information through corporate disclosure practices, as the board of directors and shareholders do not monitor operational decisions (Khanifah, et.al. 2020:43). On the other hand, the legitimacy theory provides insight into an organisation's mission of voluntarily disclosing corporate governance information and motivating management to implement and report social practices (Khan, 2010:86). Lastly, the stakeholder theory emphasises the significance of having independent board members as they preserve the investors' interests (Odoemelam, & Okafor, 2018:27).

The checklist was based on the requirements of the King IV report (IoDSA 2016), the Securities and Exchange Commission regulations of 2012, the Brazilian Institute of Corporate Governance, the Russian Federal Securities Commission of 2002, and the Securities and Exchange Board of India. The empirical method known as content analysis was used, as outlined in **Chapter 5**, to determine the amount and quality of information disclosed in each of the above specific areas, and to decide whether a bank has disclosed, or has not disclosed, the required corporate governance information in its annual report. The checklist comprised the following four areas: board composition (eleven elements), audit committee, risk management, and compliance and responsibility (each with six elements).

Finally, using the content analysis method, **Chapter 6** analysed the significance of disclosing corporate governance practices in the annual reports of the BRICS' top five listed banks. The findings of the word and meaning content analysis were compared to the CGDI to determine if the selected banks completely disclosed or did not disclose the required information. Comprehensive information improves users' ability to make

informed decisions, but incomplete comprehensive information prevents stakeholders and potential stakeholders from making effective decisions.

The main findings were an average of 90% disclosure in the annual reports of BRICS's top five listed banks. In a comparison of the four constructs, the findings and discussions indicate the significant amount of emphasis that was placed on the elements within the risk management construct, as an average disclosure rate of **99%**, was evident. Followed by compliance and responsibility which received significant consideration, with an average disclosure rate of **90%**. The board composition demonstrated an average disclosure rate of **88%** of the relevant elements. The audit committee had a lower disclosure rate, with an average of **82%**. On the comparison between the countries on the disclosure of corporate governance practices using Cohen's d effect size. The results indicate that, in the comparison between Russia versus Brazil and China, their effect size is less than $d = 0.29$, which is a small effect. The results suggest that the differences in the level of disclosure between these countries are small and considered non-significant. During the investigation of the annual reports of the BRICS' top 5 listed banks, it appeared that the information relating to whistle-blowing policies, the amount charged by external auditors, and the qualifications and biographic information of the directors were not fully disclosed by all BRICS' top 5 listed banks.

The study used the corporate governance disclosure index (CGDI) to analyse non-financial annual reports of BRICS banks. Content analysis was used as a research design, followed by means- and relationship analysis to understand differences among countries. Qualitative and quantitative data were presented in **Chapter 6**, guiding abductive reasoning and inferences. The research questions are addressed in Section **7.3**.

7.3 Research questions revisited.

- **Primary research question**

The primary research question of this study is “What are the current reporting and disclosure practices on corporate governance in the banks within the BRICS countries”?

Through data gathering and investigation, the aim was to get a thorough understanding of what corporate governance practices within the annual reports of the BRICS banks are disclosed. Descriptive statistics was used to answer this question.

The study found that the level of disclosure between BRICS countries is very high, particularly on the disclosure of risk management construct. Furthermore, the study revealed that there is a good disclosure of corporate governance practices by BRICS banks on information such as roles and functions of the directors, conflict of interest management, director remuneration, tenure of independent directors, succession plan for sustainability, duties of directors outside the banks, professional training for employees, audit committee independence, audit committee rotation, and policy on the audit committee.

The main question was further broken into two sub-questions.

- **Research sub-question 1**

What are the disclosure practices related to corporate governance that are followed by the banks of BRICS countries?

The findings suggest that all BRICS banks follow regulatory requirements of both international and country-specific regulations on the disclosure of corporate governance practices. This was observed by the non-significant differences in the disclosure of the elements within each construct which banks were expected to disclose.

- **Research sub-question 2**

What is the level of interconnection or relationship among BRICS countries concerning corporate governance disclosure practices?

The results of the study show that there are practically significant differences between BRICS countries in the disclosure of corporate governance practices. However, these results do not imply that the relationship between BRICS countries is completely practically significant. There was a noticeable non-significant relationship between Russia versus Brazil, China and S.A. Therefore, the level of interconnection or relationship among BRICS countries on the disclosure of corporate governance practices is practically significant.

Objectives revisited.

The following subsections detail how the objectives of the study were achieved.

Research objective 1: Examine the prevailing reporting and disclosure practices regarding corporate governance in banks across BRICS countries.

The corporate governance disclosure practices within the banks of BRICS countries were identified as expected. These corporate governance practices were discussed in detail in chapters 2 and 3 based on the literature.

Research objective 2: Evaluate the disclosure practices employed by the banks in BRICS countries concerning corporate governance.

The disclosure practices that were employed by BRICS banks concerning corporate governance were discussed in detail in Chapters 2 and 3. The findings suggest that all BRICS banks showed non-significant differences on corporate governance disclosure practices.

Research objective 3: Assess the extent of the relationship among BRICS countries in terms of corporate governance disclosure practices within the banking sector.

The relationship between BRICS countries concerning corporate governance disclosure practices was discussed in detail in Chapters 2 and 3. The results of the study showed there are practically significant differences between BRICS countries in the disclosure of corporate governance practices.

7.4 Contribution to the study

- ☐ To the researcher's knowledge, this was the first study to examine the disclosure practices related to corporate governance in the annual reports of BRICS banks. As a result of the literature review, the research produced a CGDI checklist for the banking sector. The developed framework could potentially be utilised in the banking sector.
- ☐ Additionally, the researcher identified the most important constructs and elements that should be included in a CGDI for the banking sector.

The developed framework will assist stakeholders in deciding which CGD practices the banking sector should disclose:

- ☐ The regulators will benefit immensely from the developed framework since it can guide them when developing guidelines for specific sectors.
- ☐ The study will assist employees with a greater knowledge of the whistleblowing policy and the channels available to report any illegal conduct without fear of repercussions.

Management contribution

- ☐ This study will ensure that stakeholders are consulted on corporate governance disclosure practices matters.
- ☐ The research was able to highlight some of the key points that management shall comply with relevant regulatory requirements for corporate governance disclosures and maintain current regulatory improvements.
- ☐ Since the framework is sector-specific, its adoption by management may improve the efficiency of the bank's management.

- The study will assist management to identify and manage conflicts of interest in the banking sector. These processes should contain guidelines for proving conflicts, assessing their potential effect, and taking actions that minimise or eliminate conflicts. An effective conflict of interest management system will additionally assist management to ensure that personal interests never compromise the bank's integrity.

7.5 Recommendations

Given the above overview and conclusions, it is unambiguous that the disclosure of corporate governance practices in the annual report contributes significant value if meaningful information is disclosed to assist users in making decisions. The primary recommendations derived from this research study are explored further below.

7.5.1 Balance between comprehensive, reliable, and relevant information

The research study suggests that corporate governance practices in annual reports should be credible and relevant for informed decision-making by users and stakeholders. It recommends thorough and accurate information, with management balancing important and accurate information with unnecessary disclosure for user decision-making. Therefore, banks should prioritise credible and relevant corporate governance information.

7.5.2 Policy perspective

It is recommended that those countries that still have voluntary disclosures, need to move towards more strict regulations.

Institutions that develop frameworks for reporting, such as the GRI can use this disclosure index as a guideline.

7.5.3 Board composition: The disclosure of qualifications and biographic information of the directors

One aspect that saw less disclosure is the element of the directors' qualifications and biographical information, with an average of 59%. It is recommended that this information should be disclosed more because shareholders and investors rely on qualifications and biographical information for informed investment decisions. In addition, to assess the board's skills, the expertise and experience of key personnel.

7.5.4 Audit Committee disclosure: transparency on the amount charged by external auditors

A notably less disclosure of information relating to the amount charged by the external auditors, in which 36% of the information was disclosed. It is recommended that such information on the amount charged by external auditors be disclosed in the annual report. This would increase the trust and confidence relating to external auditors.

7.5.5 Compliance and responsibility: Whistle-blower policy development and Promotion

According to the empirical evidence, 68% of the top 5 BRICS-listed banks disclosed less information on whistleblowing in their annual reports. The prevalence of non-disclosure of whistleblowing information in these banks' annual reports demonstrates the need for regulations on how whistleblowing information can be disclosed in annual reports. It is also worth noting that most businesses include anonymous contact channels for reporting fraudulent activity. It is recommended that whistleblowing disclosures be made more helpful, and it is proposed that information such as the number of cases submitted, the number of cases investigated, and the number of cases unresolved and concluded be provided in the bank's annual reports.

7.6 Limitations of the Study

- ❑ The research had limitations due to the ongoing conflicts between Russia and Ukraine, which resulted in only two banks of Russia being included instead of the intended five.
- ❑ Additionally, there was no standard format for corporate governance disclosures in the banking sector, which could have hindered a comprehensive understanding of corporate governance in the top five listed banks of BRICS.
- ❑ The top five banks on the BRICS stock exchanges were selected based on market capitalisation. It should be noted that this sample may not represent all banks listed on the stock exchanges of BRICS countries.
- ❑ The top five banks listed on the BRICS stock exchanges were selected based on their market capitalisation. It should be noted that this sample may not be representative of all banks listed on the stock exchanges of BRICS countries. It is acknowledged that the corporate governance disclosure index was compiled from various literature sources applicable to diverse industries and that some elements and constructs could be excluded.
- ❑ Based on the researcher's understanding, this study is the first of its kind. Therefore, the researcher recognizes that more research needs to be conducted to evaluate and compare corporate governance disclosure practices in BRICS banks. This will contribute significantly to the existing literature on the subject.

7.7 Areas of Future Research

- ❑ A study is necessary to examine how entities can enforce regulations for proper disclosures.
- ❑ Several studies, including this one, have concluded that there is a need for greater disclosure of directors' qualifications, biographical information, and the amount charged by external auditors. This is now considered an important aspect of corporate governance research. Therefore, an investigation should be conducted to identify the factors that lead to limited disclosure of such information.

7.8 Summary of the chapter

The previous chapter discussed the findings of the study. This chapter intends to revisit the research process undertaken as part of the research of evaluating corporate governance disclosure practices in the banks within BRICS countries. The research was also evaluated against the research objectives and questions. The chapters making up the thesis were summarized. The following section provides the conclusion of the research.

7.9 Conclusion

The purpose of the study was to evaluate corporate governance disclosure practices in the annual reports of BRICS banks.

A corporate governance disclosure index was used to gather secondary data from the websites of the top five listed banks from BRICS banks. The CGDI was developed based on extensive literature in relation to corporate governance practices across the globe. The agency, signalling and legitimacy theories were used as theoretical lenses. The analysis of the problem and context, the literature review and the theoretical lenses informed the development of the research questions and research objectives.

The findings of the study confirmed some of the existing information relating to the disclosure of corporate governance practices within the banking sector. They showed that there is good disclosure of corporate governance practices within the banking sector especially on risk management, compliance and responsibility as well as board composition. The good disclosure between these constructs was observed by non-significant differences.

In this study, the amount charged by the external auditors had a direct negative impact on the overall disclosure of corporate governance practices by each respective bank. The disclosure of the amount charged by external auditors from each BRICS bank was practically significant. Furthermore, practically significant differences were noticeable in the disclosure of whistle-blower policies, and qualifications and biographical information of the directors. This means that the level of disclosure concerning these elements is poor.

The relationship between the banks within the BRICS countries was observed to be practically significant. However, even though there is an overall significant difference between BRICS countries, non-significant differences were observed between Russia versus Brazil, China, and S.A. This means that there is a positive relationship between Russia, Brazil, China, and S.A. concerning the disclosure of corporate governance practices. The relationship between outcome expectations on the disclosure of corporate governance practices was not positive.

As a result of this study, we now understand that the practices of corporate governance disclosures within the BRICS banks are non-significant with only three elements that need to be improved. However, the challenges persist between the countries on the disclosure of corporate governance practices with non-significant differences. In conclusion, the overall performance of corporate governance disclosure practices within BRICS countries is very good.

APPENDIX A

Appendix A: Development of corporate governance disclosure index for BRICS banks (phase 1)

	Measuring criteria	Remarks	Coding	
			0	1
Board Composition (BC)	The bank should disclose information about the organization's governance structure, composition, knowledge, and roles of the board members.		No Disclosure	The bank discloses information about its governance structures.
	The bank should disclose the qualifications and biographical information of all board members to assure shareholders and other stakeholders that the members can effectively fulfil their responsibilities.		No Disclosure	The bank discloses the qualifications and biographical information of its board members.
	The board should disclose whether it has established a succession plan for key executives and other board members to ensure that there is a strategy for continuity of operations.		No Disclosure	The bank discloses information on its succession plan.
	Conflicts of interest affecting members of the board should, if they are not avoidable, at least be disclosed.		No Disclosure	Conflicts of interest and procedures are disclosed.
	There should also be disclosure of the mechanisms which are in place to act as "checks and balances" on key individuals in the enterprise.		No Disclosure	The banks disclose "checks and balances"
	The board should disclose whether it has a performance evaluation process in place, either for the board as a whole or for individual members. Disclosure		No Disclosure	The bank discloses its performance evaluation processes.

	should be made of how the board has evaluated its performance and how the results of the appraisal are being used.			
	The disclosure should be made on the types and duties of outside board and management positions by the board members.		No Disclosure	The banks disclose duties held by directors outside the bank.
	The disclosure of the number of independent of the board of directors should be made.		No Disclosure	The bank discloses the number of independent directors.
	Compensation policy for senior executives departing the firm because of a merger or acquisition should be disclosed.		No Disclosure	The bank discloses compensation policy.
	Duration of directors' contracts should be disclosed.		No Disclosure	The bank discloses duration of board of directors.
	Material interests of members of the board and management should be disclosed.		No Disclosure	The bank discloses conflicts of interests by the board of directors.
	Existence of procedure(s) for addressing conflicts of interest among board members.		No Disclosure	The bank discloses procedures for addressing conflict of interest.

Audit Committee (AC)	The board should disclose its policy and practice on external auditors, including whether and how the highest governance body and senior executives are involved.		No Disclosure	The bank discloses its policy on external auditors.
	The board should disclose the processes for the appointment of an interaction with external auditors.		No Disclosure	The bank discloses process of the appointment of external auditors.
	The bank should disclose the scope of the work of the external and internal auditors.		No Disclosure	The bank discloses the scope of internal and external auditors.
	The bank with no internal audit function should disclose the reasons for its absence.		No Disclosure	The bank discloses the reasons for no internal audit committee.
	The organisation should disclose the processes for interaction with internal auditors.		No Disclosure	The banks disclose how it interacts with internal auditors.
	Names and qualifications of audit committee members should be disclosed.		No Disclosure	Names and qualifications of audit committee members are disclosed.
	The requirement for disclosure of at least one audit committee member's financial competence is necessary to ensure a comprehensive understanding of financial statements and reporting.		No Disclosure	The bank discloses financial experience of one audit committee member.

	The bank supports external auditors and implement recommendations provided by the external auditors.		No Disclosure	The bank discloses how it supports the external auditors
	Board confidence in independence and integrity of external auditors		No Disclosure	The bank outlines its confidence to external auditors.
	Internal control systems		No Disclosure	The bank discloses its internal control systems.
Risk Management (RM)	The board should give appropriate disclosures and assurance regarding its risk management objectives, systems, and practices.		No Disclosure	The bank provides information on its risk management strategies
	The board should disclose existing provisions for identifying and managing the effects of risk- bearing practices.		No Disclosure	The bank discloses how to identify risks.
	The board should report on internal control systems designed to mitigate risks. Such reporting should include risk identification mechanisms.		No Disclosure	The bank has risk identification mechanisms.
	The organisation should indicate if the risk management and governance forms part of the bank's daily operations.		No Disclosure	The bank discloses risk management and governance as part of daily operations.
	The organisation should disclose the type of information the risk committee has access to and limitations.		No Disclosure	The bank indicates information that is accessible to the risk committee

	The organisation should disclose its strategy for managing and mitigating specific types of risks using insurance and other risk transfer mechanisms.		No Disclosure	The bank discloses strategy for managing risks.
	The organisation should indicate if risk policy is approved by the board of directors.		No Disclosure	The bank indicates risk policy as approved by the board.
	The organisation should Identify and report the major risk indicators being monitored to offer early warnings of possible risks.		No Disclosure	The bank discloses major risks.
	The organisation's risk reporting frequency and format to the board and other stakeholders should be disclosed.		No Disclosure	The bank outlines how it frequently discloses risks.
	The organisation should disclose strategies for managing risk associated with third parties, such as suppliers, partners, and service providers.		No Disclosure	The bank discloses strategies of managing risks for third parties.
Compliance and responsibility (CR)	Where there is a local code on corporate governance, the bank should follow a “comply and explain” rule whereby they disclose the extent to which they followed the local code’s recommendations and explain any deviations. Where there is no local code on corporate governance, companies should follow recognized international good practices.		No Disclosure	The bank follows comply and explain the principle.
	The bank should describe the significant instances of non-compliance and how it has determined significant instances of non-compliance.		No Disclosure	The bank describes non-compliances.
	The existence of the bank’s code of ethics and any governance structure put in place to support that code of ethics should be disclosed.		No Disclosure	The bank has a code of ethics.

	The bank should disclose any waivers of the code of ethics or the rules governing ethics procedures		No Disclosure	The banks disclose rules governing ethics procedures.
	The organisation should outline its anti-corruption and bribery policies.		No Disclosure	The bank discloses anti-corruption policy.
	The organisation's whistle-blowers protection programmes should be outlined.		No Disclosure	The bank outlines whistle-blowing policy.
	The organisation should disclose the accounting standards and financial reporting practices.		No Disclosure	The bank discloses accounting standards.
	The bank should disclose awards or accolades for its good corporate governance practices.		No Disclosure	The bank discloses awards on compliance.
	Mechanisms protecting the rights of other stakeholders in business			
Ownership and shareholder's right	The beneficiary ownership structure should be fully disclosed to all interested parties. Changes in the shareholdings of substantial investors should be disclosed to the market as soon as a company becomes aware of them.		No Disclosure	Ownership structure is disclosed.
	The bank should disclose the control structure and about how shareholders or other members of the organisation can exercise their control rights through voting or other means.		No Disclosure	The bank discloses voting rights.
	The bank should disclose any specific structures or procedures which are in place to protect the interests of minority shareholders.		No Disclosure	The bank discloses rights and procedures for minority shareholders.

	Disclosure should be made of the process for holding and voting at annual general meetings and extraordinary general meetings, as well as all other information necessary for shareholders to participate effectively in such meetings.		No Disclosure	The bank discloses information and processes on annual general meetings.
	Notification of the agenda and proposed resolutions should be made in a timely fashion and be made available in the national language (or one of the official languages) of the bank as well as, if appropriate, an internationally used business language.		No Disclosure	The bank publishes the agenda before the AGM.

APPENDIX B

Appendix B: Utilised corporate governance disclosure index for BRICS banks (phase 2)

Country Name:		Bank Name:			
Construct	Element	Disclosure		Coding	
		Yes	No	0	1
Board of Composition (BC)	BC 1: The bank provides board diversity; board size; board committees and also, the number of executive and non-executive directors.			No Disclosure	The bank provides details of board diversity.
	BC 2: The bank indicates qualifications and biographical information of board members.			No Disclosure	The bank indicates the qualifications of board members.
	BC 3: The bank mentions the roles and functions of the board of directors			No Disclosure	The bank mentions roles and functions of the board of directors.
	BC 4: The bank indicates number of boards of directors holding outside directorship positions.			No Disclosure	Board of directors holding another directorship is indicated.
	BC 5: The bank has subcommittees that deal with management of conflicts of interest.			No Disclosure	The bank has subcommittees on conflicts of interests.
	BC 6: The bank makes a determination and composition of directors` remuneration.			No Disclosure	The bank has a policy on remuneration of directors.
	BC 7: The bank indicates the maximum tenure of its independent director.			No Disclosure	Duration of independent directors is indicated.
	BC 8: The bank shows a succession plan for sustainability.			No Disclosure	There is a succession plan in place
	BC 9: The bank indicates types of duties the board and management engaged with outside the bank.			No Disclosure	Types of duties the board and management conduct outside the bank are indicated.

	BC 10: The bank provides professional training to its employees.			No Disclosure	Professional training is provided.
	BC 11: The bank outlines all the processes and measures used to evaluate the performance of the employees.			No Disclosure	Processes of performance evaluation are indicated.
	Expected number of disclosed practices under Board Composition for each bank	11			11
Audit Committee (AC)	AC 1: The bank discloses how external auditors are appointed.			No Disclosure	Appointment of external auditors is disclosed.
	AC 2: The bank supports external auditors and implement recommendations provided by the external auditors.			No Disclosure	Recommendations by external auditors are implemented.
	AC 3: Amount charged by the external auditors is disclosed.			No Disclosure	Charges by external auditors disclosed.
	AC 4: The bank has Independent audit committees.			No Disclosure	Independent audit committee present
	AC 5: The bank has a clear policy on the appointment and rotation of audit committees.			No Disclosure	Policy on appointment and rotation of auditors.
	AC 6: The bank indicates the duration of external auditors			No Disclosure	Duration of external auditors
	Expected number of disclosed practices under Audit Committee for each bank				6
Risk Management (RM)	RM 1: Risk management and governance form part of the bank's daily operations.			No Disclosure	Risk management and governance strategies indicated
	RM 2: The risk policy of the bank is approved by the directors.			No Disclosure	Risk policy
	RM 3: The bank has a risk management committee.			No Disclosure	Risk management committee.
	RM 4: Type of information the risk committee has access to and limitations			No Disclosure	Access to information.

Compliance & Responsibility	RM 5: The bank conducts risk assessment.			No Disclosure	Risk assessment.
	RM 6: The bank provides functions of risk committee.			No Disclosure	Functions of risk committee.
	Expected number of disclosed practices under Risk Management for each bank				6
	CR 1: The bank outlines a code of ethics for the board members			No Disclosure	Code of ethics: Board members.
	CR 2: The bank outlines a code of ethics for all the employees			No Disclosure	Code of ethics: Employees.
	CR 3: The bank's strategic objectives and corporate values are communicated throughout the organization.			No Disclosure	Objective and values outlined.
	CR 4: Banks disclose policies and performance relating to business ethics, environment and social responsibility.			No Disclosure	Policies on environment and social responsibility.
	CR 5: Policy on "whistle blower" protection for all employees			No Disclosure	Policy for whistle blowers.
	CR 6: Impact of environmental and social responsibility policies for the firm's sustainability			No Disclosure	Impact of no disclosure on sustainability.
	Expected number of disclosed practices under Compliance and Responsibility for each bank				6

Appendix C

Appendix C: Ethical approval letter



Private Bag X1290, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Fax: 018 299-4910
Web: <http://www.nwu.ac.za>

Senate Committee for Research Ethics
Tel: 018 299-484
Feziwe.Mseleni@nwu.ac.za

31 October 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on 28/10/2022, the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Evaluating disclosure of corporate governance disclosure practices in the annual reports of BRICS banks
Study Leader/Supervisor (Principal Investigator)/Researcher): Prof A Smit – PhD in Business Administration
Student: Sekgobela, MR (34490280)

N	W	U	-	0	1	8	6	1	-	2	2	-	A	4
Institution			Study Number					Year			Status			

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:

Commencement date: 31/10/2022

Expiry date: 31/10/2023

Risk: **Low**

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

•

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.
- The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.
- Annually a number of studies may be randomly selected for an external audit.

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