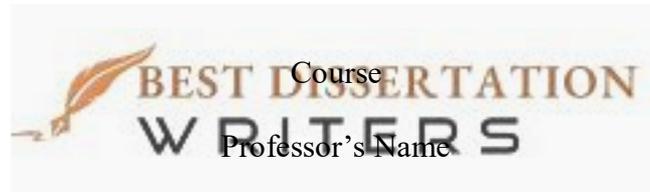


EXAMINATION OF FINANCIAL CRISES AND CORPORATE FAILURES THAT
AFFECT SUITABILITY OF CORPORATE GOVERNANCE IN THE UK

By [Name]



Course

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Date

Abstract

Corporate governance as a governing body managing long-term sustainability and the success of companies is essential. This study aims to investigate the relationship between financial crises and corporate collapses, as well as the likely manner in which corporate governance could be improved in the UK. The effectiveness of a mixed-methods approach, where qualitative and quantitative research data collected from 30 participants who are UK employees of UK companies were surveyed, was used to provide a comprehensive picture and understanding of the research objectives. The results supported the finding of a strong association between unreasonable financial performance and governance gap, as executives resorted to steering clear of ethical guidelines and ineffective supervisory processes to achieve fast targets. The analysis found several serious problems, including a lack of an independent board and diverse directors, interest conflict, unclear risk management policy, ineffective procedures and internal control systems, and limited or indecisive disclosure and transparency frameworks. This study emphasised the necessity to increase board independence and diversity, improve the integrity and maturity of the risk management processes, strengthen internal and external communications, and promote ethicality in the top management and a solid corporate culture based on integrity and accountability.

Keywords: financial crisis, corporate governance, UK companies

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Glossary

Chief Executive Officer	CEO
Competition and Markets Authority	CMA
Corporate Failure	CF
Financial Reporting Council	FRC
Financial Services Authority	FSA
Financial Stability Forum	FSB
United Kingdom	UK



Chapter One: Introduction

Background of Study

In modern business structures, corporate governance forms the basis of effective leadership and ensures a smooth balance among the desires of its numerous stakeholders. It is pointed out by Almagtome et al. (2020) that corporate governance expresses the merging of organisational strategies with stakeholder demands, hence signalling the well-being of management in any entity. Nonetheless, recent discourse about business management in the United Kingdom (UK) is filled with egregious financial crises and corporate fraud cases that have attracted global attention (Berry, 2020). Therefore, there is a need to develop the most effective approaches to ensure implementation of sustainable corporate governance policies.

The increasing number of companies failing in the United Kingdom is raising fears about whether the current system of managing companies is compelling. Corporate failures in the UK have shown that some elements need to be added to these corporate governance structures; hence, they need to be amended fast so that people can still have confidence as well as continuity of business as usual (Worme, 2023). The need for comprehensive scrutiny and overhaul of corporate governance practices is evident after successive corporate scandals and failures (Connolly and Pyper, 2020). Therefore, the UK must undertake a detailed review of how financial crises, company collapses, and corporate governance go hand in hand so that the main factors behind them can be understood. The most effective solutions can be developed.

Due to the complexity of contemporary corporate structures and the changing global business environment, constant review and adjustment are essential to determine how relevant and appropriate corporate governance frameworks are. The moment of reckoning for the UK's corporate governance is here. It requires that deliberate steps be taken to deal with systemic weaknesses, which helps ensure more vital business entities (Paseka, 2022). The

study aims to provide insight into how governance influences finance fiascos by looking at the historical failures of firms due to company legislation (Deliu, 2020). An expansive examination was carried out to enrich ongoing debates on corporate governance reform and promote an open, responsible, and sustainable economic environment where prospects are enhanced.

Rationale for Study

Due to the recent corporate governance issues and the failure of corporations, strategies have been recommended and adopted to ensure effectiveness in corporate management. A review of the Financial Reporting Council (FRC) by Kingsman, the audit quality and effectiveness by Sir Donald Brydon, and the audit market study by the Competition and Markets Authority were included in the government's white paper on trust restoration in audits and corporate governance (CGI, 2019; Knight, 2022). Due to the flaws in corporate governance systems found in the evaluation, 151 suggestions were made to emphasise strengthening corporate governance (Knight, 2022). Furthermore, on January 22, 2024, the FRC published a revision of the UK's corporate governance codes following the consultation launched in May (Ouma, 2024). As such, the focus majorly relies on the critical influence of financial crises and corporate failure on the sustainability of corporate governance, considering the recent developments as a means of preventing effective corporate governance.

Research Question

- How do UK firms' current financial crises and corporate failures affect corporate governance?

Research Aims and Objectives

This research aims to identify the niches in corporate governance that must be addressed. Based on the loopholes identified, this research would be used to propose

additional implementations in a white paper on restoring trust in audits and corporate governance. The objectives of the paper include:

- To examine how financial performance affects corporate governance in UK companies.
- To examine possible failures in corporate governance of UK companies.
- To propose recommendations on how the negative effects of corporate governance can be mediated.

Significance of Study

The study would be practical in both practice and policy by examining financial crises and corporate failures affecting corporate governance. The study would be effective in identifying systemic risks, hence understanding the vulnerabilities that can guide policymakers' development of mitigation strategies for promoting effective corporate governance by the organisations both affected and expected as a risk mitigation strategy. Furthermore, the research would effectively strengthen corporate governance practices, enhancing investors' confidence by highlighting effective governance strategies and practices.

Structure of Dissertation

The dissertation has five chapters. The first chapter introduces the key motivation for the study. Chapter two focuses on empirical review, theoretical framework, and conceptual framework before identifying gaps from previous studies. Chapter three is the methodology, which outlines the structured approach used in conducting the research. Chapter four offers the outcomes and major results and analyses the findings. The last chapter summarises the findings and recommends best practices and future research while identifying the limitations of this study.

Chapter Two: Literature Review

Empirical Review

Previous research studies have significantly impacted the identification of major challenges while further identifying the research gaps needed for practical analysis. One major factor that has been a concern by researchers is the financial position of an organisation. Leng et al. (2021) identified it as critical in determining an organisation's management strategies. Kyere and Ausloos (2021) conducted primary research that examined corporate governance and the financial success of businesses in the UK. The study used 252 firms listed on the London Stock Exchange. It included a multiple regression model in examining the financial position and the influence of financial performance to empirically investigate the consequences of effective corporate governance and financial outcomes for non-financial listed firms.

The significant findings from this study by Kyere and Ausloos (2021) included the effects of the size of insider shareholding effect, which had no impact on financial performance, contradicting previous studies such as Puni and Anlesinya (2020) that identified that shareholder ownership structure positively influenced financial performance except for the presence of board committee negatively impacting financial performance. A study by Kyere and Ausloos (2021) indicated that cooperate mechanisms, such as the capacity of the board and independent board members, play a dynamic role in predicting the economic performance indicator. This analysis is similar to the study by Puni and Anlesinya (2020), which illustrated that the size of the board had a main positive impact on financial presentation. An analysis by Kyere and Ausloos (2021) on the effectiveness of corporate governance demonstrated a gap in the impact of global financial problems. Solomon (2020) emphasised the necessity of corporate governance and accountability practices by showing the significance of international corporate governance standards in the Organisation for

Economic Corporation and Development and the importance of adherence for firms.

Nevertheless, the conclusions have limits, even in light of the suggestions made by Solomon (2020) and Kyere and Ausloos (2021), emphasising the need to establish financial control and responsibility for good corporate governance. Corporate failure has been linked to the financial crisis; however, further research is necessary to determine the exact relationship.

Extensive analyses have been conducted on the factors that lead to corporate failure. Knight (2022) identified measures for corporate failure in the UK, recommending them for improvement, including the elements of the role of directors in governance, corporate reporting, and internal control aspects. After additional analysis of these variables, Larcker and Tayan (2020) concluded that the effectiveness of internal control, trust in audit and reporting, and the function of corporate directors are all significant. This factor is associated with the effectiveness of current practices by UK firms in financial and non-financial information reporting. Elsayed and Elshandidy (2020) analysed narrative-related disclosure and corporate failure in publicly recited non-financial firms in the UK. Using the logit regression model for predicting corporate failure based on Corporate Failure (CF)-Disclosure, the results replicated the original findings of Kyere and Ausloos (2021) on the significance of financial crises. Elsayed and Elshandidy (2020) concluded that employing corporate failure disclosure could enhance the prediction models' explanatory powers of corporate failure. In addition, a study also discovered that financial constraints prevail in financially distressed companies, leading to their collapse at a faster rate. Kyere and Ausloos (2021) found that a financial meltdown is one of the signs showing that its management system has collapsed as well, which means that it cannot continue functioning normally. However, according to Elsayed and Elshandidy (2020), financial crises are associated with corporate failures, while Kyere and Ausloos (2021) associated them with corporate governance failures. This implies that financial crises affect both corporate governance and financial failures.

In previous studies, other challenges have been explored in regard to the complex dynamics of corporate governance and business collapse. For Instance, Leng et al. (2020), in an investigation based on UK data, discussed an idea which connects the executive's optimism to the chances that the company might fail. Using descriptive statistics on corporate governance characteristics to examine corporate performance variable distribution, Leng et al. (2020) found that less conservative accounting practices are prone to overconfident CEOs. This lack of focus on keeping records and forecasting future possible losses may lead to projected losses, causing business collapse since such firms usually make more hazardous decisions. The findings were further reported by Leng et al. (2021) on overconfident CEOs, identifying that corporate governance mechanisms have been an effective strategy in restraining negative behaviour biases with internal and external monitoring, effectuating the corporate governance process, and minimising the risk of corporate failure. Different connections are identified when comparing findings with those of other research on corporate governance, corporate failure, financial crises, and the impact of corporate governance reforms. For instance, from the analyses by Leng et al. (2020) and Leng et al. (2021), the primary concern is based on the risky behaviours taken by overconfident CEOs. Considering previous findings by Elsayed and Elshandidy (2020) and Kyere and Ausloos (2021), financial crises were the primary concern leading to the failure of corporate governance and a direct influence on corporate failure. The findings support the aspect of an overconfident CEO based on the influence of risky decision-making, especially in losses where, through biased decisions, there is reduced focus on critical losses, and risky behaviour leads to financial losses. These findings align with those by Kyere and Ausloos (2021), where financial crises exacerbate financial performance, leading to the failure of these organisations. The association between the findings is based on the influence of risky firm management and the influence on corporate failure.

Further supporting the findings is the influence of corporate governance and influence on risky behaviours. As Leng et al. (2021) identified, corporate governance has a role in minimising overconfidence in CEOs' risky behaviours, influencing best practices aligned with corporate governance practices, thus mitigating corporate failure cases. However, the major challenge is based on the effectiveness of the corporate governance reforms. However, it is critical to appraise the association between corporate governance and corporate failure, considering the direct influence on management and the decisions made. Elsayed et al. (2022) analysed the association between corporate failure through the examination of corporate governance reforms in the UK. They found that compensation for managers, board relationships, gender diversity, and oversight boards have always been essential factors in the UK's major corporate collapses. These factors have also been primarily responsible for the country's recent changes in corporate governance practices. Through the use of descriptive statistics from 3,941 firms for the dataset, Elsayed et al. (2022) found that there is a lower likelihood of firm failure that is characterised by colossal board social network size, small managerial board network size, low executive compensations and non-independent nomination committee as some of its core features, the author described this entity.

Furthermore, the researcher identified that the gender of the board and independence in the oversight committee also had a lower likelihood of reducing corporate failure, hence leading to doubt in the monitoring function and current policy changes adopted in the UK. From the comparison to previous findings, one significant dominant aspect that was found by Kyere and Ausloos (2021) and Elsayed and Elshandidy (2020) on the influence of financial crises as the dominant factor in corporate governance failure and corporate failure, the findings by Elsayed et al. (2022) identify the ineffectiveness of currently adopted reforms in corporate governance. This is through the analysis of the effects of the practices found that even though corporate governance indicators can give an early indication of failure by a

company and firms found to be vulnerable practice terrible corporate governance practices but are unable to intervene effectively to prevent corporate failure. Furthermore, corporate governance reforms have failed to identify effective strategies to reconsider in order to ensure effectiveness in promoting performance. The findings align with those of Leng et al. (2020) and Leng et al. (2021), necessitating the need to effectively identify corporate governance reforms that align with influencing management practices, hence promoting best practices aligned with recommended corporate governance practices. This leads to the focus on analysing whether the current practices are aligned effectively to ensure a reduced risk of corporate failure, especially in the wake of financial crises.

Theoretical Review

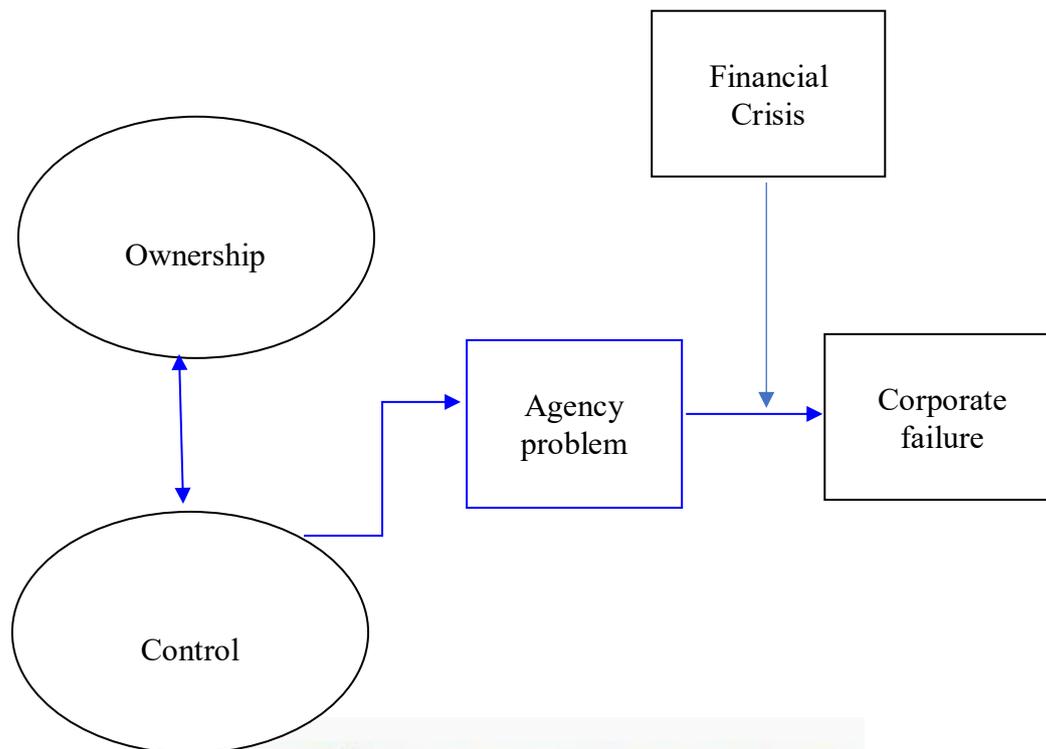
For the research, agency theory is critical in further application for analysis and discussion of the theoretical aspect. Agency theory has three core tenets that are effective in the analysis of the effectiveness of management in corporate governance and its association with financial crises and corporate failure. The theory's primary premise is the separation of ownership and control; in publicly traded firms, shareholders' interests and management control are distinct, which may impact agency challenges due to managers' interests deviating from shareholders (Najaf and Najaf, 2021). The second principle refers specifically to issues of conflict of interest between principals (shareholders) who entrust powers of decision to agents known as managers, wherein the former, factors such as shareholders, assign decision-making authority to managers, acting as agents (Payne and Petrenko, 2019). On the other hand, Stoelhorst and Vishwanathan (2024) argue that in the bid to enhance their compensation, managers may pursue personal objectives with the ultimate goal of enhancing firm performance, hence increasing shareholder wealth. In order to address the agency problem, the last tenet is predicated on the governance mechanism (Shi et al., 2017). There are three main factors in this concept, and they include strong independent boards, efficient

oversight, and incentives that ensure ownership and control efficacy (Vitolla et al., 2020). This principle is crucial in terms of minimising the risk of business failure, particularly during the financial distress period, since it enhances the efficacy of corporate governance. The theory was used to theoretically examine how company failure, financial crises, and corporate governance are related.

Conceptual Framework

This study performed a detailed analysis of the linkage between financial distress, board governance and corporate failure using the concept in the theoretical framework in Figure 1. From the application of agency theory, through the analysis by Stoelhorst and Vishwanathan (2024), through managers pursuing their interests, there is an influence on agency problems, an instance being issues of overconfidence. As a controlling factor, financial crisis exacerbates the agency problem, leading to corporate failure.



Figure 1: Conceptual Framework*Research Gap*

From the analysis by Elsayed and Elshandidy (2020) and further the analysis by the study on corporate governance and financial performance by Kyere and Ausloos (2021), there has been a dominant role identified the influence of financial crises on both corporate governance failure and corporate failure. The studies thus highlight the association between financial crises and effective corporate leadership, which is the primary determinant of corporate failure and corporate governance failure. However, there needs to be more association between the factors, considering that the studies focused on the independent factors of financial crises, corporate failure, and ineffective corporate governance. The significant gap for analysis in the studies is based on the strategies that have been adopted to improve the issue of corporate governance. The role of the management, as identified by Leng et al. (2021) and Leng et al. (2020), especially on the financial positioning of an organisation, mandates the need for an analysis of the influence that the management has on

corporate failure based on critical decisions taken and the impact of circumstances such as financial crises on the failure mechanisms. Considering the influence of corporate governance reforms, as identified by Elsayed et al. (2022), the reforms in corporate governance in the UK have been insufficient to highlight the significant needs as a means of minimising corporate failure. However, the researchers identified a need for further analysis to ensure the sufficiency of findings, considering the limitations of the study's findings and focusing on the rational premise of the legal and financial definition of corporate failure in the study. This leads to a gap in the study on the association between financial crises and corporate failure and the influence on the suitability of corporate governance in the UK.



Chapter Three: Methodology

Research Approach

The research approach is critical in ensuring that the research is planned effectively. For this study, an abductive research approach was used to analyse the role of financial crisis and corporate failure in the suitability of corporate governance. According to Azungah (2018), the abductive research approach is a mode of inquiry that focuses on providing explanations for novel or surprising observations through a combination of strengths of both inductive and deductive inquiry. On the other hand, Dufour and Richard (2019) noted that the inductive approach was developed and used in the analysis to illuminate the findings. However, despite being appraised as effective in guiding data collection and analysis for a nuanced understanding of the concept under study, Sibeoni et al. (2020) argued that there are risks of potential bias, especially confirmation and selection bias, based on reliance on researcher interpretations. In spite of that, Azungah (2018) contradicted this, arguing that the strategy is flexible and focuses on the viewpoints of subjects, hence can result in breakthroughs from the data. In this study, it was appropriate to have an inductive research design since this would allow researchers to derive new findings that could help in comparing the findings of this study with those of previous studies on corporate governance, corporate failure, and financial crises.

Research Philosophy

The research aligned its strategy to the pragmatic philosophy. Dźwigoł and Trzeciak (2023), in their work on pragmatic philosophy, stress the importance of research and efficiency in using appropriate methods to satisfy a research question. Analysis of the phenomenon under study with a view to concentrating on outcomes was the strategy identified by Kaushik and Walsh (2019) to be effective. Brown (2021) found that this approach was equally practical in terms of flexibility because it took care of both strengths

and weaknesses. Nonetheless, Maarouf (2019) argued that by focusing on outcomes, philosophy becomes subjective, making it hard to generalise. This research found pragmatic philosophy to be an appropriate design because it enables the acquisition, analysis and interpretation of a wide range of qualitative as well as quantitative information related to any given research problem or phenomenon.

Research Design

The primary considerations of the study design are the aims and objectives of the study, which are according to the guidelines of the research approach and research philosophy. Busetto et al. (2020) identified the relevance of research strategy in determining the procedure to consider in the data collection and analysis procedures. The study employs a mixed methods research design that Hong et al. (2018) identified as focusing on using quantitative and qualitative data that aligns with the aims and objectives of the study. This strategy is effective for a comprehensive analysis while leveraging the strengths of each approach. A concurrent triangulation design was used in this study to facilitate the collection and analysis of both qualitative and quantitative data about the research problem. According to Hong et al. (2018), concurrent triangulation design involves the collection of both qualitative and quantitative data about the research problem at the same time. The adoption of a concurrent triangulation design was appropriate for this study as it ensured the collection of highly comprehensive data about financial crises and corporate failures.

Data Collection Tools

The data collection process was conducted using surveys with open-ended questions. With reference to the explanations by Harris and Brown (2019), mixed methods research often requires the adoption of data collection tools with the ability to gather both qualitative and quantitative data in order to develop an in-depth understanding of the research problem. The surveys were sent to the participants for them to complete. The questionnaire surveys

comprised two forms of questions: closed-ended questions asking for specific opinions, which led to the collection of quantitative data, and open-ended questions, which were used for collecting qualitative data from the participants about the research problem. A sample questionnaire used for collecting data is presented in Appendix 1. The questionnaire comprised three sections: section 1 focused on collecting data about the demographic characteristics of the participants, section 2 included 12 closed-ended questions formulated using the 5-star Likert scale, and Section 3 contained five open-ended questions focused on collecting qualitative data from the participants about the research problem.

Participants

The population used for the study was triangulated from firms in the UK. Thirty participants were identified for the study in the selected firms, mainly entailing employees who were contacted online through LinkedIn, and later, email was sought for further research. The primary focus on traits of the participants included corporate governance professionals, including board members of the UK, company secretaries, independent board members such as directors, and experts and consultants in the UK. As reported by Harris and Brown (2019), eligibility criteria for identifying and selecting participants in the study should be defined in order to ensure the homogeneity and comprehensiveness of the collected data analysis. In the present study, the applied eligibility criteria included employees working for firms in the UK who had lived experiences about the factors that cause financial crises and corporate failures that affect the stability of corporate governance.

Sample

For the sampling strategy, the study first triangulated firms in the UK with corporate governance and operating within the UK. After this, a probability sampling method was used to identify the participants of this study. According to Berndt (2020), probability sampling is a technique used to select participants from a large population. In this study, a simple random

sample was adopted, Berndt (2020) pointed out, to ensure every participant's higher chance of being drawn. The primary significance of using simple random sampling in this research is that it gives all individuals making up the target population an equal chance of being selected as samples in order to limit any bias during data collection that could affect analysis results. The study population included 30 participants who were firm employees randomly chosen and contacted online via LinkedIn and, later, e-mail.

Data Analysis

Given the data's combination of quantitative and qualitative components, various approaches were adopted for its presentation. Concerning the open-ended questionnaire analysis, a thematic analysis was employed for the qualitative data. Cernasev and Axon (2023) identified that this is a method used in analysing transcripts to identify patterns in the data, hence deriving themes. The thematic analysis recommended by Terry et al. (2017) involved five steps, including familiarisation, coding, theme generation, review of the themes, defining the themes, and write-up. For the quantitative analysis, Statistical Package for Social Sciences (SPSS) version 29 was utilised. Descriptive statistics, specifically regression analysis that Seeram (2019) identified to be effective in the analysis of relationships between two or more variables, was used for analysis. The findings were then discussed further for insights.

Ethical Considerations

The first ethical consideration was seeking ethical approval from the School's Ethics Board, enhancing the credibility of this study. The second is based on the use of human participants. Consent forms were provided to participants authorising their contribution to this study. The aims and objectives were presented, ensuring that participants understood their relevance for participation and their right to withdraw. Anonymity and protection against identification were considered, and for privacy, no personally identifiable data was

collected, as Fotaki et al. (2020) recommended to attain anonymity. For the ethics of privacy, the collected data were password encrypted to prevent unauthorised access. The participants were assigned unique pseudonyms instead of using their actual names.



Chapter Four: Findings and Analysis

Descriptive Statistics

A total of 30 participants were included in this study. Out of them, 7 (23.3%) of the participants were 18-25 years, 9 (30.0%) were 26-35 years, 6 (20.0%) were 36-45 years, and 46 years and above 8 (26.7%). Detailed results are presented in Table 1 below.

Table 1: Age of the Participants

Age					
		Frequency	Per cent	Valid Percent	Cumulative Percent
Valid	18-25 Years	7	23.3	23.3	23.3
	26-35 Years	9	30.0	30.0	53.3
	36-45 Years	6	20.0	20.0	73.3
	46 Years and above	8	26.7	26.7	100.0
	Total	30	100.0	100.0	

The level of education of the participants further varied as 9 (30.0%) of the participants had a Bachelor's degree, 14 (46.7%) had a Master's degree, and 7 (23.3%) had a Doctoral degree. This is an indication that the participants' level of understanding of the research problem significantly varied. Detailed results are presented in Table 2 below.

Table 2: Participants' Level of Education

Level of education					
		Frequency	Per cent	Valid Percent	Cumulative Percent
Valid	Bachelor's	9	30.0	30.0	30.0

	Master's degree	14	46.7	46.7	76.7
	Doctoral	7	23.3	23.3	100.0
	Total	30	100.0	100.0	

Furthermore, the conducted analysis revealed that the years of experience among the participants varied significantly. As shown in Table 3 below, 5 (16.7%) had less than one year of experience, 7 (23.3%) had 1-3 years of experience, and 9 (30.0%) had 8-10 years of experience. The inclusion of participants with varied levels of work experience was appropriate as it allowed for the collection of detailed data about the research problem.

Table 3: Participants' Work Experience

Years of experience					
		Frequency	Per cent	Valid Percent	Cumulative Percent
Valid	Less than one year	5	16.7	16.7	16.7
	1-3 Years	7	23.3	23.3	40.0
	4-7 Years	9	30.0	30.0	70.0
	8-10 Years	9	30.0	30.0	100.0
	Total	30	100.0	100.0	

T-Test Analysis

Hypothesis testing was conducted using the independent sample t-test to examine how financial performance affects corporate governance in UK companies. The reported results showed that fewer participants believed that financial performance affects corporate governance in UK companies ($M = 2.5139$, $SD = 0.45755$) than those who supported the

statement ($M = 2.9167$, $SD = 0.67700$). Results from the independent t-test analysis showed that the difference was not statistically significant, $t(28) = -1.950$, $p < 0.041$. Detailed results are presented in Table 4 below.

Table 4: T-Test Analysis

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Financial Performance	Equal variances assumed	.972	.333	-1.950	28	.041	-.40278	.20655	-.82587	.02032
	Equal variances not assumed			-1.804	17.660	.088	-.40278	.22322	-.87239	.06683

Furthermore, hypothesis testing was conducted in order to examine possible failures in the corporate governance of UK companies. The reported findings demonstrated that more

participants believed that failures in corporate governance of UK companies were influenced by financial crises (M=3.3472, SD=0.55664) compared to those who did not support the statement (M=3.1042, SD=0.51631). Results from the independent t-test analysis showed that the difference was not statistically significant, $t(28) = 1.205, p < 0.038$. Detailed results from the t-test analysis are presented in Table 5 below.

Table 5: T-Test Analysis

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Possible Failures	Equal variances assumed	.060	.808	1.205	28	.038	.24306	.20168	-.17006	.65
	Equal variances not assumed			1.224	24.956	.032	.24306	.19856	-.16593	.65

*Thematic Analysis Results**Factors influencing financial crisis and corporate failure*

Thematic analysis of the collected qualitative data demonstrated that the participants had varying perceptions about the key factors that influence financial crises and corporate failures within their respective companies. For example, 8 out of 30 participants cited excessive risk-taking by the company in an unfavourable macroeconomic environment. Precisely, these participants noted that the executive boards of their respective companies often fail to conduct thorough market research prior to making a final decision on the type of investment that they would like to venture into. Detailed responses from the participants are presented in Table 6 below.

Table 6: Interview Transcripts from the Participants Supporting Theme 1

Participant	Response
Participant 1	The primary reasons for failure for our company were high risks, inadequate supervision, and lack of ethical corporate governance
Participant 3	Notorious growth ambitions, ill-founded asset values, and poor risk mitigation were the leading factors to this financial catastrophe
Participant 5	Improve stakeholder communications, advocate ethical governance, and introduce accountability measures for irresponsible behaviour
Participant 6	Linking executive pay to long-term company performance rather than short-term indicators such as earnings eliminates the potential for corporate unethical practices
Participant 12	Lack of ethical standards and accountability mechanisms as well as the lack of a formal program to encourage employees to report unethical practices permitted the occurrence of such financial misstatements and frauds

Participant 15	Lack of consistency to accounting standards and allowing dependence of auditors on the companies also reduced confidence
Participant 18	Lack of risks analysis, reliance on just one contractor, and failure to expand our business activities led to our insolvency

The results of the study identified a few issues or factors that adversely affected the financial states of UK businesses. One of many factors was inadequate risk management and weak supervision inside the companies. Participants declared that among companies, there were many who not only could not correctly output the risk's possible vertices but also could not have consequences when these risks have become an accomplished fact. For instance, some sources highlighted a scenario where the company had been too quick to borrow and did not receive enough revenue diversification. Detailed responses from the participants are presented in Table 7 below.

Table 7: Interview Transcripts from the Participants Supporting Theme 1

Participant	Response
Participant 2	Several reasons such as poor management, an unhealthy workplace environment, and an inability to stay relevant and competitive in the market led to our company's demise through bankruptcy
Participant 4	Corporate governance is a failure because of short-sightedness of executive leadership that valued short-term over long-term benefits
Participant 11	Recommendations include: Adopt board self-assessment practices, continuous development, and proper CEO/Chairman succession plans
Participant 23	Board to encourage activities among employees, focus on diverse inclusion programs, and create value

Participant 25	Accountability is promoted through; Escalation protocols and grievance mechanisms but also having strict investigative procedures
Participant 27	These are 'Restraining entrenchment': the role of independent directors, separation of the chair/CEO positions, and majority voting standards
Participant 30	Lack of cyber expertise on board and inadequate data governance increased risks

Those enterprises leaned on the debt more severely and, with unbalanced portfolios, were threatened by economic slumps, market, and other adverse factors. Apart from inadequate corporate governance structure and accountability of the top management, the study also indicated that the existing issues were linked to the company's long-term strategy. With governance processes becoming ineffectual and rendered poor decision-making, there was a lack of ethical standards and the non-recognition of widespread long-term sustainability at large. Detailed responses from the participants are presented in Table 8 below.

Table 8: Interview Transcripts from the Participants Supporting Theme 1

Participant	Response
Participant 7	Lack of strategic management, insufficient board governance, and lack of organisational principles resulted in our organisational failure
Participant 10	I was once an employee in that particular company and even though my position was not so high, I could already notice signs of risky behaviour and insufficient controls
Participant 13	Delegate responsibilities, promote an open-door policy and ensure employees feel valued

Participant 16	Board refreshment, gender/race diversity, director tenures: Recommendations and implications
Participant 20	Crisis management programs, business recovery policies, and organisational resilience help in governance crises prevention
Participant 22	Focusing on further development, positive disagreement and changeability fosters good governance
Participant 28	Culture of hubris, parochialism and disregarding accountability to external stakeholders caused governance failures

Recommendations for addressing corporate failures

The analysis highlighted different mechanisms used by UK firms to address financial crises and corporate collapse. A notable suggestion came to strengthen risk management as a practice, which included preparatory risk assessments and monitoring processes. Thus, they would be given the privilege to spot threats at a very early stage and take forward initiatives such as risk management before these situations become complicated. Detailed responses from the participants are presented in Table 9 below.

Table 9: Interview Transcripts from the Participants Supporting Theme 2

Participant	Response
Participant 8	Unrealistic expansion plans, high debt ratios, and reliance on a single source of incomes led to our company's financial failure
Participant 9	Lack of proper auditing, low efficiency internal management mechanisms, and distorted statements were other potential indicators of poor governance.
Participant 14	Exuberant corporate pay structures were the culprit of irresponsible decisions and lack of strong fundamental earnings

Participant 17	Ethical leadership entails conducting oneself with honesty and transparency coupled with creating an ethical climate as a way of preventing unethical behaviour
Participant 19	Relying on past success, doing things the way they had always been done and lack of effort to improve the business model were identified as factors that undermined competitiveness
Participant 20	Cultural concerns such as abusive bosses, harassment, and discrimination further damaged corporate reputation
Participant 21	Require better executive compensation procedures, which link remuneration to long-term shareholder value, and clarify remuneration disclosure rules

It also increased the emphasis on corporate governance and ways accountability measures might be improved. The community calls for enhanced transparency, focused scrutiny, and the establishment of bolder accountability mechanisms to avoid the loss of good governance in the course of the decision-making process. Keeping a diverse income and maintaining a strong monetary position emerged as the next steps. Shifting the focus on diversity and maintaining a strong financial base would keep companies from panicking, and they would be stable in no time, even without endangering long-term growth. Detailed responses from the participants are presented in Table 10 below.

Table 10: Interview Transcripts from the Participants Supporting Theme 2

Participant	Response
Participant 4	Failure to plan for risks and likely liabilities gave an inaccurate and optimistic view of profits

Participant 10	Some aspects in shareholder rights, proxy access, and investor stewardship can act as an external control on governance
Participant 13	Activist Shareholders Campaigning Short-Term Agenda Had Disproportionate Impact on Long-Term Governance
Participant 17	Adopt Disclosure Regimes for Sustainability Information, Integrate ESG into Strategy, and Commit to the Environment
Participant 19	Should provide platforms for continuous learning, accept constructive feedback and offer opportunities for employees to enhance their professional skills
Participant 24	Some of the issues that companies need to address include: CSR, sustainability and ethical supply chain practices help to avoid reputational risk
Participant 29	The use of ethical principles and explicit organisational values that are be instituted to govern organisational culture also discourages such lapses

Analysis of Findings

Effects of financial performance on corporate governance

The first objective of this study was to examine how financial performance affects corporate governance in UK companies. The conducted analysis established that there is a significant positive correlation between the financial performance of a company and its corporate governance efficiency. Nonetheless, these findings are contrary to those reported in the previous analysis by Kyere and Ausloos (2021), which established that there is no significant relationship between financial performance and corporate governance among the UK firms. The reported results demonstrated that the poor financial performance of UK

companies limited the efficiency of their corporate governance. Corporate governance is a term that is related to the structural apparatus or the processes and relations through which companies are led and controlled. A recent study conducted by Leng et al. (2021) indicated that in the UK and many other countries, the inheritance of misconduct had been passed on to the next generation of corporate governance, as repeatedly proven by the financial crisis. Thus, the newly established findings from the present analysis further stated that the relationship between financial performance and corporate governance mitigates existing shortcomings and, in the process, aims to develop a better-suited governance framework. This article attempts to deal with critical financial crises that have overtaken the United Kingdom and corporate failures, demonstrating consequences for corporate governance and adapting these consequences to improve corporate governance standards further. New findings from the present study support the adoption of agency theory in resolving the financial problems that companies often face in the contemporary market. With reference to the explanations by Najaf and Najaf (2021), agency theory often focuses on explaining and resolving key disputes over respective priorities between businesses and other external factors.

Results from the qualitative data analysis demonstrated that most of the efficiency of UK corporate governance and financial performance has been heavily influenced by the financial crises, with particular reference to the 2008 global economic crisis, which is the most notable one from a historical perspective. These findings are consistent with those reported in the previous analysis by Kyere and Ausloos (2021), which established that failures in corporate governance included risk management practices, misreporting, and poor capital adequacy. Among the many problems, there needed to be more ways to manage risk, which was practical and effective. The present study has further established that most UK companies have experienced destructive collapses due to insufficient acquaintance with the

risk and lousy supervision on their behalf. The sequence of the failures clarified the pathway of the risk management framework in the corporate governance system.

The short-run funding, as well as the bank's risky credit activity, caused the instability of its business model. Puni and Anlesinya (2020) reported that the lending market between banks had been previously paralysed when Northern Rock could not fulfil its needs for short-term liquidity, resulting in its ultimate nationalisation. These events highlighted the significance of liquidity management and made it known that the board must engage extensively with risk policies. Contrary to the findings from the previous analysis by Leng et al. (2021), results from the present study demonstrated that UK firms which engage in risky credit activities are highly vulnerable to experiencing financial failures and ineffective corporate governance systems. The UK government, in turn, took great care of the corporate environment and proposed new reforms to improve governance, which included the increase of the Financial Stability Forum (FSB) and the Financial Services Authority (FSA) powers.

Possible failures in corporate governance of UK companies

The second objective of this study was to examine possible failures in corporate governance of UK companies. The conducted analysis identified varied factors that influence financial failure among UK companies. The research examines the actual functions of specific corporate governance deficiencies in British businesses. Nonetheless, these findings are contrary to those reported in the previous analysis by Solomon (2020), which argued that while the absence of independent directors with diverse backgrounds on the Board makes collective decisions hard and accountability unrealistic, the right choices supported by research and analysis can yield good apples despite the worst. There is a danger that when boards are in the same ranking as insiders or the ones that are closely related to the company, it lacks objectivity, and there is more particularly an inclination for those interests to be prioritised over those of the shareholders and other types of concerns (Stoelhorst and

Vishwanathan, 2024). The conflicts of interest among the board members, in particular between those persons having personal or financial stakes in the company, would also cause hindrances to objectives and accountability.

The absence of sound risk management frameworks and poor internal control systems, for instance, auditing processes that have not worked correctly or ignored whistle-blowers, can result in companies being exposed to many risks and governance breaches. Insufficient risk analyses, monitoring, and mitigation systems lead such companies not to avoid getting rid of unsolved governance problems on time. These findings are further echoed in the previous analysis by Elsayed and Elshandidy (2020), which established that insufficient transparency and lack of disclosure formats undermine the stakeholder's trust and unnecessary monitoring of governance. Companies, when they fail to provide information that is not only accurate but also disclosed in a timely manner, must be able to handle their stakeholders' decisions and be asked to be accountable for the non-disclosure of information. The failure of the company's executive to exercise oversight and put the risk assessment framework in place was also one of the contributing factors to the downfall of the bank. The companies often misled its transparent accounting practices, which turned out to be a disgrace to its credibility, and this ultimately caused it to crash. From this failure, the world understands how crucial corporate reporting is based on the transparency and accountability it is aiming for while the robustness of its audit processes. Consistent findings are reported in Solomon's (2020) analysis, which established that excessive concentration of power, possibly among few people, as well as lack of accountability mechanisms, may lead to governance strains and ethical breaches. If no control mechanism by which power is distributed and checked is put in place, abuse of office and self-serving behaviours among the officers is a high chance. Also, the officials are likely to ignore or disrespect existing governance principles.

Recommendations for addressing the negative effects of corporate governance

The third objective of this study was to propose recommendations on how the adverse effects of corporate governance can be mediated. One of the most important goals of this study is to propose policy recommendations that are aimed at controlling the negative consequences of weaknesses in corporate governance. In the context of the agency theory perspective, it can be noted that most of the financial crisis incidences experienced by UK firms arise from failure to develop a positive and robust relationship with their stakeholders, such as agents and customers. As reported in the previous study by Stoelhorst and Vishwanathan (2024), the agency theory emphasises the need for businesses to develop practical approaches for interacting with the agent and principal diverge and how their attitudes may differ. Board independence and diversity strengthen the ability of the board to assess circumstances objectively, follow up on the part of activities, and contribute to the discussions regarding issues (Puni and Anlesinya, 2020). Such a policy, including enough independent directors with different career backgrounds and experience, helps to provide an organisation with broader viewpoints from all sides and a practical discussion of managers' decisions (Elsayed and Elshandidy, 2020). Structured risk management frameworks featuring regular risk assessments, evaluations, and mitigation strategies are of great importance in spotting and addressing governance risks early on, which can quickly become critical issues later on.

Increasing reporting transparency and disclosure procedures is a crucial avenue of trust creation between stakeholders and generates the basis for vigorous monitoring of the governance framework. Through the provision of accurate, ongoing, comprehensive, and informative messages, these companies would highlight their willingness and commitment to accountability and promote stakeholders' awareness and informed choices (Puni and Anlesinya, 2020). Enhancing the strength of internal controls is very important, and it

involves auditing processes, whistle-blowers, compliance monitoring, and so on. This helps detect the governance zipped-open and prevents it from going ahead; hence, the procedures and policies are strictly adhered to. In line with the principles of the agency theory, as reported in the previous study by Stoelhorst and Vishwanathan (2024), findings from the present research show that performance-based compensation is among the key approaches that can be used for achieving a sustainable balance between the firms experiencing a financial crisis and corporate failures, and primary factors that influence the occurrence of such failures.

Reported findings from the conducted analysis demonstrated that most firms often fail to address factors that influence their financial failures and corporate governance concerns at early stages, hence limiting their success in the market. From a theoretical perspective, the agency theory can be effectively adopted to identify and address critical financial issues that firms in the UK experience. Precisely, evidence from the study by Vitolla et al. (2020) demonstrated that the agency theory is a principle that is widely used to explain and resolve issues in the relationship between business principals and their agents. It involves leaders who support ethical standards and create an atmosphere imbued with integrity and accountability among staff so that, throughout the company, sound governance practices can be sustained (Puni and Anlesinya, 2020). Lastly, by undertaking periodical reviews and alteration of their corporate governance policies and practices accordingly in response to imminent best practices and the regulatory requirements that might change in the rapidly changing business environment, they can foster their continued effectiveness and relevance.

Chapter Five: Conclusion and Recommendations

Conclusion

The analysis of financial crises and corporate failures in the UK has given considerable implications for the goodness and practicality of corporate governance practices. This research result shows that corporate governance development influences financial performance greatly. Companies cannot avoid governance failures during financial distress or poor performance. The evident reason behind this is the need for short-term profits that make them compromise with ethics, inadequate oversight, and excessive risks.

Besides that, the study shows what may be the case as far as weak corporate governance in UK companies is concerned. Examples are the problems among board members that are related to conflicts of interests, absence of board independence together with lack of diversity in board composition, inefficient risk management systems, issues of insufficient internal control systems and so on. Second, the centralisation of decision-making in a tiny group of people, coupled with the lack of accountability, leads to problems in governance, and, as a result, the level of trust of stakeholders is likely to decrease.

The reduction of negative implications of defective corporate governance is offered by the given study, which gives an author's proposal of procedures. First, greater independence for the board of directors, as well as diversity in its members, is known to contribute to the provision of unbiased views, scrutiny of decisions, and numerous outlooks. In addition, risk management processes can be strengthened by conducting regular risk assessments and monitoring, which entails mitigation strategies. Finally, it falls on the shoulders of accountability and disclosure, with the result that principal and secondary stakeholders are reported in a timely and accurate manner, which must be done. Also, using internal solid management tools like auditing, whistleblowing, and compliance strategies plays a vital role in solving governance issues. Thus, developing ethical leadership along with

a culture with values of integrity and fairness is the final core element to achieving corporate governance.

Recommendations for Practice

To advance solutions for the deficiencies and overcome the negative effects of corporate governance, the study proposed several practical implementations for UK companies: To begin with, appointing board directors who are independent and heterogeneous as to gender, ethnicity, and position could encourage objectivity, transparency, and varying viewpoints in the decision-making. Another important aspect is the use of stringent and well-fledged risk management frameworks that take care of risk assessment, monitoring, and preventing risk-taking procedures. Lastly, IT must promote transparency and disclosure, which should include up-to-date and accurate financial and non-financial information reporting to stakeholders. Moreover, modernising the existing control systems, badges for auditing, and full-fledged monitoring of high-level issues may also help them address the governance problem. Besides that, the promotion of ethical leadership and a high-level corporate culture that cares about integrity, accountability, and the interests of all stakeholders should not be taken slack. To round off the guidelines, the composition should be assessed at regular intervals and adjusted in response to the current best management practices and regulatory requirements.

Limitations of the Study

First, this research is undertaken in the UK context; hence, it is limited to suiting the UK's frameworks and laws, which may not be totally applicable in the global contexts, which have different regulations and cultural settings. Moreover, the research depends only on secondary data sources and existing published information, which fails to correctly comprehend the true internal governance procedures and practices within organisations. Subsequently, the capricious nature of corporate governance practices and the regulative

system that changes with time can leave the findings of a report and the recommended options irrelevant. The other weak point of this research is that it does not account for or consider any external factors like political, economic, and social factors that affect corporate governance practice.

Implications of the Study

The significance of the study is also deemed to be wide for the promotion of corporate governance in the UK. Through its analysis of how the financial performance of a firm affects the corporate governance structure, the dissertation achieves the key research aim as it identifies the importance of implementing effective governance models to prevent corporate failures and financial crises. Moreover, by presenting various hypothetical cases relating to possible failures of the governance processes in UK companies, the study emphasises the need for openness and responsibility of an organisation at all levels. In the end, the proposed recommendations will ultimately strengthen corporate governance and enhance the long-term sustainability and trustworthiness of businesses worldwide, which could act as a guiding light for companies in the current challenging economic environment.

Recommendations for Future Research

This study has made recommendations for further studies in the domain of corporate governance for any improvement or enhancement as well. Engaging in comparative research of different organisations, some industries and all of their functional departments, gaining information about the specific management problems and successful practices in corporate governance from them. The next issue is investigating emerging technologies, such as artificial intelligence and blockchains, which may be used to improve governance practices and thereby contribute to corporate transparency and accountability.

Finally, researching the influences that institutional investors and shareholder activism have on the way corporate governance practices work and the degree to which they make

companies accountable provides valuable information. In addition, it looks at how the efficiency of corporate governance enhancement is achieved through different board evaluations and performance measurement mechanisms. Moreover, taking into consideration the culture of companies and styles of leadership in relation to the implementation and adoption of ethics and sound corporate governance practices helps in the development of a new leadership paradigm and has an impact on how organisations operate.



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Appendices

Appendix 1: Research Questionnaire

This section contains three questions focused on collecting data about your demographic characteristics.

Section 1: Demographic Questions

1. What is your age group?
 - a) 18-25 years
 - b) 26-35 years
 - c) 36-45 years
 - d) 46 years and above

2. What is your highest level of education?
 - a) High school
 - b) Bachelor's degree
 - c) Master's degree
 - d) Doctoral degree
 - e) Other (please specify)

3. How many years of work experience do you have in your current organisation?
 - a) Less than 1 year
 - b) 1-3 years
 - c) 4-7 years
 - d) 8-10 years
 - e) More than 10 years

Section 2: Closed-ended Questions

This section contains 12 questions focused on assessing your thoughts and perceptions on how UK firms' current financial crises and corporate failures affect corporate governance.

Please respond to the questions using the following responses: (5-point Likert scale) 1 =

Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Questions	1	2	3	4	5
The changes in the financial performance of your organisation are greatly correlated with the quality of corporate governance.					
Your organisation has gone through hardship that involved monetary problems or corporate collapses in the previous couple of years.					
The fallouts from the financial crises have induced my organisation to direct its attention to administering changes in the corporate governance structure.					
There have been cases of non-performance of governance structure in the management system of my organisation (for example policy making departments are not accountable, transparent or presiding over ethical values)					
The board of directors in my organisation efficiently controls the financial performance, including the flow or outcome of funds in a company.					
We have appropriate risk management policies and procedures at the present moment to prevent against any risks.					
The equitable interests of shareholders of the corporation, for which my organisation is responsible, are properly represented in the corporate governance decisions.					
Tackling employee concerns and achieving a complete comprehension of their views is marked in the governance processes of my organisation.					
My organisation operations with a set of corporate governance practices complying with the UK Corporate Governance Code ¹⁰ . There is a need for stricter laws as well as the proper rules of conduct i. e. governance to put the organisation in order.					

Training programmes corporate governance and the ongoing manifestation of such regular training programs are scheduled in my company.					
Indeed, the overall corporate governance standards in my organisation are satisfactory.					

Section 3: Open-Ended Questions

This section contains four questions. Please respond to them on your own words.

1. As far as your concerns are concerned, what are the major causes of crises or the error that resulted in bankruptcy of the company in your organisation?
2. Have you encountered any examples of corporate governance failure during the period of your employment within an organisation? Is it possible that you have been aware of corporate governance failures even without being in a position of direct responsibility?
3. What particular reformations and ameliorations do you advocate for, to be implemented into the corporate governance practices of your organisation?
4. What do you think then are the most effective ways of keeping at bay or curbing the effects of poor corporate governance in your organisation?
5. Would there be any other comments or ideas dealing with the income statement, corporation failure and corporate governance in your organisation? Please describe them.



Appendix 2: Question 1 Interview Transcripts

Question 1: As far as your concerns are concerned, what are the major causes of crises or the error that resulted in bankruptcy of the company in your organisation?	
Participant No	Response
Participant 1	The primary reasons for failure for our company were high risks, inadequate supervision, and lack of ethical corporate governance
Participant 2	Several reasons such as poor management, an unhealthy workplace environment, and an inability to stay relevant and competitive in the market led to our company's demise through bankruptcy
Participant 3	Notorious growth ambitions, ill-founded asset values, and poor risk mitigation were the leading factors to this financial catastrophe
Participant 4	Minimal disclosure policy, ineffective internal controls, and illegal activities on the part of management made company collapse inevitable
Participant 5	The following are some reasons leading to business failures: bad strategic decisions, overestimated revenue expectations, and negligence of red flags that lead to the company's downfall
Participant 6	The unchecked avarice, self-dealing, and disloyalty of managers to stakeholders were the causes of our corporate debacle
Participant 7	Lack of strategic management, insufficient board governance, and lack of organisational principles resulted in our organisational failure
Participant 8	Unrealistic expansion plans, high debt ratios, and reliance on a single source of incomes led to our company's financial failure
Participant 9	We failed to follow the compliance policies, focused only on quick returns and did not have any formal mechanisms for the top management accountability

Participant 10	This includes unethical business practices, poor risk management, and the lack of addressing internal control weakness leading to our financial crisis
Participant 11	Hubris, complexity, and stifling of minority opinion leading to corporate failure
Participant 12	These are – lack of due diligence, depending on a single product portfolio and failure to plan for contingencies as the factors that led to our bankruptcy
Participant 13	It is thus clear that aggressive accounting practices; inadequate disclosure, and lack of an independent auditing firm led to our financial crisis.
Participant 14	Lack of ethical values in corporate governance, unhealthy organisational culture, and ethical blindness to our organisational failure
Participant 15	Lehman Brothers scholar: ‘Unchecked growth, high leverage, and the failure to consider potential risks led to our company’s failure’
Participant 16	This is the statement that we use usually to define the corporate failure due to the complacency, lack of innovation, and the inability to adapt ourselves according to the changing market conditions
Participant 17	The commentator’s answer: “Corrupt business, conflicts of interests and a culture of no responsibility at the executive level caused our financial meltdown
Participant 18	Lack of risks analysis, reliance on just one contractor, and failure to expand our business activities led to our insolvency

Participant 19	Lack of strategic management, lack of effective governance and especially failure to act in the best interest of the company eventually lead to the downfall of our company
Participant 20	The culture of risk-taking, insufficient internal controls, and poor financial disclosure rates contributed to high rates of corporate failure
Participant 21	Not following industry trends, not developing R&D, and especially not innovating proved fatal for our company and led to our bankruptcy
Participant 22	This quote aptly describes how unethical businesses, impunity, and indifference towards corporate governance resulted in a financial crisis
Participant 23	Conceitedness, team mentality, and neglect of cynics in the company also led to corporate failure
Participant 24	This is what our executives tell about aggressive expansion plans, overvalued assets and inadequate risk management as the main factors that lead our company to bankruptcy
Participant 25	It had then occurred to me that poor accountability, inadequate internal controls, and corporate misconduct had contributed significantly to the downfall of our company.
Participant 26	Bad strategies, optimistic forecasts and ignoring of red flags led to our financial crisis
Participant 27	This is why we have identified unrestricted self-interest, self-dealing, and lack of concern for stakeholders as the main factors leading to our bankruptcy
Participant 28	The CEO said that ineffective leadership, insufficient board governance, and lack of observance of corporate governance caused their company's failure

Participant 29	The pursuit of unrealistic milestones, high debt ratios, and a low number of product categories finally led to our corporate bankruptcy
Participant 30	Cultures of silence', focusing on short-term returns and a failure to hold management responsible for compliance issues saw us go down



Appendix 3: Question 2 Interview Transcripts

Question 2: Have you encountered any examples of corporate governance failure during the period of your employment within an organisation? Is it possible that you have been aware of corporate governance failures even without being in a position of direct responsibility?	
Participant No	Response
Participant 1	Of course! I saw numerous unethical behaviors and the cover-ups at the leadership level of management
Participant 2	Corporate governance fraud was rampant as companies had poor management, lack of disclosure, and self-dealing practices
Participant 3	I was not directly involved in the wrong doing but had observed numerous unethical practices in risk management and in the operations of the company
Participant 4	Corporate governance is a failure because of short-sightedness of executive leadership that valued short-term over long-term benefits
Participant 5	This included nepotism, cronyism, and instances of unhealthy work environments, all of which were clear signs of corporate governance failures within the institution
Participant 6	I worked in a department where there was no compliance officer, but I saw people disobeying the compliance regulations as well as unethical practices across the business
Participant 7	It is clear from the analysis above that groupthink and governance failures were largely caused by absence of diversity and independent voices in the board

Participant 8	They found that corporate governance was largely absent with extremely centralised control in the hands of a few executives
Participant 9	Lack of proper auditing, low efficiency internal management mechanisms, and distorted statements were other potential indicators of poor governance.
Participant 10	I was once an employee in that particular company and even though my position was not so high, I could already notice signs of risky behaviour and insufficient controls
Participant 11	The CSR report has highlighted governance failures such as the existence of a highly unethical corporate culture and denial of workers' rights by the company
Participant 12	Corporate governance failures were seen in the form of weak disclosure regulations to stakeholders
Participant 13	Such situations like conflicts of interest and unethical business practices were being undertaken within the organisation but not directly involving me
Participant 14	Reliance on inexperienced boards, homogeneous membership, and blind approval of executive actions indicated the presence of poor governance practices
Participant 15	Lack of strategic direction, aggressive expansion, and failure to consider potential risks foretold governance concerns
Participant 16	It is also cutting and true that even without direct responsibility per se, one could see the signs of high executive pay and the red flag of an absent or compromised board governance

Participant 17	The authors explained that corporate governance appeared to be an appendage, where avoidance of ethics and stakeholders was the norm
Participant 18	Some of the issues with governance in the company such as complacency and resisting the changes in the market conditions as well as resisting innovation were responsible for the company's failure
Participant 19	It was also clear that governance failures occurred in some of these companies that focused more on short-term financial benefits rather than paying attention to long-term value creation and ethical considerations in their operations
Participant 20	Perception of organisational culture showing poor accountability, abusive leaders, and denial of ideological diversity was also a red flag for governance failures
Participant 21	I constantly observed conflicts of interests, patronage and lack of ethical decisions although I was not formally a part of management team
Participant 22	This includes poor risk management, insufficient due diligence, and especially high growth plans, which suggested ineffective governance within the organisation
Participant 23	Non-compliance with the governance code, failure to disclose information, and some unethical business practices by the company were some of the governance issues associated with the company
Participant 24	I managed to observe the signs of groupthink, and blind confidence, combined with an absence of independent review even as a junior associate

Participant 25	One of the key findings was that ‘corporate governance was nothing but a ritual with unlimited powers concentrated at the top and no accountability
Participant 26	Warning signs of governance failures were found to include the absence of effective internal control systems, the use of aggressive accounting mechanisms, and a failure to utilise independent external auditors
Participant 27	While not directly involved, I was well aware of the corporate culture full of corruption, influence peddling, and corporate hierarchy/protégé mentality
Participant 28	Governance failures in this company were evident in that the company did not put a lot of emphasis in ethical decision making, transparency and also the stakeholder’s interests
Participant 29	Board independence, diversity, and oversight: the missing pieces in the corporate governance puzzle?
Participant 30	Yet, even without direct involvement, the general moral hazard, conflicts of interest, and lax regulation were alarming

Appendix 4: Question 3 Interview Transcripts

Question 3: What particular reformations and ameliorations do you advocate for, to be implemented into the corporate governance practices of your organisation?	
Participant No	Response
Participant 1	Enhance board effectiveness, promote greater gender and racial diversity, and enhance fiduciary responsibilities to stakeholders
Participant 2	Engage qualified internal auditors, promote disclosure, and create an effective chain of responsibility to eliminate governance shortcomings
Participant 3	Some recommendations for the management include building a culture of ethics, promoting deviance, and advocating for regulatory control for improved governance
Participant 4	Invest in risk management techniques, audit regularly, and focus on the future instead of quick profits
Participant 5	Improve stakeholder communications, advocate ethical governance, and introduce accountability measures for irresponsible behavior
Participant 6	Three top reforms: Term limits, splitting CEO/chair positions, and focus on independent monitoring on corporate governance
Participant 7	Whistle-blowers can be protected, ethical hotlines can be set up, and speak-up-culture promoted for better governance
Participant 8	Focus on ESG issues, expand the boardroom, and introduce policies to prevent conflicts of interest
Participant 9	Increase company disclosures, implement effective cybersecurity practices, and strengthen data protection

Participant 10	Encourage organisational learning and creativity; link rewards to sustainable performance; and reward long-term strategies with compensation
Participant 11	Recommendations include: Adopt board self-assessment practices, continuous development, and proper CEO/Chairman succession plans
Participant 12	It should be aimed at improving the rights of shareholders, promoting true and reasonable voting arrangements, and focusing on the equitable treatment of all shareholders
Participant 13	Delegate responsibilities, promote an open-door policy and ensure employees feel valued
Participant 14	Myths: Tough anti-corruption standards, specific ethical rules, and corporate social responsibility
Participant 15	Emphasise risk governance, enhance the quality of stress testing, and implement mechanism for responding to crisis situation
Participant 16	Board refreshment, gender/race diversity, director tenures: Recommendations and implications
Participant 17	Adopt Disclosure Regimes for Sustainability Information, Integrate ESG into Strategy, and Commit to the Environment
Participant 18	Divulge to self-regulation, differentiate accounting and consulting services, and define the rules for auditor change
Participant 19	Should provide platforms for continuous learning, accept constructive feedback and offer opportunities for employees to enhance their professional skills

Participant 20	Recommendations: “organisations must strengthen their cybersecurity practices, adopt data governance strategies, and ensure that personal data is protected
Participant 21	Require better executive compensation procedures, which link remuneration to long-term shareholder value, and clarify remuneration disclosure rules
Participant 22	Recommendations include defining the related-party transactions, increasing disclosure mandates, and adopting the stakeholders’ economic model
Participant 23	Board to encourage activities among employees, focus on diverse inclusion programs, and create value
Participant 24	They should also adopt the principle of implementing strong anti – money laundering rules, carrying out the intensified identification processes, as well as putting ethical standards at the top of business priorities.
Participant 25	Implement: improve risk surveillance, develop and implement key risk indicator dashboards, and focus on proactive risk management activities
Participant 26	Encourage ethical behaviours, implement formal ethics programs, and try to institutionalise ethics on all levels
Participant 27	Enable shareholder activism, strengthen rights to nominate proxies, and focus on long-term shareholder value creation
Participant 28	Engage in full ESG integration, ensure the company’s strategies are consistent with the SDGs, and dedicate more resources to responsible investing

Participant 29	Improve board assessment practices, introduce mandatory training, and ensure sustaining board development
Participant 30	Encourage the culture of responsibility, and define actions that should be taken and actions that should not be taken by every leader regarding this issue



Appendix 5: Question 4 Interview Transcripts

Question 4: What do you think then are the most effective ways of keeping at bay or curbing the effects of poor corporate governance in your organisation?	
Participant No	Response
Participant 1	Leadership from the top of the organisation is essential to the development of an ethical culture capable of overcoming governance risks
Participant 2	Introducing strong lines of defence and proper controls and establishing effective reviewing structures can also reduce governance failures
Participant 3	Governance failure can be avoided by the three factors of focusing on openness and communication with the shareholders
Participant 4	Having a zero-tolerance policy toward illegal activities and clearly defining authority and responsibility as well as sanctions for unethical behavior and a channel for reporting these activities are powerful deterrents
Participant 5	Avoiding governance blind spots by promoting board independence, encouraging diverse thinking and raising the influence of the disagreeing minority voices will help boards to mitigate their blind spots
Participant 6	Linking executive pay to long-term company performance rather than short-term indicators such as earnings eliminates the potential for corporate unethical practices
Participant 7	Employing enhanced risk management mechanisms, implementing better stress testing, and developing better crisis management structures can address governance failures

Participant 8	Requiring full ESG consideration and sustainability standards and RI frameworks for investment behaviour ensures ethical governance
Participant 9	Implementing regular board assessments, education and training also helps to guarantee appropriate governance standards are practiced
Participant 10	Some aspects in shareholder rights, proxy access, and investor stewardship can act as an external control on governance
Participant 11	This is where the development and implementation of effective cybersecurity measures, data privacy policies, and appropriate ethical frameworks around technology use and management need to be addressed
Participant 12	A speak-up culture, communication channels for feedback, and issues addressed head-on will avoid incidents reaching the point of escalation,' she says
Participant 13	Structuring boards into different positions, mandating board-equilibrium policies, and focusing on board rejuvenation mitigates concentration of power
Participant 14	It is also vital to ensure greater transparency by implementing specific policies on related party transactions and conflicts of interest / disclosure requirements
Participant 15	Further promoting for auditor's professional skepticism, auditor independence and rotation can assist in early identification and prevention of governance failures
Participant 16	Here, the author presents proper anti-corruption programs, the ethics of third-party due diligence, and training as the mitigative measures

Participant 17	Ethical leadership entails conducting oneself with honesty and transparency coupled with creating an ethical climate as a way of preventing unethical behavior
Participant 18	Regular measurement and tracking of key governance metrics and reporting on benchmarking and deviations serve to support the adoption and application of good practices
Participant 19	I heard that engaging with all stakeholders in the company and not just shareholders, and addressing their concerns effectively helps to prevent mistrust
Participant 20	Crisis management programs, business recovery policies, and organisational resilience help in governance crises prevention
Participant 21	Restricting incentive compensation from being tied to non-financial ESG metrics and corporate citizenship episodes and events eliminates conflicting objectives
Participant 22	Focusing on further development, positive disagreement and changeability fosters good governance
Participant 23	Diversity of backgrounds and experiences and viewpoints throughout the enterprise enhances decision-making
Participant 24	Some of the issues that companies need to address include: CSR, sustainability and ethical supply chain practices help to avoid reputational risk
Participant 25	Accountability is promoted through; Escalation protocols and grievance mechanisms but also having strict investigative procedures
Participant 26	Comparing themselves to high-performing firms and being aware of what is happening in the broader world of governance is critical

Participant 27	These are ‘Restraining entrenchment’: the role of independent directors, separation of the chair/CEO positions, and majority voting standards
Participant 28	Effective anti-money laundering compliance and robust customer due diligence and sanctions detection tools prevent financial crimes
Participant 29	The use of ethical principles and explicit organisational values that are be instituted to govern organisational culture also discourages such lapses
Participant 30	Company directors need to develop intellectual honesty, accept dissenting opinions, and avoid organisational isolation in order to avoid insulation



Appendix 6: Question 5 Interview Transcripts

Question 5: Would there be any other comments or ideas dealing with the income statement, corporation failure and corporate governance in your organisation? Please describe them.	
Participant No	Response
Participant 1	Cautious revenue recognition and aggressive projections deceived the true health of the company
Participant 2	The opacity related to related-party deals and off-balance sheet arrangements generated governance issues
Participant 3	One of them said: "Short-term concentration on cost-reducing and enhancing short-term profits weakened long-term viability and good governance
Participant 4	Failure to plan for risks and likely liabilities gave an inaccurate and optimistic view of profits
Participant 5	Failure of oversight also created platforms for aggressive tax methodologies and extraterritoriality that posed ethical concerns
Participant 6	Lack of effective impairment testing and reporting mark-to-market fair values and hence overstatement of the balance sheet because of high values of goodwill and intangible assets
Participant 7	Fixing low capital intensity ratios by prioritising share buybacks and dividends over internal investment resulted in an extremely levered balance sheet
Participant 8	Weak accounting enabled earnings management and other manipulations to inflate short-term metrics

Participant 9	Conflict of interests and executive related party transactions' as we have called it hampered governance and accountability
Participant 10	Neglect of environmental/social consequences and the use of unsustainably damaging business practices harmed the future financial health of the firm
Participant 11	Select binary disclosure for segments, geographies and product lines masks risk concentrations and merits
Participant 12	Lack of ethical standards and accountability mechanisms as well as the lack of a formal program to encourage employees to report unethical practices permitted the occurrence of such financial misstatements and frauds
Participant 13	Activist Shareholders Campaigning Short-Term Agenda Had Disproportionate Impact on Long-Term Governance
Participant 14	Exuberant corporate pay structures were the culprit of irresponsible decisions and lack of strong fundamental earnings
Participant 15	Lack of consistency to accounting standards and allowing dependence of auditors on the companies also reduced confidence
Participant 16	Identified systemic board-level groupthink and lack of diverse dissenting opinions as enabling factors for strategic failures
Participant 17	Neglect of cyber threats, data protection and technologies management admitted risks
Participant 18	Cost leadership through illegal supply chain actions harmed sustainability

Participant 19	Relying on past success, doing things the way they had always been done and lack of effort to improve the business model were identified as factors that undermined competitiveness
Participant 20	Cultural concerns such as abusive bosses, harassment, and discrimination further damaged corporate reputation
Participant 21	Corporation failure: Risk management and ignoring disruption signs
Participant 22	A range of legal tax avoidance schemes that used loop holes were detrimental to corporate social responsibility and ethical behaviour
Participant 23	Board stagnation, concentration of power and insufficient independence allowed this lack of oversight
Participant 24	Investors' short-termism and its impact on long-term value generation
Participant 25	Leverage to finance acquisitions and share buybacks caused capital structure overstretch
Participant 26	It overlooked environmental and social costs and then ended up paying a financial price for risks it shifted to the external world
Participant 27	Focus on lean production cost leadership weakened quality, safety, and security
Participant 28	Culture of hubris, parochialism and disregarding accountability to external stakeholders caused governance failures
Participant 29	The accounting practices did not show the importance of economic substance over legal form, which damaged the credibility
Participant 30	Lack of cyber expertise on board and inadequate data governance increased risks