Multiple Directorship and Quality of Financial Statements of Finnish Companies

Anmol Bhasker

Master’s thesis
November 2018
School of Business
Master’s Degree Programme in International Business Management

Jyväskylän ammattikorkeakoulu
JAMK University of Applied Sciences

jamk.fi

Description

Author(s)	Type of publication	Date
Bhasker, Anmol	Master's thesis	November 2018
		Language of publication: English
	Number of pages 53	Permission for web publication: Yes

Title of publication
Multiple Directorship and Quality of Financial Statements of Finnish Companies

Degree programme
Master's Degree program in International Business Management

Supervisor(s)
Hundal, Shabnamjit

Assigned by
JAMK Center for Competitiveness

Abstract

The research looked into the multiple directorships and the quality of financial statements in Finnish companies. Previous research had indicated that multiple directorships had positive impact on the quality of financial statements especially due to the experience and capabilities brought by directors holding multiple directorship positions. However, other previous researchers had argued that multiple directorships resulted in directors' busyness.

This investigation seeks to assess the exact impact of multiple directorships of Finnish companies on the quality of financial statements. The investigation held that the multiple directorships of the board of directors could be categorised into three categories that were the audit committee directors, finance committee directors and the executive committee directors. The quality of financial statement could be examined through Return on Investment (ROI) and the Price/Book (P/B) ratios. In regard to the research methods, the investigation applied positivism research philosophy and quantitative research method. The data was collected from 25 Finnish companies for a period of five years that is from 2013 to 2017. The data was derived from the companies' annual financial statements. Linear regression models and correlations were applied during data analysis to determine the relationship between the multiple directorship variables and the quality of financial statement variables.

The results established that the multi directorship of audit committee had negative impact on the quality of financial statements as there was a negative correlation between audit committee multiple directorship and measures of financial statements quality such as ROI and P/B ratio. The investigation also established that the multi directorship of finance committee had negative impact on the quality of financial statements. However, multi directorship of executive committee had positive impact on the quality of financial statements. The main weakness of this investigation was its reliance on the financial statements produced by the company only which were likely to be subjective compared to financial statements presented by independent entities. The quantitative research also meant that it was difficult to understand the reason behind the results. Therefore, future research should apply the qualitative research design in order to obtain explanations from the phenomena.

Keywords/tags
Multiple directorship, audit committee, finance committee, executive committee, quality of financial statements, Price/Book ratio.
Miscellaneous

Table of Contents

Tables

1. Introduction

Multiple directorships of board members or directors play a crucial role in today's competitive corporate sector. This research paper had tried to deal into one aspect of multiple directorships. The aspect is influence that multi directorships pose on the quality of Financial Statements of firms. The research is particularly done for the companies originally from Finland. So, the data of 25 Finnish companies had been taken into consideration for five years period. The whole agenda behind this research work was particularly to establish or know if there any relationship existed between the busy directors including audit, finance and executive and quality of financial statements produced in such firms under multi directorship of its board members.

The leadership of most organizations especially public companies is usually spearheaded by the board of directors as most organizational structures place the board of directors atop of the organisational structure (Badolato, Donelson and Ege 2015). This implies that major decisions within the company have to be sanctioned by the board of directors who set the policy and the vision of the company. Therefore, the influence of the board of directors on the organization is irrefutable. The board of directors discharges its duties through ad-hoc and standing committees of the board. These committees especially the standing committees are special groups formed by the board to act or undertake certain responsibilities. Some of the most common board committees are the audit and tax committees, the finance committees and the executive committees (Wilbanks, Hermanson and Sharma 2017).

However, since the board of directors is mostly involved in the oversight activities of the company and not in day-to-day management of the company most of the directors assume directorships of other organizations especially if they have credibility, experience, and good reputation. Multiple directorships are therefore envisaged as the directors 'membership to the boards of various organizations instead of being a board member of one company.

The multiple directorships mostly involve a director serving in the boards of different companies simultaneously or within the same timeframe. Badolato, Donelson and

Ege (2015) noted that the advent of the globalisation of firms where firms operate in various countries and jurisdictions has intensified multiple directorships as some of the firm's directors assume membership to boards of subsidiaries and other related companies.

Multiple directorships had come with its fair share of merits and demerits, the main merits that had come with the multiple directorships was that of the experience that come with board membership in different companies (Armstrong, Core, and Guay 2014). The multiple directorships equipped the board members with new skills and networks which helped them become more effective in their responsibilities. Huang (2017), on the other hand, noted that the board members of multiple companies tended to be very busy and did not give full attention and commitment to the companies since the main motivation was mostly the remunerations. The multiple directorships were therefore controversial viewpoint which was noted to have varied implications on the firm (Cashman, Gillan and Jun 2012).

The quality of the financial statements was essential for every business and company. Shareholders and stakeholders such as the customers, suppliers, and creditors of the company were very interested in understanding the financial position of the company (Hossain et al. 2016). The financial position of the company demonstrated the prospects of the business and acted as a critical source of information about the company. Therefore, the veracity and quality of the financial statements were essential in ensuring that they did not have misleading errors that could mislead investors and stakeholders of the company. Sharma and Iselin (2012) noted that in many instances the board managers were often tempted to paint a rosy picture about the company's financial position to attract investors and creditors as well as ensure shareholder support. This created a need to have an oversight that ensured that the information presented to the stakeholders was of high quality and credible and minimizes chances of earnings management in the organization.

Theoretically, investigations on multiple directorships mostly focussed on arguing whether the multiple directorships was good or bad and whether it had positive impact on the firm. However, studies such as that of Huang (2016) did not specifically state whether the multiple directorships had positive or negative influence on the quality of financial statements in Finnish firms. This creates a gap which requires to be filled on how multiple directorships in Finnish firms affect the quality of their financial statements. Cashman, Gillan and Jun (2012) also noted that the previous studies on the multiple directorships had mostly explored and discussed the impact of multiple directorships on the firm's operations but not on a specific issue such as the financial statements. In fact Armstrong, Core and Guay (2014) noted that most of the studies like that of Huang (2016) and Li et al. (2017) on financial statements mostly focused on the content of the financial statements such as the profits and revenues but not on the qualities and procedures taken to arrive at those financial statements. This study was therefore relevant because it was very specific on investigating the various aspects of multiple directorships and the impression it had on the quality of financial statements such as profit and loss and balance sheets. Kamardin, et al (2014) agreed that there were limited or very few studies that had investigated the relationship between the multiple directorships and the quality of the financial statements hence this study was of significant contribution to the body of knowledge in providing additional information and details on how the multiple directorships influenced the quality of the financial statements.

This study is also very significant because it investigated the impact that the board committee members in multiple directorships have on the firm’s quality of the financial statement. Extant literature like that of Baccouche and Omri (2014) had not specifically focused on how the committee members/directors’ membership to other companies affected their oversight responsibilities and quality of financial statements. This study therefore contributed more information on the effect that multiple directorships of the audit committee members, finance committee members and the executive committee members’ had on the quality of the financial statements (Wilbanks, Hermanson and Sharma, 2017).

This study is of practical significance because its findings were likely to guide and help the shareholders determine whether it was effective to have directors with multiple directorships or not (Sharma and Iselin, 2012). The investigation was of help to the shareholders as it enabled them to make assessments and have evidence on whether the multiple directors compromised the quality or enhanced the quality of the financial statements. The other major significance of this study was that it will help the company's directors to determine whether to be on multiple directorships or to be on one company.

This research aims to investigate how the multiple directorships influenced the quality of financial reports. To further understand and investigate this research topic the researcher formulated the research objectives that investigated how various types of directors who sat on the board committees affected and influenced the quality of the financial statements. Based on this understanding, the research investigated the following research objectives:

1. To determine the impact of multiple directorship of members of audit committee on the quality of financial statements
2. To evaluate the impact of financial committee directors' multi directorships on the quality of financial statements
3. To investigate the influence of executive committee members' multiple directorships on the quality of the financial statements
4. To make recommendations on how to enhance multiple directorships to improve the quality of the financial statements

The following are the research questions that will be answered by this investigation:

1. How do multiple directorships of the audit committee members' affect the quality of financial statements?
2. How do multiple directorships of finance committee members' impact the quality of financial statements?

3. How do multiple directorships of executive committee members' influence the quality of the financial statements?
4. What are the recommendations to enhance multi directorships to improve the quality of the financial statements?

The first part of this research was the background chapter and presented the background of the study and the justification for undertaking the investigation. It also included a brief structure of the study. The second part of the investigation was the literature review and conceptual development part, and it included brief information about the extant studies and literature regarding the multiple directorships and the quality of financial statements. It also included the theoretical framework that explored board committee directors' involvement in multiple directorships influence on the quality of financial statements. The third chapter was the research methodology, and it highlighted the various research strategies applied during the investigation such as the research philosophy, data collection process, and data analysis strategy. The fourth chapter contained details of the research findings and highlighted the results of each research question and objective. The fifth chapter was the conclusion chapter, and it discussed the findings, and most importantly it compared and contrasted the findings of this research with the extant literatures thus providing perspective to the study. It also contained recommendations of the study and the weaknesses of the study and the areas of research that future studies should commit to investigate.

2. Literature Review and Theoretical Framework

This section discussed the extant literature on the board of directors' composition especially regarding the various roles and duties that the board of directors plays in the organization. The type of role of the board member is mostly determined by the special or standing committee that the board member belongs. Those that belong to the audit committee have different responsibilities compared to those that belong to the finance and executive committee membership. The membership to the various board member committees is further complicated or influenced by whether the board member has multiple directorships or not. This section investigated the studies that had explored how the directors with multiple directorships played and executed their duties and roles in the organization. The first part looked into the multiple directorships of the audit committee members, the second part looked into the multiple directorships of the finance committee members, and the third part examined studies on the multiple directorships of the executive committee members. The final part is the summary of the report.

2.1 Audit Committee Members' Multiple Directorships

The audit committee has an oversight responsibility on company's financial reporting system. They play the role of linkers between the company and its auditors and are responsible for evaluating the concerns with the financial statements of the establishment. The audit committee is usually made of members who have financial expertise (Bedard and Gendron 2010). Most countries required that members of the companies multiple directorships be directors who are independent or non-executive directors to enhance the independence of the committee. The committee chairperson should also not be the board chairman or executive director of the company involved in running the day-to-day management of the company. Audit committee focuses mainly to control risks (Greco, 2011). The committee should investigate and identify the various risks that face the company especially financially related risks and ensure that those risks have been mitigated or minimized. Most importantly, the main responsibility of the audit committee is to institute internal control measures in the company so that the financial risks in the company are controlled and mitigated. The other main responsibility of the board's audit committee is the selection of the auditors. The audit committee acts as the main selectors of the auditors because they have the expertise and capability to identify the most competent and the most effective auditors that the company can hire (PWC 2017). In most companies, KPMG (2016) noted that the board members especially the executive board members were not expected to interact with the auditors in order for the auditors to be independent. Instead, it was the audit committee that was expected to act as a liaison between the board of directors and the auditors of the company.

According to Barua, Rama and Sharma (2010), there was usually a conflict between the outside auditors and the company’s management about the accounting procedures that were applied by the company. This conflict, therefore, required directors who are independent to resolve them by deciding on the accounting procedures and ensure that the financial reports that had been produced by the auditors who are unbiased and reflect the true financial position of the company. Therefore, the other main role of the audit committee is to select and determine the audit procedures and the accounting standards that will be applied by the company and the auditors to come up with the final financial statements of the company (Vlaminck and Sarens 2015). The audit committee should also be capable of evaluating the existing auditors and determine whether their work is up to the required standard or not. Beasley et al. (2009) indicated that they must also investigate and determine whether there is an inappropriate relationship or conflict of interest between the management and the auditors to ensure that there is no collusion or complacency on the part of the auditors. This is to ensure that the statements provided by the auditors are credible and up to the expected standards.

Other than setting the accounting and reporting standards that will be applied by the company, Vlaminck and Sarens (2015) indicated that the audit committee is also responsible for undertaking an internal audit of the company’s financial position as well as the accounting procedures being applied by the company. Therefore, the important role of the audit committee is reconciling the internal audit with the external audit to ensure that the financial statements of the company reflected the correct financial standing of the company. Unlike other committees, the audit is an on-going process, and it implies that the audit committee members should be the Members who are readily available as the committee should often meet with the auditors and the internal auditors. They should also meet often among themselves to discuss and evaluate the best accounting standards as well as the best financial reporting system that should be applied by the company. The auditors also have to meet to resolve conflicts or issues between the management and the external auditors because sometimes clarifications and additional information is required by the external auditors.

The multiple directorships of the audit committee members' refer to the audit committees' members who hold directorships in various companies. The multiple directorships of the audit committee members are noted in instances where there is more than one director who held multiple directorships in other companies. Madi, Ishak, and Manaf (2014), however, indicated that the multiple directorships of the committee members might only be considered as influential if more than half of the board committee members' were holding multiple directorships. This means that having only one of the directors holding multiple directorships did not have any significant influence on the committee capacity to discharge their duties. Allam, Talal & Emad (2012) noted that of only one of the board members was the one who was holding multiple directorships and their involvement or lack of involvement in the board committee did not have much influence on the board's capacity to make decisions. However, Barua, Rama, and Sharma (2010) noted that the multiple directorships applied depending on the size of the audit committee. Whenever, the audit committee was made up by directors who were all holding multiple directorships position in other companies, it meant that the audit committee had a very high score in multiple directorships. If it was only one or less than half of the members who were in multiple directorships, it implied that there were less multiple directorships, but it was not very significant to influence the company or the organization in any major way.

A study by Uniamikogbo, Ayorinde, and Oyewo (2014) related to the impact that the multiple directorships of members of audit committee had on the quality of financial statements noted that the directors who were in multiple directorship were enabled with more monetary knowledge. This implied that the multiple directorships of audit committee members' enhanced their understanding of the financial statement because they were serving in companies that were using different financial reporting standards and procedures which enhanced their comprehension of financial statements. This consequently led to the enhancement of the quality of financial statements because the multiple directors were conversant with the various accounting standards and they could, therefore, point out anomalies in the financial reports as well as in the audit reports. According to Ghafran and O'Sullivan (2017), they could also advise the organization on the best type of financial reporting standards that were best suited for the company because various accounting standards were applied or suited to different companies. For instance, companies that were in the banking industry had different reporting and audit standards compared to those in the manufacturing industry.

The other attribute of the multiple directorships that influenced the quality of the financial statements was that of the director's reputation. According to Haldar and Raithatha (2017), directors in multiple directorships had to protect their reputation so that they could continue holding their directorships in various companies. This implied that they had to ensure that the financial statements were accurate and up to the required financial reporting standards. Anomalies in such statements could affect their reputation negatively and could lead to their ouster in the various boards where they were serving as directors. Baatour, Othman, and Hussainey (2017) agreed that the directors who were holding multiple directors' operations were concerned with their reputation which meant that they could not engage in earning management as it would not only affect their position in the company where they were serving but also their reputation and capacity to serve in other boards of directors. Bedard and Gendron (2010) affirmed that audit committee where the majority of the board members were serving in the multiple directorships were reputation-oriented and did whatever they could to ensure that their good reputation was not tarnished. This ensured that they were thorough in investigating and assessing the quality of the financial statements such as the balance sheets and the profit and loss statements to ensure that they reflected the true financial position of the company. Unlike other directors whose reputation was mostly based on the performance of the company, directors in the audit committee were mostly evaluated based on the quality of the audit (Allam, Talal, and Emad 2012). Having compromised audit and financial statements indicated their incompetence, and hence they were not willing to let their reputation be tarnished even if the company was performing badly.

However, Beasley et al. (2009) noted that the multiple directorships increased the busyness of the audit committee members' yet the audit committee membership was more demanding than the other committee membership. The audit committee members' meet more frequently or had more meetings than other committee members' owing to the nature and responsibility of the audit. Therefore, holding multiple directorships implied that the directors were likely to miss the meetings or to meet lesser times which may compromise the audit or imply that they may be unable to review all the statements and the financial records of the company (Mohammad et al. 2018). This was considering that the audit committee was also in charge of the company's internal audit which was also involving and requiring directors who were fully dedicated to oversee the financial records of the company.

Another study by Allam, Talal, and Emad (2012) noted that the multiple directorships of the audit committee members' compromised the quality of financial statements since the members lacked the motivation for ensuring quality of financial statements especially regarding return on investments. Multiple directors had differing interests since they were not dependent on only one company's performance or quality which implied that they did not provide undivided attention to the organization. They also made the investors perceive companies as having poor financial controls since they lacked time to provide in-depth oversight and scrutiny on the financial statements and financial reports of the company leading to a compromise in the quality of the financial statements (Saleh, Iskandar, and Rahmat 2007).

Despite these arguments, Clements, Neill, and Wertheim (2015) held that the quality of the financial statements was not highly influenced by the multiple directorships of the directors because the directors were not full-time employees of the company and were only taking oversight responsibilities that experienced directors could undertake in a few hours or within several meetings. Tong and Miao (2011) agreed that it would not take many hours or seating for the experienced audit directors to identify anomalies in the financial statements or in the financial policies of the company. The multiple directorships did not bear negative influence on the quality of the financial statements. Instead, the multiple directorships pressured the directors to ensure that the financial statements were of high quality because the reputation and expertise of the audit and the audit committee directors was assessed on the basis of the quality of the financial statements.

2.2 Finance Committee Members' Multiple Directorships

The finance committee is mostly involved with financial activities such as budgeting and accounting the finances of the company. The focus of the finance committee is controlling the company’s expenditure and revenues and ensuring that there is appropriate financial reporting (Foley 2007). Although the finance committee is sometimes confused with the audit committee, the finance committee responsibilities are usually very distinct from those of the audit committee. While the audit committee is concerned with the financial reports of the company and is mostly concerned with the oversight of the financial reports, the financial committee is mostly concerned with the financial decisions of the company such as the developing the annual budgets of the company. It ensures that the company activities adhere and fall within the budget, setting the long-term financial goals of the company and developing a strategic plan on how the financial goals of the company will be attained (Bradrick 2014). The other role of the finance committee is the presenting of financial projects and proposals to the board of directors for approval.

The other major role that is played by the financial committee of the board is the development of internal controls. These are mechanisms that are meant to ensure that the company’s financial assets are protected (Kamardin, et al. 2014). The internal control role also includes ensuring that the all financial transactions of the company have been manually documented, audited and reviewed annually. This is to help keep track of the company’s financial transactions and cash flow. The financial committee also has the responsibility of ensuring that the financial policies and procedures of the company are followed (Foley 2007). They have to ensure that the accounting is done appropriately and according to the standards.

The other major responsibility of the finance committee is mostly risk mitigation. This responsibility implies that the finance committee has to manage the company’s exposure to risk (Bradrick 2014). The exposure to risk is mostly managed through the development of appropriate long-term contracts and leases of the company. The finance committee has the responsibility of developing loans or the lines of credit that can be applied by the company. This is to help mitigate risks and ensure that only appropriate and less risky credit is applied and used by the company. According to Iyengar and Zampelli (2010), the finance committee also ensured that they had developed policies concerning the executive compensation and packages instances where the company does not have human resources management committee that should address this issue.

Additionally, the finance committee is responsible for the development of policies on capital purchases of the company. The committee should indicate and determine when The company should make the capital purchases and the procedures that should be followed when making capital purchases to mitigate risks that come with capital purchases (Guimond 2016). The finance committee should also review all the investments of the committee to ensure that all the investment are sound and they pose no risk to the company.

The multiple directorships of the firm directors are mostly perceived when more than half of the directors in the finance committee hold directorship positions in other companies. Baccouche and Omri (2014) agreed that the multiple directorships of the finance committee mostly apply when there was a director in multi directorship. Therefore the influence of the multiple directorships was based on the number of directors who were serving in the finance committee, and they were holding multiple directorships. In instances where more than half of the board members were in multiple directorships, such committees were considered to be fully characterized by multiple directorships than board committees that had less than half of the members holding multiple directorships. However, DeBoskey, Luo and Wang (2018) indicated that the finance committee activities could be carried out by the audit committee and hence the finance committee was not very necessary. Kress (2018) agreed that the audit committee could undertake internal financial control and also develop the financial policies of the company.

The multiple directorships of the finance committee directors have impact on the quality of the financial statements. According to Guimond (2016), the quality of financial reports is significantly influenced by the multiple directorships of the finance committee members. Finance committee where the more than half of the members held multiple directorships performed strived to ensure that the quality of the financial reports was very high to protect their reputation. Kamardin et al. (2014) noted that in firms where the directors held multiple directorships there were a tendency to report the real earnings and the real financial position of the company instead of the accrual earnings of the company. The directors with multiple directorships were much interested in projecting a positive image and reputation about themselves than the company so that they do not lose their reputation.

Baccouche and Omri (2014) noted that finance committee directors who held multiple directorships had more financial expertise especially in budgeting, and internal control which made them an important resource to the company as this helped in producing financial statements that were accurate and real regarding reflecting the correct financial position of the company. The directors in multiple boards were more informed and conversant with the various financial policies and budgeting principles that were being applied in various industries (Bradrick 2014). In addition, they were also knowledgeable of the industry practices due to the fact that they were on different boards which served to enhance their expertise and contribution to the internal financial control processes. According to Baatour, Othman and Hussainey (2017) such directors could easily identify anomalies in the financial statements due to the extensive experience which they had. They could also identify instances where the financial reporting and procedures had not been followed and hence seek rectification before the financial statements are submitted to the auditors or published to the shareholders.

The multiple directorships also ensured that the firm did not recall their financial statements. Haldar and Raithatha (2017) attributed this to the effort that directors who were in multi directorship were out to ensure that the financial statements were correct and that they did not have anomalies. This was mostly attributed to the fact that directors who were in multiple directorships did not focus in appeasing the shareholders by portraying the firm as having high performance due to the high return on investments or high return on assets. Instead, the true compensation of directors in multi directorship was reputation, and that meant acting in the interest that would enhance their reputation for integrity if not performance. Baatour, Othman and Hussainey (2017) noted that directors that were not in the multi directorships were mostly concerned with the performance of the company which implied that they focused on issues such as profit and ensuring that the profits were high. They could even be involved in earning management to project high financial earnings for the company which eventually compromised the quality of the financial statements.

Therefore multiple directorships enhanced the quality of financial statements mostly because being a multi director enhanced the independence of the director against the shareholders' and other interests that could make the directors compromise the quality of financial statements (Clements, Neill and Wertheim 2015).

Nevertheless, Cashman, Gillan and Jun (2012) noted that multiple directorships enhanced the director's negligence due to their commitment and focused to multiple companies. Such directors were likely to attend a few meetings. Guimond (2016) noted that directors who were in multiple directorships attended fewer meeting compared to directors that were not in multi directorships which affected their capacity to review the financial processes and internal control policies that were put in place by the company. Their inability to attend meeting hampered the performance of the finance committee and the finance activities as they were unable to effectively link and contact the employees of the company to understand the financial position of the company. This affected their capacity to make appropriate recommendations on the financial decisions and policies that the company should make to enhance the accuracy of the financial statements (Guimond, 2016). Their focus was mostly on the financial reports instead of the financial performance of the company meant that they did not apply appropriate financial diligence that could enhance the performance of the company. Instead, such directors focused on decisions that enhanced the accuracy of financial statement instead of financial growth of the company which was the core mandate of the finance committee directors' (Kamardin et al. 2014).

The company also identified that the multiple directorships were not appropriate for the finance directors since finance management was very important to the company and was the main source of competitive advantage for the company. When finance committee of the board had multiple directorships, it eventually led to low quality of financial reporting due to the conflicts of interest that the multiple directors could have on the board (DeBoskey, Luo and Wang 2018). Multiple directors could influence the firm to adopt fiscal policies that were not appropriate for the company as compared to the directors who were solely dependent on one company. Additionally, activities such as formulating fiscal policies of the company required directors who had the time and passion for assisting the company since they were time-consuming. Multiple directors lacked the time and commitment required for formulating the appropriate fiscal policies for the company (Kumar and Singh 2013).

2.3 Executive Committee Members' Multiple Directorships

The executive board committee is the committee that is concerned with the day-to-day management activities of the company. The executive committee of the board of directors is tasked with making decisions on behalf of the board. This implies that the executive committee can make binding decisions on behalf of the board especially in times of crisis when it is not possible to have all board members in the meeting (Price 2017). The executive committee of the board is usually made up of the board of director's chairman, vice chairman, secretary, and treasurer to the board (Chen and Wu 2016). Unlike other committees of the board which are involved in oversight, the executive committee is mostly involved in running the organization and ensuring that all the organization operations are running smoothly. Segal (2016) agreed that being involved in an executive committee of the board was like becoming a full-time employee of the company. The role of the executive committee is to implement the policies of the board and to ensure that the organizational objectives have met. They are involved in activities such as setting the vision and mission of the company and in developing the strategic plan of the company.

According to Chen and Wu (2016), the multiple directorships mostly happened if there is only one board member of the company who belonged to the board of another company. In most instances, the multiple directorships of the executive committee were avoided since the executive committee membership was very involving. As Laux (2009) identified, the executive committee members are tasked with the role and responsibility of ensuring that the policies of the company are followed. They have to engage in frequent oversight and supervisory activities to the management. The executive board members have to act on behalf of the board since the main board do not meet frequently. The executive directors are expected to attend more meetings and make more decisions on the company activities compared to other board members since they are the one who is expected to make some decisions on behalf of the board (Kumar and Singh 2013).

Additionally, the executive committee members' act as vision carriers of the company. This means that they have to communicate the vision and the information about the company's strategy to the company's executives more frequently (Price 2017). Therefore the executive board members have to meet and communicate with the staff more frequently than other board members. This ensures that they have articulated the strategic plan and the vision of the company more accurately. Failure by the executive to communicate with the staff especially senior staff members could lead to conflicts and eventual failure of the company (Segal 2016).

A survey of Fortune 500 companies that was carried out by Korn/Ferry International (2008) found out that many directors believed that too many board appointments exert unnecessary burden on the directors. 56% of the interviewed directors of executive committees claimed to have turned down offers of placement on an additional board. The majority of those cited time limitation as for the main reason why they turned down offers of multiple directorships. Another recent study by Green and Homroy (2018) showed that a majority of directors who participated in the study were of the opinion that there should be a restriction on the number of companies that inside directors would be appointed. However, the opinion was split on half on whether there should be a limitation on the number of companies that had limited outside directors.

Akbas et al. (2018) carried out a survey to test out the hypothesis that directors who served in multiple boards become so busy to the point that they did not monitor management effectively. The study found out those past performances in the firms that an individual had served as directors correlated with the subsequent number of directorship that was held by the same individual. This led the researchers to frame a name for that phenomenon known as the reputation effect. According to Kress (2018), the reputation effect meant that if the results of a company increase when a particular individual is a director in the company, the individual is likely to be enlisted as a director in other corporations that may wish to replicate the results in their firms. Thus, multiple directorships of the directors in the executive committee are a sign of trusted effectiveness rather than of an individual buried under a cloud of busyness.

Berger, Kick, and Schaeck (2014) also found out that when firms announced the appointment of a multiple directors to its board for the first time, such firms tended to experience significant positive abnormal returns. This confirmed that people were trusting and more willing to invest in a company that was being advised by an experienced hand. When they tested the business hypothesis, they found no statistical evidence that supported the hypothesis as there was more correlation between multiple directorship and securities fraud litigations against the concerned firm.

According to Laux (2009) shareholders benefit more when outside independent directors have control over the board in matters of tender offers and in cases of hostile takeovers. In an investigation commissioned by Kumar and Singh (2013) into governance structures of failed firms, they found out that the board of directors were dominated by managers and ’grey’ directors. Grey directors are those directors who are outsiders but have special ties with the company or management. The two different studies concluded by affirming that indeed outside independent directors do monitor and control management in specific contexts such as takeovers and in financial reporting.

Abor and Adjasi (2007) writing about the context in Ghana concluded that corporate government structures such as the presence of multiple executive directors of the board enhanced corporate competitiveness while also provided a new outlook to the corporation. The perception of the effectiveness of executive directors who held the position in multiple companies seems also to change with geography. Lai and Tam (2007) in China found out that where independent directors were included in the board, there was a negative relationship between the change in cash flows and accruals and a resultant less-severe practice of income smoothing. On the other hand, in Korea, according to Choi et al (2007) report there was a positive effect on firm’s performance on account of having independent directors on the company board. These findings by Choi were in stark contrast with those of organisations in the USA where the findings according to McCabbe and Nowak (2008) were more ambiguous.

Other scholars though were of different opinion. For instance, Jiraporn, Singh and Lee (2009) reported that the presence of directors holding multiple directorships correlated with CEOs, who received excess and extravagant compensation, implied that such directors served as an ineffective check on the management. They wielded weak powers and therefore were not good custodians of stock holders. Green and Homroy (2018) even went further and provided evidence that questions the independence of directors who were appointed in multiple companies. From the two, directors in executive with multiple directorships were likely to be opted for an additional board seat if the CEO of the firm was part of the director selection process. In such cases, such directors who had been appointed due to the influence of the CEO tend to prioritize interests of the CEO which implied that their monitoring of management did little in lowering agency costs.

Much of the evidence, however, suggested that having directors who served in multiple companies was associated with success of the firm. According to Kress (2018), the presence of directors holding multiple directorships was strongly related to firm performance. Green and Homroy (2018) had also documented how shareholders received larger premiums in tender offers when the board included multiple directors. Other studies had also provided a strong link to the assertion that firms enjoyed superior returns when they had directors who hold multiple directorships (Haldar and Raithatha, 2017). Most of all of these studies seemed to agree that multiple directorship served were consistent with shareholders' interests. Though most of those studies painted multiple directorships as being for the benefit of the shareholders with some exceptions, it was still debatable whether with finality we could reach such a conclusion. It was debatable whether the position can be generalized to all firms given the different circumstances that the studied firms came from.

2.4 Quality of Financial Statements

The accuracy of the financial statements mostly ascertained the quality of the financial statement. Financial statements of high quality were accurate and represented the true and actual position of the company. Bradrick (2014) noted that accurate financial statements had reported such as the statement of income, cash flow statements and the balance sheet that were accurate and in support of each other. On the contrary, the poor quality financial statements had anomalies, and they were not in support of each other.

The other aspect that verified the quality of the financial statements was the veracity of the information contained in these statements. This veracity could only be attained by following the set accounting standards that had been selected by the audit committee or the auditors (Iyengar, Land and Zampelli 2010). The audit process usually involved receiving the financial statements from the company and then verifying the information contained in these statements using the financial records and other additional information sources that might be required to verify the financial statements. According to Baccouche and Omri (2014), inaccurate and dishonest financial statements did not fulfil the accounting standards and protocol. They were usually carried out or presented in total disregard of the financial accounting and financial reporting procedures. Therefore, one of the core and critical thing that mattered in verifying and determining the accuracy of the financial statements was the procedure and the accounting standards that have been followed in coming up with the financial statements (Penman, 2012).

The other aspect that determines the quality of the financial statement is the relevance. According to Adzor and Igbawase (2014), the financial statements are considered to be of high quality if they depict relevance and timeliness. This means that the financial statements were considered to be of high quality when they are timely or depicted recent performance of the company. Old financial statements or period that ended more than five years ago were not considered to be of high quality since they did not present true and recent financial position of the company. Mita, Fitriany, and Wulandari (2018) agreed that timeliness was an essential aspect of the financial statements because it represented and depicted the actual financial position of the company.

However, Kastantin (2005) provided a very distinct argument and indicated that the above measures were qualitative ways of determining whether the financial statements were of high quality. Nonetheless, the best determinant of the quality of the financial statements was the performance of the company in a defined period. According to Tong and Miao (2011) companies whose financial statements were of high quality tended to perform well while those whose financial statements were not of high quality performed poorly. The return on investments for companies with high quality financial statements was high while the return on investment for companies with low-quality financial statements was negative. Gberegbe et al. (2017) argued that companies which had financial statements of poor quality end up having a poor return on investments because the poor quality financial statements were mostly a cover-up of poor performance. This made it difficult for such companies to post and had a consistent high return on investment for more than two years since there were no real profits that were being accrued by the company. Latif, Bhatti, and Abdul (2017) agreed that companies that manipulated their financial statements to reflect good performance ended up having a poor return on investments since the earning management was not sustainable. Investors and capital providers, as well as lenders, pulled out of the company once they realized that the company's financial statements did not reflect the true financial position of the company leading to negative performance and negative return on investment.

Most importantly, Hashim (2012) indicated that investors in the market were highly alarmed by companies whose financial statements were of high quality and such companies lost their market value by a significant margin. Herath and Albarqi (2017) agreed that one of the best ways of determining the quality of the financial statements was the company's price to book ratio. The price to book ratios depicted how the investors and shareholders perceived the companies' value. Companies with a consistently high price to book ratios were considered to have high quality financial statements while those with low price to book ratio had poor quality financial statements. Cao, Myers, and Omer (2011) intimated that companies with poor financial statements could not consistently perform well in the market because the shareholders and investors would offload it and demonstrated their lack of confidence in the market through the low valuation depicted through price to book ratio of the company. Therefore, for a company to be highly valued by the investors the company had to prove that its financial statements were of high quality in that they depicted accurate and timely financial position of the company (Harymawan and Nurillah 2017). Therefore, the P/B value reflected the extent to which the investors trusted that the financial statements were of high quality as the investors would not highly value a company which they consider to have compromised financial statements.

Nevertheless, the Penman (2012) disputed that the P/B ratios were effective measures of the quality of financial statements. This was because the P/B ratio was based on the market valuation and stock prices which were mostly valued by the markets. The financial markets were not rational and sometimes used emotional perceptions such as fear and greed to value companies which affected the neutrality of the P/B value as an accurate measure of the quality of financial statements. Tong Miao (2011) agreed that the stock prices and a market capitalization of companies, as well as the P/B ratio of the company, was a limited measure of company performance or the quality of financial statements. This is due to the fact since not all shareholders and stakeholders were financially literate or conversant with the P/B ratios and other details in the financial statements. Instead, these investors usually relied on the market sentiments and financial analysis to inform and advise them on the companies to invest in. This implied that the market valuation was not rational or based on individual’s analysis of the market. Despite this contrary argument, Kastantin (2005) noted that investors still did not value companies which they did not trust the quality of the financial statements and hence the quality could be demonstrated by the P/B ratio of the company.

3. Methodology

3.1 Research Philosophy and Approach

As with any research that is concerned with the creation and exposition of new knowledge, the study undertaken herein is guided by a philosophy that goes hand in hand in assisting reach this desired goal. Broadly, the two main likely philosophies that initially were considered for adoption were positivism and interpretivism (Saunders, Lewis and Thornhill 2012). Positivism philosophy adopts a philosophical stance of the natural scientist. If such a philosophy is taken, the researcher must collect data on an observable phenomena and search for regularities and causal relationships in the data that will make it possible to create law-like generalizations as those that are derived by scientists (Gill and Johnson 2010).

On the other hand, an interpretivism approach is one that maintains the social world of business is a complex matrix whose insights can be lost if reduced to a series of law-like generalisations. Interpretivism insists that a researcher must appreciate and understand the difference between humans in their role as social actors. For a researcher to take an interpretivism approach, they must take an empathetic stance. This is usually challenging as it demands that the researcher enters the social world of their research subjects so as to understand their world from their viewpoint (Saunders, Lewis and Thornhill 2012).

Based on those considerations, this study has adopted a positivist philosophy approach in that it is concerned with actual collection of data on observable reality and also a commitment to search for regulatory and causal relationships in order to create generalization on our matter of interest which is effect of multiple directorships in companies on the quality of financial statements.

To understand the impact of multiple directorship on the overall effectiveness of the companies that are overseen by these directors who have taken directorship roles in different companies, we can use two approaches; deductive or inductive. When the conclusion is derived logically from a set of existing premises, the conclusion is true when all the premises are true, that is considered to be deductive reasoning (Ketokivi and Mantere 2010). This means that the research ought to be based on existing theories and the aim of deductive approach is to test whether the existing theories can be applied in a specific context.

In contrast, in inductive reasoning there is a gap in logic between the conclusion and the premises observed. The conclusion is considered to be judged by the observations that are made (Ketokivi and Mantere 2010). This implies that when applying inductive approach one had to first make observation and then use those findings to develop new theories about the concept or issue that is under investigation.

Considering that the aim of this study was to find whether there was a correlation between the effectiveness of multiple directors and quality of financial statements, the deductive approach is preferred because there are existing studies and theories that have investigated the impact that multi directorship had on the quality of financial statements (Babbie and Mouton 2011). Additionally the study sought to test whether the theories on multi directorship and quality of financials statements can be applied in a specific context where that context is Finland. This was done by relying on actual data to check whether all the premises we set had been proven true in order to arrive at a conclusion.

3.2 Research Design and Strategy

The question that this research seeks to establish answers for was on the effectiveness of multiple directors. Thus we seek for data in terms of the number of directors who had succeeded while being directors of multiple companies. But as mentioned by Saunders, Lewis and Thornhill (2012), many business and management research designs usually combined quantitative and qualitative elements. The quantitative research design mostly involved identification and application of measurable, verifiable and credible data in the research investigation in order to make conclusions about the research objectives. According to Bryman (2014), this method is considered advantageous because it eliminated researcher's biases and ensures that the findings of the study were reliable and verifiable since they were backed by measurable and identifiable evidence. On the other hand, the qualitative research design involved the application of non-measurable evidence which came in the form of feelings, attitudes and perceptions of the phenomena being investigating. This form of information is crucial in understanding phenomena and in making consumption about the phenomena's behaviour. However, the qualitative research design was highly affected by researcher bias and context of the phenomena (Fiegen 2011). This investigation preferred to apply the qualitative design because it sought to investigate financial performance issues which could only be ascertained by results that were verifiable and measurable. The influence of multi directorship could only be ascertained by presenting verifiable evidence that showed measurable results and impact.

A research is conducted so as to answer a query to a subject of concern; the researcher thus must have means through which to make sense of the object of inquiry. These means are referred to as research methods (Sarantakos 2012). Within the research methods there is a research strategy that provides a general plan through which the researcher goes about in providing answers to the research questions (Saunders, Lewis and Thornhill 2012). Some of the strategies that are employed while doing research work include; case studies, experiments, surveys ethnography, archival research, grounded theory and action research. Action research, ethnography and archival research are research strategies that are based on inductive approach. Meanwhile, carrying out experiments and surveys are based on the deductive approach. Case studies and grounded theory usually employ a mixed approach, that is, both deductive and inductive approach.

Case study as a research strategy is concerned with empirical investigation to study a contemporary phenomenon that is of interest to the researcher using multiple sources of evidence (Babbie and Mouton, 2011). This method is contrasts to the experimental method that is usually not bound to a context. This method seeks to answer these questions; why, what and how. It involves strategies such as, interview, survey, observation and documentary analysis.

Experiment as a strategy for research was first applied to natural sciences with the aim of studying causal links. That is, to examine whether the change in an independent variable causes change in a dependent variable. In this approach, the number of independent variables can be different (Fiegen 2011). An experiment uses predictions, which are known as hypotheses rather than research questions. This is because a researcher always anticipates whether or not a relationship exists between the variables. Two types of hypotheses are formulated in a standard experiment, that is, the null hypotheses and the alternative hypotheses (Gill and Johnson 2010).

On the other hand, there are surveys. This method is frequently used to answer what, who, where, how much and how many questions. For this reason, surveys are used for exploratory and descriptive research (Saunders, Lewis and Thornhill 2012). Surveys that use questionnaires also have an advantage as they give the researcher the ability to collect standardised data from a sizeable populace in a very economical manner, thus allowing for easy comparison.

3.3 Data Collection and Analysis

The data collection can be done in two ways that is primary data collection methods and secondary data collection methods. Former one is advantageous as it provided credible information which was not adulterated or sanctioned by others (Bryman 2014). Most importantly, it provided timely and relevant information on the phenomena being investigated. However, it was considered as costly and time consuming to select data from primary sources especially when the phenomenon was large. The secondary data collection method, on the other hand, involved collecting data from the imitative sources. These were sources that carried information from the primary resources but they were not the primary sources of information. Babbie and Mouton (2011) highlighted that this method of data collection was convenient, easy and less costly especially when information could be accessed from library and online sources. However, the main challenge with this data collection method was its tendency to collect irrelevant information or from sources that are not authoritative (Sarantakos 2012). This investigation nevertheless preferred to use the secondary data because the investigation was focused on Finnish companies which were many and it was time consuming to collect primary data from all the companies

The data collection involved collecting financial information from Finnish companies in order to ensure that the data collected was timely and relevant the researcher ensured that the data used was not older than 2010.The financial and annual statements had to be publicly available so that the researcher could identify the extent of multi directorships in those companies as well as the financial performance of those firms. In addition, the companies had to be publicly listed Finnish companies on NASDAQ. Twenty five companies were selected for this study for five year period from2013 to 2017. Once the researcher had identified the financial data for each company, the data was placed in SPSS spread sheet for data analysis. The main data that was collected mostly was on the net profit of the company, total assets of the company, the operating profit of the company, equity invested, and the price of the shares and the total volume of shares traded.

Once this data has been collected the data analysis process involved examining the data in order to extract valuable information from the collected data. To analyse data on multi-directorship of the companies, the researcher identified the number of multi directors in each board committee (Bryman 2014). The number was then divided by the number of directors who served in that committee. The ROI and the P/B ratio were also calculated in order to identify the quality of financial statements of the companies. In order to identify the relationship between the multi directorship and quality of financial statements, the correlation between the multiple directorships and the quality of financial statements is computed further. The possibility of results can be positive or negative correlation. Former indicated the positive association between the multi directorship and quality of financial statements and vice versa. The researcher also sought to identify the impact that the multi directorships had on the quality of financial statements. Linear regression values were used to determine the impact where positive value depicted positive impact while negative regression valued depicted negative impact.

The following regression model was applied to determine the impact of each aspect of multi directorships on the return on investments, P/B ratio and the quality of financial statements:

$$Q_{it} = \beta_0 + \beta_1 (\text{MULTI-AUD}_{it}) + \beta_2 (\text{MULTI-FIN}_{it}) + \beta_3 (\text{MULTI- EXC}_{it}) + \beta_4 (\text{ROI}_{it}) + \beta_5 (\text{P/B ratio}_{it}) + \varepsilon\text{rror term}$$

Where:

Q_{it} – Quality of financial statements

MULTI-AUD- Multi directorships of audit committee directors

MULTI-FIN- Multi directorships of finance committee directors

MULTI-EXC- Multi directorships of executive committee directors

ROI- Return on Investment

P/B Ratio- Price to book ratio

β_0 -The Constant

β_1 - β_5 – Regression coefficients

i- Number of companies

t- Time in years

ε – Stochastic error term estimate

The model formula for determining the co efficient for ROI and P/B ratio is as indicated below:

ROIit = β_0 + β_1 (MULTI-AUDit) + β_2 (MULTI-FINit) + β_3 (MULTI- EXCit) + β_4 (Qit) + β_5 (P/B ratioit) + εrror term

P/B ratioit = β_0 + β_1 (MPD-AUDit) + β_2 (MPD-FINit) + β_3 (MPD- EXCit) + β_4 (Qit) + β_5 (ROIit) + εrror term

Table 1: The table below presents the explanation of the constructs that have been highlighted in the above section:

Constructs	Tag	Explanation
Independent constructs		
Multiple directorships of audit committee Directors	MULTI-AUD	Proportion of the audit committee directors who have multiple directorship to the total number of directors serving in the audit Committee
Multiple directorships of finance committee Directors	MULTI-FIN	Proportion of the finance committee directors who have the multiple directorships to the total number of directors serving in the finance committee
Multiple directorships of the executive committee Directors	MULTI-EXC	Proportion of the executive committee directors who have the multiple directorship to the total number of directors serving in the executive board committee
Dependent constructs		
Return on Investments	ROI	Net Income/Total assets
Price to Book ratio	P/B Ratio	Market price per share of company/book value per share of assets Book value is equity of shareholder/ Number of shares traded during the year

3.4 Reliability and validity of Study

The reliability is the extent to which the research instruments can consistently produce similar results. It is the consistent of the research instrument (Bryman 2014). Reliability can be evaluated through test retest reliability-test, internal consistency test or through inter rating assessment. This study used test retest reliability to examine the consistency of the research items using the company. This was done at the pilot stage of the study where the instrument was tested on one company to determine whether the research instrument could produce consistent results.

The validity of the study assessed the extent to which the instrument could be relied on to measure the items that it was intended to measure. This could be assessed either through construct validity or through the content validity or through construct validity (Gill and Johnson 2010). Content validity mostly compared whether the content of the research tool matched with the objectives of the study while the construct validity assessed whether the research variables were similar to the research objectives (Fiegen 2011). This study applied construct validity where the research constructs were developed based on the research objective.

In summary, this chapter highlighted the research methods that were applied by the researcher during the investigation. These research methods included the positivist's philosophy which was preferred because of its naturalist outlook and ability to ensure that the clear steps were followed in data collection and gathering in order make the study credible and scientific. The deductive research approach was also applied since the study sought to test theories on multi directorships on quality of financial statement in Finnish context. The quantitative research design was applied in the investigation. The data was collected using secondary data and financial statements were selected for analysis.

4. Results

This chapter presented the findings of the study. The findings were based on the outcomes of the investigation that was carried out by the researcher based on the methods articulated in the previous section. The findings demonstrated the impact that the multi directorship of board of director's committees had on the quality of financial statements.

4.1 Quality of Financial Statements

The quality of the financial statements was assessed by using means of 125 cases presented in the study from the 25 companies for a period of five years. The first aspect that was used to assess the quality of financial statement was that of ROI where the positive ROI indicated that the companies were performing well and that the quality of the financial statements was up to the desired standards. On the contrary, the negative ROI indicated that the quality of the financial statement was very low and unsatisfactory which was why the companies were performing poorly for the last five years. The overall ROI of the Finnish companies that were analysed in this investigation was 0.0766 which was positive return on investment.

Table 2: Descriptive on ROI and P/B ratio.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Return on investment	125	-. 10	.55	.0766	.10692
P/B ratio	125	.00	155.00	7. 6041	24. 49131
Valid N (list wise)	125				

The other aspect that was used to assess and determine the quality of the financial statements was that of P/B ratio. The ratio depicted the value that the investors in the stock exchange were willing to trade their equity for. P/B ratios that were greater than 1 depicted the investors' confidence in the company and the quality of financial statements provided by the company. On the contrary, the P/B ratio that was lower than 1 indicated that the company investors were not confident in the company and were willing to trade their equity for a lower value demonstrating that the quality of the financial statements was very low.

Overall, the average P/B ratio aspect that was used to assess the quality of financial statements for Finnish companies was 7.601 and it demonstrated that the Finnish companies were overvalued by the investors. This demonstrated that most of the investors were confident about the companies and their financial statements which was the reason that they assigned the companies higher market valuation in terms of P/B ratio.

4.2 Multiple Directorship of Audit Committee

4.2.1 Descriptive

On the multi directorships of the board audit committee, the researcher undertook investigation of 25 companies and each of these companies had different levels of multi directorships as shown by the table below. Overall, the average of audit committee multiple directorship was 0.4548 and it demonstrated that almost half of the directors serving in the audit committee were multiple directors.

Table 3: Audit Committee Multi Directorship

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Multiple directorship of executive directors	125	.10	.90	.4548	.23974
Valid N (listwise)	125				

4.2.2 Correlation

This section evaluated the impact that the multi directorships had on the quality of the financial statements. This was evaluated by identifying the correlation values of each multi directorships and ROI and the correlation of the multiple directorship and P/B ratios. Positive correlation values indicated that there was positive relationship between the multi directorships of the audit committee members and the quality of financial statements in terms of ROI.

Table 4: Correlation of MULTI-AUD and ROI and P/B Ratio

	MULTI-AUD	ROI	P/B ratio
MULTI-AUD	1	-0.381	-0.249
ROI	-0.381	1	-0.021
P/B Ratio	-0.249	-0.021	1

4.2.3 Regression

The investigation sought for the linear regression values for assessing the influence of multiple directorships of directors of audit committee and quality of financial statements. From the data, the linear regression value for multiple directorships of the audit committee membership and the P/B ratio was negative -0.142 and indicated the negative impression of multiple directorships of audit committee members on the ROI of Finnish companies. It implied that an increase in one value of the multiple directorships led to a 0.142 decline in the ROI of the Finnish companies.

Table 5: Regression of MULTI-AUD and ROI and P/B Ratio

	ROI	P/B ratio
Constant	0.13 (2.809)	1.371 (0.169)
MULTI-AUD	-0.142 (-3.275)	-16.578 (-1.722)

***figures in brackets() show the t value**

The investigation further sought to determine the impact that multiple directorships had on the quality of the financial statements through the regression between Multi directorships of the audit committee members' and the P/B ratio. The regression value was negative that is - 16.57 which showed the negative influence. This demonstrated that the multi directorships of the audit committee members negatively influenced the P/B ratio of Finnish companies.

Based on this, it was evident from the correlations that there was negative relationship between the MULTI-AUD and the ROI and P/B ratio which indicated that the multiple directorships of the audit committee members' and quality of financial statements were negatively correlated. The impact of the MULTI-AUD on the quality of financial statements was also negative since it was proven by the investigation that MPD-AUD negatively impacted the ROI and P/B ratios of Finnish companies.

4.3 Multiple Directorships of Finance Committee

4.3.1 Descriptive

The other aspect of multiple directorships examined by the investigation was the multiple directorships of the finance committee members. The overall average of the finance committee multi directorships in Finnish companies was 0.41 which indicated that the companies' finance committee of the board did not have minority of the members holding multiple directorship positions.

Table 6: Finance Committee Multi Directorship

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Multiple directorship of finance directors	125	.00	.80	.4328	.20232
Valid N (list wise)	125				

4.3.2 Correlation

The investigation applied the correlation and regression techniques to identify the nature of relationship between the variables (the multi directorships of the finance committee (MULTI-FIN) and the quality of financial statement) and the impact that the variables had on each other. From the correlation values, it is evident that MULTI-FIN and ROI were negatively correlated.

The relationship between the MULTI-FIN and quality of financial statement was further assessed by looking at the correlation between MULTI-FIN and P/B ratios. The investigation found that the correlation was negative 0.219 as indicated by the table below.

Table 7: Correlation of MULTI-FIN and ROI and P/B Ratio

	MULTI-FIN	ROI	P/B ratio
MULTI-FIN	1	-0.401	-0.219
ROI	-0.401	1	-0.021
P/B ratio	-0.219	-0.021	1

This implied that there was negative correlation between the MULTI-FIN and the quality of financial statements since the two aspects of demonstrated negative relationship.

4.3.3 Regression

The researcher used the regression values to assess and determine the impact of MULTI-FIN on the quality of financial statements of Finnish companies. The researcher first looked at the regression values of MULTI-FIN and ROI. From the data provided and on investigation, it could be established that the regression for MULTI-FIN and ROI was negative 0.191. This was a very high and strong negative regression and it meant that a variance of 1 in multi directorships led to -0.191 decline in ROI.

The investigation also established that the regression between the multiple directorships of finance committee members was negative 16.423 which was very high negative impact.

Table 8: Regression of MULTI-FIN and ROI and P/B Ratio

	ROI	P/B ratio
Constant	-0.108 (3.324)	-1.059 (-0.143)
MULTI-FIN	-0.191 (-4.190)	-16.423 (-1.577)

***figures in brackets() show the t value**

From this analysis, it was evident that the MULTI-FIN had a negative impact on the quality of financial statements. The correlation figures affirmed this by noting that the multiple directorships of finance committee members had a negative relationship with the quality of financial statements due to negative correlation with ROI and P/B ratio. This was further demonstrated by the regression values which indicated that the MULTI-FIN negatively impacted the quality of financial statements measures such as ROI and the P/B ratio. Overall, it was evident that multiple directorships of the finance committee members' negatively influenced the quality of financial statement in Finnish companies.

4.4 Multi Directorships of Board Executive Committee

4.4.1 Descriptive

The investigation established that the mean of executive committee multi directorships in Finnish were 0.2902 which was below average and indicated that extent of multiple directorships in the board executive committees was very low.

Table 9: Executive Committee Multi Directorship

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev iation
Multiple directorship of independent directors	125	.00	.80	.2902	.19700
Valid N (listwise)	125				

4.4.2 Correlation

The investigation sought to establish and identify the impact that the executive committee members' had on the quality of the financial statements. Correlation and regression values were used to determine the relationship and the impact that the variables had on one another. From the correlation values, the investigation established that there was negative correlation between the multiple directorships of the executive committee (MULTI-EXC) members and ROI as the figure was negative 0.331.

Table 10: Correlation of MULTI-EXC and ROI and P/B Ratio

	MULTI-EXC	**ROI**	**P/B ratio**
MULTI-EXC	1	-0.331	-0.055
ROI	-0.331	1	-0.021
P/B ratio	-0.055	-0.021	1

MULTI-EXC and P/B ratio had negative correlation value which was 0.055. It is evident from the correlation values that both variables are negatively correlated. It further established that there is existence of negative relationship between the multi directorships of executive committee' members and the quality of financial statements with regard to the ROI and P/B ratio as both measures of the quality of financial statements indicated that there was negative correlation between the two variables.

4.4.3 Regression

The researcher also sought to establish the actual impact of the MULTI-EXC on the quality of financial statements by looking at the linear regression coefficients of MPD and ROI. From the analysis, the study identified that the regression values of MULTI-EXC and ROI was negative 0.154 which demonstrated negative impact of the multiple directorship of executive committee members on the ROI of the company. In fact, this high level implied that a variance of one in multiple directorship resulted in negative change in the ROI. This was further affirmed by the investigation that indicated that the MULTI-EXC regressions value was 5.217 which demonstrated that the MULTI-EXC had a positive impact on P/B ratio.

Table 11: Regression of MULTI-EXC and ROI and P/B Ratio

	ROI	P/B ratio
Constant	-0.065 (2.75)	-11.381 (-1.769)
MULTI-EXC	-0.154 (-3.262)	5.217 (0.49)

***figures in brackets() show the t value**

Based on the findings from the correlation values and the regression values, there was positive relationship between multiple directorships of executive committee directors and quality of financial statements of the establishment. The MULTI-EXC negatively correlated with the quality of the financial statements in terms of ROI and P/B ratio. The impact of the MULTI-EXC was however positive because the linear regression values were positive for P/B ratio although they were negative for ROI. However, when using the regression model the negative effect of the ROI regression is diminished by the positive effect on P/B ratio.

In summary, this section presented the findings of the study and established that there was high level of multiple directorships in the audit committees. There was also a below average level of multiple directorship in the finance and the executive committees of the boards in Finnish companies that were examined by the study. The level of quality of the financial statements was proven by the ROI and P/B ratio where it was noted that the ROI was 0.07 which was positive ROI and the P/B ratio was 2.4 which showed that the Finnish companies were valued by the market and the investors. The study then established that the multiple directorships of the audit committee members' negatively impacted the quality of the financial statements. Multiple directorships of the finance committee directors negatively impacted the quality of the financial statements in the Finnish companies. On the contrary, the multiple directorships of the executive directors positively affected the quality of the financial statements in terms of ROI and the P/B ratios.

5. Conclusion

This section included an in-depth discussion of the findings which was evaluated through the study and its capacity to realise the research objectives. The discussion part compared the results of this research with the literatures discussed in the literature review section. The conclusion also highlighted the major strengths of the investigation. It also presented the recommendations on what Finnish companies should do in order to enhance the quality of financial statements and based on the findings of this investigation. The research further showed the weaknesses of the investigation and what can be done in order to address the weaknesses of the investigation. The research found out that the multiple directorships of the audit committee members had adverse impacts on the quality of the financial statements especially in regard to the ROI and the P/B ratio of the company. The regression coefficient for ROI was -0.142 while that of P/B ratio was -16.578. This implied that an increase in multiple directorships of the audit committee members' automatically resulted in negative return on investment. This implied that the multiple directorships of audit committee members did not contribute to the value of the company in terms of market value. The low performance of the companies with the multiple directors in terms of P/B ratio made investors to keep off companies with multiple directorships in the audit committees since such companies were performing poorly. The research result concurred with Beasley et al (2009) noted that the multiple directorships increased the busyness of the audit committee members' yet the audit committee membership was more demanding than the other committee membership. The audit committee membership required high level of commitment in order to deliver the expected results of making sure that the financial statements presented by the company were of high quality. Therefore holding multiple directorships implied that the directors were likely to miss the meeting or to meet lesser times which may compromise the nature and quality of audit. It also meant that the audit committee members' holding multiple directorships may be unable to review all the statements and the financial records of the company. Nevertheless, according to Haldar and Raithatha (2017) findings of this study disagreed with their study that had established that directors in multiple directorships had to protect their reputation so that they can continue holding their directorships in the companies. This implied that they had to ensure that the financial statements were accurate and up to the required financial reporting standards. Anomalies in such statements could affect their reputation negatively which could lead to their ouster in the various boards where they were serving as directors. Baatour, Othman, and Hussainey (2017) agreed that the directors who were holding multiple directorship operations were concerned with their reputation which meant that they could not engage in earning management as it would not only affect their position in the company where they we're serving but also their reputation and capacity to serve in other boards of directors.

This investigation further found out that the influence of multi directorships of finance committee members' on the quality of the financial statements was negative because the regression coefficients between the MULTI-FIN and ROI was -0.191 while that of P/B ratio was -16.423. This meant that having more directors in the finance committee who had multiple directorship positions adversely influenced the quality of financial statements. The study also identified that there was negative correlation between the multi directorships of the finance committee members' and the quality of the financial statements in regard to the ROI and P/B ratio of the company. From the study, it was definite that increase in the number of directors holding multiple positions in finance committee lowers the quality of financial reports presented by the company to the investors and other stakeholders. The findings of this investigation were in concurrence with the previous study of Guimond (2016) which explained that finance committee was a very involving role that required full-time commitment to the organisation. It required directors who had the time to review contracts and investments made by the company, set the financial strategy of the firm, examine the financial records and transactions that have been undertaken by the company as well as determine and evaluate the auditors. This required directors who did not hold multiple directorship positions as it would compromise their capacity to make good financial decisions. Holding multi directorships positions would compromise their ability to make good and accurate financial decisions for the firm due to busyness. However, the findings of this investigation regarding the impacts of the multi directorships on the quality of the financial statements contradicted the previous investigations of Baccouche and Omri (2014) noted that finance committee directors who held multiple directorships had more finance expertise especially in budgeting, and internal control which made them an important resource to the company

This finding, therefore, proved that the investors did not believe in the theory of resourcefulness of the multiple directors when making investments decisions. Instead, this research had shown that the quality of financial statements is mostly influenced by the ROI. Consistent ROI demonstrated that the company had high quality of financial statements as companies with faulty and compromised financial reporting did not post consistent growth in the long run. Therefore, it was clear that the resourcefulness of multiple directors could not be ascertained in this investigation.

The investigation also established that multi directorships of executive committee members' on the quality of the financial statements were positive. The study findings recognized that multiple directorships of executive committee' directors and ROI were negatively correlated whereas the multi directorships of executive committee' directors and P/B Ratio were positively correlated. This was because the ratio MULTI-EXC was -0.154 while that of P/B ratio was 5.217. The relationship between MULTI-EXC and the P/B ratio was also positive which skewed the results to indicate that MULTI-EXC positively impacted the quality of financial statements. This finding agreed with the previous study of Li et al. (2017) the presence of directors holding multiple directorships was strongly related to firm performance in Japan's cotton spinning industry in the first decade of the 20th century. Kumar and Singh (2013) had also documented how shareholders received larger premiums in tender offers when the board included multiple directors. Other studies had also provided a strong link to the assertion that firms enjoy superior returns when they have directors who hold multiple directorships. The study found out that past performances in the firms that an individual had served as a directors correlates with the subsequent number of directorship that are held by the same individual.

5.1 Strengths of the Study

First of all, the study is able to recognize the relationship and correlation between the multiple directorships of directors of audit committee and the quality of its financial statements. From the investigation, the study identified that the multiple directorship of the audit committee members had negative impacts on the quality of financial statements because the multi directorships of audit was found to correlate negatively with the ROI and P/B ratio. The finding demonstrated that multi directorships led to negative returns and P/B ratio of the company indicating investors' lack of confidence in the company and low quality of the financial statements. The results concurred with the previous study of Beasley et al (2009) that the multiple directorships of audit directors was detrimental to the performance of audit committee as audit committee required commitment in order to effectively audit the company's financial results using international financial reporting standards.

The other strong point of the study was that the research managed to identify the impacts that the multiple directorship of the finance committee' directors made on the quality of the financial statements in Finnish companies. The investigation established that the multiple directorships of finance committee members had negative influence on the quality of financial statements in terms of ROI and the P/B ratios. The regression values also demonstrated that the MULTI-FIN had negative effect on quality of financial statements especially the ROI and the P/B ratios of the Finnish companies. These findings affirmed the previous research of Guimond (2016) which explained that directors who were in multiple directorships could not be effective in their positions because the finance committee was very demanding due to the roles assigned to this committee such as doing budgets, investment appraisals, cost appraisals and evaluation of the company's financial records. This meant that the internal financial controls of companies whose financial committee was dominated by directors holding multi directorships were compromised or poorly checked leading to losses and negative ROI for the shareholders of the company. Therefore, such companies with negative ROI were considered as having poor quality of financial statements which was the reason why they were making losses.

The third strength of this investigation was of investigating the influence of the multi directorships of the executive committee members posed on the quality of financial statements. From the correlation figures, the study established negative correlation between the MPD-EXC and the ROI and P/B ratio. However, there was strong positive impact of MPD-EXC on the P/B ratio that indicated the positive influence of multiple directorships on the quality of financial statements. This implied that the multi directorships of the executive committee members affected the company's financial statements positively as investors felt that such directors were resourceful and it increased the value of the shares in the exchange markets. This finding was in agreement with the previous study of Kumar and Singh (2013) who have also documented how shareholders received larger premiums in tender offers when the board included multiple directors. Other studies have also provided a strong link to the assertion that firms enjoy superior returns when they have directors who hold multiple directorships.

5.2 Recommendations of the Study

The first and foremost recommendation applies to the first objective of the investigation of identifying the impacts of audit committee multiple directorships on the quality of financial statements in Finnish companies. In order to, enhance the quality of the financial statements, the investigation established that the audit committees of Finnish companies need to reduce the number of the multiple directors since it was noted that there was high negative correlation between the multi directorships of the audit committee members and the quality of the financial statements. In order to ensure that the financial statements were of high quality, this study recommended for the appointment of directors who did not hold multiple directorships positions in Finnish companies in the audit committee because it was evident that multi directors were busy and ineffective in making the company experience high rerun on investment or improve the P/B ratio of the company. In order to have high quality financial statements, it was necessary to ensure that the audit committee directors were only dedicated and committed to the success of one company. Hence, there is need to hire directors who were not in the board of other companies. The nature of audit committee was that it was involved especially in undertaking oversight committee which meant that audit committee directors who were busy and unavailable for frequent committee meetings could not effectively audit the company.

This investigation clearly established that the multiple directorship of the finance committee members led to negative or low quality financial statements due to the fact that the multi directorships was found to be negatively correlated with the measures of quality of financial statements which were ROI and the P/B ratio of the company. Therefore, this investigation calls for the non-appointment of multiple directors in finance committee. If possible existing directors holding multiple directorships in finance committee should be retired because the study had clearly identified that their presence lead to a negative return for the investors in terms of profitability and in regard to the market value of the company. Therefore, this research recommended Finnish companies to ensure that their board of directors is made up of directors that do not hold multiple directorships positions in order to enhance the quality of their financial statements.

The other recommendation concerns the multi directorships of the executive committee members and the quality of financial statements. From the study, it was identified that the quality of financial statements was positively correlated with the multiple directorship of the executive committee members. Therefore, this investigation recommended that Finnish companies should have executive board members who hold multiple directorships positions because such directors increased the value of the company's stock in the stock markets as investors perceived such directors positively.

5.3 Weaknesses of the Study

The main weakness of this investigation is that its finding could be considered as subjective despite applying quantitative research method due to its reliance on the financial statements provided by the Finnish companies through their websites. The financial statements could not be truly objective due as companies tended to present a good outlook even in their audited annual reports which could mislead the findings of the study. The other weakness of the study was that this research applied a naturalist outlook to the investigation with a clear focus on investigating the phenomena using verifiable and measurable evidence. This was, however, limited by the researcher's inability to obtain explanations on why the phenomena had particular outcomes in regard to multiple directorship and ROI and P/B ratio. This meant that the researcher could not identify explanation and reason behind the phenomena behaviour from the phenomena itself.

The future studies should use independent sources of financial data regarding the company such as the government agencies and financial analysis companies that have independent results. This would help the study have objective and accurate results of the company. This investigation recommends the future studies to focus on applying the interpretivist philosophy in order to understand the reasons behind the results of the study. The interpretivism is necessary in exploring information and understanding the underlying reasons that made the multi directorships pose negative effect on the companies' performance. Interpretivism would help the researcher understand why the companies had multi directors despite the evident that multi directorships had negative effect of the company's quality of financial statements.

References

Abor, A., &Adjasi, C.K.D. (2007). Corporate governance and the small and medium enterprises sector: Theory and implications. Corporate Governance, 7(2), 111-122.

Adzor, I. and Igbawase, A. (2014). Do Reputable Companies Have Superior Earnings Quality? International Journal of Innovative Research and Development, 3(1), pp. 23-44.

Allam, H., Talal, A. and Emad, A. (2012).The Impact of Audit Committee Characteristics on Earnings Management: Additional Evidence from Jordan. Available at SSRN: https://ssrn.com/abstract=2130354. (Accessed 20 August 2018).

Armstrong, C., Core, J. and Guay, W. (2014). Do Independent Directors Cause Improvements in Firm Transparency? Journal of Financial Economics, 113(1), pp. 383-403.

Baatour, K., Othman, H. and Hussainey, K. (2017). The effect of multiple directorships on real and accrual-based earnings management: Evidence from Saudi listed firms, Accounting Research Journal, 30(4), pp.395-412.

Babbie, E. and Mouton, J.M. (2011). The practice of social research. Cape Town: Oxford University Press.

Baccouche, S. and Omri, A. (2014). Multiple Directorships of Board Members and Earnings Management: An Empirical Evidence from French Listed Companies, Journal of Economic and Financial Modelling, 2(1), pp. 13-23.

Badolato, G., Donelson, D. and Ege, M. (2015). Audit Committee Financial Expertise and Earnings Management: The Role of Status, Journal of Accounting and Economics, 58(1), pp. 208-230.

Barua, A., Rama, D., and Sharma, V. (2010). Audit committee characteristics and investment in internal auditing, Journal of Accounting and Public Policy, 29(5), pp. 503-513.

Beasley, M. (2009). The audit committee oversight process, Contemporary

Bedard, J. and Gendron, Y. (2010). Strengthening the financial reporting system: Can audit committees deliver?, International Journal of Auditing, 14(2), pp. 174-210.

Berger, A., Kick, T. and Schaeck, K. (2014). Executive board composition and bank risk taking, Journal of Corporate Finance, 28(10), pp. 48-65.

Bradrick, E. (2014). The Finance Committee: What is it and What Does it Do?. Available at: http://www.nonprofitlawblog.com/the-finance-committee-what-is-it-and-what-does-it-do/. (Accessed 20 August 2018).

Bryman, A. (2014). The Debate about Quantitative and Qualitative Research: A Question of Method or Epistemology? British Journal of Sociology, 35(1), pp. 75–92.

Cao, Y., Myers, L. and Omer, T. (2011). Does Company Reputation Matter for Financial Reporting Quality? Evidence from Restatements', Contemporary Accounting Research, 4(1), pp. 12-33.

Cashman, G. D., Gillan, S. L., and Jun, C. (2012). Going Overboard?: On Busy Directors and Firm Value, Journal of Banking and Finance, 36(12), 3248-3259.

Chen, K. and Wu, A. (2016). The Structure of Board Committees. Available at: https://www.hbs.edu/faculty/Publication%20Files/17-032_22ea9e7a-4f26-4645-af3d-042f2b4e058c.pdf. (Accessed 2 September 2018).

Choi, J.J. (2007). The value of outside directors: Evidence from corporate governance reform in Korea, Journal of Financial and Quantitative Analysis, 42(4), pp.941-962.

Clements, C. E., Neill, J. D., & Wertheim, P. (2015). The impact of company size and multiple directorships on corporate governance effectiveness, International Journal of Disclosure and Governance, 12(4), 354-371.

DeBoskey, G., Luo, Y. and Wang, J. (2018). Do specialized board committees impact the transparency of corporate political disclosure? Evidence from Sand P 500 companies, Research in Accounting Regulation, 30(1), pp. 8-19.

Akbas, F., Hann, R. N., Polat, M. F., & Subasi, M. (2018). Do director networks improve managerial learning from stock prices?

Fiegen, A. M. (2011). Business information literacy: A synthesis for best practices, Journal of Business & Finance Librarianship, 16(4), 267-288.

Foley, E. (2007). The Finance Committee and Committee Chair Responsibilities.

Gill, J. and Johnson, P. (2010). Research Methods for Managers. 4thedn. London: SAGE Publication Limited.

Gberegbe, F.B. (2017). Corporate Reputation and Earnings Quality of Listed Firms in Nigeria, Journal of Research in Business and Management, 5, pp. 14-22.

Greco, G. (2011). Determinants of board and audit committee meeting frequency: Evidence from Italian companies, Managerial Auditing Journal, 26(3), pp. 208-229.

Green, C. and Homroy, S. (2018). Female directors, board committees and firm performance, European Economic Review, 102(2), pp.19-38.

Haldar, A. and Raithatha, M. (2017). Do compositions of board and audit committee improve financial disclosures? International Journal of Organizational Analysis, 25(2), pp.251-269.

Hashim, H. (2012).The Influence of Culture on Financial Reporting Quality in Malaysia, Asian Social Science, 3(2), pp. 34-41.

Harymawan, I. and Nurillah, D. (2017). Do Reputable Companies Produce a High Quality of Financial Statements? Asian Journal of Accounting Research, 2(2), pp.1-7.

Herath, S. and Albarqi, N. (2017). Financial Reporting Quality: A Literature Review, International Journal of Business Management and Commerce, 2(2), pp. 13-44.

Hossain, S. (2016). The Effect of Networked Clients' Economic Importance on Audit Quality, Auditing: A Journal of Practice and Theory, 35(4), pp. 79-103.

Guimond, J. P. (2016). Have you looked at your capital process lately? Healthcare Financial Management, 70(5), pp.64-70.

Iyengar, R., Land, J. and Zampelli, E. (2010). Does board governance improve the quality of accounting earnings? Accounting Research Journal, 23(1), pp.49-68.

Jiraporn, P., Singh M. and Lee, C. (2009). Ineffective corporate governance: Director busyness and board committee memberships, Journal of Banking and Finance, 33(5), pp. 819-828.

Kamardin, H. (2014). Multiple Directorships and the Monitoring Role of the Board of Directors: Evidence from Malaysia, Jurnal Pengurusan, 42(2), pp. 51-66.

Kastantin, J. (2005). Beyond earnings management: Using ratios to predict Enron's collapse, Managerial Finance, 31(9), pp.35-51.

Ketokivi, M. and Mantere, S. (2010). Two Strategies for Inductive Reasoning in Organizational Research', Academy of Management, 35(2), pp.33-36.

Korn/Ferry International. (2008). 35th Annual Board of Directors Study. Los Angeles, CA: Korn/Ferry International.

KPMG. (2016) Audit Committee Handbook. Available at: https://home.kpmg.com/ke/en/home/insights/2017/04/kaci.html. (Accessed 20 August 2018).

Lai, L. and Tam, H. (2007). Independent directors and the propensity to smooth earnings: A study of corporate governance in China, The Business Review, 7(1), pp.328-335.

Latif, K., Bhatti, A. and Abdul, R. (2017). Earnings Quality: A Missing Link between Corporate Governance and Firm Value, Business and Economic Review, 9 (2), pp. 255-280.

Laux, C. (2009). Board committees, CEO compensation, and earnings management, Accounting Review, 84(3), pp. 869-891.

Madi, H., Ishak, Z. and Manaf, N. (2014). The Impact of Audit Committee Characteristics on Corporate Voluntary Disclosure, Procedia - Social and Behavioral Sciences, 164(31), pp. 486-492.

McCabe, M. and Nowak, M. (2008). The independent director on the board of company directors, Managerial Auditing Journal, 23(6), pp.545-566.

Li, S., Ngniatedema, T., & Chen, F. (2017). Understanding the impact of green initiatives and green performance on financial performance in the US. Business Strategy and the Environment, 26(6), 776-790.

Kumar, N., & Singh, J. P. (2013). Effect of board size and promoter ownership on firm value: some empirical findings from India. Corporate Governance: The international journal of business in society, 13(1), 88-98.

Mita, A., Fitriany, S. and Wulandari, E. (2018). The adoption of IFRS, comparability of financial statements and foreign investors' ownership, Asian Review of Accounting, 26(3), pp.391-411.

Mohammad, W. (2018). The Effect of Audit Committee Characteristics on Financial Restatements in Malaysia, Journal of Asia-Pacific Business, 19(1), pp. 4-22.

Penman, H. (2012). The Quality of Financial Statements: Perspectives from the Recent Stock Market Bubble.

Price, N. (2017). What is The Role of the Executive Committee? Available at: https://diligent.com/blog/role-executive-committee. (Accessed 2 September 2018).

Price WaterHouse Coopers (PWC). (2017). Role of the audit committee. Available at: https://www.pwc.com/gx/en/services/audit-assurance/publications/audit-committee-role.html. (Accessed 20 August 2018).

Saleh, N., Iskandar, T. and Rahmat, M. (2007). Audit committee characteristics and earnings management: evidence from Malaysia, Asian Review of Accounting, 15(2), pp.147-163.

Sarantakos, S. (2012) Social Research. 4thedn. New York: palgrave MacMillan.

Saunders, M., Lewis, P. and Thornhill, A. (2012). Research Methods for Business Students. 6thedn. London: Pearson Education Limited.

Segal, T. (2016). Evaluating the Board of Directors. Available at: https://www.investopedia.com/articles/analyst/03/111903.asp. (Accessed 2 September 2018).

Sharma, V. and Iselin, E. (2012). The Association between Audit Committee Multiple-Directorships, Tenure, and Financial Misstatements, Auditing: A Journal of Practice and Theory, 31(3), pp. 149-175.

Tong, Y.H. and Miao, B. (2011). Are Dividends Associated with the Quality of Earnings? Accounting Horizons, 25 (1), pp. 183-205.

Vlaminck, N. and Sarens, G. (2015). The relationship between audit committee characteristics and financial statement quality: evidence from Belgium, Journal of Management and Governance, 19(1), pp. 145–166.

Kress, J. C. (2018). Board to Death: How Busy Directors Could Cause the Next Financial Crisis, Boston College Law Review, 59(3), 877.

Uniamikogbo E., Ayorinde, B. and Oyewo, B. (2014). Audit Committee Multiple Directorships and Financial Reporting Quality in Nigeria: An Evaluation of the Interconnectedness using Empirical Evidence, Mediterranean Journal of Social Sciences, 5(20), pp. 627-639.

Wilbanks, R., Hermanson D. and Sharma, V. (2017). Audit Committee Oversight of Fraud Risk: The Role of Social Ties, Professional Ties, and Governance Characteristics, Accounting Horizons 31(3), pp. 21-38.