THE ROLE OF LEADERSHIP ON CORPORATE GOVERNANCE

by

John Brackett

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

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Abstract

Corporate governance and internal controls over the accounting and financial reporting processes are critical to timely and accurate financial data reporting. Sheikh (2019) concluded that internal controls establish accepted practices, manage risk choices in decision-making, and improve ongoing monitoring activities to ensure compliance with laws, regulations, and company policy. Wang and Zhou (2016) identified leadership as a critical component of corporate governance and concluded that a company's accounting process and related controls were interdependent with enterprise management and directly correlated to the sustainability of operations and business success. The Board of Directors and the Chief Audit Executives are responsible for assessing, influencing, and monitoring these controls. Essen et al. (2013) concluded that leadership establishes good corporate governance through proper leadership roles, including an effective Board of Directors, and alignment of operational processes to employees and stakeholders. The researcher completed an extensive review of leadership styles and analyzed the Board of Directors' and the CAE's role to complete this study. The researcher also analyzed leadership's involvement in corporate governance oversight, including strategy development, risk assessment, and operational improvements. This study's recommendations provide insight into the role leadership plays in corporate governance over the accounting and financial reporting processes and provide guidance to the Board of Directors and Chief Audit Executives to enhance and maintain a strong corporate governance program.

Keywords: Leadership, corporate governance, internal controls, financial reporting

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Approvals

John Brackett, Doctoral Candidate | Date

Dr. Melissa Washington, Dissertation Chair | Date

Dr. Beverlin Hammett, Committee Member | Date

Edward M. Moore Ph.D., Director of Doctoral Programs | Date

Dedication

I dedicate this dissertation to my late parents, Charles Samuel and Elsie Lydia Brackett, who sacrificed to provide me with the opportunity to pursue collegiate goals. Their sacrifices have culminated with the completion of this doctoral journey. I also dedicate this dissertation to my beautiful wife, Rebecca Wolfe Brackett, for her continued patience and support as I embarked on this journey. These supporters allowed me to obtain a doctorate and to achieve a long-term goal. Most importantly, I want to thank God for his blessings over my life and the assurance I have in knowing His Son as my savior.

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Section 1: Foundation of the Study

Corporate governance is the framework for establishing tone-at-the-top, creating the internal control environment for business operations, and the basis of detailed policies and procedures that direct employee behavior (Halbouni et al., 2016). This research project sought to understand and explain how a lack of leadership over corporate governance and the controls governing the accounting and financial reporting processes result in decreased organizational efficiency. Specifically, this leadership study focused on monitoring and oversight of internal controls by exploring how leadership aligns strategy and results through employee motivation and development, including the leadership governing the accounting and financial reporting processes. The study used a qualitative research methodology and benefits members of the Board of Directors and Chief Audit Executives (CAE) by increasing their understanding of the role leadership plays in corporate governance and the internal controls over the accounting and financial reporting processes.

Background of the Problem

Corporate governance and controls over the accounting and financial reporting processes play an important role in organizational success. They establish accepted practices, manage risk choices in decision making, and improve ongoing monitoring activities to ensure compliance with laws, regulations, and corporate policy (Sheikh, 2019). The Board of Directors and the CAE assess, influence, and monitor the corporate governance environment and internal controls. Companies, both private and public, have accounting and financial reporting processes, but the sophistication of the processes can vary greatly depending on the managerial functions, business purposes, and needs of the end-user (Ammar, 2017). For example, a private company utilizes the accounting process to produce financial reports for a creditor or investor, but publically traded companies utilize the accounting process to produce financial reports for filing with the Securities and Exchange Commission (SEC) and public distribution. Otley (2016) argued that the accounting process's design and structure are linked to the organization's design. The connection between the organizational structure and the design of the accounting process is leadership, which is influenced by the organization’s strategy, corporate culture, and control activities (Eva et al., 2018). This study explored the role of leadership from the Board of Directors and the CAE on corporate governance and the internal controls over the accounting and financial reporting processes.

The research concluded that the Board of Directors' primary responsibility is to oversee an effective corporate governance process that aligns with shareholder interests and other stakeholders, including customers, employees, and local communities (Moghaddam et al., 2018). Additional research concluded that the CAE's role is to oversee the internal audit function, which provides the highest level of assurance over the organization’s control environment (Roussy & Rodrigue, 2018). This research project combined principles from previous research by seeking to understand and explain how a lack of effective leadership from the Board of Directors and the CAE over corporate governance and the controls governing accounting and financial reporting processes within manufacturing companies results in decreased organizational efficiency.

Wang and Zhou (2016) identified leadership as a key component of corporate governance when they concluded that a company’s accounting process and related controls were interdependent with enterprise management and had a direct correlation to the sustainability of operations and business success. Research also concluded that management’s leadership over corporate governance and specifically the internal controls over the accounting and financial reporting processes influence peer organizations (Gao & Zhang, 2019). This conclusion is that leadership over corporate governance and internal controls is beneficial to the organization and strengthens external competitors as information related to operational practices is shared as best practices (Gao & Zhang, 2019). For example, controls related to write-offs or guidelines related to accounting judgments and estimates may be shared among peers, enhancing peer organizations' operational practices.

Essen et al. (2013) concluded that good corporate governance is established through proper configuration of leadership roles, an effective Board of Directors, and alignment of operational processes and activities with employees and stakeholders. To complete this study, an extensive review of leadership styles was performed. The review included authoritative, collaborative, humble, servant, transformational, authentic, and transactional styles. The role of the Board of Directors and the CAE was also reviewed, including involvement in the oversight of corporate governance through strategy development and monitoring, risk assessment, and operational improvements. Review and analysis of corporate governance were completed by examining the role of ethics, culture, tone-at-the-top, accountability, and monitoring on the control environment. Lastly, the analysis of the specific activities in the accounting and financial reporting processes was studied, including the recording of transactions, data analysis, and reporting and decision-making. These areas of study combine to understand and explain the role of leadership on corporate governance and, specifically, the controls governing the accounting and financial reporting processes through the lived experience of the Board of Directors and CAEs.

In summary, previous research has focused on leadership, the role of the Board of Directors and the CAE, corporate governance, and the accounting and financial reporting processes, but this study combined these topical areas to understand and explain how the leadership role of the Board of Directors and the CAE leads to effective or ineffective organizational operations. For example, based on interviews with the Board of Directors and the CAE, the prominent leadership style was identified, and organizational effectiveness was explored through data provided to the researcher. Examples of data provided to the researcher include general feedback from recent internal audit reports, general feedback from interactions with the external auditor, or significant deficiencies or material weaknesses disclosed in the financial statements.

The purpose of this research was to understand and explain the role of leadership on an organization's corporate governance program and the accounting and financial reporting processes through a case study involving the Board of Directors and CAEs, and the scope of this research included manufacturing companies in the Charlotte MSA. The result of the study contributes to the literature associated with corporate governance and leadership. It also benefits the Board of Directors and CAEs who seek additional insight into the role leadership plays on corporate governance, internal controls over the accounting and financial reporting processes, and organizational efficiency.

Problem Statement

The general problem to be addressed was a lack of leadership in manufacturing companies over corporate governance and the controls governing the accounting and financial reporting processes resulting in decreased organizational efficiency. Cheng et al. (2018) concluded that ineffective internal controls over financial reporting fail to identify, mitigate, and monitor risk over the accounting and financial reporting processes and decrease organizational efficiency. Mathew et al. (2018) concluded that a lack of oversight and leadership from the Board of Directors increased organizational risk, including the risk related to accounting and financial reporting. Martino et al. (2019) conducted research on Chief Audit Executives (CAE) and concluded that a lack of leadership decreased the CAE's involvement in creating an effective internal control environment and decreased the internal audit department's relevance in the organization. Without effective leadership from the Board of Directors and the CAE, the accounting staff lacks the inspiration to attain higher goals and improve organizational efficiency (Ghasabeh et al., 2015). Mesu et al. (2015) concluded that a lack of leadership skills or the wrong leadership style results in decreased organizational commitment resulting in lower organizational citizenship, increased turnover due to less job satisfaction, and decreased operational effectiveness due to ineffective processes and controls in manufacturing companies. The specific problem to be addressed was a lack of effective leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting processes within the manufacturing companies resulting in decreased organizational efficiency.

Purpose Statement

The purpose of this qualitative case study was to understand how controls governing the accounting and financial reporting processes are ineffective due to a lack of leadership over corporate governance. As previously stated, Cheng et al. (2018) concluded that ineffective controls in the accounting and financial reporting processes lead to material weaknesses and result in decreased organizational efficiency due to untimely or inaccurate accounting information. A robust corporate governance program creates operational improvements and performance enhancements. Chiarini and Vagnoni (2017) agreed that ineffective quality management leads to ineffective internal controls and results from leadership failure.

Leadership from the Board of Directors and the CAE is critical to developing a corporate governance program that supports the identification, prioritization, mitigation, and monitoring of the risks related to accounting and financial reporting. Steckler and Clark (2019) concluded that leadership plays a direct role in corporate governance and the accounting and financial reporting controls. This study expanded research and explored the role of leadership from the Board of Directors and the CAE, and specifically, the leadership actions that contribute to corporate governance and the controls over accounting and financial reporting. Interviews with the Board of Directors and CAEs of a manufacturing company were conducted. The interviews explored the role of leadership in corporate governance, corporate governance in the accounting and financial reporting processes, and the role leadership plays in enhancing corporate governance and internal controls over the accounting and financial reporting processes.

Nature of the Study

This research study was completed using a qualitative research method. Additionally, this qualitative study was completed using a multiple-case study method. The rationale and appropriateness for selecting the qualitative method and case design are discussed below.

Discussion of Method

This study was completed using a qualitative research method. A qualitative research project explores the participants' lived experiences through a detailed review completed through interviews and other means of data collection (Gentles et al., 2015). This exploration approach is what creates increased flexibility in a qualitative study. It allows the researcher to understand each research subject with a goal of explaining the research topic through the experience of the research participants versus a quantitative or mixed-method study that focuses on the correlation between specific attributes and leadership styles or specific leadership decisions. Runfola et al.

(2017) defined a qualitative study as an examination and test of historical events to extrapolate results to new events or an investigation of a contemporary phenomenon. In both definitions, a qualitative study aims to explore and understand the experience and use the data to find similarities or make inferences that expand the theory and current literature. This goal ties the qualitative study to the research purpose, which is to understand how controls governing the accounting and financial reporting processes are ineffective due to a lack of leadership over corporate governance. Exploring the lived experience of the research participants through interviews and quantifiable evidence allowed for leadership to be examined and understood and to provide insight into the importance of leadership in enhancing the control environment and motivating and leading others to create organizational efficiency.

A quantitative study was not appropriate for this project because it lacks the ability to explore the research participants' lived experience and relies on quantitative analysis to find a correlation or cause and effect relationship between two or more variables. A quantitative study applies a coefficient to determine reliability between data points, allowing statistical conclusions to be made and results to be extrapolated from a sample to a larger population (Van Jaarsveld et al., 2019). The correlation between two variables can be important. However, this study was not designed to examine correlation but to explore and seek to understand how a lack of leadership over corporate governance and the controls governing the accounting and financial reporting processes result in decreased organizational efficiency.

A mixed-method approach was not appropriate for this project because while it allows for the exploration of the research participants' lived experience, it also includes the application of quantitative analysis, which as described above was not the intent of this project. Including a quantitative research method with the qualitative method creates a methodological triangulation to obtain a heightened understanding of the research subject (Turner et al., 2017). While one can argue that a mixed-method research approach offers benefits by using quantitative and qualitative procedures, this research aimed not to quantify the dependent and independent variables. This research project was designed to understand and explore the participants' lived experiences and explore how leadership from the Board of Directors and the CAE plays a role in corporate governance within manufacturing companies, including the internal controls over the accounting and financial reporting processes.

Discussion of Design

Specifically, this study was completed using a multiple-case study approach. Gallagher (2019) concluded that case studies capture the complexity of experience and organize it such that the bounded system can be studied and analyzed to gain meaning and insight into the participant's experience. Using a case study approach with a post-positivist paradigm contextualizes the study of human experience and behavior (Scharff, 2013) and allows research data to be explored. The multiple-case study method focused this research project on inquiry to understand the lived experiences of the Board of Directors and the CAE, which provides data that can be evaluated to aid in understanding how leadership plays a role in corporate governance and specifically the accounting and financial reporting processes. A case study approach allowed for the identification and interrogation of perceptions and experiences to be captured and analyzed so an in-depth understanding of leadership can be achieved and used to explore the new theory.

Narrative, phenomenology, grounded theory, and ethnography were not selected over the case study design. While a narrative design could have been used, it was not ideal since the chronological order of an individual's leadership experience is not the primary factor in a case study (Creswell et al., 2007). Since the goal was to focus on the role leadership plays in corporate governance, a chronological accounting of leadership decisions and experience was unnecessary. Narrative research is also used to tell a story or to describe the life of one or more research subjects (Bruce et al., 2016). While this study could have described the research participants' story, this project provided an in-depth understanding of leadership by the Board of Directors and CAE versus telling a leadership story of how each participant used leadership.

The grounded theory focuses on the process, steps, or phases of experience to develop a theory on the research subject, which was not the intent of this study (Creswell et al., 2007). Konecki (2018) described the grounded theory as art and conceptual abstraction versus an accurate description of findings or an interpretation of meaning. This research project aimed to understand and describe the study's findings and find meaning or in-depth understanding by interpreting the lived experiences explored in the case study.

Phenomenology focuses on the immediate experience and theoretical thought of a person’s experience relative to a phenomenon (Tight, 2016). While phenomenology focuses on the essence or principle of experience, a phenomenon was not studied in this research. Dreher (2015) agreed with the previous definition and stated that phenomenology seeks to explore and understand a phenomenon through the collective experiences or analysis of the data gathered from the research participants. The phenomenology research approach was not appropriate since the goal was not to study collective experiences but to explore individual experiences to gain an in-depth understanding of the role leadership plays in corporate governance through the lived experiences of each participant.

Ethnography focuses on naturalistic inquiry or inquiry in a natural environment or situation (Miller, 2014). Katriel (2015) described ethnography as a study that includes an analysis of the subject from a cultural background and social perspective. The thought is that analyzing a subject outside of his or her cultural background and social perspective fails to understand the participant's viewpoint and experience. The ethnographic design was not a suitable option because the goal was not to observe the research subjects in their natural cultural or social setting.

Summary of the Nature of the Study

A qualitative case study research method was best for this study to explore and document the lived experiences of the Board of Directors and CAEs. A multiple-case study format allows for the discovery of the participants' experiences and provides flexibility in examining the assigned roles. The multi-case study design supports inquiry and exploration to seek reality through an in-depth understanding of the research participants' lived experiences. The lived experiences of leadership exhibited by the Board of Director and CAE are critical to understanding the role leadership plays in corporate governance. This research expands on current literature by exploring leadership theory, agency theory, and corporate governance to explore organizational operations' effectiveness or ineffectiveness.

Research Questions

This study's focus was the lack of leadership on corporate governance and specifically the lack of effective leadership from the Board of Directors and the CAE over corporate governance and a company's internal control environment governing the accounting and financial reporting processes resulting in decreased organizational efficiency. Corporate governance refers to formal and informal processes that define roles and responsibilities, including the framework or context for company policies, procedures, and compliance requirements (Solomon & Huse, 2019). Corporate governance goes beyond the organization's tone-at-the-top and extends through its culture and specific processes like the accounting and financial reporting processes. As leaders who oversee accounting and financial reporting activities, the Board of Directors and CAE are responsible for overseeing management's internal control efforts that guide employee actions and ensure financial data and external reporting accuracy (Gackstatter et al., 2019).

The following questions provide a framework for analyzing the lack of leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting processes within the manufacturing companies resulting in decreased organizational efficiency.

1. What is the expectation of leadership on corporate governance and internal controls over the accounting and financial reporting processes?
    a. What leadership actions are present in a successful corporate governance and internal control environment over the accounting and financial reporting processes?
2. Why does the Board of Directors and the CAE fail to exhibit leadership in corporate governance and internal controls over the accounting and financial reporting processes?
    a. What are the expected leadership actions that if not present contribute to the Board of Directors and CAE's failure of leadership in corporate governance and internal control over the accounting and financial reporting processes?
    b. Which leadership style exhibited by the Board of Directors and the CAE contributes to effective corporate governance and internal controls over the accounting and financial reporting processes?

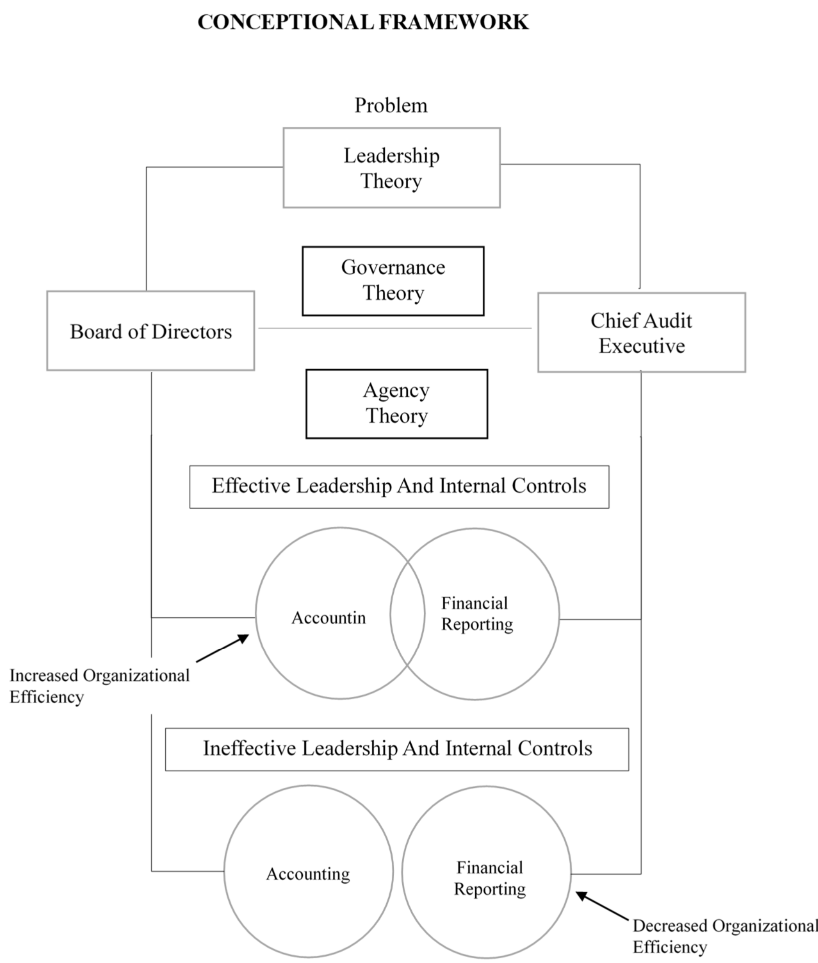
3. What leadership qualities are expected of the Board of Directors and the CAE to enhance corporate governance and internal controls over the accounting and financial reporting processes?
    a. What actions or attributes qualify as leadership in the accounting and financial reporting processes?
    b. What leadership style is most likely to enhance corporate governance and internal controls over the accounting and financial reporting processes?
4. In what way can the internal control environment over the accounting and financial reporting processes enhance organizational effectiveness?
    a. What are the attributes of the internal control environment that contribute to organizational effectiveness?
    b. What are the attributes of the internal control environment that decreases organizational effectiveness?

Conceptual Framework

This qualitative study focused on the role of leadership and corporate governance and was based on three theories, including leadership, agency, and governance. These theories are presented in alignment with this research project's scope and are specifically designed to explain how controls related to the accounting and financial reporting processes support effective organizational success.

Figure 1

Relationships Between Concepts



Leadership Theory

Transformational leadership principles were critical to this study because it focuses on coaching and transforming others to achieve a higher level of performance (Bass, 1985). Bass (1985) is the theorist of transformational leadership, and he argued that transformational leadership elevates the level of consciousness around goals, how to achieve them, and he forces leaders to transcend self-interest for the greater good of the team. Using these arguments, leadership is complex and multifaceted, and while there are many definitions and theories, the goal of leadership is to mentor and coach oneself and others to attain higher goals through ongoing learning and personal development (Dryer, 2018).

Dinh et al. (2014) completed an exhaustive study of leadership theory by analyzing top-10 journals for a 12-year time period starting in 2000 and found many established leadership theories such as transformational, transactional, and inspirational leadership and emerging leadership theories such as strategic and team leadership. Meuser et al. (2016) studied leadership and concluded that regardless of the leadership theory applied, leadership includes two continua: locus and process. Locus describes the initiation of the leadership activity, which is often action by a leader or follower, and process includes leadership influence, which typically involves learning and action. This qualitative study sought to identify the most relevant leadership theory for effective leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting process by examining and applying leadership theory to the research problem to explore locus and process. The conclusions reached from this study explain how leadership locus plays a role in corporate governance and the controls over accounting and financial reporting to create or enhance both the process and organizational efficiency.

Governance Theory

The goal of effective leadership over corporate governance from the Board of Directors and the CAE is to create an effective control environment governing the accounting and financial reporting processes that leads to organizational success. Governance research dates back to 1931 and the exploration completed by Berle and Means, who described governance theory as a separation of ownership and control (Pande & Ansari, 2014). Duit and Galaz (2008) understood governance theory to be more complex and described it as exceedingly dynamic and nonlinear, and identified four types of governance: rigid, robust, fragile, and flexible. Rigid governance changes slowly, if at all, and typically provides a sense of stability but little exploration or innovation. Robust governance embraces the concepts of continuous improvement and seeks to identify opportunities for development and expansion. Fragile governance often leads to weaknesses and failures in the governance environment because it lacks support and sustainability. Lastly, flexible governance seeks exploration but often suffers to transform the governance environment with long-term sustainable results from exploitation and remains flexible based on current initiatives or demands.

Effective internal controls are interrelated with an organization's business process, information systems, and company culture, including job descriptions and work tasks, and are designed to achieve business objectives and strategy (Werner & Gehrke, 2019). Given the importance of controls to effective and efficient business operations, leadership over corporate governance and internal controls are important. This study applied governance theory to explore the dynamic and nonlinear role governance plays in the accounting and financial reporting processes, and the study will examine how governance exploration enhances organizational efficiency.

Agency Theory

Typically, leadership research utilizes both leadership theory, which is defined above, and agency theory, which describes the relationship between the principal and the agent. Initial research on agency theory is traced to 1976 and Jensen and Meckling's views, who viewed agency theory as a contract between the principal and the agent. The contract view assumes an agent maintains the principal's interest before self-interests but recognizes that the agent may be a utility maximizer and place self-interest ahead of the principal's goals and objectives (Jensen &

Meckling, 1976). Additional views of agency theory are captured by Berle and Means, who defined agency theory as oversight of managers on behalf of investors (Bendickson et al., 2016), and Landis et al. (2014), who described the principal and agent relationship as a combination of situations and individuals that create new leaders.

Agency theory continued to grow in popularity in economic research in the 1970s by Steven Ross, who viewed the principal or mentor as a leader to train, develop, and delegate to the mentee, the agent of the principal leader (Shapiro, 2005). Cuevas-Rodriguez et al. (2012) specifically noted the importance of honesty, loyalty, and trust in the relationship between the principal and the agent, which implies that a lack of honesty and trust in the agency relationship creates self-interests and must be avoided. This research examined select leadership theories through the lens of agency theory to understand how mentors train, develop, and delegate to mentees by evaluating the principal's leadership behavior. Researching the mentorship of the Board of Directors and the CAE allowed for an increased understanding of the influence agency theory has on corporate governance and the controls over the accounting and financial reporting processes, which results in increased or decreased organizational efficiency.

Discussion of Relationships Between Theories

Leadership theory and agency theory play a role in governance theory to increase or decrease an organization's efficiency, including the efficiency of the accounting and financial reporting processes. While leadership is dynamic and nonlinear, through locus the principal trains and instructs the agent who then acts and creates a process. Using governance guidelines and professional standards, the process is created to ensure compliance with generally accepted accounting principles and to increase organizational efficiency. Using these theories, this research sought to understand and answer the research questions, including the expectation of leadership on corporate governance and the accounting and financial reporting controls, why the Board of Directors and CAE fail to exhibit leadership, what leadership qualities are expected to enhance governance, and explains how the internal control environment over the accounting and financial reporting processes enhances organizational effectiveness.

Summary of the Conceptual Framework

The conceptual framework used leadership, governance, and agency theory to explore how leadership plays a role in corporate governance and internal controls over the accounting and financial reporting processes. Effective leadership, governance, and agency relationships should lead to effective operations. As stated in the problem statement and this conceptual framework, this research project seeks to understand how a lack of effective leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting processes within the manufacturing companies result in decreased organizational efficiency.

Definition of Terms

Accounting and Financial Reporting Processes: The accounting and financial reporting processes record accounting transactions and compile financial reports for external and internal reporting based on managerial functions, business purposes, and end-user needs (Ammar, 2017).

Agency theory: Agency theory includes trust and loyalty in a relationship between a principal and an agent where the principal trains, develops, and delegates to the agent (Cuevas-Rodriguez et al., 2012).

Board of Directors: The Board of Directors is to oversee an effective corporate governance process that aligns with shareholder interests and other stakeholders, including customers, employees, and local communities (Moghaddam et al., 2018).

Chief Audit Executive (CAE): The CAE is responsible for creating and maintaining an internal audit function that identifies, evaluates, and monitors corporate governance and process controls (Martino et al., 2019).

Governance theory: Governance theory is a dynamic and nonlinear process of establishing a culture and control environment to ensure compliance with stated policies and procedures (Duit & Galaz, 2008).

Internal controls: Internal controls are designed to identify, mitigate, and monitor risks and enhance organizational performance (Cheng et al., 2018).

Leadership theory: Leadership theory includes the complex process of self-mentoring and coaching others to work together to achieve personal and organizational goals (Dryer, 2018).

Assumptions, Limitations, Delimitations

The following sections include a description of assumptions, limitations, and delimitations related to this research project. Identifying these factors enhanced the quality of the research and allowed for the evaluation of the conclusions with these factors in mind.

Assumptions

A qualitative study is completed with certain philosophical assumptions of reality, knowledge, and values, and the researcher addresses these assumptions through interpretive paradigms (Creswell et al., 2007). The following assumptions were considered when scoping and completing this research project. The research relies on each participant providing truthful and accurate information when describing the role leadership plays in corporate governance. A case study, including interviews with research participants, will explain the role leadership plays in corporate governance. The researcher was free of bias and allowed the data acquired from interviews to guide the research conclusions and recommendations. This study was completed using a post-positivist worldview, which is not intended to find absolute truth but to use evidence to make claims until a stronger claim can be made (Creswell, 2014). Lastly, the literature review was thorough but not all-inclusive of the research available to the researcher, so conclusions reached were limited to the depth of the literature review performed.

Limitations

Limitations in research include design or methodology characteristics that can affect the research scope, execution, or theories (Goerres et al., 2019). This study was limited to the Board of Directors and CAEs from manufacturing companies. The results concluded from this study varied if the project was completed in a small or large organization. Additionally, the study results were limited to the lived experiences of the research participants, which varied from the experiences of other Board of Directors or CAEs. Lastly, the questions were structured so no limits were applied to the research participants' responses (Creswell, 2014), but the theories developed were limited if they were not honest and forthright when responding to the questions.

Delimitations

A research project has boundaries established by the researcher and should be identified when considering a research project (Creswell et al., 2007). This section delimits the scope of participation and research locations of this study (Creswell, 2014). The scope of the study consisted of 10 to 30 participants, including the Board of Directors and CAEs. The scope of the study was also limited to manufacturing companies within the Charlotte MSA. Lastly, the scope of the study was limited to interviews within a short period. All of these delimitations in the scope of participation and research locations influenced the study's conclusions.

Significance of the Study

This research project may contribute to current accounting literature by applying a case study approach to explore how leadership from the Board of Directors and the CAE plays a role in the controls governing the accounting and financial reporting processes. Cheng et al. (2018) concluded that ineffective controls governing the accounting and financial reporting processes increase the potential for material weaknesses, resulting in decreased organizational efficiency. Chiarini and Vagnoni (2017) identified leadership and quality management as effective control over internal controls. This case study included interviews with research participants to collect data to explored corporate governance and the controls over the accounting and financial reporting processes.

Reduction of Gaps

The findings and conclusions from this study may expand upon current research on the role that leadership from the Board of Directors and the CAE plays on corporate governance by explaining how a failure in leadership over corporate governance and the accounting and financial reporting controls results in decreased organizational efficiency. The accounting and financial reporting processes are complex, and accountants struggle to apply generally accepted accounting principles (Chychyla et al., 2019). Ineffective internal controls over financial reporting may fail to identify and mitigate accounting risks, but corporate governance can strengthen accounting controls and reporting accuracy (Bajra & Cadez, 2018).

This research added to the literature by completing interviews with the Board of Directors and CAEs from manufacturing companies to complete a case study designed to reconcile how leadership and corporate governance are used to enhance accounting controls and increase organizational efficiency. For example, Kanwal et al. (2019) suggested that leadership goes beyond current leadership and current controls and is a subject of mentoring and training to influence tomorrow's critical thinking and control environment. Additionally, this research benefits current and future Board of Directors and CAEs by exploring leadership in corporate governance to drive organizational efficiency.

Implications for Biblical Integration

The Bible is an excellent source to guide leadership behavior and to support corporate governance. For example, Jesus said that leaders should strive to be a servant versus being someone that is great (Matthew 20:26 ESV). While leadership is often denoted as a position of authority, and the Board of Directors and the CAE roles are formal positions of authority, the Biblical implications of leadership are to serve. Jesus' explanation of servant leadership came immediately following James and John's mother asking for her sons to be on the right and left side of Jesus in his kingdom (Matthew: 20-21 NIV). This request demonstrates the human desire to be in a position of authority or to be a leader, but the proper focus of leadership is to invest, train, develop, and lead others.

Newman et al. (2017) concluded that leadership focuses on others' needs above one's personal needs and invests in training and mentoring others to a new level of success, which creates a competitive advantage for the organization. Leadership from the Board of Directors and the CAE should focus on developing others to align with a Biblical worldview and the teaching of Jesus on servanthood to enhance governance and controls overseeing the timeliness and accuracy of accounting and financial reporting activities.

The importance of leadership over the control environment is also evident in Paul's teaching to James when he instructs believers to meet challenges head-on (James 1:12 MSG). Additionally, believers are instructed to have confidence in leadership and submit to the instructions they provide (Hebrews 13:17 NIV). Establishing and maintaining corporate governance is not easy but is a worthy challenge for leadership, and leadership must provide clear and concise objectives and expectations for maintaining the organization's control environment. Righteousness protects and instructs the person of integrity (Proverbs 13:6 NIV) and establishes a controlled process in which the end-user can rely on the accounting department's financial data.

Relationship to Field of Study

Corporate governance is the framework that guides the organization's strategy and monitors performance against the strategic plan implemented by management but overseen by the Board of Directors (Masli et al., 2018). This study is applicable to the field of Accounting as the Board of Directors has oversight responsibility for corporate governance, which includes internal controls and the accounting and financial reporting processes.

Bajra and Cadez (2018) concluded that corporate governance, including the Board of Directors and the internal audit function, strengthens the accounting and financial reporting function, and reduces the risk of earnings management. Additionally, the Securities and Exchange Commission's Advisory Committee has deemed financial reporting as a complex process in which accountants inconsistently apply generally accepted accounting principles (Chychyla et al., 2019). While the accounting rules are complex, a healthy governance environment enhances an organization's ability to apply the accounting rules consistently and provide relevant and timely data to stakeholders.

The Board of Directors and the CAE are responsible for enhancing the organization's strategic and corporate governance success by ensuring the accounting and financial reporting processes meet regulatory requirements and meet the standards outlined in the profession. This case study was designed to explore how leadership plays a role in accomplishing this objective.

Summary of the Significance of the Study

Effective corporate governance includes internal controls, monitoring, and oversight roles from the Board of Directors, management, and the CAE (Cullen & Brennan, 2017). The purpose of this study was to focus on the role leadership plays in corporate governance. This leadership study reduces the current research gap that focuses on the internal controls, monitoring, and oversight roles by exploring how leadership aligns strategy and results through the motivation and development of others, including the leadership governing the accounting and financial reporting processes. As previously stated, there are many leadership styles, but the goal is to train and mentor staff through trust and loyalty so they can be relied on for delegation of responsibility. Reliance on the accounting and financial reporting data produced by an organization begins with a robust corporate governance environment overseen by the Board of Directors and monitored by the CAE, and a robust internal audit department, leading to enhanced organizational effectiveness.

A Review of the Professional and Academic Literature

Tone-at-the-top is established by management and the Board of Directors and is critical for creating and maintaining a corporate governance framework (Andreou et al., 2016). Corporate governance is the basis for the company's internal control environment and for maintaining effective business processes (Andreou et al., 2016). A robust internal control environment with effective business processes is crucial because it aids management in protecting shareholder welfare (Andreou et al., 2016). Management establishes internal controls and operating procedures that protect company assets and minimize the risk of fraud or abuse

(Gao & Zhang, 2019). As evidenced by a robust internal control environment, corporate governance establishes acceptable employee behavior and allows an organization to have consistent process activities. The purpose of this qualitative research project was to seek to understand how a lack of leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting processes results in decreased organizational efficiency in manufacturing companies. The content of this literature review included an evaluation of leadership, governance, and agency theory. Additionally, an evaluation of the Board of Directors, the internal audit function, and the accounting and financial reporting processes were completed. The results of this study expand the understanding of the role leadership from the Board of Directors and the CAE plays in corporate governance and specifically the internal controls governing the accounting and financial reporting processes.

Leadership Theory

The goal of leadership is to direct or persuade others to obtain a stated goal (Afsar et al., 2014). Dinh et al. (2014) completed an exhaustive 12-year study of leadership theory and identified several current and emerging leadership models that focused on micro-processes at the individual level, such as knowledge and emotion, and macro-processes such as social and team-oriented leadership styles. The idea is for these processes to work together to achieve established goals and objectives. The following paragraphs define leadership, provide a history of leadership, and summarize a sample of leadership models.

Leadership Defined. Leaders influence team performance, and each leader's style of leadership has a direct correlation to the effectiveness of the organization's operations (Dal Mas & Barac, 2018). Dryer (2018) defined leadership as a complex process of self-mentoring and coaching others to work together to achieve personal and organizational goals. Meuser et al.

(2016) studied leadership and concluded that leadership includes two continua locus and process. Locus is described as the initiation of a leadership activity that results in action by a follower, and process is described as an influence to inspire new behavior (Meuser et al., 2016). Leadership locus and process are developed through learning and experiences that enhance a leader's ability to influence and motivate others. Dryer (2018) also suggested that leadership is intended to drive performance and suggested that leadership is complex and multifaceted. Based on the previous statements, the definition of leadership is to release others' potential and help them achieve personal growth and success.

History of Leadership. Avolio (2007) completed a study of the first 100 years of leadership and concluded that leadership theory dates back to the great man theory. Spector (2016) traced the great man leadership theory to Thomas Carlyle in 1840. The great man theory implied that specific individuals were sent or ordained by God to be change agents to enlighten the world to new theory (Spector, 2016). While the great man theory represents the history of leadership, Dinh et al. (2014) concluded that the foundation of leadership is traced to the history of trust and loyalty. Dinh et al. (2014) completed a study of leadership theory by analyzing ten of the top-10 leadership journals over 12 years starting in 2000 and found many established and emerging leadership theories such as transformational, transactional, inspirational, strategic, and team leadership. Leadership is a topic with a deep history. There are many established leadership styles, but the leadership discipline continues to emerge with new styles that challenge leaders to be agents of change.

Transformational leadership principles were critical to this study because it focuses on the achievement of higher levels of improvement (Bass, 1985). Bass (1985) became the theorist of transformational leadership and argued that transformational leadership theory increases goal consciousness and how to achieve each goal. Transformational theory allows the leader to transcend self-interest for the greater good of the team. Leading is complex and multifaceted, and while there are many definitions and theories, the goal of leadership is to mentor and coach oneself and others to attain higher goals through ongoing learning and personal development (Dryer, 2018).

Overview of Leadership Approaches. The topic of leadership encompasses styles, characteristics, roles, and motivation of employees. This research focused on how a lack of leadership from the Board of Directors and the Chief Audit Executive results in ineffective corporate governance controls, specifically in the accounting and financial reporting processes. Krog and Govender (2015) stated that leadership is less about an individual's role in the company and more about a person's ability to influence others. The Board of Directors and the Chief Audit Executive are important roles in an organization, but collaborative leadership establishes a strong corporate culture that influences employee behavior. Corporate governance's focus or goal is to establish a robust internal control culture and collaborative leadership, regardless of organizational position, to influence others to comply with policies and procedures (Dănescu et al., 2015). Leadership over corporate governance enhances the accounting and financial reporting processes through a robust internal control environment (Dănescu et al., 2015).

The following paragraphs provide an overview of select leadership styles. The overview of leadership styles is not inclusive of all approaches but highlights the variation in leadership styles and the benefits of leadership in developing and motivating employees. A summary of leadership styles also provides a foundation for this study of leadership and corporate governance over the accounting and financial reporting processes.

Authoritative. Authoritative leadership was accepted as a critical leadership style, but authoritative leadership is in the past (Fang et al., 2019). Outdated leadership styles are no longer effective in motivating employees that seek collaboration, teamwork, and social interactions (Fang et al., 2019). While authoritative leaders can drive employee behavior by exerting authority, the instantaneous employee response provides short-term compliance and cannot drive long-term change. Holm and Fairhurst (2018) concluded that authoritative leadership enhances governance and compliance through hierarchical roles based on expertise that drives employee behavior. This conclusion highlights the importance of leadership from the Board of Directors and the CAE as hierarchical positions of expertise over corporate governance shared with employees to ensure compliance with internal controls. Lawrence (2017) agreed with the definition of authoritative leadership as hierarchical governance and referred to this control style as a system of dominance to drive a behavior of compliance. Pynnönen and Takala (2018) referred to authoritative leadership as leadership by fear and noted that a focus on controls by dominance decreases employee motivation. This style of leadership can lead to negative results, such as increased turnover or decreased morale. Employees seeking coaching and development are less motivated by the authoritative leadership style, so effective leaders must go beyond leading from authority positions.

While leadership is a crucial element to driving employee behavior and compliance with company policies, management desires to obtain more than employee compliance. Fang et al. (2019) suggested that effective interaction with employees, also called inclusive leadership, creates new era workers who use new concepts, techniques, and social rules, resulting in increased innovation, commitment, and employee flexibility. Kanwal et al. (2019) built on this concept when they concluded that authoritative leadership increases workplace ostracism where employees feel isolated and excluded from the team. Authoritative leadership lacks a relationship with the employee because the manager and staff interactions are more transactional than caring or personal (Kanwal et al., 2019). As illustrated below, current leadership styles like humble, servant, and transformational leadership focus on building relationships with employees and investing in a mentee's success.

Based on this overview, one may consider if authoritative leadership is useful or if the outcome of authoritative leadership is so negative that it should be discouraged. Joshi and Jha (2017) suggested that authoritative leadership might be relevant in special situations such as implementing decisions that are critical to the company's survival, including corporate governance with regulatory requirements. This example can be expanded to include situations where worker safety is at risk or emergencies where immediate compliance or completion of a task is critical to the organization. While these examples indicate that authoritative leadership may be appropriate in specific situations, current leadership research concludes that authoritative leadership is not the desired leadership style for long-term innovation, motivation, and commitment from employees and is not the ideal leadership style for corporate governance.

Collaborative. Collaborative leadership includes the principles of teamwork and partnership. Lawrence (2017) defined collaborative leadership as a transformative and experiential learning process that involves the whole team to achieve corporate governance. The accountability for collaborative leadership under this definition includes the entire team to maximize success, and collaborative leadership requires willing participants that share and learn together. Corporate governance and collaborative leadership focus on a shared vision, consistent values, mutual respect, empathy, vulnerability, and open communication (Lawrence, 2017). Lawrence (2017) also suggested that collaborative leadership includes a degree of ambiguity that allows a free flow of information and experimentation to enhance governance and performance. Otter and Paxton (2017) agreed that collaborative leadership includes shared vision, values, and teamwork, but they extended the definition of collaborative leadership to include creativity and innovation that allows for an improved governance environment. The argument is that collaborative leadership creates team learning and compassion that respects input from others. This diversity of thought enhances individual creativity and increases innovation. These factors enhance team performance related to corporate governance through the discovery of new ideas and concepts.

Calvert (2018) viewed collaborative leadership as a team of individuals from different hierarchical or departmental reporting units that work across organizational silos to form cross-functional teams focused on compliance with common goals. This cross-functional team concept expands the definition to include team projects where an appointed leader or manager does not exist. A peer group or a team pursues compliance with common goals by working together to accomplish a stated task, and each member shares responsibility and accountability to the greater team. Calvert (2018) continued in agreement and concluded that collaborative leadership establishes a shared vision, effective communication, and team trust, all of which are required for corporate governance. Collaborative leadership utilizes the skills and experiences of the team to establish internal controls through compromise and collaboration.

Collaborative leadership improves corporate governance, but collaborative leadership requires effort to succeed (Kim, 2018). Corporate governance leads to financial sustainability and operational success, defined as the ability to deliver goods and services to clients and stakeholders (Kim, 2018). Collaboration is a plural activity, so collaborative leadership requires participation from multiple leaders and followers to deliver consistent performance. When an organization delivers value for compensation, financial performance improves but without each team member contributing, the risk of inconsistent corporate governance increases. Hsieh and Liou (2018) agreed with this teamwork theory by stating that collaborative leadership facilitated the implementation and acceptance of agency performance and organizational change. An increase in collaboration and the subsequent acceptance of change results in less allocation of time and resources to change management and a rapid increase in operational efficiency. The result is to decrease cost and increase margin, which leads to increased business growth and long-term success.

Humble. A humble leader reflects more on his or her weaknesses and opportunities for improvement and surrounds himself or herself with strong supporters that bring additional strengths to bear on the leadership team. According to Ashford et al. (2018), humble leaders reflect less on being the greatest leader, the leader that knows everything, or the leader that can do everything, while the humble leader openly shares limitations. When leaders share limitations, they create an opportunity for others to rise to the occasion. Humble leaders are more effective when they have a formal feedback system and a strong vision, but between the two attributes, the formal feedback system demands priority (Ashford et al., 2018). The leaders who embrace formal feedback can overcome challenges related to organizational vision because they consistently receive feedback from others to compensate for individual weaknesses (Ashford et al., 2018). These examples demonstrate that formal feedback among leaders allows for the team's strength to offset a leader with less organizational vision. A humble leader overcomes a personal weakness by capitalizing on the team's strength by allowing others to create a corporate governance vision. While collaborative leadership increases participation from the team through trust, shared vision, and teamwork, humble leadership exploits each person’s strength by recognizing the leader is human and has knowledge, skill, or experience limitations. Collaborative leadership focuses on the team where a leader may or may not exist, but humble leadership focuses on the leader and the leader's need for his or her management team to bring complementary strengths to the leadership ranks.

Humble leadership enhances collaboration among leaders and empowers each leader to be more proactive in the corporate governance role (Chen et al., 2018). VanPeursem et al. (2016) agreed and concluded that humble leaders engage in egalitarian-based leadership that increases corporate governance through increased accountability between the accountant and the accounting staff. Showing mutual respect for each person enhances trust and increases collaboration. The proactive leader uses psychological empowerment, which implies that leadership creates respect through empowerment resulting in leadership participation and an increased focus on performance (Chen et al., 2018). This distinction is important because a manager focuses on implementing and complying with organizational directives versus creating and developing a vision and strategy that drives performance. An empowered leader is more likely to take the initiative, solve problems, improve governance effectiveness, and be innovative (Chen et al., 2018). Zhou and Wu (2018) agreed that humble leadership increased innovation and suggested that humble leadership improves an individual's core self-evaluation, which is defined as a person's belief in himself or herself and is directly related to value and commitment.

Humble leaders actively seek to disclose personal weaknesses and empower others on the leadership team to be proactive and fill the leadership void, creating more balance within the leadership team and success from their decisions (Zhou & Wu, 2018). According to Aziz (2019), the good news is that humility can be coached, and humble leadership can be learned and practiced. Many of the leadership attributes identified in this research are innate, but these attributes are also learned or enhanced through practice. For example, leaders can be authoritative when needed, but conversely, most leaders also know how to adapt to the current occasion. Humility can be learned and practiced. The leader who adopts humble leadership learns to apply humility and teach the team to be proactive and participative as corporate governance leaders versus compliance managers.

Servant. Servant leadership is traced to the 1970s and focuses on others' interest over oneself to provide opportunities or support for someone to learn, grow, and develop (Krog & Govender, 2015). The servant leader's goal is to sacrifice opportunities for recognition and reward so others grow and receive recognition for their contributions and success. The term servant is relevant since the difference between servant leadership and other leadership styles is the desire to serve others. Newman et al. (2017) referred to servant leadership as a means to increase organizational citizenship behavior. Corporate governance and organizational citizenship behavior are synonymous, and servant leadership increases employee governance behavior, including compliance with internal controls.

Krog and Govender (2015) identified five servant leadership dimensions: altruistic calling, emotional healing, wisdom, persuasive mapping, and organizational stewardship. Each of these characteristics is tied to the mentee and his or her behavior. Altruistic calling is the deliberate decision to lead others using a servant mentality. As the name implies, emotional healing addresses the mentee’s emotional state and healing from past challenges or failures. Wisdom occurs as the mentor and mentee forge a relationship that allows the mentor to identify future growth areas and create self-awareness with the mentee. Persuasive mapping puts wisdom into action by creating a map or plan of action for growth and change. Lastly, organizational stewardship focuses on creating organizational commitment and collaboration to improve the organization as a whole.

Conger and Kanungo (1994) suggested that servant leadership focuses on people and creates a greater level of development for a mentee versus a leadership style focused on organizational rules or processes. However, organizational rules and processes measure performance. Rules and processes create an organizational structure and maintain accountability among employees. Striking a balance in individual learning between structure, compliance, and investments define servant leadership and demonstrate why the servant leadership style impacts corporate governance. However, the research is clear that servant leadership, especially persuasive mapping, is important to influence employee action and support of corporate governance (Krog & Govender, 2015). Mahembe and Engelhrecht (2013) summarized this thought by saying that servant leadership creates a team commitment that results in team effectiveness. Corporate governance effectiveness can be maximized by serving others and helping others succeed, which drives improved performance and long-term achievement through compliance with established controls and process policies.

Transformational. Like servant leadership, transformational leadership gained recognition in the 1970s. Transformational leadership focuses on transforming individuals to achieve new personal and professional success through motivation and encouragement (Ghasabeh et al., 2015). As the name implies, the mentor or leader's goal is to help a mentee or employee increase success through a transformation over time. Alleyne et al. (2014) agreed and stated that corporate governance from the Board of Directors enhances cultural transformation in the accounting and financial reporting processes. Alleyne et al. (2014) further suggested that the auditors and the accounting staff play an equal role to the Board of Directors in transforming an organization’s corporate governance environment.

Transformational leadership takes time and is not a discipline that is implemented to achieve results overnight. Ghasabeh et al. (2015) suggested that effective transformational leadership comprises four characteristics: (a) idealized guidance, (b) consideration focused on the individual, (c) intellectual motivation, and (d) inspirational incitement. The characteristic of idealized guidance focuses on the ideal state, which creates a vision of the future achieved by developing a strategy to guide the individual from the current state to a future state. Consideration focused on the individual is the tactical development and implementation of the ideal strategy that focuses on the specific weaknesses, opportunities, and gaps that an individual has identified to achieve new success. Individualized consideration includes intellectual motivation, which comprises a plan for training and development through knowledge enhancement and augmentation of experience. When applied to a mentee, the evidence of these characteristics is inspirational incitement that results in sustained behavioral change. Mesu et al. (2015) referred to transformational leadership as visionary leadership with individualized development stimulation resulting in increased commitment to organizational governance. The transformational leader seeks to develop a vision of each mentee's future that can be obtained through coaching and leadership support.

Transformational leadership benefits are best characterized by the individualized plan designed to address a person’s growth area, including personal and professional transformation. For example, Mason et al. (2014) concluded that annual training programs did little to drive sustainable change because many of these programs are academic and lack individualized application. Research conducted by Mason et al. (2014) concluded that self-efficacy and individualized perspective taking positively influenced new results and sustained behaviors. Afsar et al. (2014) expanded on this concept by suggesting that transformational leadership increases an employee's innovation and interdependency with others and achieves the greatest success or sustained improvement over time. Transformational leadership aims to customize leadership coaching to the individual so a customized coaching plan is developed to address and improve the areas most impactful on achieving corporate governance improvement. Transformational leadership goes beyond academic training or theoretical studies and applies leadership through a customized plan that creates change and improves performance.

Authentic. Authentic leadership describes a leadership style where leaders remain true to themselves by living values versus following along with the norm (Leroy et al., 2015). VanPeursem et al. (2016) defined leadership as an authentic relationship between the accountant and the accounting staff resulting in enhanced corporate governance. Steckler and Clark (2019) described the authentic leader as sincere and congruent in holding to one's beliefs. An example may be a whistleblower or a member of management that refuses to overlook accounting wrongdoing. However, Leroy et al. (2015) suggested being true to yourself is an authentic leadership style that admits mistakes, shortcomings in knowledge or experience, communicating the truth to others when giving feedback, or working to avoid the group norm by speaking up and providing a diverse opinion. Lastly, Leroy et al. (2019) also included follower authenticity in the definition of authentic leadership because followers must also be authentic to themselves and others, which leads to a feeling of self-endorsement, autonomy, and increased motivation. From these definitional statements, one concludes that authentic leadership is successful when both the leader and the team embrace authenticity, truthfulness, and genuineness to enhance corporate governance and the internal control environment.

Ling et al. (2017) researched authentic leadership and linked it to servant leadership. The reason for this linkage is that authentic leadership invests in others by providing honest feedback and by expanding and growing new skills to attain goals. In this sense, servant leadership principles, defined as putting others before oneself, are relevant and connected to authentic leadership. Ling et al. (2017) argued that servant leadership starts with authenticity, which is the foundation for authentic leadership. The simplistic goal for leadership is to create change that results in achieving a stated objective (Conger & Kanungo, 1994). Multiple leadership styles can be used to achieve corporate governance. However, Braun and Peus (2018) suggested that authentic leadership is a person-oriented leadership style and focuses on authenticity to oneself and creates the motivation and work-life balance to create sustainable, long-term governance through the health and well-being of the employee.

Transactional. Transactional leadership and transformational leadership are often compared to each other, but remain very different in principle. Megheirkouni et al. (2018) compared the two leadership styles and defined transactional leadership as an exchange between the leader and a follower, and transformational leadership as a relationship or connection focused on transforming the follower. Using these definitions, transactional leadership's primary focus is to focus on the immediate goal or transaction that needs to be addressed or completed. Transformational leadership focuses on influence, inspiration, and individualized coaching, while transactional leadership focuses on management through rewards or management by exception (Megheirkouni et al., 2018). Transformational leadership focuses on aspirational change, and transactional leadership focuses on compliance activities. Conger and Kanungo (1994) referred to transactional leadership as task-oriented leadership because it lacks inspiration and individualization, while transformational leadership creates sustained change through influence.

Deichmann and Stam (2015) studied transactional and transformational leadership and concluded that both leadership styles increase innovation and idea generation but also examined research that both leadership styles failed to create lasting change. The conflict between innovation and lasting change was resolved by further comparison. For example, transformational leadership includes a relationship between the employee and the leader based on trust, respect, and a mutual value system (Deichmann & Stam, 2015). Transformational leadership invests in the employee’s success. Transactional leadership also includes trust and respect between the employee and the leader but relies on assigned roles and responsibilities (Deichmann & Stam, 2015). Both leadership styles can be successful, but transactional leadership focuses on a contingent reward. Transactional leadership emphasizes management by exception, so the relationship between the leader and employee results from outcomes-based versus personal change and individualized development.

Deng et al. (2019) agreed with this focus on rewards and concluded that a positive relationship exists between transactional leadership and employee motivation when the focus is on promoting employees' self-efficacy. Megheirkouni et al. (2018) suggested that leaders should carefully consider corporate governance assignments because unqualified leaders damage the organization’s culture. If the corporate governance process leaders are not qualified, internal control compliance does not create a lasting change or focus on risk management. Transactional leadership focuses on helping employees develop an awareness of corporate governance and realize their capacity to improve long-term success (Deng et al., 2019). Self-efficacy, or confidence in one's ability, creates a strong connection between transactional leadership and transformational leadership.

Operationalizing Leadership. Regardless of the leadership theory used, leadership principles are only effective if operationalized and used to influence others. Hazy and Uhl-Bien (2015) concluded that the operationalization of leadership requires looking beyond the person and considering the complexities of the leadership process in conjunction with corporate governance needs. This distinction involves more than studying and learning leadership methods but requires the leader to evaluate the leadership process and organizational goals to apply the leadership principles to achieve maximum results. This section evaluates operationalizing leadership and the complexity of leadership by evaluating the role of the Board of Directors, the role of management including the CAE, alignment of strategy between the Board and management, and monitoring of results.

Role of the Board. Bajra and Cadez (2018) concluded that corporate governance includes leadership from the Board of Directors that focuses on strengthening the accounting and financial reporting function by reducing the risk of earnings management. Nahum and Carmeli (2019) stated that involving the Board of Directors in strategic decision-making enhances the overall success of the organization's ability to achieve strategy and is frequently becoming a core contribution expected of Board members. Corporate governance, including the strategy over the accounting and financial reporting processes, is enhanced by including the Board of Directors in planning and oversight activities. This conclusion demonstrates the importance of leadership at the Board of Directors level and implies that Board members demonstrate leadership when they draw upon their expertise when fulfilling their responsibilities.

Nahum and Carmeli (2019) also concluded that drawing on individual expertise is beneficial to corporate strategy and demonstrated that Board members participate at different levels depending on the make-up and personal characteristics of the entire Board. This conclusion draws attention to the importance of the holistic Board and the individual members' background and experience. Baysinger and Hoskinsson (1990) stressed the importance of Board composition as a work-sharing and risk-sharing initiative. Work sharing describes how the Board of Directors divides responsibilities. Risk-sharing describes how the Board of Directors divides the responsibility for risk management. Creating a Board composed of diversified leaders enhances overall leadership within the organization and allows each member to play to his or her strength while collectively addressing the organization's workload and risk profile on a holistic basis.

Role of Management. Operationalization of corporate governance leadership is defined as a sustained culture of excellence that creates a corporate governance program to detect and prevent costly operational inefficiencies (Ferdowsian, 2016). Management uses a strong and well-defined corporate governance program to create a control structure established on ethics and excellence, two critical variables for consistency in operational performance (Ferdowsian, 2016). Menz and Barnbeck (2017) identified corporate strategy development as an essential executive management activity since the strategy development process affects operating decisions. Due to the significance of management's decisions, the executive team must embrace leadership principles and build and maintain a strong corporate governance program to correctly identify and mitigate critical risks to the organization.

Dal Mas and Barac (2018) identified leadership as a core competency for the CAE and the internal audit department. The internal audit staff utilizes leadership skills to collaborate and consult with organizational peers. While internal audit has the authority to investigate risk and test controls, most internal audit department personnel prioritize behavior skills like communication conflict resolution, change management, and problem-solving over technical audit skills to increase audit effectiveness (Dal Mas & Barac, 2018).

Alignment of Strategy. Srivastava and Sushil (2017) identified the alignment of strategy and organizational structure as a critical determent in strategy implementation and organizational success. Each organization consists of various individuals with unique talents, strengths, and weaknesses. While brainstorming and thinking about the future are important to strategy development, the alignment of goals and ambitions must align to organizational capabilities for effective strategy execution (Srivastava & Sushil, 2017). The alignment of strategic and organizational goals is not easy and requires leaders capable of managing complex challenges. Hazy and Uhl-Bien (2015) suggested that the alignment of strategy and organizational goals positively affects corporate governance and internal controls. Hazy and Uhl-Bien (2015) referred to complexities in leadership as administrative, adaptive, and enabling. The result of planning, training, and empowering staff is to enable behaviors and actions that drive change and achieve new corporate governance goals.

Monitoring of Results. Ineffective internal controls over financial reporting may fail to identify and mitigate accounting risks, but corporate governance can strengthen accounting controls and reporting accuracy (Bajra & Cadez, 2018). To enhance internal controls, the Board of Directors and management, including the CAE, should ensure alignment between operational and leadership constructs. Graen et al. (2010) suggested that leadership constructs require an isometric alignment with operational constructs. Such an alignment allows accounting and financial reporting controls to be evaluated, monitored, and adjusted as needed to maintain compliance with regulations and company policies.

In addition to the alignment of operational and leadership constructs, Ashford et al. (2018) identified employee feedback as a valuable tool for managing and monitoring results. Employees are in the details of the business and know the day-to-day activities that work and the activities that do not work. Often monitoring of results can begin by asking employees what is working and what is not working because upward feedback often does not occur or lacks the completeness to allow management to understand what is happening at the operational level (Ashford et al., 2018). Avolio (2007) agreed and described the leader-follower link as a relationship that allows the leader to be more transparent about strategic or operational needs, and the employee is more open and productive. Once the leader-follower link is established, increased communication provides monitoring feedback that enhances the operationalizing of corporate governance leadership.

Evaluation and Realignment. Chiarini and Vagnoni (2017) concluded that ineffective quality management leads to ineffective internal controls and that both issues result from leadership failure. A lack of quality leads to ineffective operations, which is counter to organizational improvement. When operational processes are not appropriately designed and are ineffective, the controls designed to monitor process risks are also ineffective (Graen et al., 2010). Graen et al. (2010) addressed misalignment in corporate governance by categorizing management activities according to risk and complexity. If management activities are not properly executed, they create additional risks for the organization. By categorizing and rating leadership activities according to risk and complexity, the high risks and highly complex activities are evaluated and realigned more frequently, which leads to operationalizing leadership and an enhanced probability of organizational success. Implementing this concept in accounting and financial reporting processes increase the likelihood of accuracy in financial reporting.

While evaluation and realignment appear to be straightforward, Dreher (2015) suggested that human nature does not quickly recognize and evaluate control changes until forced to implement a change. However, once a needed change is recognized, leaders are more likely to respond and proceed with evaluation and realignment. The challenge is that most individuals do not proactively identify the need for change, which results in lost time between the initial signals of change and realignment.

Governance Theory

Berle and Means pioneered governance theory, which was described as a separation of ownership and control (Pande & Ansari, 2014). Duit and Galaz (2008) defined governance theory as exceedingly dynamic and nonlinear by identifying four types of governance: rigid, robust, fragile, and flexible. Rigid governance is slow to change and provides stability but little exploration or innovation. A robust corporate governance program enhances continuous improvement through development and expansion. Fragile governance results in weaknesses and failures because it lacks support and sustainability. Flexible governance allows for exploration but fails to transform the governance environment.

Governance theory is critical to studying the role leadership plays in corporate governance because effective internal controls are designed to achieve business objectives and strategy by controlling an organization's business processes, information systems, and company culture (Werner & Gehrke, 2019). Governance may be rigid, robust, fragile, or flexible, but the goal of governance is to separate ownership and control. In the case of this study, leadership from the Board of Directors and the CAE plays a role in corporate governance that creates accounting and financial reporting processes that enhance business operations.

Defined. Effective governance theory or corporate governance includes internal controls, monitoring, and oversight roles from the Board of Directors, management, and the CAE (Cullen & Brennan, 2017). Essen et al. (2013) defined corporate governance as a process of maintaining an effective Board of Directors, a management leadership team with requisite training and experience, and alignment of processes and activities designed to meet employee and stakeholder needs. Mathew et al. (2018) researched corporate governance and governance theory and concluded that the Board of Directors' composition, leadership structure, and processes are critical to governance success. While oversight of corporate governance is a critical role for the Board of Directors, the process used to establish and maintain a governance program can vary by organization.

Separation of Ownership and Control. Pande and Ansari (2014) defined governance theory as a separation of ownership and control by comparing governance theory to agency theory, which relies on the principal and agent relationship. Agency theory, which is explored in detail below, consists of an agent who acts on behalf of the principal. Agency theory is used in business to align incentives and reduce self-interest behaviors in managers (Shapiro, 2005). Leadership from the Board of Directors and the CAE who oversee corporate governance illustrates the concept of separation of ownership and control by monitoring the controls governing the accounting and financial reporting processes.

Segrestin et al. (2019) evaluated management's role from a legal perspective and concluded that laws do not protect management. This finding places the importance of governance theory at the forefront of business and the need to ensure the separation of ownership and control. Separation of duties in business is illustrated by the controls designed to mitigate risks inherent in operational processes and create a separation of ownership from management control activities. This separation enhances corporate governance and increases the efficiency of business operations, and the Board of Directors and the CAE are responsible for overseeing and monitoring the governance framework.

Corporate Governance. Corporate governance serves as the foundation for a robust control environment and should include roles, responsibilities, policies, and procedures that enhance data used for decision-making (Solomon & Huse, 2019). This definition would also include the data produced from the accounting and financial reporting processes. The foundation of corporate governance is established on trust or a level of honesty that creates the support and collaboration needed to hold each other accountable to governance standards (Cuevas-Rodriguez et al., 2012). Klein et al. (2019) agreed but also concluded that trust is not consistent or equal across organizations due to factors such as leadership, organizational culture, and nationality of employees.

For example, some leaders value nonverbal communication in addition to verbal communication, while others place a higher priority on position and levels of authority. The one constant Klein et al. (2019) identified is that leadership qualities such as honesty, respect, integrity, humility, and fairness increase the ability to build and maintain trust, which is important to corporate governance sustainability. This section focuses on defining corporate governance and its importance to an organization, including ethics, culture, and the control environment.

Ethics. Ethics are critical to corporate governance and are foundational for individual decision-making and leadership actions (Grant & McGhee, 2017). For example, an organization's code of ethics is effective when individuals have a strong moral compass, but when there is a lack of morals, company culture and the corporate governance program must include an appropriate level of controls to monitor employee behavior. Steckler and Clark (2019) defined ethics as a moral compass that authentically drives an individual's decisions and actions. It is the individual decision-making process that the control environment is designed to test and to confirm that each person conducts business in compliance with the organization's code of ethics. Garcia-Sanchez et al. (2015) stressed the importance of independence and Board composition on corporate ethics and corporate governance. This conclusion on independence also applies to the CAE and the internal audit department. Independence and objectivity foster a governance environment conducive to ethical behavior and ethical compliance.

Many leaders settle for an incomplete ethical program focused on minimal standards, laws, and regulations to mitigate legal risks to avoid ethical violations (Ferdowsian, 2016). Ferdowsian (2016) continued by arguing that corporate governance gaps can be reduced if management uses leadership to elevate the organization from a compliance culture of ethics to a value-based compliance approach. The argument is ethics helps establish a corporate governance baseline, but ethics alone are not enough to close the gaps preventing a company from creating a sustained self-directed compliance culture.

Culture. Culture is established at the top of the organization, including involvement from the Board of Directors, who is responsible for monitoring management (Rossi et al., 2017). Nahum and Carmeli (2019) concluded that the Board of Director's involvement in establishing culture depends on the organization's existing culture and the overall level of trust within the boardroom. Applying this same principle to management, a high level of honesty, loyalty, and trust between management and staff is essential for the agency relationship to be successful

(Cuevas-Rodriguez et al., 2012). Research conducted by Franco-Santos et al. (2017) concluded that a lack of trust and honesty enhances the pursuit of self-interests that work in opposition to the organization's strategy and corporate governance program. These findings conclude that ineffective culture creates less trust and increases the pursuit of self-interests ahead of organizational goals.

Research completed by Gao and Zhang (2019) concluded that management's leadership over culture, including corporate governance and specifically the internal controls over the accounting and financial reporting processes, can influence peer organizations. Organizations frequently utilize peer groups to share information and best practices related to operational activities. This conclusion shows that collaboration, including the sharing of results, crosses organizational boundaries and influences peer organizations. This is important because it shows the power of culture and the motivating effect it can have on corporate governance and employee behavior. Hazy and Uhl-Bien (2015) studied the complexity of leadership theory and concluded that leadership activities could be categorized into five leadership functions: (a) generative, (b) administrative, (c) community-building, (d) information gathering, and (e) information using functions. The spectrum of these five-leadership activities starts at the generative level with autonomy and entrepreneurial activities. Each leader is responsible for generating leadership actions that motivate others to act. The administrative level enhances role clarity and integration of leadership thought and actions. This allows each leader to understand their role in the organization and how leadership actions integrate to support the organization's structure. Engagement and trust enhance organizational commitment and a sense of belonging at the community-building level. The information-gathering level includes leadership divergence and exploration that enhances learning and leadership thought. Lastly, new information creates a vision and strategy that strengthens the team and creates focus. This spectrum of leadership spans the continuum of culture and demonstrates the importance of establishing a culture of leadership and corporate governance at the Board of Directors and the CAE levels.

Control Environment. Tone-at-the-top is often used synonymously with corporate governance. However, corporate governance goes beyond the tone leadership sets at the top and includes the controls at the process level, including the controls over the accounting and financial reporting processes (Sheikh, 2019). These tactical controls play an important role in organizational operations by creating established practices, managing risks to enhance decision-making, and improving continuous monitoring of internal controls to maintain compliance with laws, regulations, and policy. A company's accounting and financial reporting system and processes may vary in complexity depending on management's expectations and needs (Ammar, 2017). However, corporate governance, including the controls governing process-level risks, are assessed and monitored by the Board of Directors and the CAE.

Steckler and Clark (2019) concluded that leadership plays a direct role in corporate governance and the internal controls over accounting and financial reporting. However, Eva et al. (2018) concluded that leadership style affects how someone responds and thus can influence the effectiveness of the organization's control environment. For example, a positive relationship between servant leadership and organizational performance was present across the organization, but the impact was more pronounced in organizations with less organizational structure (Eva et al., 2018). This research proves valuable for studying leadership in the accounting and financial reporting areas, where the department is more structured and regulated. Based on these examples, identifying and adapting to the appropriate leadership style enhances the controls governing the accounting and financial reporting processes and improve organizational efficiencies.

Agency Theory

Agency theory is frequently linked or compared to governance theory due to the separation of ownership from control or management activities (Pande & Ansari, 2014). Agency theory consists of a principal and agent relationship where the agent is intended to act on behalf of the principal (Shapiro, 2005). The following sections provide additional background on agency theory research, including a definition of the principal and agent, the contract view including the roles and responsibilities of each party, the self-interest conflict between the parties, and how agency theory is used in leadership.

Principal and Agent Defined. The principal and agent relationship stems from the assumption that management is not suited to watch over the resources and investments of shareholders so the separation between governance oversight and management is needed (Bendickson et al., 2016). The principal's role is to oversee corporate governance and the agent's responsibilities are to fulfill the principal's requests. Cuevas-Rodriguez et al. (2012) referred to this interpretation of agency theory as an economic exchange between the principal and the agent, which is demonstrated by the principal yielding authority to the agent to fulfill corporate governance requests. The relationship between the principal and agent is defined and explained in detail by reviewing the contract view and how agency theory applies to leadership, which are explored in detail below.

Contract View. A contract is seen as an agreement between two parties or what Pepper and Gore (2015) referred to as optimal contracting since both parties agree to the principal and agent relationship. Hsieh and Liou (2018) agreed with the linkage of agency theory and a contract view by stating that collaborative leadership facilitated the implementation and acceptance of corporate governance change through agency performance. Agency performance in this example is illustrated by the formal roles of the principal and agent and recognition of the contractual relationship between the two positions to keep both individuals focused on their role and duty to perform.

Contracting in agency theory is also exhibited through the target incentives that are agreed to between the principal and agent and are measured to determine governance success (Maestrini et al., 2018). Maestrini et al. (2018) referred to contractual incentives to stimulate development, commitment, and progress. The agreement to tie incentives to performance underscores the contract principles that outline the expectations of both parties and the compensation or reward that is provided upon completion of the stated goals or tasks.

Roles and Responsibilities. The principal's role is to mentor the agent, and his or her responsibility of mentorship is to train and develop the agent so the principal leader can delegate governance tasks (Shapiro, 2005). Pepper and Gore (2015) referred to these roles and responsibilities as goal setting activities and suggested these contracting agreements are pragmatic to achieving the desired outcome. Pepper and Gore (2015) further described the importance of motivation to the leadership role and the fact that agency theory and the agreement of clear roles and responsibilities generate the motivation to act or fulfill the stated obligation or task. Agency theory defines the principal's role as the leader or mentor of the agent and the agent as the mentee who learns from the principal and maintains the internal control environment on behalf of the principal.

Self-Interest Conflict. For the contract view of agency theory to work, there must be alignment between the principal and the agent, and self-interest must be set aside. Franco-Santos et al. (2017) referred to this contractual relationship as governance-employee alignment. The governance model establishes the strategy and oversees each employee to confirm the accountability of performance. Maestrini et al. (2018) agreed that self-interest could complicate the agency relationship and referred to this as a misalignment of goal congruence or opportunism on the part of the self-interested party.

Jensen and Meckling (1976) referred to self-interest in agency theory as self-maximizing behavior that is innate in each individual. Jensen and Meckling (1976) further explained the self-interest behavior as an agency cost that includes the cost of measuring and evaluating performance in a corporate governance program. Self-interest creates inefficiencies in the agency theory model or possibly derails the agency contract altogether. Pepper and Gore (2015) suggested that principals need agents to accomplish governance tasks they are not able to complete and agents need principals to learn and grow, so the self-interest paradigm is offset by ensuring goal congruence between the principal and agent.

Agency Theory Leadership. Leadership can take on many forms and there are many definitions, but leadership based on agency theory recognizes the relationship between the manager or the principal and the employee or the agent (Franco-Santos et al., 2017). Agency theory leadership is about balancing the roles and responsibilities of the principal and agent (Rashid, 2015). This theory is seen as the balance of leadership between the Board of Directors and various roles occupied by management and the CAE's oversight role, including the monitoring of risks and controls by the internal audit department. The agency theory is exemplified in leadership when the agent becomes a change agent by trusting, respecting, and following the principal (van Aarde, 2017). A leader creates agents that act as change agents that facilitate transformation or serve as an intermediary between the principal and the end goal (van Aarde, 2017).

Board of Directors

The Board of Directors and the CAE have a responsibility to enhance the organization's strategic and corporate governance success by evaluating the risk within the organization, preparing an audit plan to assess if the risk is appropriately managed within the risk tolerance of the organization, and reporting on work performed (Martino et al., 2019). Since the Board of Directors and the CAE play a vital role in corporate governance and the internal controls governing the accounting and financial reporting processes, a review of the role leadership plays in corporate governance is valuable to current and future Board members and CAEs. This section evaluates the Board of Directors' oversight role, including a focus on strategy and vision, corporate governance, and the accounting and financial reporting processes. This section also evaluates how the Board of Directors collaborates with the CAE and internal audit.

Oversight. The Board of Directors is responsible for oversight of the organization's strategy and the executive management team, and Mathew et al. (2018) concluded that a lack of oversight and leadership from the Board of Directors increased organizational risk. This conclusion highlights the importance of the Board of Directors' oversight role and that a lack of oversight can result in ineffective or insufficient maintenance of the accounting and financial reporting processes. The research literature on the oversight role of the Board of Directors is further explored below by looking at strategy and vision, corporate governance, and accounting and financial reporting.

Strategy and Vision. Corporate strategy is intended to develop organizational goals and objectives so the influence and oversight of the Board of Directors are paramount to balancing the goals of management and shareholders (García-Sánchez et al., 2015). The Board of Directors' role in influencing and guiding management is enhanced by the composition and independence of the Board of Directors (García-Sánchez et al., 2015). The conclusion is that the Board of Directors' composition includes a broad representation of skills and experiences and that independence enhances objectivity, both of which improve the team’s decision-making process.

Masli et al. (2018) agreed with the importance of independence and stressed that the “rubber stamp” process of the past Board of Directors is no longer acceptable and that independence is a necessity in corporate governance. Moghaddam et al. (2018) agreed with the importance of independence and said that increased independence resulted in increased oversight and supervision of executive management.

Corporate Governance. The Board of Directors' involvement and influence in setting and overseeing strategy and company activities is important to maintaining the Board’s legitimacy and power, including the ability to recommend or influence changes that protect or enhance the shareholder’s investment (Nahum & Carmeli, 2019). Moghaddam et al. (2018) identified efficient governance as the primary role of the Board of Directors, which included the alignment of goals between executive management and the shareholders of the organization.

Andreou et al. (2016) agreed with the importance of corporate governance and tied corporate governance to stock prices by suggesting that attributes like institutional investors, CEO stock options, directors that own stock, and other factors act as an indicator of negative future stock prices. This study maintained the argument for corporate governance, but director independence and Board of Directors composition are not enough to create and maintain a strong corporate governance culture. Corporate governance begins with the Board of Director oversight but continues with accountability and supervision from the Board of Directors over the executive management team.

Accounting and Financial Reporting. As previously stated, Masli et al. (2018) agreed with the importance of independence among the Board of Directors but also stressed the importance of experience and knowledge of accounting and financial reporting processes. This focus was stressed due to the oversight role and responsibility of the Board of Directors to ensure the financial data presented to the public is timely and accurate. This also aligns with the separation of ownership from control or management activities as required in agency theory (Pande & Ansari, 2014). The conclusion is that stakeholders have more reliance and confidence in the accounting and financial reporting data if the Board of Directors and the CAE have oversight responsibilities.

Moghaddam et al. (2018) acknowledged the importance of the role the Board of Directors play in the accounting and financial reporting processes but focused more on the audit committee as an oversight committee of the Board of Directors that focuses on the accounting and financial reporting risks and processes including the audit performed by the organization’s external auditor. The quality of the financial reporting process and the audit are directly tied to the oversight and independence of the Board of Directors, which includes a robust committee structure and a strong audit committee (Moghaddam et al., 2018).

Collaboration With Internal Audit. Alzeban (2018) concluded the audit committee, a committee of the Board of Directors, is best suited to select and oversee the CAE. In fact, Alzeban (2018) actually stated that having the CEO involved in the process of selecting the CAE could be counterproductive to the maintenance of effective controls over financial reporting. The importance of the CAE and the internal audit department is to complete a risk assessment of the enterprise, to develop an annual audit plan for the organization, and to test the design and effectiveness of the organization's internal controls (Stanciu, 2016). However, Roussy and Rodrigue (2018) also suggested that an overreliance could be placed on the CAE because of the need to please the audit committee and executive management. Effective execution of this responsibility is critical to the accounting and financial reporting processes.

The reporting structure should be evaluated to mitigate the potential conflict between the audit committee and the executive management team. For example, Alzeban (2018) suggested that the CAE report to the audit committee to ensure independence and referenced the IIA's professional standards as justification for the internal audit department to utilize independence to evaluate all risks within the organization. Kuang (2016) agreed with this recommendation but expanded the internal audit reporting role to include a governance layer that involved the Board of Directors and a management layer that incorporates the organization's Chief Executive Officer or the Chief Financial Officer. Kuang (2016) also agreed with the importance of auditor independence and suggested that an organization's internal audit team develop a regional audit center to focus on risks full-time.

Table 1

Levels of Oversight

Levels of Oversight	Role
Board of Directors	The Board of Directors is the governing body that oversees the executive leadership team and is involved in creating and monitoring corporate vision and strategy. The Board of Directors also creates vital committees that play a specific role in governance and oversight in the organization.
Audit Committee	The audit committee is a formal committee of the Board of Directors and is responsible for oversight of the organization's accounting and financial reporting processes, including oversight of the external auditors and the internal audit function.

Chief Audit Executive	The Chief Audit Executive is the leader of the organization's internal audit department and is responsible for developing and maintaining a team to identify and monitor the risks in the organization. The Chief Audit Executive reports to the audit committee and collaborates with executive management to fulfill audit obligations.
Internal Audit Department	The internal audit department is a team of professionals trained in audit, risk management, compliance, and fraud. The audit team reports to the Chief Audit Executive and is responsible for completing a risk assessment that drives the audit activities in the organization.

CAEs and Internal Audit

According to Dal Mas and Barac (2018), the internal audit department, led by the CAE, is critical to an effective corporate governance program, and both the internal audit CAE and staff provide control assurance and serve to increase operating effectiveness. Dal Mas and Barac (2018) also determined that the CAE and the internal audit function are entrenched in corporate governance and play a vital role as an internal assurance function focused on testing an organization's key controls, including the design and operating effectiveness of each control.

As a leader that oversees an organization's risk management program, including the accounting and financial reporting controls, the CAE is responsible for overseeing management's internal control efforts that guide employee actions and ensure the accuracy of financial data and external reporting (Gackstatter et al., 2019). This section focuses on the CAE and the internal audit department's role by reviewing the risk assessment process, the internal control environment, and how the internal audit department enhances operational improvement.

Risk Assessment. The risk assessment is an essential commitment of the CAE and is a holistic assessment of enterprise risks used to identify and prioritize risks to drive the internal audit strategy (Tušek, 2015). Stanciu (2016) referred to the risk assessment as critical thinking about critical areas that drive recommendations for audit focus. Stanciu (2018) also suggested that auditors anticipate risk exposure when evaluating an organization's risk profile. The priority goal of the audit function is to identify and prioritize risks.

Identification. Zainal (2017) concluded that a more formal risk environment creates a robust risk-aware culture and the development of a risk environment starts with risk identification across the enterprise. Zainal (2017) further concluded that changes in the business environment, new technologies and advances in the use of technology, and the constant flow of new regulations require the auditor to identify risks that can affect the organization's ability to achieve goals and objectives. The risk assessment should create a risk-aware culture and be enterprise-wide to account for changes in the business, technology, and regulations.

As previously stated, Stanciu (2016) also viewed the risk assessment as a critical process but expanded the identification and assessment of risks to include identification of business opportunities. For example, an organization creates value by accepting risk but managing risk is key to success even when risks are exploited for value creation. Once risks are identified, risk-based auditing allows risk tolerance to be established and audit activities designed to focus on the risk that exceeds the tolerance level (Zainal, 2017). The identification of risks can aid management in risk mitigation and risk exploration depending on the business strategy and organizational goals.

Prioritization. Once risks are identified, they should be prioritized so the highest-ranked risks are addressed first. Roussy and Rodrigue (2018) addressed prioritization or assessment of risks through a balanced assessment process where the auditor is not influenced by others or his or her own biases when evaluating risks and making judgments. Alzeban (2018) agreed with the importance of independence or unbiased evaluation of risk when completing the prioritization process and concluded that competence and independence increase the overall quality of both the internal audit function and the financial reporting process. Finally, risk prioritization can occur at different times. For example, a study concluded that 67% of organizations look at risks in conjunction with strategy, but other companies look at risk annually when developing the audit plan (Zainal, 2017). The timing and prioritization approach can vary, but the goal is to prioritize identified risks so audit resources are allocated to the organization's most critical risks.

Internal Controls. Cheng et al. (2018) concluded that ineffective internal controls over financial reporting fail to identify, mitigate, and monitor risk over the accounting and financial reporting processes and decrease organizational efficiency. This research highlights the importance of effective internal controls. Internal controls are assessed and measured through design and operating effectiveness, which are explored in detail below.

Design Effectiveness. Not only is an evaluation of internal control design effectiveness a good practice, but now it is required for most public companies. The Sarbanes-Oxley Act of 2002 requires management of most public companies to assess the design and operating effectiveness of the organization’s internal controls (Cheng et al., 2018). As the title implies, design effectiveness requires the internal control to be evaluated and assessed by management to confirm the control is properly designed to achieve the desired goal. Simply having controls is not sufficient, but having correctly designed controls is the goal.

Martino et al. (2019) conducted research on Chief Audit Executives (CAE) and concluded that a lack of leadership decreased the CAE’s involvement in creating an effective internal control environment and decreased the internal audit department’s relevance in the organization. Leadership from the Board of Directors and the CAE are necessary to inspire the accounting staff to attain higher goals and improve organizational efficiency through a properly designed control environment (Ghasabeh et al., 2015). A researcher can conclude from this statement that an improperly designed control environment creates a false sense of security since controls may not identify process breakdowns or inappropriate behavior.

Operating Effectiveness. Ineffective operating controls can result in inefficiency in operations. This determination is supported by Cheng et al. (2018), who concluded that ineffective controls especially control breakdowns that resulted in material weakness disclosures in the financial statements, also resulted in inefficient process and business operations. Due to the significance of internal controls, only evaluating or testing the design of the control is insufficient. Evaluation of operating effectiveness is critical to confirm that internal controls function as intended and that management has adequate monitoring to identify control activities that fail to function. Mesu et al. (2015) concluded that the effectiveness of operations is dependent on organizational commitment, but commitment can vary by employee, so the most meaningful method of monitoring employee activity to ensure process consistency is to monitor the operating effectiveness of critical internal controls.

Operational Improvement. Often organizational inefficiency can be traced to leadership shortcomings from management due to incorrect objectives or prioritization of personal interests versus process breakdowns or lack of performance from operational personnel (Kastberg & Siverbo, 2016). This conclusion is important because it demonstrates the need for effective leadership and the importance of management's ability to use leadership to influence organizational efficiency. Often operational improvement and efficiency of operations are measured by employee commitment, which is influenced through management's leadership activities (Mesu et al., 2015). One concludes from this finding that regardless of leadership style, leadership effectiveness is measured by employee commitment, which results in operational improvement and efficiency in business processes.

Accounting and Financial Reporting

The accounting department oversees and maintains the accounting and financial reporting processes. The activities in the accounting and financial reporting processes include transaction recording, analytics and analysis of financial data, the use of accounting data for decision making including benchmark and management accountability, and internal and external monitoring and reporting.

Transaction Recording. Transparent transactions are important to organizational alignment, which is important to internal and external stakeholders (Ammar, 2017). Without organizational alignment, executive management's leadership is squandered by inconsistent behaviors, lost potential to achieve organizational objectives, and minimal impact from the Board of Director's leadership oversight. Given the importance of recording transactions to accounting alignment and operational reporting, transactions can be manipulated through alternative accounting practices such as falsification or income smoothing (Bajra & Cadez, 2018). Leadership overcomes the risk of alternative accounting practices by managing the accounting function and investing in accounting expertise (Chychyla et al., 2019).

Analytics and Analysis. Ammar (2017) evaluated enterprise systems and how they enhance or enable analysis for operational improvement and concluded that data standardization, integration, and intelligence are essential factors when designing an enterprise accounting system. Standardization is simple to understand, and standardized data allows for comparing and contrasting facts to find similarities or trends. Integration calls for the data to be integrated with other systems and processes for consistent availability and use of data, which enhances the ability to use analytics for analysis and decision-making. Finally, intelligence includes automation and robotics to utilize the data in decision making, which is explored below. Hatane et al. (2019) concluded that asymmetric information decreases the management's ability to make decisions. The accounting and financial reporting processes are designed to avoid asymmetric information by timely and accurately recording data for management and investors, which will allow them to have the financial data needed to make decisions related to the company.

Decision Making. As stated above, the accounting and financial reporting processes are important to financial decision-making activities. Ammar (2017) studied the importance of enterprise data systems in the decision-making process and concluded that ERPs offer a simple benefit of access to data but intelligent systems that incorporate the use of data analytics and analysis, as described above, significantly enhance the decision making process. The connection of this conclusion to leadership implies that leadership is connected to the quality of the decision-making process and the accounting and financial reporting processes are important to financial decisions. Business decisions have an inherent risk of uncertainty, and the greater the quality of the data, the more uncertainty can be eliminated from the decision process (Hatane et al., 2019).

Monitoring and Reporting. As discussed above, the accounting and financial reporting processes are greatly enhanced with transparent transaction recording, analytics and analysis of transactional data to monitor and control the business, and timely and accurate data for decision making to estimate or predict future success. However, each of these activities is only effective if adequate monitoring and reporting are completed. This section focuses on the importance of monitoring and reporting for internal and external stakeholders.

Internal. Perhaps the most recognizable monitoring and reporting activity in the accounting and financial reporting processes are external reporting. However, internal reporting is equally important. For example, Cullen and Brennan (2017) concluded that internal corporate governance is critical for monitoring and reporting activities. This conclusion does not differentiate between internal and external reporting and implies that all financial data reporting is built on internal corporate governance. This demonstrates the importance of leadership in corporate governance to the monitoring and reporting process. Gackstatter et al. (2019) concluded that monitoring and reporting included two levels of process controls and output controls. Process controls are designed to monitor the recording and processing of data and output controls are designed to monitor the communication of the financial data. Wang and Zhou (2016) described the internal accounting controls and subsequent reporting process as an important element of enterprise management. Without enterprise management, executive leaders lack the information needed to manage the organization and make necessary adjustments to stay on strategy. Without enterprise management, the Board of Directors and the CAE lack the information needed to provide leadership and oversight within the organization.

External. External reporting includes public filings and compliance with financial reporting regulations. Wilford (2016) examined external reporting and recognized the importance of a strong internal control culture to ensure financial data accuracy and compliance with external financial reporting requirements. External users of financial data may rely on public or external filings to make investment decisions, compare the performance of similar companies, or to assess the performance of management. Chychyla et al. (2019) concluded that reliance on financial data by external stakeholders creates inherent risk for an organization and that often management supplements the required reporting data with voluntary disclosures. Leadership over the accounting and financial reporting processes is important, but the role of the Board of Directors or the CAE is imperfect due to the limited control over the process (Cullen & Brennan, 2017). While the Board of Directors and the CAE may have limited control, they certainly have oversight and monitoring roles and have an avenue to report or respond to data, including management's supplemental information that is not accurate or not in compliance with external reporting regulations. External reporting is complex and dictated by regulations, but management may provide additional disclosures to increase transparency to stakeholders. While the Board of Directors and the CAE do not have immediate control over the accounting and financial reporting processes, both the Board and the CAE have oversight roles, and leadership is critical to each party fulfilling their required oversight function.

Potential Themes and Perceptions

The literature review presented three primary themes, including leadership, governance, and agency theory. Each of these theories and the perceptions related to each theory is presented below.

Leadership theory is viewed at the micro or individual level and the macro or team level (Dinh et al., 2014). Leadership, regardless of leadership style, focuses on the leader using his or her skills and knowledge to lead others at the team level. This process is defined as a complex activity focused on self-mentoring and coaching of others to work together to achieve personal and organizational goals (Dyer, 2018). The perception of leadership theory is leadership is based on personal growth and development that is then transferred to others through training and motivation to achieve organizational goals and objectives.

Governance theory focuses on the separation of ownership and control (Pande & Ansari, 2014). The theme of governance theory is to ensure the shareholders or owners of the organization are represented and a governing authority supervises management's control and actions. Governance can be rigid, robust, fragile, or flexible depending on the degree of change and exploration (Duit & Galaz, 2008). The goal of governance is to be responsive to the situation and to allow for the exploration of new ideas and innovations. The perception of governance theory is that oversight and control are necessary, but the two activities are independent to ensure the owner's rights are represented fairly and accurately. The governance theme is closely tied to the final theme of agency theory.

Agency theory describes the principal and agent relationship, which is for principals to train and develop agents to act on their behalf (Shapiro, 2005). Pepper and Gore (2015) defined agency theory as a contractual relationship because the two parties agree to work with each other in the principal and agent roles. While the contractual relationship should work in principle, the two parties may not be loyal to the commitment, which illustrates the need for honesty, trust, and loyalty in each relationship. The perceptions of agency theory demonstrate the alignment with governance theory and that the principal is responsible for the development and oversight of the agent. The principal provides governance over the agent as the Board of Directors provides oversight of management through a governance framework.

Leadership shortcomings serve as the source of organizational inefficiency due to misalignment of objectives or the pursuit of personal interests (Kastberg & Siverbo, 2016). This conclusion demonstrates the interconnectivity of leadership, governance, and agency theory, and the need for effective leadership and oversight of management.

Summary of the Literature Review

The literature review serves as a foundation for this research project and provides an overview of the theories outlined in the conceptual framework, including leadership, governance, and agency theory. The literature review also included a summary and analysis of current literature on the Board of Directors, the CAE and internal audit, and the accounting and financial reporting processes. These topics are important when exploring the role leadership from the

Board of Directors and the CAE plays in corporate governance, including the accounting and financial reporting processes.

Alvesson (2019) identified four leadership scenarios including high-alignment, value misfit, construction misfit, and multiple breakdowns. High-alignment reflects a shared sense of position or goal congruence between the leader and the follower. Value misfit is a dissimilar assessment or conclusion between the leader and the follower. Construction misfit is defined as the leader and follower having a different interpretation of a situation or assessment of fact. Lastly, multiple breakdowns are a total misalignment of value and construction illustrated by a maximum divergence between the leader and the follower. This look at leadership is important because the goal of each leader is to achieve high-alignment. This literature review summarizes that high-alignment can be achieved by understanding leadership styles, governance principles, and a commitment to agency theory. High-alignment between the Board of Directors and the CAE's oversight activities with management enhances organizational performance and efficiency in the accounting and financial reporting processes of manufacturing companies.

Transition and Summary of Section 1

The literature review focused on the theories outlined in the conceptual framework, including leadership, governance, and agency theory. Additionally, the literature review included a summary and analysis of current literature on the Board of Directors, internal audit including the CAE, and the accounting and financial reporting processes. The literature review, based on recent scholarly research, provided a foundation of understanding for the role leadership from the Board of Directors and the CAE plays over corporate governance and the accounting and financial reporting processes, which provided a background and an overview of these areas to support this research project.

Section 2: The Project

The foundation for establishing tone-at-the-top in an organization is corporate governance (Halbouni et al., 2016). Corporate governance is critical to the organization's internal control environment that monitors employee activities (Halbouni et al., 2016). This research project was designed to understand and explain how a lack of leadership over corporate governance and the controls governing the accounting and financial reporting processes result in decreased organizational efficiency. Specifically, this study of leadership focused on the internal controls, monitoring, and oversight roles by exploring how leadership aligns strategy and results through the motivation and development of others, including the leadership governing the accounting and financial reporting processes.

This study sought to understand and explain the role of leadership on corporate governance and, specifically, the controls governing the accounting and financial reporting processes through the lived experience of the Board of Directors and CAEs. This section defined the researcher's role, research participants, the research method and design, the population and sample, and how data were collected and analyzed, including data reliability and validity.

Purpose Statement

The purpose of this qualitative case study was to understand how controls governing the accounting and financial reporting processes are ineffective due to a lack of leadership over corporate governance. As previously stated, Cheng et al. (2018) concluded that ineffective controls in the accounting and financial reporting processes lead to material weaknesses and result in decreased organizational efficiency due to untimely or inaccurate accounting information. A robust corporate governance program creates operational improvements and performance enhancements. Chiarini and Vagnoni (2017) agreed and found that ineffective quality management leads to ineffective internal controls and is a result of leadership failure.

Leadership from the Board of Directors and the CAE is critical to developing a corporate governance program that supports the identification, prioritization, mitigation, and monitoring of the risks related to accounting and financial reporting. Steckler and Clark (2019) concluded that leadership plays a direct role in corporate governance and the accounting and financial reporting controls. This study expanded research and explored the role of leadership from the Board of Directors and the CAE, and specifically, the leadership actions that contribute to corporate governance and the controls over accounting and financial reporting. Interviews with the Board of Directors and CAEs of a manufacturing company were. The interviews allowed the researcher to explore the role of leadership in corporate governance, the role of corporate governance in the accounting and financial reporting processes, and the role leadership plays in enhancing corporate governance and internal controls over the accounting and financial reporting processes.

Role of the Researcher

The researcher in a qualitative study serves as the central instrument building trust with each participant to uncover and document the lived experience used to develop a new theory (Råheim et al., 2016). Holloway and Biley (2011) agreed and said the qualitative researcher's role is to develop a research strategy exploring evidence based on meaning versus measurement. A focus on meaning versus measurement allows the qualitative researcher to act as the main instrument that explores the unknown through the paradigm of another. Broom et al. (2009) referred to the examination of the unknown through the experience of others as personal, intuitive, relational, and explorative. While the qualitative researcher's overriding goal was to advance a topic through research based on evidence, a qualitative approach provides exploratory flexibility.

According to Creswell et al. (2007), qualitative research achieves the goal of exploration and advancement through inquiry strategies, inquiry traditions, qualitative approaches, and design types to draw out and explore the meaning of the research participant's experiences. The variation in style and approach provides limitless opportunities for the qualitative researcher. However, to achieve quality research, the researcher must acknowledge and work to minimize bias. Thurairajah (2019) stated the researcher uses reflexivity to consider his or her own biases. An examination of bias also includes an analysis of boundaries between the researcher and the participant, including relationships and experiences between each party and the topic being studied (Thurairajah, 2019).

In this study, the researcher utilized known relationships and minimized bias by setting boundaries and employing research methodology to maintain consistency. For example, Creswell (2014) stated that boundaries might include constraints on time, events, and processes established by the researcher. For this project, boundaries were established by limiting the scope of the research project to the lived experience of each participant. Participants in this study had a minimum of five years of experience in their respective roles and were actively serving in the defined role or recently retired from the role within the last 48 months. All interview questions and answers were explored within the time, events, and processes of this experience. Creswell (2014) suggested that consistency is achieved through proper planning, execution, and evaluation during the research project. For this study, the researcher planned research activities by developing a research proposal, including an interview questionnaire. Once each interview was completed, a transcript was prepared and validated through member checking by the participant.

The process of interviewing participants continued until data saturation was obtained and consistencies or inconsistencies in experiences were identified. Using this research methodology, the researcher worked as the primary instrument to consistently compile and analyze data without influencing the outcome. Creswell (2014) stated that a qualitative researcher evaluates and makes known his or her biases. In this research project, the researcher maintained objectivity and due care when performing research to maintain independence and minimize bias in the research project.

The qualitative researcher considers and explains decisions both in the planning and execution phases of research to maximize the relevancy of the overall research project (Dresch et al., 2015). The researcher identified the Board of Directors and CAEs from companies in the manufacturing sector. The researcher's experience working with the Board of Directors and CAEs includes extensive knowledge and practical experience in enterprise risk management (ERM), corporate governance, and internal audit. The background provided the researcher with a deep understanding of the research topic of corporate governance, knowledge of the job responsibilities of the Board of Directors and the CAE, and experience with professionals that currently serve or have recently served in these roles. However, the research strategy focused on the participant and not the researcher's understanding. The researcher avoided interference from a personal lens by asking open-ended questions, letting the interviewees provide an answer based on their knowledge and experience, and using member checking to confirm the accuracy of the data collected.

Once the research project was approved and the researcher began identifying research participants, permission to participate in the research project was obtained through a formal request. Eide and Kahn (2008) discussed the ethical issues of protecting the confidentiality of the research data and the participant. By obtaining formal approval to participate in the research project, the researcher anticipated and planned for privacy and security. Additionally, by establishing ethical guidelines, the researcher and research participant established trust, which led to more transparency and openness in sharing information (Eide & Kahn, 2008).

The project aimed to expand knowledge on corporate governance by exploring the role of leadership from the perspective of the Board of Directors and the CAE. Specifically, the leadership actions that contribute to corporate governance, including the controls over the accounting and financial reporting processes. Interviews with the research participants were conducted to understand the expectation of leadership on corporate governance and internal controls and why the Board of Directors and the CAE fails to exhibit leadership in corporate governance. Additionally, the leadership qualities expected to enhance corporate governance and how the internal control environment over the accounting and financial reporting processes enhance organizational effectiveness in manufacturing companies was explored.

The interviews were conducted in the participant's office or by telephone to maintain privacy and avoid interruptions or background noise. The researcher increased openness in communication with each participant by asking consistent questions, and responses were electronically recorded for data analysis. This approach allowed the researcher to focus on the question and the participant's response to ensure the question was answered versus analyzing the data during the interview. The researcher maintained neutrality in the interview process and relied on the interview recording to analyze each participant's facts and experiences. The analysis of each interview included the identification of trends, similarities, consistencies, and inconsistencies that further explained the lived experiences of each participant and could be analyzed or explored in future research. Broom et al. (2009) defined the interpretation of qualitative research as a decipherable process utilized by the researcher to capture and analyze data that embodies the research participant's lived experiences. The result of this analysis allowed the researcher to capture and analyze data so conclusions could be established and new theories developed for further exploration through future research.

Participants

Each participant is critical to research success by collaborating with the researcher to explore lived experiences and draw conclusions to develop new theories (Dresch et al., 2015). A participant may inadvertently be influenced by participating in a research project and may make assumptions or allow biases to influence answers (MacNeill et al., 2016). To minimize a participant's biases from influencing the study, the researcher identified possible actions that may unduly influence or allow the participant to focus on opinions versus experiences and relevant examples. For example, the researcher utilized boundaries to avoid commenting on a participant's response and used the interview questionnaire to focus on each research question. Additionally, the researcher navigated potential comments associated with opinions by reiterating the specific question from the questionnaire to help the participant stay focused. Lastly, the researcher also utilized the participant selection process to ensure each participant had the requisite experience to provide meaningful contributions to the study through experiences versus assumptions.

The process to identify, select, and care for each participant was an essential consideration for the researcher. Kerr et al. (2019) referred to the participant selection process as a personal relationship of openness and trust exhibited as "humanness." Humanness is defined as being truthful and fair to everyone involved in the study and as a recognition of data origins

(Kerr et al., 2019). The qualitative researcher studied the lived experiences of others so respect must be given to participants who provide data and allow their lived experiences to be examined.

For this qualitative research project, participants include Board of Directors and CAEs from companies in the manufacturing sector. All participants were interviewed with detailed questions designed to explore the topic and the lived experiences related to leadership and corporate governance. Each participant had a minimum of five years of experience in their respective role and was actively serving in the defined role or recently retired from the role within the last 48 months. These individuals were identified through the researcher's network of business professionals focusing on the manufacturing industry. The researcher contacted each participant through telephone communications to inquire about participation in the study. Once the participant agreed to be a part of the project, formal permission for participation was obtained. The researcher provided each participant with an overview of the research project, the purpose and scope of the study, and the criteria and expectations of each participant. Eide and Kahn (2008) expanded on the importance of the criteria and expectations of participants by evaluating the ethical issues and the need to protect the participant's story. The participant's expectation of contribution to the research project included actions, reactions, memories, and interpretations of life events related to corporate governance and internal controls, so privacy and confidentiality are essential for participants' openness in sharing life experiences.

To establish a working relationship with each participant, the researcher reviewed the purpose and scope of the research project to confirm an understanding of the study. The review of the project also defined the criteria and expectations for each participant during the study, such as openness, honesty, and a willingness to explore past experiences through the interview process. To assure the ethical protection of each participant, the researcher explained how data would be collected and used so the participant understood the research process and agreed that appropriate care would be given (Eide & Kahn, 2008). For example, data were stored on a password or encrypted computer or tablet, and all references to the research participant or experience data were kept anonymous and discrete. Documenting these protective procedures through a data usage agreement provided confidence in the researcher's interview process and encouraged participation and exploration of lived experiences. Exhibiting care for the research participants by selecting qualified individuals, establishing trust in the relationship with each person, ensuring ethical safeguards, and protection of each participant's story enhanced the working relationship with each participant and the effectiveness of the research project.

Research Method and Design

A qualitative research method and a multiple-case study design were used for this research project. The study of leadership over corporate governance from the Board of Directors and the CAE was best studied by exploring the lived experiences of research participants. The rationale and appropriateness for selecting the qualitative method and case design are discussed below.

Discussion of Method

Each research project is completed using a quantitative, qualitative, or mixed method approach. Each method has advantages and disadvantages, but a qualitative approach was selected for this research project because it explored the participants' lived experiences through a detailed review completed through interviews and other means of data collection (Gentles et al., 2015). A qualitative method provided flexibility to the researcher by allowing the research participant to explain his or her story to understand and expand the research topic. A quantitative or mixed-method study focuses on the correlation between specific attributes and leadership styles or specific leadership decisions. The purpose of this study was not to find correlations but to explore or seek to understand experiences that could identify trends, similarities, consistencies, and inconsistencies in the lived experiences. This data provided new richness to the topic by enhancing insight and expanding current theory.

A qualitative study is an examination and test of historical events to extrapolate results to new events (Runfola et al., 2017). Runfola et al. (2017) also defined the qualitative study as an investigation of a contemporary phenomenon. A qualitative study explores and understands experiences and uses data to find similarities or make inferences that expand current theory and literature. This qualitative study aimed to understand how controls governing the accounting and financial reporting processes are ineffective due to a lack of leadership over corporate governance. Using interviews and quantifiable evidence to explore the lived experience of the research participants allowed for the role of leadership to be examined and understood. The scope of this project was to study the importance of leadership and corporate governance on the control environment that enhances and creates motivation in others that increases organizational efficiency.

A quantitative study was not appropriate for this project because it fails to explore each research participant's lived experience. Quantitative research relies on measurable or quantifiable analysis to find a correlation or a cause and effect relationship between two or more variables. A quantitative study applies a coefficient to determine reliability between data points, which allows for statistical conclusions to be made and results to be extrapolated from a sample to a larger population (Van Jaarsveld et al., 2019). While correlations between variables are important, they fail to explore or understand how a lack of leadership over corporate governance and the controls governing the accounting and financial reporting processes result in decreased organizational efficiency.

A mixed-method approach also applies quantitative analysis while including qualitative exploration. Including quantitative research with the qualitative method creates a methodological triangulation to obtain a heightened understanding of the research subject (Turner et al., 2017). While it can be argued that a mixed-method research approach offers benefits by using both quantitative and qualitative procedures, the goal of this research was to understand past events through exploration versus a quantification of dependent and independent variables. This research project aimed to understand how leadership from the Board of Directors and the CAE plays a role in corporate governance within manufacturing companies, including the internal controls over the accounting and financial reporting processes.

Discussion of Design

A multiple-case study approach was used to complete this study. Case studies capture the complexity of experience and organize it such that the bounded system can be studied and analyzed to gain meaning and insight into the participant's experience (Gallagher, 2019). The case study approach was applied using a post-positivist paradigm to contextualize the study of human experience and behavior (Scharff, 2013). The multiple-case study method utilizes inquiry to understand the lived experiences of the Board of Directors and CAEs, which provides data that expands the understanding of leadership in corporate governance over the accounting and financial reporting processes. Melamed and Robinson (2019) stated that a case study design allows for the observational study and provides the researcher with an opportunity to explore unique or rare outcomes through interrogation of perceptions and experiences. The analysis of case study data allows an in-depth understanding of leadership and corporate governance over the accounting and financial reporting processes to identify opportunities for operational efficiencies and can be used to explore new theories.

Narrative, phenomenology, grounded theory, and ethnography were not selected over the case study design. Narrative design was not ideal since the chronological order of an individual's leadership experience was not the primary factor in a case study (Creswell et al., 2007). This study focused on the role leadership plays in corporate governance, so a chronological accounting of leadership decisions and experience was unnecessary. Narrative research also tells a story to describe the life of one or more research subjects (Bruce et al., 2016), but the goal of this project was to provide an in-depth understanding of leadership at the Board of Directors and CAE level versus telling a leadership story of how leadership was used by each participant.

The grounded theory focuses on the process, steps, or phases of experience to develop a theory on the research subject (Creswell et al., 2007). Konecki (2018) described the grounded theory as art and conceptual abstraction versus an accurate description of findings or an interpretation of meaning. The goal of this project was to understand and describe the findings from the study and find meaning or in-depth understanding through an interpretation of the lived experiences explored in the case study.

Phenomenology focuses on the immediate experience and theoretical thought of a person's experience relative to a phenomenon (Tight, 2016). While phenomenology focuses on the essence or principle of experience, a phenomenon was not studied in this project. Dreher (2015) stated that phenomenology seeks to explore and understand a phenomenon through the collective experiences or analysis of the data gathered from the research participants. The phenomenology research approach did not apply to this project since the goal was to explore individual experiences to gain an in-depth understanding of the role leadership plays in corporate governance through the lived experiences of each participant.

Ethnography focuses on naturalistic inquiry or inquiry in a natural environment or situation (Miller, 2014). Katriel (2015) described ethnography as a study that includes an analysis of the subject from a cultural background and social perspective. The thought was that analyzing a subject outside of their cultural background and social perspective fails to understand the participant's viewpoint and experience. Since this study's goal was not to observe the research subjects in their natural cultural or social setting, ethnography was not a suitable option.

Summary of Research Method and Design

A qualitative case study research method was appropriate to explore and document the lived experiences of the Board of Directors and CAEs. Case studies enhance the discovery of the participants' experiences while increasing flexibility in examining each role. The case study design allowed inquiry and exploration to seek reality through an in-depth understanding of the lived experiences of the research participants. Leadership exhibited by the Board of Directors and CAE was critical to understanding the role leadership plays in corporate governance. This research expanded current literature through the exploration of leadership theory, agency theory, and corporate governance to explore the effectiveness or ineffectiveness of organizational operations.

Population and Sampling

The population used for this study focused on the Board of Directors and CAEs from manufacturing firms in the Charlotte, North Carolina MSA. Manufacturing is an important industry in the local economy and offers many candidates that could be included in this research project. This project's sample included 10 to 30 Board of Directors or CAEs from manufacturing companies with a mature and robust corporate governance program. More details on the population and sample are provided in the following sections.

Table 2

Population and Sample

Attribute	Definition
Population	The population for this research project included all Board of Directors and CAEs from manufacturing companies in the Charlotte, North Carolina MSA.
Sample	The sample for this research project included participants from manufacturing companies that have a mature and robust corporate governance program.

Discussion of Population

The population for this study included the Board of Directors and CAEs from manufacturing firms in Charlotte, North Carolina MSA. There were 4,314 manufacturing firms in Charlotte, North Carolina MSA that make up the population of the Board of Directors and CAEs (Charlotte Chamber, 2015). For this case study, the researcher selected manufacturing firms headquartered in Charlotte, North Carolina MSA, and from the manufacturing firms, a minimum of 10 to 30 Board of Directors or CAEs was sampled.

Discussion of Sampling

This project's sample included 10 to 30 Board of Directors or CAEs from manufacturing companies headquartered in Charlotte, North Carolina MSA with an independent Board of Directors and a CAE. A purposive sampling method was used to select each participant. Purposive selection allowed the researcher to select a sample that was information-rich and emergent in a deep understanding of the manufacturing industry and the role as a Board of Director or as a CAE (Reybold et al., 2013). For purposes of this study, the researcher defined information-rich and deep understanding as an individual with five or more years of experience working in a capacity to impact the manufacturing organization. The researcher defined impact on an organization as someone serving in active leadership with practical experience versus someone holding a title only but lacking practical experience.

Moser and Korstjens (2018) referred to the exploration of data as deliberate sampling versus random sampling. By using the criteria above, each research participant had the necessary experience and qualifications to participate in the study and provide detailed examples of leadership related to corporate governance over the company's accounting and financial reporting processes. Moser and Korstjens (2018) defined quality data as rich information and suggested the researcher's data collection strategy should be broadly defined to explore and understand participant experiences. To produce quality research, the number of research participants was not as important as the quality and richness of the research data provided (Moser & Korstjens, 2018). By focusing on the Board of Directors and CAEs with significant experience, the researcher explored leadership over corporate governance through lived experiences, and data saturation drove the sample size to achieve quality research.

The selection of the research participants increased exploration but was also limited to the experiences of each contributor (Reybold et al., 2013). Creswell et al. (2007) described qualitative inquiry as research that is grounded in the participant's data. The participant's data were not only the source of data, but they become the foundation for theory evaluation and the expansion of new knowledge. To facilitate trust and openness in conversations, the researcher's network of known professionals was evaluated for sample selection versus the targeting of unknown participants. Only if the professionals' network was exhausted without successfully identifying research participants or if additional research participants were needed, would the targeting of unknown participants transpire.

Summary of Population and Sampling

The quality of a qualitative research project was directly tied to the research participants. The more deliberate the researcher was at identifying and selecting research participants, the deeper and richer the data became for exploration and analysis. Using a purposive sampling method, the researcher utilized the professionals within a network with the necessary experience to provide deep information. Moser and Korstjens (2018) defined data saturation as a sense of closure and noted that additional data becomes redundant. Properly identifying each research participant aided in the achievement of data saturation without a large sample of participants.

Data Collection

The researcher was critical to the data collection process in a qualitative study (Leedy & Ormrod, 2016). In a multiple case study project, the researcher may investigate or explore multiple bounded cases through observations, interviews, documents, reports, or other sources of data (Creswell et al., 2007). In this research project, the researcher focused on interviews to investigate and explore each participant's experiences. The intent of data collection in a qualitative study is to develop an exhaustive understanding of a research topic (Creswell et al., 2007). The researcher’s objective for this study was to collect and examine data to aid in exploration designed to expand knowledge through the exhaustive examination of each research participant.

Instruments

In the current study, the researcher acted as an inquiry instrument to facilitate data collection. Devers and Frankel (2000) described the instrumental role of the researcher in the qualitative research project as the individual responsible for taking a rough sketch and completing it through investigative study. In the context of this study, the researcher sought to explore and understand the role leadership played in corporate governance over the accounting and financial reporting processes by collecting data from each participant and exploring the richness of each experience. Creswell (2014) positioned the researcher as the instrument that collects the data by developing the questionnaires and evaluating the material available for exploration. Stake (2010) referred to the researcher as the interpretative investigator that examines data for new insight. The interview questions for this study on leadership and corporate governance included:

- What leadership actions are present in a successful corporate governance and internal control environment over the accounting and financial reporting processes?
- What actions, if not present, are expected to contribute to the Board of Directors and CAE’s failure of leadership in corporate governance and internal control over the accounting and financial reporting processes?
- Which leadership style exhibited by the Board of Directors and the CAE contributes to effective corporate governance and internal controls over the accounting and financial reporting processes?
- What actions or attributes qualify as leadership in the accounting and financial reporting processes?
- What leadership style is most likely to enhance corporate governance and internal controls over the accounting and financial reporting processes?
- What are the attributes of the internal control environment that contribute to organizational effectiveness?

- What are the attributes of the internal control environment that decreases organizational effectiveness?

Appendix A provides additional interview questions that were used to explore each of these questions.

Data Collection Techniques

Devers and Frankel (2000) identified the factors of the researcher’s instrumentation as a definition of research purpose, a comprehension of existing knowledge on the project topic, an understanding of the resources available for exploration to expand knowledge, and an agreement with participants to complete the study. The researcher developed and fulfilled an agreement with each participant by obtaining permission to contribute to the research project through a formal request. The formal request included an overview of the research project, a description of the participant’s role, confirmation of privacy and confidentiality, and a commitment from the participant to partake in the study. Once permission was obtained, the researcher conducted formal interviews by utilizing telephone conversations. Each recorded interview was transcribed into written form and analyzed. The transcribed notes from each interview were analyzed for similarities and themes were developed for further investigation. Vescan (2016) referred to data points that require further exploration as propositions. Creswell (2014) referred to this verification process of polished or semi-polished information by each participant as member checking. Member checking is the process of validating the accuracy of the data and allowing the participant to confirm the themes identified by the researcher (Creswell, 2014). In addition to confirming the data's accuracy, additional data were sought to corroborate initial propositions and expand current knowledge.

Data Organization Techniques

The researcher served as the instrument to develop the research plan, completed data collection, analyzed experiences and outcomes, and drew conclusions for expanding knowledge. To minimize any biases from the researcher, the data acquired from the interviews guided research conclusions and recommendations. The researcher used data organization to analyze experiences and outcomes so conclusions can be made. Creswell (2014) referred to data organization as coding, which organizes data into common subjects or themes. Stake (2010) defined coding as a categorization of data into topics, themes, and issues that are relevant to the research project. The researcher used coding to identify trends, similarities, consistencies, and inconsistencies that further explained each participant’s lived experiences and could be analyzed or explored in the research project. Coding was completed using NVivo 12 software. The data were secured electronically using encryption software or password protection to protect each participant's privacy.

Summary of Data Collection

The purpose of this study was to explore the role leadership plays on corporate governance over the accounting and financial reporting processes through the lived experiences of the Board of Directors and CAEs. The researcher served as the instrument to develop the research plan, complete data collection, analyze experiences and outcomes, and draw conclusions to expand knowledge (Devers & Frankel, 2000). Creswell (2014) stated that data collection included establishing the boundaries of the study, using unstructured or semi-structured observations and interviews, surveying documents, or visual aids to unpack the participant’s experiences. The researcher’s goal was to continue data collection until data saturation was achieved. Creswell (2014) defined data saturation as a point when new data fails to provide new insights or reveal new material. Once this goal was obtained, the researcher organized the data into meaningful categories that could be analyzed and explored to expand knowledge and enhance future research.

Data Analysis

Data analysis is an important research step that involves sorting through voluminous amounts of data to identify themes (Creswell, 2014). Once the researcher completed data collection, the next step was to perform data analysis. Data analysis is influenced by data collection and the information gained from each participant and drives the report writing process, which is the final step in the research process (Moser & Korstjens, 2018). Moser and Korstjens (2018) further concluded that data analysis is intertwined with data collection and report writing because the researcher interchanges between sampling, data collection, and data analysis, which continues until the researcher generates conclusions for report writing. In other words, the researcher repeated the process of data collection and data analysis until data saturation was reached and rich conclusions could be developed in a written report. Baxter and Jack (2008) agreed by defining data analysis as a convergence of data from each participant to understand the overall case. To achieve data convergence and completeness, the researcher used methodological triangulation (Bekhet & Zauszniewski, 2012).

Stavros and Westberg (2009) studied methodological triangulation and concluded that triangulation in a multiple case study project delivers data richness by revealing consistencies or inconsistencies within the experiences across the research project. Triangulation allows the researcher to support the transferability of findings because themes and historical context are verified across multiple cases (Stavros & Westberg, 2009). Methodological triangulation allows the researcher to demonstrate that all evidence was evaluated, interpretation of the data was based on the evidence provided by the research participants, and provides for the research project to be validated through reperformance (Yin, 2014). Humble (2009) demonstrated quality research through recommendations and conclusions that could be validated through triangulation, including the comparison of data, ranking of comparisons, and examination of visual representations from data coding. The researcher utilized themes to achieve triangulation in this project by confirming similarities across cases and examined the historical context to develop a deep understanding of each similarity to evaluate the consistency of each participant's experience.

Coding Process

Data coding is the process of collecting words and sentences and categorizing them according to similar meanings to develop themes (Belotto, 2018). The researcher interviewed each participant and captured the discussion data through recording and electronic notes. The data were then analyzed using a coding process to classify and analyze statements of similar meaning within research categories and themes. A structural coding methodology allowed the researcher to develop themes that summarized the collective participant data based on labels and terms tied to the research categories (Belotto, 2018). The researcher used Microsoft Office software to transcribe the interview recording and interview notes into organized work papers and then utilized NVivo 12 to complete a structural coding of the data. The data were coded so the information could be analyzed for similarities and trends to form the basis of conclusions and recommendations.

Each participant was asked the interview questions, and the data collected were categorized into one of the research categories of leadership, corporate governance, accounting and financial reporting, or organizational effectiveness. If the response did not fit into one of these research categories, it was not coded. Based on the research categories, preliminary themes were identified in the table below. Additional coding was completed by tying each statement within a research category to a related them. For example, a leadership statement was categorized into the Leadership research category and subsequently coded into the theme of Leadership Style, Leadership Training, or Leadership Lessons Learned. New themes would have been added if needed based on the data provided by each participant.

Table 3

Coding Structure

Research Questions	
What is the expectation of leadership on corporate governance and internal controls over the accounting and financial reporting processes?	
Why does the Board of Directors and the CAE fail to exhibit leadership in corporate governance and internal controls over the accounting and financial reporting processes?	
What leadership qualities are expected of the Board of Directors and the CAE to enhance corporate governance and internal controls over the accounting and financial reporting processes?	
In what way can the internal control environment over the accounting and financial reporting processes enhance organizational effectiveness?	
Research Categories	Themes
Leadership	Style Training Lessons Learned
Corporate Governance	Tone-At-The-Top Enterprise Risk Management Internal Controls
Accounting & Financial Reporting Processes	Accounting Process Accounting Standards & Regulatory Reporting
Organizational Effectiveness	Internal Monitoring Process Improvement Decision-Making

Summary of Data Analysis

The researcher utilized coding to capture input from each participant and cultivate rich data for analysis and the development of conclusions. According to Belotto (2018), qualitative research captures voluminous data from participant interviews, making the task of coding difficult. In this project, the basis for coding was the participant's response to interview questions categorized into the research classifications of leadership, corporate governance, accounting and financial reporting processes, and organizational effectiveness. These research classifications are directly linked to the problem statement of this research project. The data were then coded into one of the themes provided in Table 3. To enhance reliability and validity, the researcher utilized a structured coding method and methodological triangulation to understand the consistencies identified and provide repeatability by future researchers.

Reliability and Validity

Reliability and validity allow the reader of a research project to see themselves as part of the exploration (Baxter & Jack, 2008). The researcher considered reliability and validity when planning, conducting, and reporting on research. This research project aimed to complete reliable and valid research that allows future researchers to use the findings from this study to further their knowledge of leadership over corporate governance. Humble (2009) suggested that issues of reliability and validity should remain a constant focus for qualitative researchers. The following paragraphs outline the importance of the reliability and validity of this research project.

Reliability

Reliability allows a research project to be relied on by future researchers as they analyze and reperform a study based on the evidence provided (Dunn et al., 2017). Reliability is achieved through data saturation and triangulation, which also supports the validity of the research project (Bekhet & Zauszniewski, 2012). Humble (2009) referred to the process of achieving reliability and validity as constructing evidence, and he used triangulation as a method to accomplish this goal. In addition to achieving data saturation and triangulation, the researcher of this study achieved reliability by concentrating on dependability. Dependability for this project included transcript review, which included member checking, and interview protocols. Creswell (2014) defined member checking as the process of collaborating with each participant to validate the accuracy of the data and themes captured during the interview. Stake (2010) agreed but added that most participants do not recognize the importance of member checking and that most researchers fail to allow sufficient time for the process to be completed. Given the importance of member checking to research reliability, the researcher allowed ample time for each participant to review the identified themes from the interview and to confirm the data collected was accurate. The researcher's goal was to ensure that themes identified during data analysis accurately captured each participant's experiences and intentions.

To develop dependable research data, interview protocols were used. Runfola et al. (2017) suggested that the interview process might be influenced by bias from the researcher or the participant if not properly structured. The researcher created and relied on the interview guide to enhance consistency in research efforts and increase reliability. The interview guide provides the researcher with a framework to increase the consistency of approach when asking questions and minimize the potential of bias (Runfola et al., 2017). Dunn et al. (2017) used the interview guide to enhance creditability by keeping each participant focused on the interview questions. The interview guide was critical to dependability and the researcher's interview protocols.

Participants were interviewed until new information was no longer obtained. Once data saturation was obtained, the researcher used coding to evaluate each interview for similarities and dissimilarities. Stake (2010) defined data analysis as an exploration of foundations and associations. Coding allowed the researcher to triangulate the data for foundational elements and associations that allowed reliability to be enhanced and new conclusions to be created (Stake, 2010). The researcher deployed these steps to increases the reliability of the study, expand knowledge, and allow for the reperformance of the study by future researchers.

Validity

Baxter and Jack (2008) defined validity as the gathering of sufficient detail to allow the reader of the written research report to assess the credibility of the study. Baxter and Jack (2008) continued by stating the credibility of a research project must include a clear research question, a description of the research design, a decisive sampling strategy, a systematic approach to data collection including transcript review and member checking, and proper data analysis. Tight (2016) agreed and focused on the quality of the researcher's interpretations of the data compiled and the data analysis performed. Turner et al. (2017) referred to the process for improving credibility as triangulation and suggested that triangulation goes beyond validation and helps the researcher increase his or her understanding of the research data.

Validity must also include transferability. Baxter and Jack (2008) addressed this concept by defining transferability as research trustworthiness that was credible, dependable, and confirmable. This research project aimed to converge data analysis and idea generation so that a future researcher could rely on this project to expand future research and increase knowledge on the subject of leadership and corporate governance related to the accounting and financial reporting processes.

Moon et al. (2016) defined confirmability as a process of linking research findings to conclusions so future researchers can follow and replicate the study using the same data. To achieve validity in this study, the researcher used NVivo 12 software to identify patterns, including consistencies and inconsistencies in each participant's lived experiences. The researcher then used methodological triangulation to analyze these patterns to understand the historical context of each experience and to develop themes to drive research findings. To enhance validity, the researcher utilized member checking to corroborate the accuracy of each theme and allow participants to confirm agreement with the presentation of each finding.

Finally, credibility, transferability, and confirmability cannot be confirmed if data saturation is not achieved (Moon et al., 2016). Saunders et al. (2017) researched the concept of saturation and defined saturation as no new information, a point in coding when no new codes are created, a complete range of constructs that support the conclusion, or information redundancy. All of these definitions agree that sufficient data is needed to draw conclusions that are complete and valid. The validity of this research project was obtained when data saturation was achieved.

Summary of Reliability and Validity

Research is a formal study of a given topic with the intent to expand knowledge. The project’s reliability and validity emphasize the importance of quality in a research project. Vescan (2016) stated that a reliable study must include the development of a theme supported or validated by the data and can be replicated by other researchers. This definition summarizes the goal of reliability and validity for this research project. The researcher used dependability, credibility, transferability, confirmability, and data saturation to demonstrate reliability and validity. The researcher's goal was to build trust with each participant, protect him or her through the ethical application of research methodology, and develop a new understanding from past events (Eide & Kahn, 2008). Meeting this goal was the essence of reliability and validity and achieved trustworthy research to expand current knowledge.

Transition and Summary of Section 2

This study was designed to explore the role leadership plays in corporate governance and the control environment governing the accounting and financial reporting processes. This section outlines the role of the researcher, participants in the study, the research method and design, population and sampling, data collection, data analysis, and reliability and validity of the research project. The researcher used the research strategy outlined in Section 1 and 2 to conduct new research and expand the current knowledge on leadership and corporate governance as understood through the experience of each participant.

Section 3: Application to Professional Practice and Implications for Change

Section 3 provides a summary of the research project. This study aimed to understand the role leadership plays in corporate governance, specifically within the accounting and financial processes. The researcher achieved this objective by exploring the Board of Directors and Chief Audit Executives' lived experiences within manufacturing companies in the Charlotte, NC MSA. The total number of participants in the study included six Board of Directors and six Chief Audit Executives from 10 companies. This section includes an overview of the study, themes and perceptions, presentation of the findings, applications to professional practice, recommendations for action, recommendations for further study, and a summary and conclusion.

Overview of the Study

This qualitative research study explored the role leadership plays in corporate governance over the accounting and financial reporting processes. The study's design included four research questions focused on leadership, corporate governance, accounting and financial reporting, and organizational effectiveness. The purpose of this study was to understand how controls governing the accounting and financial reporting processes are ineffective due to a lack of leadership over corporate governance.

Cheng et al. (2018) concluded that ineffective controls in the accounting and financial reporting processes lead to material weaknesses and decreased organizational efficiency due to untimely or inaccurate accounting information. A robust corporate governance program creates operational improvements and performance enhancements. Chiarini and Vagnoni (2017) agreed and found that leadership failure results in ineffective quality management and ineffective internal controls. The Board of Directors and the CAE are vital to creating an organization’s corporate governance program. Corporate governance leadership from the Board of Directors and the CAE supports the identification, prioritization, mitigation, and monitoring of the risks in the accounting and financial reporting processes.

This study expanded research and explored the role leadership from the Board of Directors and the CAE plays in contributing to corporate governance and the internal controls governing accounting and financial reporting. The researcher conducted 12 interviews with the Board of Directors and CAEs from manufacturing companies in the Charlotte MSA to complete this study. The 12 interviews included six Board of Directors and six CAEs. The interviews explored the role of leadership in corporate governance, corporate governance in the accounting and financial reporting processes, the role leadership plays in enhancing corporate governance, and internal controls over the accounting and financial reporting processes.

The 12 participants in this research study represented public and private organizations. Ten companies were public, and two companies were private. The interviewer conducted interviews by telephone within a 23-day timeframe. The participant prescreens ensured they were 30 to 80 years of age, had a minimum of five years of experience working in a leadership capacity, and currently serve as a Board of Director or a CAE. If the participant was no longer in the role of Board of Director or as a CAE, he or she must have left the position within the last 48 months. Once the researcher confirmed involvement, each participant signed a consent form and returned it before the interview session. Each interview was approximately 60 minutes in duration and was recorded and transcribed. The transcribed interviews were returned to each participant for member checking to ensure the intent and message used to support the themes developed from the conversations were accurately captured. To complete this study, the researcher used NVivo software to code the transcripts and analyze the data for trends and similarities in experiences. Additionally, the researcher looked for dissimilarities that could lead to new ideas or perspectives on corporate governance leadership.

The 12 research participants averaged over 20 years of leadership experience and averaged over six years in the current role as a Board of Director or as a CAE. Each participant had a minimum of a Bachelor's degree, and 50% of the participants held advanced degrees, including a Masters of Business Administration and Masters of Science in Accounting and Information Systems. Eight (67%) of the participants held certifications, including Certified Public Accountant, Certified Internal Auditor, and Certified Information Systems Auditor. The participants' previous experience ranged from Chief Executive Officer, Company President, Chief Financial Officer, Head of Finance and Accounting, private equity investor, and professional services including Certified Public Accountant or consultant. Several of the Board of Directors served on multiple Boards, and several of the CAEs had served in a CAE role at more than one organization. Table 4 summarizes each participant's demographic information, and participants are referenced by participant number throughout the analysis of this study.

Table 4

Participant Demographics

Participant	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Title	BOD	CAE	BOD	BOD	BOD	CAE	BOD	CAE	CAE	CAE	BOD	CAE
Years in Position	13	5	3	5	7	4	5	5	8	1	6	12
Total Experience	20+	9	20+	20+	20+	20+	20+	20+	20+	12	20+	20+
Education	MBA	MBA, MS	BS	MBA	MBA	BS	BS	BS	BS	MS	MBA	BBA
Certifications		CPA, CIA		CPA		CPA, CISA		CPA	CPA	CISA		CIA, CISA

The research concluded that leadership over corporate governance starts with the tone-at-the-top, which is the Board of Directors and the executive leadership team's responsibility. Establishing a strong tone-at-the-top demonstrates that the Board of Directors and management are committed to ethical behavior and have established a robust internal control system. Additionally, the research suggested that open communication between the Board of Directors, executive leadership, the CAE contributes to collaboration and trust. The CAE is responsible for overseeing the internal audit function that identifies and prioritizes risks and controls and examines the design and operating effectiveness of the internal control environment. The CAE reports to executive leadership and the Board of Directors or audit committee on the control environment and identifies opportunities for improvement. The coordination of these activities is enhanced through organizational effectiveness, and process improvement initiatives can enhance management's decision-making ability, which improves organizational performance.

Anticipated Themes/Perceptions

The researcher categorized the data collected from each interview question into one of the research categories: leadership, corporate governance, accounting and financial reporting processes, or organizational effectiveness. Research themes were identified for each research category before conducting the interviews. The research themes for leadership include leadership style, leadership training, and leadership lessons learned. The research themes for corporate governance include tone-at-the-top, enterprise risk management, and internal controls. The research themes for accounting and financial reporting include the accounting process and accounting and regulatory reporting. Lastly, the research themes for organizational effectiveness include internal monitoring, process improvement, and decision-making. The interviewer collected and coded the interview data into one of these themes for further analysis.

Presentation of the Findings

The researcher captured the findings identified throughout this research project and summarized them in this section. The research project included four research questions focused on leadership, corporate governance, accounting and financial reporting processes, and organizational effectiveness. The researcher identified themes for each of these research categories before conducting the research interviews and presented the themes identified from this study by the research category below.

The researcher conducted interviews until the achievement of data saturation. Moser and Korstjens (2018) defined data saturation as a point in which additional data becomes redundant, and the research has a sense of closure. The researcher concluded that data saturation was obtained when examples and stories told in the interviews were increasingly similar, and the theories or conclusions provide by the research participants failed to provide new meaningful information. A point of closure was reached, and the research activities stopped. Additionally, the researcher obtained methodological triangulation by evaluating all evidence, interpreting the data based on all evidence provided by the research participants, and conducting the study so future researchers can perform validation and reperformance. Humble (2009) suggested that validation of recommendations and conclusions through comparison of data, ranking of comparisons, and examination of visual representations from data coding achieves methodological triangulation. The researcher utilized NVivo software and topical themes to achieve triangulation in this project and confirmed similarities across cases. The researcher also examined the historical context of each participant to develop a deep understanding of similarities to confirm the consistency of experiences.

Theme 1 - Leadership

The research participants consistently identified leadership as an essential theme in the study. The objective of leadership is to direct or coach staff to achieve a stated goal (Afsar et al., 2014). Peck and Hogue (2018) suggested that individuals follow leaders who meet their perception of leadership. Exploring the lived experiences of the participants in this study identified the subthemes of leadership style, leadership lessons learned, and leadership training. Each theme is explored and a word cloud highlighting the frequently used words in the discussion of leadership is included in Figure 2.

Figure 2

Words Coded to Leadership

Leadership Style

Leadership style is a pattern of attitudes that leaders exhibit through leadership behaviors (Anderson & Sun, 2017). Throughout the study, the participants referenced several leadership attitudes and behaviors, including autocratic, collaboration, interpersonal, leadership by example, delegation, transparency, accountability, fairness, ethics, values, communication, trustworthiness, non-antagonistic, and servant. The Board of Directors and the CAEs equally mentioned leadership in their response to questions.

The Board of Directors identified leadership as collaborative and critical for maintaining effective business processes, including the proper controls over the accounting and financial reporting processes. The Board of Directors desired non-autocratic leadership and used terms like intuition, curiosity, relationship building, trust, and said leadership creates a process for improving the organization, including the accounting and financial reporting processes. However, two Board of Directors also recognized that autocratic leadership might be necessary to maintain compliance with accounting and financial reporting processes.

Table 5

Style of Leadership – BOD Feedback

Subthemes	No of Participants	Percentage of Participants
Non-autocratic	6	100%
Autocratic	2	33%

The Board of Directors preferred a collaborative approach to leadership. P1 stated that leadership should not be autocratic; it should be through collaboration with elements of shared ownership. P3 described necessary leadership actions as trust and understanding, but P4 added delegation and empowerment. P11 added additional value to the conversation by saying that collaborative leadership should focus on the long term and have aggressive but rational near-term milestones with the ability to acknowledge reality and a willingness to miss a target in the short run and communicate about it. Universally, the Board of Directors preferred a non-autocratic approach to leadership. However, two of the Board of Directors acknowledged an intolerance for inappropriate behavior or noncompliance with the financial reporting requirements applicable to the organization. P4 said at times leadership has to be a condition of employment, and P11 emphasized that the culture becomes obvious and to the extent that someone cheats, no matter how good they are at their job, organizational changes must occur. The Board of Directors' overriding theme was to have a collaborative and shared ownership approach to leadership. However, they recognized that authoritative leadership might be necessary when required.

The CAE's also described leadership as collaborative and transformative, but the CAEs were more likely to assert autocratic or authoritarian leadership attributes. References to a bureaucratic approach were suggested to ensure the organization "does the right thing" versus a democratic leadership approach. The CAE's generally focused on the compliance aspect of the internal control environment and accountability for behaviors.

Table 6

Style of Leadership – CAE Feedback

Subthemes	No of Participants	Percentage of Participants
Autocratic	5	83%
Non-autocratic	1	17%

The CAE references to leadership over the accounting and financial reporting processes included accountability, bureaucratic, and authoritative attributes. P2 said that people must be accountable for executing controls, and P6 added demand for regular updates to accountability. P8 said leadership styles should value doing the right thing but may be more bureaucratic than democratic. P8 continued by saying there is no "wiggle room" for corporate governance and the internal control environment. P10 defined leadership as an authoritative "follow me" approach.

The CAEs looked at the compliance role of leadership, given their role in the organization and their responsibility for testing compliance with policies, procedures, and regulations.

When viewed together, the Board of Directors and the CAE's work collaboratively to ensure effective corporate governance and mitigate financial and operational process risks. They work to identify and prioritize risks and develop an enterprise testing or monitoring strategy to confirm that processes work as intended.

Another aspect of leadership style was open and candid communication. Dong et al. (2017) identified the cheap-talk leader and the first-mover leader when discussing leadership communication. The cheap-talk leader suggested an effort level to employees, whereas the first-mover's communication style led by example (Dong et al., 2017). Each participant found the communication between the Board of Directors, especially the audit committee and audit committee chair, and the CAE to be of critical importance to corporate governance and accurate accounting and financial reporting. Three participants (25%) specifically referenced examples of communication. P2 said that when communication is lacking, people lack updates on monitoring. P2 said if monitoring activities are not communicated, issues become a shock or surprise and people become defensive, leading to ineffective remediation. P12 explained that leaders should openly communicate the identification of any issues and not hide the risks. P12 said leadership could not hide shortfalls or shortcomings. Leadership includes open communication between the Board of Directors, the CAE, and the organization's management team.

It is common for the audit committee chairman to have periodic informal communications with the CAE to understand issues identified. Another standard communication was for the audit committee to have a closed session each quarter with the CAE to allow the CAE to express any concerns about corporate governance or issues identified during the internal audit strategy execution. The closed session equally allows the audit committee members to ask specific questions to the CAE about tone-at-the-top or concerns within the accounting and financial reporting activities. P9 included the executive sessions with the audit committee as an essential mode of communication. Executive sessions allow the CAEs to discuss key risks and issues identified in the control environment in a confidential session that provides significant value to the audit committee members.

The exploration of leadership styles aligns with leadership theory and previous studies in the literature review. Bass (1985) argued that transformational leadership elevates the level of consciousness around goals and forces leaders to collaborate by transcending self-interest for the team's greater good. Otter and Paxton (2017) demonstrated that collaborative leadership enhances communication, teamwork, and partnership. Finally, Holm and Fairhurst (2018) said authoritative leadership effectively drives hierarchical authority and short-term results but cautioned that authoritative leadership is demotivating. This theme concluded that an authoritative leadership approach might be necessary to drive an immediate result or needs to ensure compliance with accounting and financial reporting requirements. However, a more productive leadership style is collaborative governance through open communication with employees.

Leadership Lessons Learned

Lessons learned in leadership vary widely between each research participant based on individual situations, personalities, and organizational needs. However, one of the pervasive themes related to leadership lessons includes the need to have accountability within business processes. Ten (83%) of the 12 participants made direct comments related to accountability in leadership. P4 said that leadership must reinforce the importance of governance by continually monitoring against expectations. P7 addressed accountability in the accounting and financial reporting processes by saying that people are assigned a position of control over the accounting and financial reporting processes that are accountable. P7 also said that accountability is placed on individuals who drive leadership actions. P12 added that process owners must take ownership of controls and work to enhance them. Lastly, P1 said that progress will not occur without leadership and accountability or will be too slow, resulting in more significant business risks. Accountability includes oversight from the Board of Directors and a formal monitoring plan that may include additional testing from the internal audit team.

Additionally, the participants provided lessons learned on the topics of open and honest communications. The CAE's expressed a need for support from the top to create and maintain effective corporate governance and the importance of tone-at-the-top, including accountability and monitoring from the Board of Directors. Twelve (100%) of the participants commented on the importance of tone-at-the-top, including P7, who said tone-at-the-top includes accountability and starts with the audit chair and the audit committee. P12 said the Board of Directors must be inquisitive and ask tough questions – they must be in touch with employees. P1 explained the Board of Director's role by saying if leadership does not exist within the Board or the audit committee, the Board will not recognize a deficiency and will struggle to take action. Communication allows for discussion of issues and agreement on appropriate remediation actions.

Anderson and Sun (2017) identified the importance of precise management research concepts, including the correlation between concepts if present. Tone-at-the-top, accountability, and communication are comments that relate to the leadership lessons learned in this study. The stories told by the participants demonstrated how tone-at-the-top is the foundation of corporate governance, but corporate governance is only useful if accountability is present and if communication exists to discuss issues when they arise. The Board of Directors expects the CAE to raise any significant issues identified through internal audit and control testing. The Board of Directors also wanted to know how executive leadership addresses identified issues and how management monitors remediation efforts. The CAEs expect that issues identified and raised to the Board of Directors receive oversight and increased accountability. Provided later in the research themes is additional detail on corporate governance, but the participants referenced control, control owner, control environment, and controlling risk 105 times. To maintain effective control within the organization, tone-at-the-top, accountability, and communication are required based on the leadership lessons learned.

The themes of tone-at-the-top, accountability, and communication within the theme of leadership lessons learned aligns with previous studies captured in the literature review. Pande and Ansari (2014) said governance theory is a separation of ownership and control. The risk owners have responsibility or ownership of the control environment, but the Board of Directors is responsible for creating tone-at-the-top. Together with the CAEs, the Board of Directors has oversight and monitoring responsibilities. The lessons learned in this study demonstrate the need for accountability, open communication, and support from the top to address and remediate corporate governance issues when identified. This theme concluded that governance theory continues to be important in leadership, and the lessons learned from the research participants support the continued need to have adequate separation of ownership and control. Management is responsible for owning the control environment, but the Board of Directors and the CAE provide oversight and monitoring to identify control weaknesses or breakdowns.

Leadership Training

Kragt and Guenter (2018) concluded that leadership training enhances leadership effectiveness. The leadership training theme was also noteworthy among the research participants, but it was only discussed 43% of the time compared to the theme of leadership styles. The majority of the participants focused on leadership style as a direct influence of leadership, and when discussing leadership training, the majority of the participants preferred to learn and teach by example. The participants illustrated that leading by example included being a coach or a mentor to staff and future leaders in the organization.

The participants also found a direct link between training or coaching and leadership growth. Organizational development programs and an individual's preparedness to advance to the next level determine promotions and career advancement. Many participants referred to formal leadership development programs to identify the skills needed for leadership positions and instituted these development programs to prepare future leaders for advanced roles. The structure of the leadership development programs varied by each organization but included internal training, external training, and mentoring and coaching by organizational executives or Board members.

Nine (75%) of the study participants described training, coaching, and mentoring experiences. P8 said that coaching results in building potential leaders and prepares them to step into leadership roles supporting good corporate governance, including the control environment expected in the organization. P10 described development training as a means to reinforce corporate governance and the "seat at the table" as a communication avenue to address changes in the organization and to answer control related questions. P4 described the mentoring process as an opportunity for staff to work closely with senior people in the financial organization. P4 said that working with senior leaders allows staff to make mistakes and learn through the experience. The participants' comments suggested that mentoring and coaching are equally crucial to a formal training program sponsored by the organization.

The participants identified the importance of relationships and networking as a critical component of training effectiveness. Discussions about training and investments in corporate governance signified the importance of training in developing the leadership skills needed to ensure effective governance of processes and controls, including the skills needed to maintain accounting and financial reporting process controls. The technical and dynamic nature of accounting and financial reporting necessitates an investment in ongoing training. The Board of Directors often spoke of training as an enterprise activity that included operational training and accounting and financial reporting training. However, the CAEs frequently referred to the compliance based aspect of the accounting rules and the need for strict compliance as a core requirement of training. P9 described training as visible support of the governance functions and described the training protocol as ethics and compliance. Training on accounting standards and financial reporting requirements is essential, but the participants also found that enterprise business training was valuable to leadership over corporate governance.

The focus on technical skills in accounting and financial reporting provided the knowledge necessary to perform assigned job duties and maintain compliance with accounting and reporting standards. The Board of Directors also found leadership training to be imperative, including training from external providers. One such provider was identified as the National Association of Corporate Directors. In addition to formal training, participants concluded that an essential aspect of Board training included self-assessments of Board effectiveness. P12 referred to the Board or audit committee self-assessment as a means to identify where training is needed.

Self-assessments include anonymous surveys to all Board members, and they allow each Board member to rate the effectiveness of the Board as a whole and offer suggestions for improvement.

Leadership training aligns with previous studies captured in the literature review of this study. Ghasabeh et al. (2015) said transformational leadership focuses on transforming individuals to achieve new personal and professional success levels through motivation and training. Ghasabeh et al. (2015) referred to training as knowledge enhancement and augmentation of experience. The lessons learned in this study demonstrate the need for training to ensure everyone understands their role and the responsibilities associated with the role, including formal training to develop the leadership skills needed for the future of the accounting and financial reporting function. The conclusion from this theme was that leadership theory involves training. Leadership theory suggests that training is more than studying and requires the leader to evaluate the leadership needs in conjunction with organizational goals to develop future leaders.

Theme 2 – Corporate Governance

Hassan et al. (2017) defined corporate governance as a system of expectations, processes, and controls that govern the organization to ensure stakeholder interests are balanced. Corporate governance was at the center of this study. Executive leadership and the Board of Directors are responsible for setting organizational vision and strategy, and corporate governance is how the organization operates to achieve stated goals and objectives. Over 110 times, the research participants referenced governance related subthemes such as compliance, governance, the internal control environment, mitigating activities, and risk assessments.

Additionally, 105 times the participants referenced controls, control owners, control environment, and control risk. Each participant recognized the need to have an effective corporate governance program, and they recognized the importance of strong leadership in developing and maintaining the corporate governance environment. This section explores the topic of corporate governance by evaluating tone-at-the-top, enterprise risk management, and internal controls. Each theme is explored below, and a word cloud highlighting the frequently used words in the discussion of corporate governance is included in Figure 3.

Figure 3

Words Coded to Corporate Governance

Tone-At-The-Top

Tone-at-the-top was an essential corporate governance topic among the research participants. Wang and Fargher (2017) concluded that tone-at-the-top influences an internal auditor’s judgment. Corporate governance is the cultural foundation that sets the tone and expectations, and Want and Fargher (2017) suggest that tone-at-the-top is the most crucial factor contributing to integrity in the financial reporting process. Tone-at-the-top was included in the theme of leadership lessons learned. The Board of Directors in this study referred to tone-at-the-top as an enterprise effort that started with the Board and executive management. The CAEs referenced tone-at-the-top as the underpinnings of the organization's internal control environment.

Twelve (100%) of the research participants made direct comments about tone-at-the-top. P3 said that tone-at-the-top includes organizational processes, procedures, and management of the company - the company's governance from the Board down to the factory floor. P1 said the Board, or the head of the audit committee, provides a level of inspiration, a level of direction, encouragement, and specific help in creating corporate governance within financial reporting controls and a broader view of risk. P2 explained the Chair of the Board and the audit chair support the CAE through tone-at-the-top. Additionally, P2 said tone-at-the-top helps people buy-in to controls that drive sound business habits and business results. P10 concluded that tone-at-the-top permeates the organization, so everyone understands the importance of internal controls and how they affect financial reporting. Tone-at-the-top may start with the Board of Directors and the executive leadership team, but the participants' experience suggests that corporate governance and tone are essential at every level in the organization.

All CAEs (100%) said tone-at-the-top was demonstrated by accountability and was critical in the accounting and financial reporting processes. P9 focused and the importance of the Board to ask the right questions and engage with the CAE to gain insight into the effectiveness of the organization's tone and accountability. This CAE saw tone-at-the-top as a process for the Board to fulfill their responsibility of oversight and referred to entity-level controls as an indicator of the health of the organization's tone-at-the-top.

The theme of corporate governance and tone-at-the-top is aligned with previous studies captured in this study's literature review. Cullen and Brennan (2017) said practical governance theory or corporate governance includes internal controls, monitoring, and oversight from the

Board of Directors, management, and the CAE. Essen et al. (2013) defined corporate governance as a process of maintaining an effective Board of Directors, a management leadership team with requisite training and experience, and alignment of processes and activities designed to meet employee and stakeholder needs. The lessons learned in this study demonstrate the need for corporate governance and a strong tone-at-the-top to ensure accurate accounting and financial reporting activities. The conclusion was that tone-at-the-top starts with a commitment from the Board of Directors and executive management, and the CAE could use the internal audit team to evaluate the effectiveness of the organization's tone by assessing the company’s culture.

Enterprise Risk Management

Some debate if enterprise risk management adds value to an organization. However, Sax and Andersen (2019) suggested that monitoring an organization’s environment, decision-making process, control activities, and communication activities can provide an organization with the information needed to respond to risk profile changes. The purpose of this study was to evaluate the role leadership plays in corporate governance over the accounting and financial reporting processes. This research's focus was not enterprise risk management, but a discussion on corporate governance and financial reporting are not complete without considering enterprise risks. In this study, each Board of Director agreed with the importance of managing risks when discussing leadership and corporate governance, but only one Board participant placed a particular focus on enterprise risk management in the reply. P1 focused on the Board’s role in identifying and assessing risks, and the importance of the Board looking beyond a Top 10 list of risks and understanding how many other risks can affect the accounting and reporting processes and business operations. P1 said the Board must deem that process for risk identification, mitigation, and measurement essential and must support the assignment of time and resources to the effort. Enterprise risk management provides a framework for identifying, mitigating, and measuring critical risks and can be meaningful to the Board’s oversight role if adequate time is given to the risk assessment process.

The CAEs viewed enterprise risk management more consistently in their responses to this research project. Six (100%) of the CAEs viewed enterprise risk management as a risk identification and prioritization process. They focused on the Board’s role in evaluating risk appetite and overseeing the governance process to maintain an acceptable level of controls to mitigate critical risks. P8 focused on enterprise risk management as a continuous risk assessment process that monitored risk events as they occur versus an annual risk assessment process. The CAEs considered enterprise risk management to be an enterprise activity that extended beyond accounting and financial processes and included strategic initiatives and business operations that could indirectly affect the accounting and financial reporting processes. P2 said ERM was used at the Board level to facilitate succession planning by educating leaders about risks and how they affect the business. P6 agreed and connected an ineffective risk assessment and management practice with process failure, leading to operations failure. P6 said enterprise risk management is the mechanism that gets executive leadership and the Board up to speed on the company's critical risks and what is being done to mitigate them. P6 also said ERM could ensure that the Board and the executive leadership teams receive presentations on all risks and not just financial reporting risks. For risk management to be enterprise, it should include a review of all critical risks in the organization, including strategic, operational, financial, and compliance risks.

The literature review of this study supports the theme of corporate governance and enterprise risk management. Zainal (2017) concluded that a robust risk environment creates a risk-aware culture, and the development of a risk environment starts with risk identification across the enterprise. Hatane et al. (2019) applied this concept to the accounting and financial reporting processes and concluded that asymmetric information decreases management's ability to make decisions. Enterprise risk management had limited specific references in the study, but the lessons learned from the participants demonstrate the need for identifying, assessing, prioritizing, mitigating, and monitoring risks. The participants also made many references to risk assessment and internal controls that closely align with the enterprise risk management strategy. The study data suggested that risk assessments start at the enterprise level, but must include an assessment of process risks to ensure adequate controls are created to manage risk to the desired level of risk appetite.

Internal Controls

Internal controls are a critical component of corporate governance, and a reliable control system is proven to enhance a company's value (Sax & Andersen, 2019). Without internal controls, the organization lacks consistent process performance and cannot know when risks exceed the established risk appetite. The participants in this study spent significant time discussing internal controls and the importance of leadership over the organization's control environment. Internal controls were the topic discussed the most throughout the interviews by the Board of Directors and CAEs.

The Board of Directors viewed risk assessment and the establishment of internal controls as management's responsibility but felt strongly about the need for management, the audit committee, and the Board to agree on critical risks and the reporting of control effectiveness for these risks. Each participant (100%) referenced the importance of internal controls and a robust internal control environment when discussing corporate governance. P10 believed that an internal control culture should be embedded within the organization and demonstrated through employee behavior. P12 focused on identifying risks and said that addressing them enhances the internal control environment. P11 added that an excellent internal control environment and internal audit function limit organizational risks and potential losses due to ineffective controls. P2 summarized the theme of corporate governance by saying that people will not consistently execute controls without tone-at-the-top because they think they are optional. A healthy internal control environment is foundational to corporate governance, and the participants rely on the control environment to monitor organizational effectiveness.

The Board of Directors believed risk and control ownership to be a critical aspect of risk mitigation and wanted to see the ownership of internal control monitoring at the line of business or operational management levels. However, the Board of Directors was also concerned about excessive internal controls and the potential to limit innovation. P3 said that sometimes internal controls could be restrictive and eliminate or discourage innovation. This same goal was used to describe the audit process and the goal of adding value versus merely applying a police mentality. The Board of Directors agreed that achieving a robust control environment over the accounting and financial reporting process requires a strong team with technical expertise and transparency to ensure compliance with accounting standards.

Throughout the interviews, the Board of Directors and the CAEs referenced internal control related activities like accounting, analysis, audit, internal audit, reporting, results, and review over 220 times. These references are in addition to 110 references to controls, control owners, control environment, and control risk. Based on the lived experiences of the research participants, internal controls are at the heart of leadership and corporate governance over the accounting and financial reporting processes. Without a strong internal control program, management cannot analyze operational performance with trust and confidence.

The participants described how a lack of trust and confidence in operating data plays a role in the organization's accounting and financial reporting processes. Trust and confidence in the control environment and the process level internal controls provide the data necessary for leadership performance. Cheng et al. (2018) concluded that ineffective internal controls over financial reporting fail to identify, mitigate, and monitor risk over the accounting and financial reporting processes and decrease organizational efficiency. This study suggested that an improperly designed or ineffective control environment creates a false sense of security since controls may not identify process breakdowns or inappropriate behavior.

Theme 3 – Accounting & Financial Reporting Processes

The accounting and financial reporting processes are critical to the capturing and recording of financial activities. Alkaraan (2018) explored the accounting and financial reporting processes and concluded that accounting standards enhance public accountability and organizational performance. Alkaraan (2018) further concluded that organizational vision, strategy, governance, culture, and benchmarking play an essential role in the accounting and financial reporting processes. This section describes the lived experiences of the Board of Directors and CAEs that participated in this research project, including the themes of accounting process and accounting standards and regulatory reporting. Each theme is explored below, and a word cloud highlighting the frequently used words in the discussion related to accounting and financial reporting are included in Figure 4.

Figure 4

Words Coded to Accounting and Financial Reporting

Accounting Process

The combination of formal and informal controls within the accounting process enhances accounting data and financial reporting quality (Gackstatter et al., 2019). The research participants (100%) agreed and stressed the importance of a robust internal control environment in the accounting and financial reporting processes. The CAEs said the key to controls in the accounting process is accountability. For example, P2 said accountability begins with oversight of people executing controls, including checks and balances in the financial statement close process. The participants stressed that internal audit team members might be involved in the testing and monitoring of the accounting and financial reporting processes, including Sarbanes-Oxley controls, but they are not the owner of the controls. P10 provided an example:

> I have seen instances where the controlling owner was aware of the issue, but nothing was communicated about the control deficiency. The internal audit team conducted

testing and identified the issue, and as a result, additional failures were identified that could have been addressed more timely.

The process owner is responsible for the design and effectiveness of the controls, but internal audit can be a valuable resource to confirm design and effectiveness through testing. The Board of Directors agreed that internal audit could be a valuable resource to aid management in process improvements within the accounting and financial reporting control environment and the importance of management owning the controls. The Board of Directors also provided comments on the Board's responsibility for risk oversight. P1 said one of the Board's principal responsibilities is the identification of risks across the business. The application to financial reporting and controls is one subset of many areas of risk identification and mitigation. P3 stated the audit committee's responsibility is to oversee the integrity of the company's accounting and financial reporting process and to ensure that processes are in place and audited. P7 said there is accountability to the Board and the company's overall governance policy. P7 also said management relies on review and accountability to verify and ensure proper accounting and reporting. P4 summarized why the Board's involvement is essential by saying that genuine trust in the reporting results is important, so there is no doubt about reported performance. P4 also said the certifications and disclosures reinforce the level of importance and set expectations. The participants frequently identified certifications or process level dashboards as a means to monitor the accounting process.

The participants viewed the Board of Directors and the audit committee as a critical supporter responsible for oversight of the accounting and financial reporting processes. Management owns the control environment, but the audit committee is responsible for having a financial expert on the committee that can communicate and share with the committee at large the conclusions reached from interactions with the external auditors, the internal auditors, and the CFO and finance team. P5 said that having someone on the Board of Directors fluent in accounting and comfortable looking at financial statements and financial results, margins, and ratios are important. The Board of Directors is responsible for maintaining oversight and ensuring appropriate resources are committed to monitoring accounting process controls.

The literature review of this study supports the accounting process theme. Chychyla et al. (2019) said the risk of alternative accounting practices could be overcome by leadership from management within the accounting function and investment in accounting expertise. The lessons learned from the participants in this study was the accounting process is enhanced when the accounting team owns the accounting controls, has a formal certification or review process, and utilizes the internal audit team to assist with control monitoring. The Board of Directors or the audit committee is also critical in providing support and oversight of the accounting and financial reporting processes to ensure timeliness and accuracy in reporting.

Accounting Standards and Regulatory Reporting

The accounting standards and regulatory reporting activities provide shareholders and stakeholders a consistent framework for interpreting financial results (Zicke & Kiy, 2017). Zicke and Kiy (2017) referred to accounting standards as a consensus view with reporting quality. The research participants in this study agreed that accounting standards provide a consensus view for shareholders, and they agreed the quality of financial reporting was a high priority.

Ten (83%) of the participants referred to accounting standards, including compliance reporting, Sarbanes-Oxley certifications, the external auditor requirements, and the Public Company Oversight Board (PCAOB) requirements. P1 said the risks within the financial reporting process should be prioritized based on the internal control environment. The statement from P1 suggests that management should place more effort on the areas of high risk and should rely on the internal control assessment and monitoring efforts to know the financial reporting process is operating as designed. P9 said there is a high level of internal audit activity to confirm compliance. However, P9 also suggested that internal audit resources must balance priorities to ensure that risk-based work is not neglected throughout the organization. P12 referred to the COSO standard to help management develop a controlled environment that increases financial reporting accuracy. Lastly, P2 referred to Sarbanes-Oxley requirements, including management certifications and working with the external auditors, which included addressing PCAOB requirements. P2 said the purpose of Sarbanes-Oxley was to give reasonable assurance, but now additional requests from the external audit team may be required to ensure compliance with the PCAOB. P6 said the PCAOB is now driving changes or requirements the external audit firms must address. The participants found compliance with accounting and financial reporting standards as a core requirement that serves as the foundation for consistent and reliable reporting.

The participants referred to accounting and audit terms over 160 times. These terms included accounting, audit, auditor, audit committee, and financial reporting. The research participants viewed routine testing of the accounting and financial reporting processes as a tool that provides the Board, the audit committee, and executive management with an overview of accounting data accuracy. The accounting standards and regulatory reporting theme was analyzed in the literature review of this study. Wilford (2016) examined external reporting and concluded the importance of a robust internal control culture helps ensure the accuracy of financial data and compliance with external financial reporting requirements. The lessons learned from this study included the financial reporting process is enhanced when the accounting team works with the external and internal auditors to meet regulatory reporting requirements, which provides quality financial reports to shareholders.

Theme 4 – Organizational Effectiveness

Mishra and Misra (2017) studied the rapid increase in globalization and competition and concluded that company lifespans steadily decrease if organizations fail to innovate and drive organizational effectiveness throughout the company. The participants in this research study consistently spoke to the benefits of leadership and increasing organizational effectiveness. This section reviews organizational effectiveness themes, including internal monitoring, process improvement, and decision-making. Each theme is explored below, and a word cloud highlighting the frequently used words in the discussion related to organizational effectiveness is included in Figure 5.

Figure 5

Words Coded to Organizational Effectiveness

Internal Monitoring

Internal monitoring is an essential step in evaluating and monitoring risks within an organization (Derricks, 2018). Risk management activities can aid an organization as leadership manages the consistent external and internal changes in the environment and can create organizational efficiencies through migration to new process activities (Derricks, 2018). This research project led to similar conclusions based on the lived experiences of the participants. The Board of Directors and CAEs concluded that effective monitoring must include open and frequent communication to discuss what is working well and what is not working within the organization’s corporate governance environment. Discussions with the participants also aligned with previous discussions on corporate governance and specifically tone-at-the-top since monitoring activities identify issues in the organization that needs to be enhanced or remediated. Twelve (100%) of the participants discussed the benefits of internal monitoring. P11 stated that the Board must not assume everything in the company is fine, but must assume people can do bad things if monitoring is not maintained. P10 agreed and said monitoring must be continuous and ongoing to be effective. P1 said the Board of Directors must identify critical issues and have reoccurring status updates throughout the year on remediation activities. Lastly, P7 said monitoring provides accountability to the Board to ensure accuracy in accounting and reporting. The participants strongly embraced monitoring to identify issues but also to monitor improvement activities.

If monitoring is effective, it will identify control activities that are not working and then through open communication these issues can be corrected. If the culture or tone-at-the-top does not support communication and an acknowledgment of what is not working, issues will likely be hidden and not addressed. Many of the accounting and financial reporting monitoring efforts described in the interviews confirm control effectiveness, but the open communication philosophy and the need to address a lack of transparency extend beyond monitoring. The open communication philosophy can include discussions about compliance with accounting standards, accounting and financial trends in the business, and areas of risk that need enhanced monitoring due to control deficiencies, emerging risks, or changing risk profiles. P4 saw internal audit as an enterprise resource and said if the CAE is independent and reporting to the audit committee, then the internal audit team should observe weaknesses that need to be enhanced before they become a decrease in effectiveness. Throughout the discussions, internal audit was positioned as a partner to both the Board of Directors and executive leadership.

The literature review in this study included an analysis of internal monitoring. Gackstatter et al. (2019) concluded that monitoring and reporting included two levels of process controls and output controls. Process controls are designed to monitor data recording and processing. Output controls are designed to monitor financial data reporting. The lessons learned from this study were that internal monitoring provides value to the Board of Directors and the executive leadership team who rely on process controls effectiveness to ensure accuracy in accounting and financial reporting.

Process Improvement

A process improvement strategy allows a company to improve operations over time through process changes or enhancements that create increased efficiencies (Syed Ibrahim et al., 2019). The research participants discussed that an organization invests heavily in business operations, including technology, people, and processes. The participants focused on process improvement as a mindset within the organization to create organizational effectiveness, the sustainability of operations, and accurate accounting data. The participants also ranked communication as a critical attribute of leadership since improvement starts by discussing improvement opportunities at all levels within the organization.

Monitoring identifies improvement opportunities that are communicated to management and the Board of Directors, but ultimately must be communicated to the individual process owners for change to occur. If a leader lacks communication skills, the process improvement strategy may fail or be less effective. An example of this comes from P1, who said:

> Internal audit needs to help the functions they work with, not only to identify whether the controls in place are fulfilling their intended requirement but also to identify whether additional controls are needed and partner with them to identify whether or not the controls are meeting the requirements.

The research findings concluded that an internal partner for process improvement is vital for business operations and the accounting and financial reporting processes to ensure the proper and timely reporting of business performance to shareholders.

Twelve (100%) of the participants provided lived experiences related to process improvement and the importance of continuous improvement in the organization. P8 said that after establishing tone-at-the-top, investments should ensure processes are well designed. P1 said that leadership improves the business's sensitivity to risk and increases acceptance of ownership of risks, including developing the delegation plans that ultimately satisfy the control requirements. This sentiment was shared by P4, who said empowering people leads to improvement. The concept is that those closest to business operations know how to improve organizational processes and the control environment. P7 also agreed and said a blend of people with different experiences and backgrounds helps the team share best practices and learn. The experiences of the Board of Directors and the CAEs unanimously supported the sustainability of organizational effectiveness through process improvement.

Similar to the internal monitoring discussion, the research participants closely aligned process improvement with corporate governance. For example, P11 said if a weak internal control environment exists, then weaknesses have to be shored up, and the Board and CAE should work together to make sure that happens. To encourage process owners to make the necessary changes, the Board of Directors and executive leadership must create a culture and corporate governance environment that rewards and celebrates improvement. Conversely, the culture should also quickly address those individuals who do not respond to improvement opportunities or subvert the organization’s controls, resulting in decreased organizational efficiency or accounting and reporting inaccuracies. P6 said the CAE could contact the audit committee chairperson any time with concerns about decreasing organizational effectiveness. The Board and the CAE utilize meetings and open dialog within the organization when concerned about decreasing effectiveness.

Many of the conversations used terms like having a seat at the table, creating a culture of compliance, or doing the right thing that captured the corporate governance roles in process improvement. Having a seat at the table referred to the CAE and the internal audit function as part of the organization's risk and improvement discussions, including the accounting and financial reporting processes. Creating a compliance culture directly links the Board of Directors and the executive leadership team to their cultural responsibilities. Doing the right thing was expressed as everyone's responsibility to participate in process improvement.

To enhance corporate governance within the organization, including the accounting and financial reporting processes, P4 stated one must expand the expectations, the level of importance, and the attention given to corporate governance, either vertically within the financial organization or horizontally in the management team. P4 also stated that management should and must realize that a properly controlled environment results in better performance through efficiency of execution. Participants agreed that leadership is critical to successfully maintaining a process improvement culture and that process improvement in the accounting and financial reporting processes are essential in achieving corporate strategy.

The process improvement theme was analyzed in the literature review of this study. According to Dal Mas and Barac (2018), the internal audit department, led by the CAE, is critical to an effective corporate governance program, and both the internal audit CAE and staff provide control assurance and serve to increase operating effectiveness. The lesson learned from this study was that process improvement can enhance the business and strengthen the accounting and financial reporting processes. The process owners are responsible for process improvement actions, but the Board of Directors plays a role in monitoring process improvement actions, and the CAE can provide feedback on improvement plans. The goal of process improvement is to improve business operations and enhance the accounting and financial reporting processes.

Decision Making

As stated above, internal monitoring can identify critical controls that are not working as designed and processes that can be improved to enhance organizational effectiveness. According to the research participants, strengthening controls and improving processes allows management to have improved decision-making data. Syed Ibrahim et al. (2019) suggested that a successful process improvement process, including staff training and development, leads to enhanced decision-making. Direct references to decision-making were limited, but the Board of Directors identified increased communication and review of reports before the board meeting to enhance decision-making. Nine (75%) of the participants made comments related to organizational effectiveness and decision-making. P1, P3, and P5 said the Board plays a vital role in overseeing the decision-making process. They stressed the importance of talking about solutions and not just problems. P5 said the Board of Directors needs leaders who are willing to put forward correct numbers, entertain questions, and discuss the organization's plans. The participants found value in talking with key employees before the Board of Directors meetings to gain additional insight into issues and decisions made. For example, P1 said preparing for the Board of Directors meeting allowed the risk owner to deliver a targeted message to the Board. This Board of Director advocated that risk owners in the organization be involved in the decision-making process. The increased communication between the Board of Directors and the risk owners allowed the Board to make better decisions and allowed for more effective oversight of the executive leadership team and the accounting and financial reporting processes.

Experts also enhance decision-making. The Board of Directors spoke to the need for financial experts to oversee the accounting and financial reporting processes and acknowledged the need for other experts in areas such as security and privacy, human relations, or board governance. The goal is to use the experts to develop business processes that provide reliable and trustworthy information for decision-making. P3 gave the example of relying on peer experts by acknowledging the unique skills of each Board member. P3 said there are specialists in one area and I in another, and we talk it through each person's perspective. The work of the Board outside of the board meeting was identified as not only a requirement, but an opportunity for the Board to work together to fulfill the responsibility of oversight and guidance.

Lastly, P3 noted the necessity of accurate and timely information for decision making in the accounting and financial reporting processes. P3 said the financial team must provide and have processes that provide immediate information to help change decisions or encourage continuing agreed-upon actions. The CFO has the responsibility for signing quarterly and annual certifications. This responsibility is fulfilled if the CFO has the data necessary to make decisions about the appropriateness of the entity's control environment, the completeness of the accounting data, and the accuracy of financial reports issued to the public. The Board of Directors relies on the CFO and the accounting function to provide accurate data to the public, and the CAE and the internal audit function can play a role in evaluating control effectiveness.

The literature review in this study analyzed the decision-making theme. Business decisions have an inherent risk of uncertainty, and the greater the quality of the data, the more uncertainty is eliminated from the decision process (Hatane et al., 2019). The lessons learned from this study were that the decision-making process is enhanced when the risk owners are knowledgeable of the risk environment for their area, experts are used to provide enhanced insight into emerging or changing risks, and accurate and timely information is available to make the decisions necessary to address unmitigated risks or process inefficiencies.

Relationship of Themes/Patterns to Research Questions

The research questions attempted to understand the role leadership plays in corporate governance over the accounting and financial reporting processes. To understand leadership's role, the researcher created four research questions, and sub-questions were prepared for each research question. The relationship of each theme are identified below.

Research Question One

Research question one identified the expectation of leadership on corporate governance and internal controls over the accounting and financial reporting processes. Repeatedly throughout the interviews, both the Board of Directors and the CAE's identified leadership expectations in corporate governance and internal controls over the accounting and financial reporting processes to start with a proper tone set by the Board and executive leadership. The research participants referred to this as tone-at-the-top, which was a corporate governance theme. The participants stated that the Board and executive leadership establish the tone-at-the-top that creates the organizational culture. This conclusion is important because tone-at-the-top and organizational culture link to two additional corporate governance themes, enterprise risk management strategy, and the organization's internal control environment.

The participants viewed the effectiveness of the accounting and financial reporting processes, including both the themes of the accounting process and the financial reporting processes, as dependent on a robust corporate governance environment. The participants stated the strength of the corporate governance environment and the accounting and financial reporting processes provides management and the Board with the data necessary to make timely decisions.

Research Question Two

Research question two identified why the Board of Directors and the CAE fail to exhibit leadership in corporate governance and internal controls over the accounting and financial reporting processes. The participants agreed that a lack of leadership and corporate governance would negatively influence organizational effectiveness. To measure leadership and corporate governance effectiveness, the participants suggested that organizations utilize the two organizational effectiveness themes of internal monitoring and process improvement. The leadership lessons learned theme discussed during the interviews confirmed the accounting and financial reporting processes benefit from accountability and transparency, measured through internal monitoring and improved through process improvement. For example, participants stated that leadership at the Board of Directors level was essential for identifying, addressing, and monitoring control deficiencies identified through internal monitoring. The remediation plan or performance improvement activities for these control deficiencies must be monitored at the Board level, and the CAEs are a useful resource for validating control and remediation activities.

Research Question Three

Research question three identifies the leadership qualities expected of the Board of Directors and the CAE to enhance corporate governance and internal controls over the accounting and financial reporting processes. The leadership themes of leadership style, leadership lessons learned, and leadership training offered many conclusions from the research participants. For example, the participants viewed leadership approaches in corporate governance over the accounting and financial reporting processes to be collaborative, servant, transformational, and at times transactional or authoritative. The goal expressed by each participant was to demonstrate collaboration and transform others through a servant leadership approach, but to ensure the validity of the accounting and financial reporting processes, there are times that leadership must be transactional or even authoritative.

The leadership training theme also provided many insights from the research participants, including Board of Directors self-assessments, executive leadership programs, formal training offered either internally or externally, and process-level training activities that educate control owners on their responsibilities. The research participants frequently discussed training as an essential theme in corporate governance, especially given the technical nature of accounting and financial reporting. Lastly, the participants recognized the need for technical training, and they expected the staff maintains a minimal or acceptable level of accounting and financial reporting knowledge.

When discussing the theme of leadership lessons learned, the participants spoke about objectivity and maintaining a sense of scrutiny or inquisitiveness. Statements were made that human nature is to please, and some may overcommit to meet expectations. Overcommitting could lead to stretching the application of accounting principles or accounting rules to meet expectations. Additionally, participants discussed the importance of objectivity to keep a level of independence from management. Other leadership topics included reinforcement of corporate governance and the importance of good culture, investing in employees to train and develop each person in the desired outcomes of their job duties, and empowering people to perform by confirming results through monitoring and accountability.

Research Question Four

Research question four identified how the internal control environment over the accounting and financial reporting processes enhanced organizational effectiveness. The research participants viewed organizational effectiveness as a by-product of the other themes. Effective leadership, good corporate governance, and sound accounting and financial reporting processes result in efficient operations, thorough decision-making, and innovation through process improvement. However, the research participants noted that failure to demonstrate leadership, maintain good corporate governance, or have sound accounting and financial reporting processes resulted in a lack of trust and transparency, operational inefficiencies, and a failure to meet organizational goals and objectives.

Summary of the Findings

This section summarizes the themes identified through the study of leadership, corporate governance, accounting and financial reporting, and organizational effectiveness categories. The themes identified:

1. The importance of tone-at-the-top to establish corporate governance
2. The role leadership plays in maintaining corporate governance accountability throughout the organization and the accounting and financial reporting processes
3. The need for open communication, trust, and collaboration between the Board of Directors, executive leadership, and the CAE as the head of the internal audit function
4. A robust internal control environment including a strong enterprise risk management program
5. A formal internal monitoring program that provides timely feedback on issues identified
6. A process improvement program that remediates process deficiencies and enhances organizational effectiveness to provide management with an improved ability to make decisions

The role leadership plays in corporate governance over the accounting and financial reporting processes are evident from the creation of tone-at-the-top to ongoing decision-making activities in daily operations. The accounting and financial reporting processes provide a foundation for operational performance, communication of results to the public, and confidence in the use of data for decision making to drive organizational effectiveness.

Applications to Professional Practice

This study focused on the role leadership plays in corporate governance over the accounting and financial reporting processes. The Board of Directors and the CAE contribute to leadership over corporate governance by creating or enhancing tone-at-the-top; communication, trust, and collaboration; the internal control environment including the enterprise risk management program; internal monitoring activities; and process improvement actions. The findings in this study provide the Board of Directors, executive management, and the CAE with leadership actions to develop and improve corporate governance, enhancing the ability to make decisions and create value for shareholders.

Tone-at-the-top is the foundation of corporate governance and sets the expectations for governance and internal controls throughout the organization. Lašáková and Remišová (2018) stated that tone-at-the-top drives employee behavior. Without corporate governance, management cannot rely on the accounting and financial reporting data used to monitor business activities and make appropriate business decisions. With corporate governance, management creates internal controls, internal monitoring, and process improvement actions that lead to organizational effectiveness and improved decision-making. The results from this study confirmed that leadership and corporate governance enhance accuracy in the accounting and financial reporting processes and improve shareholder value through timely reporting of financial results. By creating corporate governance, leadership increases operations consistency, reduces the risk of fraud and human error, and develops a continuous improvement process that allows for innovation and enhancement to existing operations.

Colli and Colpan (2016) referred to corporate governance as agency theory and stewardship theory. This study confirmed that the Board of Directors provides oversight of the design and operation of the accounting and financial reporting processes. The CAE plays a critical role in corporate governance by testing and monitoring the internal control environment and providing executive management and the Board of Directors with the results of testing and recommendations for improvement. The research concluded that the Board of Directors and the CAE serve as stewards of shareholder interests. Stewardship to shareholders increases clarity of vision, reliance on management reporting, and ultimately increases trust between the company and the shareholder (Zhang et al., 2018).

The study findings confirm that creating the leadership actions necessary to develop tone-at-the-top and organizational culture benefits companies that lack corporate governance. Internal controls, leadership, and integrity profoundly affect corporate governance, culture, and overall business success (Alam et al., 2019). Current and future leaders may benefit by applying this study's results to professional practice by focusing on corporate governance and the accounting and financial reporting processes foundational to shareholders. By improving corporate governance, leaders create organizational effectiveness from innovation and sustained value for shareholders through increased trust (Zhang et al., 2018).

Leadership is more about serving others than a command and control style of authoritative management. The Biblical worldview instructs Christians to be servants versus seeking a position of greatness (Matthew 20:26 ESV). The Board of Directors and the CAE roles are formal positions of authority. Based on the research participants' lived experiences, servant leadership's Biblical instructions are essential to motivating and inspiring others. The right focus of leadership is investing, training, developing, and leading others above one's interests in success (Newman et al., 2017). A servant leader uses knowledge and experience to inspire and motivate others to achieve great success.

Paul suggested that leaders pursue challenges (James 1:12 MSG) and instill confidence in those that follow (Hebrews 13:17 NIV). Leadership is a well-intentioned endeavor, and based on the lived experiences of the participants of this study, leadership is critical to establishing and maintaining corporate governance over the accounting and financial reporting processes of an organization. This study's results contribute to leaders: (a) establishing tone-at-the-top; (b) consistently displaying leadership by serving others; (c) encouraging communication, trust, and collaboration to address corporate governance challenges; and (d) maintaining a robust internal control environment.

Recommendations for Action

Throughout this research project, the researcher identified several recommendations for the Board of Directors and CAEs. These recommendations were based on the participants' experiences and their understanding of leadership and corporate governance over the accounting and financial reporting processes. The following practices should be considered for implementation to enhance leadership over corporate governance.

1. The Board of Directors could create a survey in order to evaluate tone-at-the-top within the organization. The survey will determine if the desired governance culture permeates the organization, including executive leadership, middle management, line management, and each employee. This survey evaluation is designed to provide feedback on the organization’s current culture.
2. The Board of Directors could evaluate if the leadership’s oversight over the accounting and financial reporting processes are sufficient. The evaluation could include assessing technical training for personnel and assessing the culture within the accounting and financial reporting team to ensure each employee is encouraged to comply with company policies and procedures.
3. The executive leadership team could enhance communication, trust, and collaboration between the Board of Directors, the executive leadership team, and the CAE. Communications should focus on risk identification, risk prioritization, and control design and operating effectiveness, including process improvement activities.

4. The executive leadership team could develop or enhance the organization’s internal control environment through a robust enterprise risk management program. The focus of the program is to maintain effective management of risks within the organization, including strategic, operational, financial, and compliance activities.
5. The executive leadership team could develop or enhance the organization’s internal monitoring program to provide timely feedback on process performance and any issues identified. An effective monitoring program could include process-level controls such as reporting and monitoring activities at the line-of-business level and entity-level controls such as tone-at-the-top and culture. The CAE could also conduct risk-based reviews to evaluate management’s monitoring efforts.
6. The executive leadership team could develop or enhance the organization’s process improvement program to enhance organizational effectiveness by remediating process deficiencies identified through internal monitoring.

The above recommendations are based on the participants' experiences and are designed to improve communications from the top-down and governance and effectiveness in the accounting and financial reporting processes. The participant feedback demonstrated that leadership plays a role in corporate governance, and these recommendations are designed to improve business practices related to corporate governance.

The dissemination of this study’s conclusions and recommendations may include the Board of Directors, executive leaders, and CAEs through seminars and conferences, the development of thought leadership and best practice literature, and training to the Board of Directors and employees. Each dissemination channel provides opportunities to strengthen leadership practices in corporate governance over the accounting and financial reporting processes while increasing leadership and corporate governance literature.

Recommendations for Further Study

The topic of leadership and corporate governance continues to be a relevant topic for future study. This project focused on the lived experiences of the Board of Directors and CAEs, but future studies focused on the lived experiences of the executive leadership team will add additional value to this topic. Lee et al. (2018) suggested that CEO tenure and career horizon play a role in CEO decision-making. A qualitative study on the role leadership plays in corporate governance focused on the lived experiences of CEOs and CFOs could offer additional perspectives than those presented by the Board of Directors or the CAEs due to the role itself or the career horizon of the executive leadership team.

Another possible research focus is to evaluate the role leadership plays in corporate governance across industries. Tshipa et al. (2018) conducted a quantitative study on corporate governance and found that industry impacts an organization's corporate governance program. A qualitative study exploring the lived experiences of the Board of Directors and the CAEs from another industry may yield new insights and allow for comparisons between industries. Studying leadership and corporate governance from different roles or across different industries will complement this study and add new knowledge on the topic.

Reflections

The topic of leadership and corporate governance over the accounting and financial reporting processes was of interest to the researcher due to the researcher's background. The researcher has over 25 years of business experience ranging from roles in internal audit and roles in professional services as a consultant. The researcher has worked extensively with the Board of

Directors and CAEs on corporate governance and accounting and financial reporting processes. Additionally, the researcher has worked extensively with CEOs and CFOs to implement and maintain corporate governance programs.

Before this research, the researcher expected to hear the themes of tone-at-the-top, internal controls, internal monitoring, enterprise risk management, training and development, and organizational effectiveness. However, the researcher did not expect the theme of communication to be prevalent in the interviews. The researcher assumed that communication is essential, but the deliberate comments on communication, including open and candid communications, were unexpected. Additionally, the other unforeseen outcome was the leadership style differences between the Board of Directors and the CAEs. The Board of Directors emphasized collaborative leadership, while the CAEs provided more examples of autocratic leadership. The difference in leadership views between the Board of Directors and the CAEs is likely due to the differences in job responsibilities, but this difference was unexpected before this study.

There was no evidence the researcher affected the research participants, and there was no evidence the researcher allowed personal bias to influence the outcome of the study. The researcher used defined interview questions and avoided sharing personal perspectives of comments during the interview process. This study's focus was to solicit the experiences of the participants and let these stories form the themes and conclusions in the report of this study.

The proverbs say that a person of integrity is guided by righteousness (Proverbs 13:6 NIV). For corporate governance to be effective, the experiences studied in this project are clear and leadership is based on integrity, ethics, and values are essential. Integrity allows for the team's interests and successes to rise above the leader's motives and ambitions. This servant approach to leadership is mirrored in a Biblical worldview by the examples of service to others. The result of servant leadership based on the foundation of integrity is a well-established corporate governance program and an effective process in which the end-user can rely on the accounting department’s financial data.

Summary and Study Conclusions

This study analyzed the lived experiences of the Board of Directors and CAEs to explore the role leadership plays in corporate governance over the accounting and financial reporting processes. Buallay et al. (2017) defined corporate governance as a framework that builds marketplace trust and confidence through processes and policies that enhance the organization's financial and operational performance. Through analysis of the research participant’s data, the topics of tone-at-the-top were: (a) leadership; (b) communication, trust, and collaboration; (c) internal controls and enterprise risk management; (d) internal monitoring; and (e) process improvement are critical to establishing and maintaining corporate governance.

Research Question One

The research question, what is the expectation of leadership on corporate governance and internal controls over the accounting and financial reporting processes, was answered with organizational tone-at-the-top. The Board of Directors and the executive leadership team is responsible for developing and overseeing corporate tone and organizational culture. Tone-at-the-top is the foundation for enterprise risk management and the organization’s internal control environment.

The effectiveness of the accounting and financial reporting processes is dependent on a robust corporate governance environment. The participants stated the strength of the corporate governance environment and the accounting and financial reporting processes provides management and the Board with the data necessary to make timely decisions. The experiences of the participants suggested that tone-at-the-top leads to culture and corporate governance, which leads to a robust internal control process that enhances decision-making.

Research Question Two

The question, why does the Board of Directors and the CAE fail to exhibit leadership in corporate governance and internal controls over the accounting and financial reporting processes, was answered by leadership failure or a lack of leadership at the Board of Directors and executive leadership levels. The participants agreed that a lack of leadership and corporate governance would negatively influence organizational effectiveness. The participants suggested that organizations utilize internal monitoring and process improvement to measure and enhance leadership and corporate governance effectiveness. The leadership examples focused on accountability and transparency to benefit the accounting and financial reporting processes. The participants also stressed the need for internal monitoring to evaluate performance quality and identify process improvement opportunities.

Research Question Three

The question, what leadership qualities are expected of the Board of Directors and the CAE to enhance corporate governance and internal controls over the accounting and financial reporting processes, was answered by studying collaborative and servant leadership. The participants demonstrated that collaboration and servant leadership could transform others and increase the validity of the accounting and financial reporting processes.

The participants also stressed the need for leadership training through executive leadership programs and coaching. Training and coaching mentored others to develop the skills and experiences needed for advancement in the organization. The research participants discussed training as an essential theme in corporate governance, especially in technical areas like accounting and financial reporting. Training and coaching increased objectivity and a sense of scrutiny or inquisitiveness. Statements were made that human nature is to please, and some may overcommit to meet expectations. Lastly, the study data included empowering people to perform assigned job duties while confirming results through monitoring and accountability.

Research Question Four

To answer the question, in what way can the internal control environment over the accounting and financial reporting processes enhance organizational effectiveness, the participants viewed effective leadership, good corporate governance, and sound accounting and financial reporting processes as a foundation for operational success. Additionally, a culture of leadership results in efficient operations, sound decision-making, and innovation through process improvement. However, the research participants noted a lack of leadership results in a lack of trust and transparency, which creates operational inefficiencies and a failure to meet organizational goals and objectives.

This study adds to the current literature on leadership and corporate governance by analyzing the expectations of leadership on corporate governance, evaluating the failures of leadership from the Board of Directors and the CAE, reviewing the expected leadership qualities to enhance corporate governance within the organization, and an analysis of how the internal control environment can create organizational effectiveness. Combining these four research questions into one qualitative study allows for a greater understanding of the role tone-at-the-top and the discipline of collaborative and servant leadership play in creating organizational trust, enhanced decision-making, and improved performance.

The role leadership plays in corporate governance over the accounting and financial reporting processes is evident from the creation of tone-at-the-top to ongoing decision-making activities in daily operations. The accounting and financial reporting processes provide a foundation for operational performance, communication of results to the public, and confidence in the use of data for decision making to drive organizational effectiveness.

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Appendix A: Interview Guide

Introduction

Thank you for your participation in this research study. Our goal today is to discuss how leadership over corporate governance plays a role in the accounting and financial reporting processes. The specific problem to be discussed is a lack of effective leadership from the Board of Directors and the CAE over corporate governance and the controls governing the accounting and financial reporting processes within the manufacturing companies resulting in decreased organizational efficiency. The interview will last for approximately 60 minutes. I request that you answer each question openly and with as much background or experience rich examples as possible. All information shared will be confidentially maintained. If you need a question to be repeated or need to pause the interview for any reason, please let me know. With your permission, the interview will be recorded, and the researcher will take notes. Do you have any questions before we begin? At this point, the recording will be started, and we will begin the interview. (Start Recording)

This is the interview for participant (number) on (date) at (time).

Background and Demographics

- Title
- Time in position or time since being in the position
- Total years of experience in this position
- Highest education obtained
- Certifications obtained
- Previous experience

Each research question will be discussed by answering each sub-question.

Research Question One

1. What is the expectation of leadership on corporate governance and internal controls over the accounting and financial reporting processes?
    a. What leadership actions are present in a successful corporate governance and internal control environment over the accounting and financial reporting processes?
        i. Please discuss how these leadership actions are documented in a job description or shared in orientation?
        ii. How do these leadership actions enhance corporate governance and internal controls over the accounting and financial reporting processes?
        iii. Can you provide examples that evidence these leadership actions and how they enhance corporate governance and internal controls?

Research Question Two

2. Why does the Board of Directors and the CAE fail to exhibit leadership in corporate governance and internal controls over the accounting and financial reporting processes?
    a. What are the expected leadership actions that if not present contribute to the Board of Directors and CAE's failure of leadership in corporate governance and internal control over the accounting and financial reporting processes?
        i. What actions would be taken if these leadership actions are not present?
        ii. How can the Board of Directors and the CAE correct these shortcomings and address leadership failure over corporate governance?

b. Which leadership style exhibited by the Board of Directors and the CAE contributes to effective corporate governance and internal controls over the accounting and financial reporting processes?
    i. Please describe how you concluded that this leadership style is most effective.
    ii. Please give examples of this leadership style in action.
    iii. How can this leadership style enhance internal controls over the accounting and financial reporting processes?
    iv. Please describe how the organization trains and mentors future leaders in this leadership style.

Research Question Three

3. What leadership qualities are expected of the Board of Directors and the CAE to enhance corporate governance and internal controls over the accounting and financial reporting processes?
    a. What actions or attributes qualify as leadership in the accounting and financial reporting processes?
        i. Please describe examples of these actions or attributes and discuss the role they play in the accounting and financial reporting processes.
        ii. How are these actions or attributes in leadership monitored in the organization?
        iii. What is the outcome of these actions or attributes if not present in leadership? Please provide examples.

b. What leadership style is most likely to enhance corporate governance and internal controls over the accounting and financial reporting processes?
    i. Please describe examples of this leadership style and discuss the role they play in the accounting and financial reporting processes.
    ii. How is this leadership style encouraged and monitored in the organization?
    iii. What is the result if this leadership style is not present in corporate governance? Please provide examples.

Research Question Four

4. In what way can the internal control environment over the accounting and financial reporting processes enhance organizational effectiveness?
    a. What are the attributes of the internal control environment that contribute to organizational effectiveness?
        i. Please describe examples of the attributes of the internal control environment and discuss the role they play on organizational effectiveness?
        ii. How are these attributes of organizational effectiveness monitored?
        iii. What are the results of organizational effectiveness if these attributes are not present in the internal control environment? Please give examples.
    b. What are the attributes of the internal control environment that decreases organizational effectiveness?
        i. Please share examples that demonstrate a decrease in organizational effectiveness?

ii. How does the organization limit these attributes?

iii. How is organizational effectiveness decreased if these attributes exist?

iv. What role should the Board of Directors and the CAE play in addressing the decrease in organizational effectiveness?

Closing Statement

Are there other thoughts or comments that can expand our discussion on the role leadership plays in corporate governance and the accounting and financial reporting process?

At this time, the recording will be stopped (Stop Recording), and I am appreciative of your time and openness in sharing your experiences. The information you provided will be transcribed, and themes will be identified. This information will be provided to you for a final review to ensure accuracy. If you have any questions regarding this study, please contact me at jbrackett6@liberty.edu. Again, thank you for your participation in this important project.